

The background of the cover features a photograph of a modern, multi-story building with a curved facade and green accents. A large, stylized green circular graphic is overlaid on the image. The Joytech logo is visible on the building's facade.

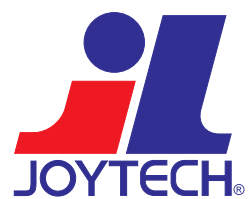
2024

ANNUAL REPORT

Stock Code: 4559

<https://mops.twse.com.tw>

Printed on June 10 ,2025



Contents

I. Letter to Shareholders	1
II. Corporate Governance Report	3
1.Directors, Supervisors and Management Team	3
2.Remuneration paid to directors, general manager and deputy general manager in the most recent year	9
3 Implementation of Corporate Governance.....	12
4 Information on the fees for certified public accountants	25
5 Changing of auditors.....	26
6 Information of the Chair, President and Managerial Officers in charge of Finance and Accounting who has served as the Company's certified public accountant or related parties in the past year.....	26
7 Changes in Shareholding of Directors, Managers and Major	26
8 Relationship among the Top Ten Shareholders.....	26
9The number of shares held by the company's directors, managers, and enterprises directly or indirectly controlled by the company in the same reinvested enterprise, and the combined calculation of the comprehensive shareholding ratio	27
III. Capital Overview.....	28
1 Capital and Shares	28
2 Bonds.....	30
3 Preferred shares	30
4 Global Depository Receipts.....	30
5 Employee Stock Options	30
6 The status of new restricted employee shares.....	30
7 Status of New Shares Issuance in Connection with Mergers and Acquisitions.....	30
8 Financing Plans and Implementation.....	30
IV. Operational Highlights	31
1 Business Activities.....	31
2 Market and Sales Overview.....	40
3 Human Resources.....	44
4 Environmental Protection Expenditure.....	44
5 Labor Relations	44
6 Information and Communications Security Management	47
7 Important Contracts.....	48

V. Review of Financial Conditions, Operating Results, and Risk Management	49
1 Analysis of Financial Status	49
2 Analysis of Operation Results	50
3 Analysis of Cash Flow	51
4 Major Capital Expenditure Items	51
5 Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year	52
6 Analysis of Risk Management in the Most Recent Years	53
7 Other Important Issues	56
VI.. Company Profile	57
1 Summary of Affiliated Companies	57
2 Private Placement Securities in the Most Recent Years	60
3 Other Supplementary Disclosure	60
4 Events that have had substantial impact upon shareholder's equity or securities prices as described in Article 36 of the Securities and Exchange Act over the last year and current year up to the publishing date of the annual report	60
Appendix	61
Financial statements and independent auditors' report	62
Issuing company seal	last page

I. Letter to Shareholders

In 2024, the global economy faced many uncertainties, including political unrest, trade barriers between countries, war conflicts and inflation, and our bicycle industry was also affected. Shortly after the peak of the Xin Guan epidemic, the prolonged Russian-Ukrainian and Israeli-Palestinian wars broke out, causing a decline in consumer purchasing rates and war-induced inflation that led directly to the European and U.S. markets' original inventory depletion progress and programs not meeting expectations. Fortunately, Taiwan's bicycle industry inventory adjustment has lasted for more than two years and last year, with the market recovery in China, although not yet back to the pre-epidemic level, but the inventory pressure has been significantly reduced.

With the gradual recovery of the market this year, the momentum of the industry is expected to continue to warm up, and there is still a chance to return to a healthy inventory level in the future.

The Company is actively taking countermeasures, including accelerating the de-stocking of inventory, optimizing organization and team training, and strengthening the distribution of sales channels and repair centers in order to enhance interaction with consumers and increase market share.

Looking ahead, although inflation is still affecting consumer power in Europe and the U.S., market demand is expected to pick up gradually, driven by sustainability issues and the green industry, as well as the improvement of the riding environment and policy support. In addition, there is still room for growth in mainland China's demand for bicycle products, with a shift from “quantitative improvement” to “qualitative upgrading and an increase in the number of vehicle types,” which is conducive to optimizing the market structure. At the same time, we will continue to pay attention to the demand of the global e-bike market and make immediate adjustments to supply and demand, so as to create new business opportunities and break through the status quo. The following is a report on the Company's operations in the past year:

I. 2024 Business Results

(1) Achievements of operating plans

The Company's consolidated revenue 2024 was NT\$1,253,260 thousand, which increase by NT\$ \$315,941 thousand, induction of 33.71%, compared to NT\$937,319 thousand in 2023. Net Profit after tax 2024 was NT\$10,964 thousand, which induced by NT\$123,519 thousand, compared to NT\$-112,555 thousand in 2023.

(2) Results of business plans

The Company did not disclose any financial forecast for 2024, hence, no results of business plans.

(3) Revenues, expenses, and profitability analysis

)Revenues, expenses, and profitability analysis

Unit: NT\$ 1000				
Year		2024	2023	Comparison of the Same Period%
Items				
Financial Structure	Net Income	1,253,260	937,319	33.71%
	Gross Profit	244,168	87,180	180.07%
	Net Profit	19,839	-121,118	116.38%
	Non-operating Income (Expenses)	5,603	3,066	82.75%
	Net Profit	10,964	-112,555	109.74%
Financial Structure	Profit Margin (%)	0.87	-12.00	107.25%
	EPS (NT\$)	0.04	-1.87	102.14%

(4) R&D

The Company's R&D plan is based on our understanding of market dynamic and is application-oriented to project the future market demand, combined with the Company's main strategies, to develop medium and long-term research and development and innovation direction, and then based on the annual management meeting and the marketing department's strategic plan, to form a medium- and long -term new product and new technology research and development plan. The planning for the future will focus on the development of major core technologies and cost-saving R&D operations. Based on the target strategy and solid technical capability, the R&D team will develop innovative, Green Design unique and high-quality hubs and carbon fiber wheelsets in line with the market demand, and continuous optimization of related products.

II. Operational plans for the year

(1) Operational guidelines

The Company's operating goals are as follows:

1. Strengthening product development and integration capabilities.
2. Increase the self-production rate, control cost and quality of products.
3. Advanced manufacturing enhanced product design, high value and high performance.
4. ESG implementation, talent cultivation, optimization of internal and external education and training and promotion of information security.
5. Enhance Enhancement of production system, investment in process automation equipment and application of new technologies.

(2) Anticipated quantity of sales

Bicycle inventory depletion has entered the final stage, continue to pay attention to the speed of inventory digestion in Europe and the U.S. After the return of new car orders in FY2026, it is expected that from the third quarter of 2025 onwards, the shipment situation will improve more significantly.

(3) Important production and sales policies

Our production policy is to gradually implement intelligent manufacturing, introduce mechanical automation equipment to improve labor shortage and optimize manufacturing processes to reduce carbon emissions. Sales policy in the global market to consolidate and increase the number of sales and service centers, strengthen the development of e-commerce cross-country locations to enhance operational information, video conference to assist in rapid decision-making and market expansion, and in line with the trend of sustainable development, as well as the establishment of brand differentiation, to provide customers with comprehensive solutions and at the same time to enhance self-competitiveness.

III. Future development strategy and exterior environments

With the global ESG sustainable environmental awareness requirements, bicycles are no longer just considered as a means of transportation, but also an important indicator of low-carbon life and sustainable cities. Taiwan's existing bicycle lanes are mostly concentrated in tourist attractions, but there is still room for improvement in the application and continuity of urban areas in counties and townships. In the future, it is hoped that more comprehensive bicycle lanes will enable more urban residents to embrace low-carbon travel and jointly promote Taiwan's progress toward sustainable development.

In the external environment, in line with the global net-zero trend and the layout of the risk of information security, the company will promote the carbon footprint of products, product decarbonization, and strengthen the investment in ESG by supplier partners, to strengthen the Group's awareness of information security and increase the research and development of the company's products and manufacturing selection of low-carbon or recycled products, and thus reduce the company's overall carbon emissions, which will help the company's environmental protection in the implementation of the international community and the planet. At the same time, it also enhances Taiwan's position as an important link in the supply chain of the global village, but also actively establishes us as a model of green sustainability.

Thanks to every shareholder for your support. We wish you good health and happiness

JOY INDUSTRIAL CO., LTD
Chair: SHIH-WEI CHEN

II. Corporate Governance Report

1.Information on directors, general managers, deputy general managers, senior managers, heads of departments and branches Directors

(1) Information on Directors

Information on Directors (1)

Apr 20 2025 ; Unit : number of shares, %

Title	Nationality or Place of Registration	Name	Gender Age	Elected Date	Term of Office	First Elected Date	Shares Held When Elected		Current Shareholding		Shares Currently Held by Their Spouses and Minor Children		Shares held in the Name of Others		Main Working (Education) Experience	Concurrent Positions in the Company and Other Companies	Other executives, directors or supervisors who are related to the spouse or within the second degree			Note
							Number	%	Number	%	Number	%	Number	%			Title	Name	Relation	
Chair	Republic of China	Fengyi Investment Ltd.	-	May29, 2023	3 years	June 29, 2017	12,626,174	21.77	13,280,000	22.13	0	0.00	0	0.00	The company's production, general affairs, IT, QA dept., etc (Bachelor of Economics from Kindai University in Japan)	Chairman of the Company Executive Director • Chair and general manager of JOYINDUSTRIAL(SHEN ZHEN) LTD. Executive Director of NOVATECWHEELS (SHENZHEN) LTD. Legal representative, executive director and general manager of COMPOSITES TECHNOLOGY (XIAMEN) LTD Executive Director and G.M. of JOY PRECISION INDUSTRY (TAIZHOU) CO.,LTD Executive Director and G.M. of JOY CYCLE PARTS (KUNSHAN) LTD. NOVATECWHEELS US,INC CEO NOVA INDUSTRIAL CORP. Director JOYTECH INDUSTRIAL CO.PTE.LTD Director PRIMABUSINESS LIMITED Director JOYNOVA INTERNATIONAL CO., LTD. Director TOY (H.K.) TRADING CO., LIMITED Director	Director	Jeff Chen	Brother	Note (2)
		Rep.: SHIH-WEI CHEN	Male 51~60	May29, 2023	3 years	June 29, 2016	1,386,395	2.39	1,462,738	2.45	21,078	0.04	0	0.00			Director	Shawn Chen	Brother	
Director	Republic of China	Fengyi Investment Ltd.	-	May29, 2023	3 years	June 29, 2017	12,626,174	21.77	13,280,000	22.13	0	0.00	0	0.00	The company's sales and marketing, general affairs dept., etc (Bachelor of Mechanical Engineering from University of Salford).	General Manager and Global Marketing Branch Manager. General manager of NOVATECWHEELS(SHENZHEN) LTD Supervisor of JOY CYCLE PARTS (KUNSHAN) LTD. Supervisor of JOY PRECISION INDUSTRY (TAIZHOU) CO., LTD NOVATECWHEELS US,INC Director JOYTECH INDUSTRIAL CO.PTE.LTD Director	Chair	Tate Chen	Brother	Note (2)
		Rep.: SUNG-CHUN CHEN	Male 41~50	May29, 2023	3 years	Oct.31, 2014	621,880	1.07	846,880	1.41	64,050	0.11	0	0.00			Director	Shawn Chen	Brother	
Director (Note 1)	Republic of China	Rep.: CHEN-HSIAO CHEN	Male 41~50	May29, 2023	3 years	June 30, 2020	1,068,000	1.84	1,109,888	1.85	9,246	0.02	0	0.00	The company's G.M. of JOYINDUSTRIAL(SHENZHEN) LTD. (University of Pittsburgh Materials Science)	The company's deputy general manager Xinda trading (KUNSHAN) ,LTD	Chair	Tate Chen	Brother	-
																	Director	Jeff Chen	Brother	
Director	Republic of China	MING-CHIEH, CHEN	Male 41~50	May29, 2023	3 years	June 29, 2017	39,000	0.07	41,147	0.07	12,909	0.02	0	0.00	Deputy general manager of Yuan-Chuang Company. Chair' s special assistant at ITRI Engineer at Institute of Computer and Communications Engineering of ITRI (EMBA from NCKU) (Master of Electronic and Computer Engineering from NTUST)	Supervisor of NOVATECWHEELS (SHENZHEN) CO., LTD. Deputy general manager of Yuan-Chuang Company. Director of HONG-WEI ELECTRICAL INDUSTRY & CO., LTD. Independent director (member of remuneration committee) of Bio LASCO Taiwan Co., Ltd.	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Elected Date	Term of Office	First Elected Date	Shares Held When Elected		Current Shareholding		Shares Currently Held by Their Spouses and Minor Children		Shares held in the Name of Others		Main Working (Education) Experience	Concurrent Positions in the Company and Other Companies	Other executives, directors or supervisors who are related to the spouse or within the second degree			Note
							Number	%	Number	%	Number	%	Number	%			Title	Name	Relation	
Independent director	Republic of China	HUI- FEN, LIN	Female 51~60	May29, 2023	3 years	June 29, 2017	0	0.00	0	0.00	0	0.00	0	0.00	CPA exam passed CFA three exams passed Land administration agent exam passed CSIA exam passed Security broker for Higher Way Electronic Co., Ltd' s OTC application (Accounting PhD from NCKU) (Master of Finance from University of Iowa)	The company's audit committee member (convener) The company's remuneration committee member (convener) Accountant of We-Yong International CPAs & Co. Independent director and member of remuneration committee of Otsuka Independent director and member of remuneration committee of POWERTIP IMAGE CORP. Independent director and member of remuneration committee of LIN HORN TECHNOLOGY CO., LTD. Independent director and member of remuneration committee of Air mate (Cayman) International Co. Limited	-	-	-	-
Independent director	Republic of China	SHENG- YIH, HSIEH	Male 71~80	May29, 2023	3 years	June 29, 2015	0	0.00	0	0.00	0	0.00	0	0.00	Nanya Institute of Technology Full-time Associate Professor Minghsin University of Science and Technology Adjunct Associate Professor West German Center for Political Science (PhD of Political Science from NDU)	The company's audit committee member The company's remuneration committee member (convener) Chairman of International Council of New Knowledge Development Nanya Institute of Technology Full-time Associate Professor Minghsin University of Science and Technology Adjunct Associate Professor	-	-	-	-
Independent director	Republic of China	CHUN-JEN HUANG	Male 41~50	May29, 2023	3 years	May29, 2023	0	0.00	0	0.00	0	0.00	0	0.00	Distinguished Professor, Department of Chemical and Materials Engineering of National Central University (Ph.D. MOLECULAR BIOPHYSICS, Johannes Gutenberg Universidad Mainz, Germany National Taiwan University Master of Chemical Engineering)	The company's audit committee member The company's remuneration committee member Independent director/ audit committee member / remuneration committee member of General Silicones Co., Ltd	-	-	-	-

(Note1): Director CHEN HSIAO CHEN resigned effective 2025, and by resolution of the Board of Directors dated January 10, 2025, his vacancy is subject to a by-election at the 2025 Annual Meeting of Stockholders.

(Note2): The name of the legal person shareholder and representative shall be listed separately (if it is a representative of a legal person shareholder, the name of the legal person shareholder shall be indicated), and the following Table 1 shall be filled out.

Table 1 : Controlling Corporate Shareholders

Apr 20 2025

Name of Corporate Shareholders (note1)	Name of Controlling Shareholders(note2)
Fengyi Investment Ltd.	SHIH-WEI CHEN (100% shareholding)

Note 1: If directors are the corporate shareholders, the name of whom should be filled in.

Note 2: Fill in the name of the controlling shareholder of corporate shareholder (whose shareholding ratio accounts for the top ten) and the shareholding ratio. If its controlling shareholder is a corporate shareholder, it should be listed below.

Note 3: In the case of a corporate shareholder that is not a member of a corporate organization, the name of the shareholder and the percentage of the shareholder's shareholding that should be disclosed in the preceding paragraph shall be the name of the contributor or donor (please refer to the announcement of the Judicial Yuan for the name) and the percentage of the contributor's shareholding, and in the case of a donor that has passed away, the word "deceased" shall be added to the name.

Table 2 : Controlling shareholder of corporate shareholders with a juridical person as its major shareholder : None.

Information on Directors (2)

A. Professional knowledge and independence check matrix of directors :

<div> <div>Qualifications</div> <div>Name</div> </div>	Professional qualifications and experiences_ (note 1)	Independence attribute (Note 2)	Number of other public companies concurrently serving on as a director
Fengyi Investment Ltd. Rep.: SHIH-WEI CHEN (director)	(1) Currently the chairman of the company with more than 20 years of experience in the bicycle industry as well as professional experience in operation and management. (2) None of the items listed in Article 30 of the Company Act.	Not applicable	0
Fengyi Investment Ltd. Rep.: SUNG- CHUN CHEN (director)	(1) Currently the general manager of the company with more than 10 years of work and professional experience in the bicycle industry; experienced in marketing and fluent in English. (2) None of the items listed in Article 30 of the Company Act.	Not applicable	0
CHEN- HSIAO CHEN (director)	(1) Currently the production chief officer, doubling as purchasing chief officer, of the company with more than 10 years of work and professional experience in the bicycle industry; experienced in purchasing and production management. (2) None of the items listed in Article 30 of the Company Act.	Not applicable	0
MING- CHIEH CHEN (director)	(1) Deputy general manager of Yuan-chuang with experience in commerce and corporation. (2) None of the items listed in Article 30 of the Company Act.	Not applicable	1
HUI- FEN LIN (Independent director) (Audit committee member)	(1) Accountants or other professional and technical personnel who have passed the national examination required by the company's business and obtained a certificate. (2) None of the items listed in Article 30 of the Company Act.	The three independent directors listed on the left: 1. All have the independent qualifications of independent directors. 2. In full compliance with the independence attribute: (1) The person, their spouse, and relative within the second degree are not directors, supervisors, or employees of the company or other affiliated companies. (2) The person, their spouse, and relatives within the second degree do not hold shares in the company. (3) Not serving as a director or supervisor of a company that has a specific relationship with the company (refer to Article 6, Item 1, Item 5-8 of the Regulations on the Establishment and Exercise of Functions and Powers of the Company's Salary and Remuneration Committee that is listed on the stock market or traded at the business place of a securities firm) or employees. (4) No amount of remuneration for providing business, legal, financial, accounting and other services to the company or its affiliated companies in the past two years.	3
SHENG- YIH HSIEH (Independent director) (Audit committee member)	(1) Lecturers or above with experience in legal affairs or the company's businesses at the relevant departments of public and private colleges and universities, and being good at law and other fields. (2) None of the items listed in Article 30 of the Company Act.		0
CHUN-JEN HUANG (Independent director) (Audit committee member)	(1) Lecturers or above with experience in the company's businesses at the relevant departments of public and private colleges and universities. (2) None of the items listed in Article 30 of the Company Act.		1

Note 1: Professional qualifications and experience: state the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, they should state their accounting or financial background and work experience. State whether there is any circumstance under Article 30 of the Company Act.

Note 2: Independent directors should state the conditions of independence, including but not limited to whether the person, spouse, and relatives the second degree are directors, supervisors, or employees of the company or its affiliated companies; state the number and within proportion of the company's shares held by relatives within the same rank (or in the name of others); Whether or not are directors, supervisors, or employees of companies with specific relationships with the company (referring to Article 3, Item 1, Items 5-8 of the Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to Be Followed); The amount of remuneration received by the company or its affiliated companies for providing business, legal, financial, accounting and other services in the last two years.

Name	Independence Attribute (Note)											
	1	2	3	4	5	6	7	8	9	10	11	12
Fengyi Investment Ltd. Rep.: SHIH-WEI CHEN	-	-	-	-	-	-	-	-	✓	-	✓	-
Fengyi Investment Ltd. Rep.: SUNG- CHUN CHEN	-	-	-	-	-	✓	✓	✓	✓	-	✓	-
CHEN- HSIAO CHEN	-	-	-	-	-	✓	✓	✓	✓	-	✓	-
MING- CHIEH CHEN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
HUI -FEN LIN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SHENG- YIH HSIEH	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CHUN-JEN HUANG	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(Notes): The Directors comply with the following conditions from two years before being elected and appointed, and during his tenure in office:

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of affiliated companies. Not applicable in cases where the person is an independent director of the parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
- (3) Not a nature-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under other's names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
- (4) Not a manager in the preceding first subparagraphs, or not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, or any of the above persons in the preceding second and third subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, or ranks as one of its top five shareholders, or being appointed based on subparagraph 1 or 2 of Article 27 of the Corporate Law. Not applicable in cases where the person is an independent director of the parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
- (6) Not a director of the Company or a director, supervisor, office holding half or more of the share that controlled by one person. (Not applicable in cases where the person is an independent director of the parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
- (7) Not the same person or spouse that designated as directors (directors), supervisors (supervisors) or equivalent position of the company, or as other company's chairman, general manager and employees. Not applicable in cases where the person is an independent director of the parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company. Not applicable in cases where the specified company or institution holding more than 20% but less than 50% of the share, and the person is an independent director of the parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing, commercial, legal, financial, accounting services or consultation to the Company that received remuneration more than NT\$50,000 or to any affiliate of the Company, or a spouse thereof. Not applicable in cases where the person is member of Compensation committee or, Public Tender Offer Committee, or Business Mergers and Acquisitions, that exercise related regulations according to Securities and Exchange Act or M&A Act.
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (11) Not been a person of any conditions defined in Article 30 of the Company Law.
- (12) Not a governmental, juridical person or its Representative as defined in Article 27 of the Company Law.

B. Diversity within the members of the Board of Directors

(1)Diversity :

The company has formulated the "Corporate Governance Practical Principles" to regulate the structure of the board to take into account diversity, and the relevant norms have been disclosed on the company's website and Market Observation Post System (MOPS).

- ① According to Article 20 of the company's " Corporate Governance Practical Principles ", members of the board of directors should generally have the knowledge, skills, and accomplishments necessary to perform their duties, as well as the diversity and representation of the board of directors, and appropriately take into account the benefits of diversity of board members.

In order to achieve the ideal goal of corporate governance, the board of directors as a whole should have the following capabilities :

- A. Operational judgment skills.
- B. Accounting and financial analysis skills.
- C. Operational management skills.
- D. Crisis management skills.
- E. Industry knowledge.
- F. Global market view.
- G. Leadership skills.
- H. Decision making skills.

②The specific management objectives and achievement of the company's diversification policy are as follows :

Management Objectives	Achievement
The professional background of directors should cover law, accounting, industry, finance, marketing or technology. Seats in the field target at least 2 people	Achieved
At least one female director seat	Achieved

③Basic conditions and value:

The company's current board of directors consists of 7 directors, including 4 directors and 3 independent directors. The directors have rich experience and expertise in the fields of industry, law, business and management. The directors are all Taiwanese. The age distribution of the directors includes 4 directors aged 41-50, 2 directors aged 51-60, 1 director aged 61-70 and 1 director aged 71-80. There is a total of 1 female independent directors, which accounts for 14.29% of all directors; male members account for 85.71%, and the average age of all directors is 54 years old. The company has 3 independent directors, and all independent directors have no more than 3 consecutive terms of office.

The composition and professional abilities of the board members:

Position	Name	Gender	Employee	Age			Seniority as Independent Director		Experience and Professional Skills							
				Under 50	50~59	Above 60	Under 3 years	Above 3 years	Operational judgment skills	Accounting and financial analysis skills	Operational management skills	Industry knowledge	Crisis management skills	Global market view	Leadership skills	Decision making skills
Chair	SHIH-WEI CHEN	Male	✓		✓				✓		✓	✓	✓	✓	✓	✓
Director	SUNG-CHUN CHEN	Male	✓	✓					✓		✓	✓	✓	✓	✓	✓
Director	CHEN-HSIAO CHEN	Male	✓	✓					✓		✓	✓	✓	✓	✓	✓
Director	MING-CHIEH CHEN	Male			✓				✓	✓	✓	✓	✓	✓	✓	✓
Independent director	HUI-FEN LIN	Female			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent director	SHENG-YIH HSIEH	Male				✓		✓	✓		✓	✓	✓	✓	✓	✓
Independent director	CHUN-JEN HUANG	Male		✓				✓	✓		✓	✓	✓	✓	✓	✓

The diversification of board members is based on the continuous implementation of the company's "Corporate Governance Practical Principles". In the future, depending on the operation of the board of directors and the company's development needs, the policy of enhancing the diversity of board members will keep pace with the times, so as to ensure that the members of the board of directors can have the necessary knowledge, skills and accomplishments, to perform their duties.

④For listed and over-the-counter companies with less than one-third of the board of directors of either gender, please explain the reasons and the measures to be taken to enhance the gender diversity of the directors: The Company is a listed company at the emerging stock market. The Company will adhere to any regulation amended from this date forward.

(2) Independence of the board

Among the directors, apart from Chairman SHIH-WEI CHEN, Director Jeff Chen, and Director CHEN-HSIAO CHEN, who are brothers, the other directors and independent directors is no relationship within the spouse or second degree of kinship. There are 3 independent directors (including 1 female independent director), and the number of directors shall not be less than 2 in accordance with Article 14-2 of the Securities Exchange Law. One-fifth of the number of directors is required; directors also have more than half of the seats, and there is no relationship within the spouse or second degree of kinship.

The independent directors of the company are all in compliance with the regulations of the Securities and Futures Bureau of the Financial Supervision and Administration Commission on independent directors, and there is no incident between the directors and independent directors in Items 3 and 4 of Article 26-3 of the Securities Exchange Law, hence independence. For the education background, gender and work experience information of each director, please refer to "Information on Directors " on page 3-4 of this annual report.

(2) Information on the general manager, deputy general manager, senior managers, heads of departments and branches

Apr,20,2025 ; unit : number of shares 、%

Title	Nationality	Name	Gender	Inauguration Date (Employment date)	Shareholding		Currently holding shares of spouses and minor children		Shares held in the Name of Others		Main experience (education background)	Concurrent positions in the company and at other companies	Managers who are their spouse or within the second degree			Note
					Number	%	Number	%	Number	%			Title	Name	Relations	
General manager	Republic of China	SUNG-CHUN CHEN	Male	Aug. 09 2018 July 01 2002	846,880	1.41	64,050	0.11	0	0.00	The company's sales and marketing, general affairs dept., etc. (Bachelor of Mechanical Engineering from University of Salford)	Global Marketing Branch Manager. General manager of NOVATECWHEELS (SHENZHEN) LTD Supervisor of JOY CYCLE PARTS (KUNSHAN) LTD. Supervisor of JOY PRECISION INDUSTRY (TAIZHOU) CO., LTD NOVATEC WHEELS US, INC Director JOYTECH INDUSTRIAL CO. PTE. LTD Director	-	-	-	-
R&D deputy general manager	Republic of China	CHIEH-YUAN TSAI	Male	Sep 1 2018 Mar.27 1995	23,893	0.04	0	0.00	0	0.00	The company's Vice President R&D officer, R&D director and spokesperson The company's R&D department and general manager office Enginner at FALCONCYCLE TECH. CO., LTD. (Bachelor of mechanical engineering from NCKU)	The group's chief R&D officer	-	-	-	-
Finance deputy general manager	Republic of China	YI-YAO CHIANG	Female	Aug. 09 2018 May 18 2016	0	0.00	0	0.00	0	0.00	The company's CFO, spokesperson, corporate governance supervisor The company's finance and HR department Haiwan International Development Co., Ltd (Bachelor of accounting from FCU) (EMBA from NCHU)	The group's CFO	-	-	-	-

2. Remuneration paid to Directors, Supervisors and management team in the most recent fiscal year

(1) Remuneration of Directors and Independent Directors (2024)

① The remuneration of general directors and independent directors (with names summarized and disclosed according to grades)

Unit: NT\$1000

Title note	Name	Compensation of Directors								Percent of A, B, C and D to net profit after tax		Relevant remuneration of part-time personnel								Percent of A, B, C, D, E, F and G to net profit after tax		Is there any remuneration from other invested businesses apart from subsidiaries
		Remunerations (A)		Retirement allowance (B)		Remuneration from distribution of earnings (C)		Business execution expenses (D)				Remuneration, money award and special expenses etc. (E)		Retirement allowance (F) (note)		Employee profit sharing (G)						
		The company	All companies within the consolidated financial statement	The company	All companies within the consolidated financial statement	The company	All companies within the consolidated financial statement	The company	All companies within the consolidated financial statement	The company	All companies within the consolidated financial statement	The company	All companies within the consolidated financial statement	The company	All companies within the consolidated financial statement	The company	All companies within the consolidated financial statement					
Chair	Fengyi Investment Ltd. Rep.: SUNG CHUN CHEN	3,600	3,600					12	12	3,612	3,612	1,054	3,957					4,666	7,569	None		
										32.94%	32.94%							42.56%	69.03%			
Director	Fengyi Investment Ltd. Rep.: SUNG CHUN CHEN							16	16	16	16	2,551	3,570	113	113			2,680	3,698	None		
										0.15%	0.15%							24.44%	33.73%			
Director	CHEN- HSIAO CHEN							8	8	8	8	1,010	1,519	56	56			1,074	1,583	None		
										0.07%	0.07%							9.80%	14.44%			
Director	MING-CHIEH CHEN							16	16	16	16							16	16	None		
										0.15%	0.15%							0.15%	0.15%			
Independent director	HUI-FEN LIN	240	240					36	36	276	276							276	276	None		
										2.52%	2.52%							2.52%	2.52%			
Independent director	SHENG-YIH HSIEH	240	240					36	36	276	276							276	276	None		
										2.52%	2.52%							2.52%	2.52%			
Independent director	CHUN-JEN HUANG	240	240					28	28	268	268							268	268	None		
										2.44%	2.44%							2.44%	2.44%			

Note 1: The company's independent director remuneration payment policy, system, standards and structure are handled in accordance with the company's "Directors, Functional Committees and Managers' Remuneration Management Measures" and submitted to the board of directors for approval.

Note 2: In addition to the above table, the remuneration received by the directors of the company in the most recent year for providing services (such as serving as a non-employee consultant for the parent company/all companies in the financial report/reinvestment enterprises, etc.): None.

② Range of Remunerations for Directors

Range of remunerations paid to directors	Names of Directors			
	Summation of the first 4 items (A+B+C+D)		Summation of the first 7 items (A+B+C+D+E+F+G)	
	The company	All companies involved in financial statement (H)	The company	All companies involved in financial statement (I)
Under NT\$1,000,000	Fengyi Investment Ltd.: SUNG- CHUN CHEN, CHEN HSIAO CHEN, MING- CHIEH CHEN, HUI-FEN LIN, SHENG-YIH HSIEH, CHUN-JEN HUANG	Fengyi Investment Ltd.: SUNG- CHUN CHEN, CHEN-HSIAO CHEN, MING- CHIEH CHEN, HUI-FEN LIN, SHENG-YIH HSIEH, CHUN-JEN HUANG	MING- CHIEH CHEN, HUI-FEN LIN, SHENG-YIH HSIEH, CHUN-JEN HUANG	HUI-FEN LIN, SHENG-YIH HSIEH, MING- CHIEH CHEN, CHUN-JEN HUANG
NT\$1,000,000 (included)~ NT\$2,000,000 (excluded)	-	-	CHEN HSIAO CHEN	CHEN-HSIAO CHEN
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)	-	-	Fengyi Investment Ltd.: SUNG CHUN CHEN,	-
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	Fengyi Investment Ltd.: SHIH-WEI CHEN	Fengyi Investment Ltd.: SHIH-WEI CHEN	Fengyi Investment Ltd.: SHIH-WEI CHEN	Fengyi Investment Ltd.: SUNG-CHUN CHEN
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)	-	-	-	Fengyi Investment Ltd.: SHIH-WEI CHEN
NT\$10,000,000 (included) ~ NT\$15,000,000 (excluded)	-	-	-	-
NT\$15,000,000 (included) ~ NT\$30,000,000 (excluded)	-	-	-	-
NT\$30,000,000 (included) ~ NT\$50,000,000 (excluded)	-	-	-	-
NT\$50,000,000 (included) ~ NT\$100,000,000 (excluded)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	Total 7	Total 7	Total 7	Total 7

Note 1: CHIEH YUAN TSAI resigned as a director on June 29, 2020

(2) Remuneration of General Managers and Deputy General Managers (2024)

- ① The remuneration of general managers and deputy general managers (with names summarized and disclosed according to grades)

Unit : a thousand shares; a thousand dollars

Title	Name	Remunerations (A)		Retirement allowance (B)		Money award and special payment etc. (C)		Earning distribution as dividends for personnel (D)				Rate of total amount of A, B, C and D to pure profits after tax (%)		Remuneration from other invested businesses apart from subsidiaries.
		The company	All companies in the financial statement	The company	All companies in the financial statement	The company	All companies in the financial statement	The company		All companies in the financial statement		The company	All companies in the financial statement	
								Cash Dividends	Stock Dividends	Cash Dividends	Stock Dividends			
General manager	SUNG-CHUN CHEN	1,881	1,881	113	113	670	1,688	-	-	-	-	2,664 24.30%	3682 33.59%	none
R&D deputy general manager	CHIEH-YUAN TSAI	1,836	1,836	110	110	0	0	-	-	-	-	1,946 17.75%	1,946 17.75%	none
financial deputy general manager	YI-YAO CHIANG	1,520	1,520	91	91	5	5	-	-	-	-	1,617 14.75%	1,617 14.75%	none

② Range of Remunerations

Range of remunerations paid to general managers and deputy general managers	Names of general managers and deputy general managers	
	The company	All companies involved in financial statement
Under NT\$1,000,000	-	-
NT\$1,000,000 (included)~ NT\$2,000,000 (excluded)	CHIEH-YUAN TSAI YI-YAO CHIANG	CHIEH-YUAN TSAI YI-YAO CHIANG
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)	SUNG-CHUN CHEN	
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	-	SUNG-CHUN CHEN
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)	-	-
NT\$10,000,000 (included) ~ NT\$15,000,000 (excluded)	-	-
NT\$15,000,000 (included) ~ NT\$30,000,000 (excluded)	-	-
NT\$30,000,000 (included) ~ NT\$50,000,000 (excluded)	-	-
NT\$50,000,000 (included) ~ NT\$100,000,000 (excluded)	-	-
Over NT\$100,000,000	-	-
Total	Total 3	Total 3

(3) Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the past two fiscal years

A. Analysis of the ratio of the total amount of remuneration paid to the company's directors, general manager and deputy general managers in the last two years by the company and all companies in the consolidated statement to the after-tax net profit :

Unit : a thousand dollars ; %

Item \ Year	The company				All companies involved in financial statement			
	2023		2024		2023		2024	
	total amount	Proportion of to net profit after tax	total amount	Proportion of to net profit after tax	total amount	Proportion of to net profit after tax	total amount	Proportion of to net profit after tax
Directors' remuneration	11,227	(9.97%)	9,256	84.42%	16,348	(14.52%)	13,687	124.83%
General Managers and Deputy General Managers	6,427	(5.71%)	6,226	56.79%	7,479	(6.64%)	7,245	66.08%
Net income after tax	(112,555)	-	10,964	-	(112,555)	-	10,964	-

Note: The above remuneration includes salary, bonus, traveling expenses, remuneration of directors and supervisors, employee remuneration and other remuneration.

B. Policy, Standard and Combination of Remuneration:

①Directors

The remuneration of directors includes traveling expenses, business execution expenses and distribution of directors' remuneration, etc. The remuneration of the directors of the company is in accordance with the company's "Directors and Managers' Salary and Remuneration Measures", and the remuneration committee and the board of directors are determined according to the degree of directors' participation in the company's operations and the value of their contributions and the relevant measures; the distribution standard of directors' remuneration follows the provisions of Article 27 of the company's articles of incorporation: "If the company makes a profit in the year, the employee's remuneration shall be distributed according to the profit status of the current year. Distribution of directors' remuneration shall not exceed 5% of the current year's profit, except when there are still accumulated losses, the losses should be made up first."

②General managers and deputy general managers

The remuneration of the general manager and deputy general manager includes salary, employee remuneration, etc. The salary level is based on the company's salary management measures and other related methods of salary assessment and reference to the company's contribution; the distribution standard of employee remuneration follows the company's articles of incorporation.

C. Procedures for determining remuneration:

The remuneration of directors and managers must be reported to the Remuneration Committee by the Human Resources Department according to regulations and must be processed upon the resolution of the Board of Directors.

D. Correlation with business performance:

①Directors: Directors' remuneration has taken into account the company's operating objectives, financial status and directors' responsibilities.

②The management team: The management team's remuneration has taken into account his professional ability and the company's operation and

E. financial status, and has assessed the business performance. Linkage to future risks:

The important decisions of the company's management team are made after balancing various risk factors. The performance of these important decisions will be reflected on the company's profit situation, and then related to the remuneration of the management; that is, the remuneration of the company's directors, chairman, general manager and deputy general manager is related to the performance of future risk control.

3.Implementation of corporate governance

(1) Information on implementation of Board of Directors

Four meetings were held by the Board of Directors in the most recent year (Jan 1 2024~Dec31 2024) with their attendance shown as follows :

Title	Name	Attendance in person B	By proxy	Attendance rate in person (%) 【B/A】	Note
Chairman	Fengyi Investment Ltd. Rep.: SHIH-WEI CHEN	4	0	100%	None
Director	Fengyi Investment Ltd. Rep.: SUNG- CHUN CHEN	4	0	100%	None
Director	CHEN-HSIAO CHEN	4	0	100%	None
Director	MING-CHIEH CHEN	4	0	100%	None
Independent director	HUI-FEN LIN	4	0	100%	None
Independent director	SHENG-YIH HSIEH	4	0	100%	None
Independent director	CHUN-JEN HUANG	4	0	100%	None

Other matters to be recorded:

A. If any of the following situations occurs in the operation of the board of directors, the date, period, content of the proposal, opinions of all independent directors, and the company's handling of the opinions of independent directors shall be stated

(a) Matters listed in Article 14-3 of the Securities and Exchange Act

Meeting date	Important resolutions	Independent director's opinions	JOY's handling of the opinions of the independent director
The first Board of Directors Meeting in 2024 Date: 2024.01.15 (4th of the 17th session)	1. Capital Loans and Extensions. 2. Capital Loans and New Cases. 3. Review of overdue accounts receivable. 4. Subsidiary's Application for Bank Facility and Endorsement of Guarantee (Supplemental Guarantee)	None	None
The second Board of Directors Meeting in 2024 Date: 2024.04.09 (5th of the 17th session)	1. The Company's "Statement of Internal Control System" for the year 2023. 2. Subsidiary's capital loans and extensions. 3. The Company's capital loans and appraisals. 4. The Company and its subsidiaries' proposed bank loans and endorsement and guarantee.	None	None
The third Board of Directors Meeting in 2024 Date: 2024.08.07 (6th of the 17th session)	1. Renewal of banking facilities and endorsement and guarantee. 2. Renewal of loans and endorsement and guarantee of the Company's bank loans. 3. Loans and audits of capital. 4. Revision of the Company's "internal control system." 5. Revision of the Company's "Implementation Rules for Internal Audit" . 6. Revision of the Company's "Internal Control System Self-Assessment Procedures" .	None	None
The fourth Board of Directors Meeting in 2024 Date: 2024.12.03 (7th of the 17th session)	1. Capital lending and auditing cases. 2. Loans to subsidiaries. 3. Revision of the Company's "Internal Audit Implementation Regulations" . 4. Revision of the Company's "Regulations Governing Internal Control System" .	None	None

(b) In addition to the above-mentioned matters, other matters resolved by the board of directors for which independent directors have objected or reserved opinions and have records or written statements : None

B. Directors' name, content of proposals, reasons for recusal of interests, and participation in voting shall be stated regarding the implementation of directors' recusal of interest-related proposals:

On Jan 15,2024, the Board of Directors resolved to Review the policy, system, criteria and structure of directors' and managers' remuneration. The Board of Directors' Meeting discussed and voted on this case in accordance with the system of avoidance of interest, the Directors, Independent Directors and Managers abstained from participating in the discussion and voting on each of the items. After the Chairman (or the Acting Chairman) had consulted the remaining Directors present, the resolution was passed without any objection. On the same day, the Board of Directors resolved to approve the manager's year-end bonus, which was also avoided in accordance with the law(managers: SHIH-WEI CHEN, SUNG-CHUN HEN, CHEN-HSIAO CHEN, and YI-YAO CHIANG, etc. did not take part in the discussion and voting). The resolution was approved by the Board of Directors on the same day by the Acting Chairman in consultation with the remaining directors present without objection. The other case, On Aug 7,2024,, the Board of Directors resolved the case of the change in the GM of a subsidiary. As the three directors, SHIH-WEI CHEN,SUNG-CHUN CHEN and CHEN-HSIAO CHEN, were related and at the same time avoided discussion and voting, the case was approved without objection by the Acting Chairman upon consultation with the remaining directors present.

C. Publically traded companies shall disclose information such as the evaluation cycle and period, evaluation scope, method, and evaluation content of the board of directors' self (or peer) evaluation, and fill in Attachment 2 for the implementation of the board evaluation.

The performance evaluation of the company's board of directors in was conducted in accordance with Article 37 of the company's "Corporate Governance Practice Principles" and the "Measures for Performance Evaluation of the Board of Directors". The implementation of the company in 2024 is shown in Attachment 2.

D. Objectives for strengthening the functions of the board of directors in the current year and the most recent year (such as establishing an audit committee, improving information transparency, etc.) and evaluation of implementation:

- 1.In order to strengthen the functions of the board of directors, the company has established an audit committee to replace the powers of the supervisor after the re-election of the 2020 annual shareholders meeting.
- 2.In addition to setting up the audit committee, the company has also set up a corporate governance supervisor and established "standard operating procedures for handling directors' requests", and continuously revises effective and appropriate internal control systems to strengthen the functions of the board of directors.
- 3.The company complies with relevant legal requirements and establishes a complete information disclosure system to ensure that shareholders can obtain the latest information about the company and enhance information transparency.

Schedule2. The Board of Directors Evaluation and Implementation

Evaluation Notes	Content of Evaluation	Evaluation Implementation
<p>Evaluation Frequency: Annually</p> <p>Evaluation Period: Jan 01, 2024 Dec 31, 2024</p> <p>Evaluation Scope: Including the performance evaluation of the board of directors, directors and functional committees</p> <p>Evaluation Method: Self evaluation of the performance of board of directors, directors and functional committees</p>	<p>(1) Board of Directors: Including participation in operations, quality of decision-making, composition and structure of the board of directors, selection of directors and continuing education, and internal control.</p> <p>(2) Performance evaluation of individual directors: Including the mastery of the company's goals and tasks, awareness of directors' responsibilities, degree of participation in company operations, internal relationship management and communication, directors' professional and continuing education, and internal control.</p> <p>(3) Performance evaluation of functional committees: Including the degree of participation in the company's operations, cognition of the responsibilities of functional committees, decision-making quality of functional committees, composition and selection of members of functional committees, and internal control.</p>	<p>(1) Performance evaluation of the board of directors: The seven current directors (including independent directors) fill out the questionnaire. The self-assessment includes five aspects with a total of 25 indicators accounting for 100 points. The overall average score of the evaluation results is 95.86 points. The considered excellent, showing that the overall operation of the company's board of directors is still sound and meets the requirements of corporate governance.</p> <p>(2) Performance evaluation of individual directors: The seven current directors (including independent directors) fill out the questionnaire. The assessment includes six aspects with a total of 23 indicators, accounting for 100 points. The overall average score of the evaluation results is 96.14 points, The considered excellent, showing that the efficiency and effectiveness of the operation are positively evaluated.</p> <p>(3) Functional Committee Performance Evaluation: The assessment includes five aspects with a total of 24 indicators, accounting for 100 points. The overall average score of the evaluation result is 99 points. The considered excellent, showing that the overall operation of the functional committee of the company is sound and effectively enhances the functions of the board of directors.</p>

(2) Operations of Audit Committee :

The operations of the Audit Committee

Four meetings were held by the Audit Committee in the most recent year (Jan 1 2024~Dec31 2024) with the attendance of independent directors shown as follows:

Title	Name	Attendance in person B	By proxy	Attendance rate in person (%) 【B/A】	Note
Independent director	HUI FEN, LIN	4	0	100	None
Independent director	SHENG YIH, HSIEH	4	0	100	None
Independent director	CHUN-JEN HUANG	4	0	100	None

Other mentionable items :

A. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, objections, reservations or major advice items, resolutions of the Audit Committee and the Company' s response to the Audit Committee' s opinion should be specified :

(a) Matters referred to Article 14-5 of the Securities and Exchange Act.

Meetings of Audit Committee	Important resolutions	Resolution of the Audit Committee	The Company's response to the Audit Committee's Opinion
The first Meeting in 2024 Date: 2024.01.08 (3th of the 2 thsession)	1. Funding and extension cases. 2. Capital loans and new cases. 3. Review of overdue accounts receivable cases. 4. Subsidiary's application for bank financing line and endorsement/guarantee (additional guarantee).	Passed by all members	Approved by all board members
The Second Meeting in 2024 Date: 2024.04.02 (4th of the 2 thsession)	1. The Company's "Statement of Internal Control System" for the year 2023. 2. Loans and extensions of subsidiaries' capital. 3. The Company's capital loans and appraisals. 4. The Company and its subsidiaries' proposed bank loans and endorsements and guarantees. 5. The Company's 2023 Business Report and Financial Statements. 6. The Company amended the "Seal Management Regulations" .	Passed by all members	Approved by all board members
The third Meeting in 2024 Date: 2024.08.06 (5th of the 2 thsession)	1. Renewal of banking facilities and endorsement and guarantee. 2. Renewal of loans and endorsement and guarantee of the Company's bank loans. 3. Loans and audits of capital. 4. Revision of the Company's "internal control system. 5. Revision of the Company's "Implementation Rules for Internal Audit" . 6. Revision of the Company's "Internal Control System Self-Assessment Procedures" . 7. The Company's financial statements for the second quarter of 2024.	Passed by all members	Approved by all board members
The fourth Meeting in 2024 Date: 2024.11.27 (6th of the 2 thsession)	1. Capital lending and auditing cases. 2. Loans to subsidiaries. 3. Revision of the Company's "Internal Audit Implementation Regulations" . 4. Revision of the Company's "Internal Control System Management Regulations. 5. The Company's 114th annual audit plan.	Passed by all members	Approved by all board members

(b) Other matters which were not approved by the Audit Committee but were approved by two-thirds more of all Directors : None

- B. If there are independent directors' avoidance of motions in conflict of interest, the independent directors' names, contents of motion, causes for avoidance and voting should be specified : None.
- C. Communications between the independent directors, the Company's chief internal auditor and CPAs (including the material items, methods and results of the Company's finance or operations) :
- To convene at least once a year a meeting (other than a meeting of the Board) or a conference between the Independent Directors and the head of internal audit and the accountants, without the presence of the Directors and management in general, or to communicate regularly with the head of internal audit and the accountants, respectively.
 - the Head of Internal Audit reports regularly to the Audit Committee.
 - Annual Internal Audit Program ;
 - Internal Audit Operations.
 - the accountant will sit on the Audit Committee at least once a year and report on the results of the audit.
 - Other: In the event of material irregularities, or in the event that the independent directors, the audit supervisor and the accountants deem it necessary to communicate independently, they may convene a meeting to communicate at any time from time to time.

Communication between the independent directors, accountants and auditors for the year under review:

dates	Conference Name	contents	The Company's response to the Remuneration Committee's opinion
Apr,02 2024	Audit Committee	2023 Financial Report Review Results Report	After the accountant's report, the Audit Committee endorses and submits a resolution to the Board of Directors
Aug,06 2024	Audit Committee	2024 Q2 Financial Report Review Results Report	After the accountant's report, the Audit Committee endorses and submits a resolution to the Board of Directors
Dec,03 2024	Seminar	Internal Control System Revision and Internal Audit Operations	In accordance with the recommendation of the independent directors of SHENG YIH, HSIEH: Supplemental explanation on the aggregate analysis of audit deficiencies for the years 2023 and 2024.

D. The Company evaluates the independence of the certified public accountants at least once a year and discloses the evaluation process in detail:

The Company evaluates the independence and appropriateness of the accountants and the certified public accountants annually. In addition to requesting the certified public accountants to provide the "Statement of Independence" and the "Audit Quality Indicators (AQIs)", the Company evaluates the certified public accountants in accordance with the criteria for evaluating the independence of the certified public accountants in accordance with Attachment 1, as well as the five components of the AQIs. After confirming that the accountant has no financial interest or business relationship with the Company other than visa and tax case fees, and that no member of the accountant's family is in breach of the independence requirements, as well as referring to the information of the AQIs indicators, it is confirmed that the accountant and the firm are better than the average of their peers in terms of the number of hours of checking experience and training. The results of the latest annual evaluation were discussed and approved by the Audit Committee on Nov 27, 2024, and were presented to the Board of Directors on Dec 3, 2024, which resolved to approve the evaluation of the independence of the CPAs.

(Table: Criteria for assessing the independence of accountants)

Evaluation Item	Results	Whether or not in compliance with independence
1. Whether the accountant has a direct or significant indirect financial interest in the company.	No	Yes
2. Whether the accountant has financing or assurance activities with the company or the directors of the company.	No	Yes
3. Whether the accountant has a close business relationship and potential employment relationship with the company.	No	Yes
4. Whether the accountants and their audit team members hold positions in the company that have a significant impact on the audit work during the audit period.	No	Yes
5. Whether the accountants provide the company with non-audit service items that may directly affect the audit work.	No	Yes
6. Whether the accountant holds stocks or other securities issued by the company.	No	Yes
7. Whether the accountant acts as the company's defender or coordinates conflicts with other third parties on behalf of the company.	No	Yes
8. Whether the accountant has a family relationship with the company's directors, managers, or personnel with positions that have a significant impact on the audit work.	No	Yes
9. Whether the accountants and their audit team members have received gifts or gifts of great value from the directors and managers of the company.	No	Yes
10. Whether the company has not obtained an independent statement from an accountant.	No	Yes

(3) Differences between the corporate governance status and the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and reasons.

Item to Be Evaluated	Implementation Status			Differences from Corporate Governance Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description	
1. Does the company set and disclose any corporate governance code of practice in accordance with Corporate Governance Practice for TWSE/ TPEX -Listed Companies?	V		The Company has established a corporate governance code of practice, which has been advanced at board meetings, and the rules and regulations have been implemented in accordance with the essence of corporate governance.	No difference.
2. Equity structure and shareholders' rights (1) Has the Company set internal operating procedures to attend to shareholders' proposals, doubts, disputes and litigation matters, and are these procedures implemented accordingly?	V		(1) This Company has designated a spokesperson and deputy spokesperson as a mechanism to attend to shareholders' proposals, doubts and other matters.	No difference.
(2) Does the Company have a list of the majority shareholders with actual control over the Company and the persons with ultimate control over these majority shareholders?	V		(2) This Company uses professional stock transfer agents, and has designated personnel exclusively to attend to matters in respect of stock transfer to secure a list of the majority shareholders with actual control over the Company.	
(3) Does the Company establish and implement its risk management and firewall mechanism between itself and its affiliates?	V		(3) Any transaction and communication between the Company and affiliates are subject to Regulations Governing the Subsidiaries and Regulations Governing Transactions between the Group and Affiliates and Certain Companies set by the parties, which are audited by the auditors.	
(4) Has the Company set internal standards to prohibit the use of undisclosed information for trading securities on the market?	V		(4) This Company has set regulations governing material information management and insider trading.	
3. Formation and responsibilities of the Board of Directors. (1) Does the Board of Directors set and implement a diversification policy?	V		(1) The formation of the board is diversified with three independent directors, and the formation policy has been implemented.	No difference.
(2) Does the Company voluntarily establish any functional committees other than the Compensation Committee and Audit Committee?	V		(2) This Company has not established any functional committee other than the Compensation Committee.	
(3) Does the Company set performance assessment rules and methods for the Board of Directors and conduct an evaluation annually?	V		(3) This Company has not set performance assessment rules or any other assessment rules.	
(4) Does the Company appraise the independence of its CPA?	V		(4) The CPA appointed by this Company is not affiliated with the Company. Any engagement or termination of any CPA shall be submitted to the approval of the board, and there shall not lack independence.	
4. Does the TWSE/TPEX listed company have any full-time (part-time) unit or personnel responsible for corporate governance affairs (including but not limited to providing information required for the director's and supervisor's operations, convening board and shareholders' meetings in compliance with the law, applying for business registration and registration amendments, and preparing board and shareholders' meeting minutes)?	V		This Company has personnel from the finance and accounting department to attend to corporate governance affairs. The company follows the laws and regulations and has been approved by the board of directors to set up and appoint a corporate governance supervisor.	No difference.
5. Does the Company establish any communication channel for stakeholders (including but not limited to shareholders, employees, clients and suppliers) and a webpage on the corporate website exclusively for them, and properly respond to significant CSR issues concerning them?	V		This company has appointed a spokesperson and deputy spokesperson as a communication channel for stakeholders.	No difference.
6. Does the Company engage any professional stock transfer agent for affairs in respect of shareholders' meetings?	V		This Company has engaged professional stock transfer agents to attend to affairs in respect of shareholders' meetings.	No difference.

Item to Be Evaluated	Implementation Status			Differences from Corporate Governance Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Description	
7. Information disclosure				
(1) Does the Company set up a website to disclose information on financial operations and corporate governance?	V		(1) This Company has disclosed information of financial operations and corporate governance on the corporate website and Market Observation Post System.	No difference.
(2) Does the Company adopt any other measures (such as setting up an English website, designating a person to take responsibility for information collection and disclosure, implementing the spokesperson system, or making the legal entity's announcements available on the corporate website) to disclose information?	V		(2) This Company discloses information on Market Observation Post System in accordance with the regulatory requirements, and designates a spokesperson and deputy spokesperson with knowledge of the Company's comprehensive operations, finance and sales to make any statement uniformly and any disclosure promptly.	No difference.
(3) Does the company announce and file the annual financial report within two months after the end of the fiscal year, and announce and file the first, second, and third quarter financial reports and the operating conditions of each month before the prescribed deadline?		V	(3) The Company shall submit the annual financial report within four months after the end of each fiscal year and the second quarter financial report within 45 days after the end of the second quarter of each fiscal year according to the list of matters to be done by Emerging Stock Board Company .	The company is a listed company at the emerging stock market. The Company will adhere to any regulation amended from this date forward.
8. Does the Company have other material information that will help with understand its corporate governance system (including but not limited to employees' rights and interests, employee care, relations with investors, relations with suppliers, interested parties' rights, directors' and supervisors' continuing education, execution of risk management policies and risk evaluation standards, execution of customer policies, liability insurance for the directors and supervisors)?	V		<p>(1) Employee rights and interests: This Company has established working rules pursuant to labor law and ensures the employees' rights in accordance with the Labor Standard Act.</p> <p>(2) Employee care: This Company has set an employee benefit committee, distributes welfare funds, and pays attention to employees' benefits.</p> <p>(3) Relations with investors, suppliers and stakeholders' rights: based on the concept of cooperation, this Company has maintained a great relation with investors and suppliers for a long time in terms of communication and information transfer in order for the Company to develop for the long term.</p> <p>(4) Relations with suppliers: This Company has set a code of ethics, a code of operating in good faith, regulations governing information of finance or non-finance, etc.</p> <p>(5) Rights of stakeholders: This Company has designated a spokesperson and deputy spokesperson as a communication channel with stakeholders.</p> <p>(6) Continuing education of directors: The Company arranges with the new board members about attending internal seminars, and informs independent directors of taking the 3-hours course of company governance. The directors' attendances at board meetings remain great, and in the event of any potential interest involving the directors on any listed motions, they shall not take the vote.</p> <p>(7) Implementation of risk management policies and risk evaluation standards: The Company has set a stringent internal control system as a reference for risk control and assessment, and an audit unit to review the assessment occasionally.</p> <p>(8) Implementation of customer policies: The Company has established complaint handling procedure, which stipulates the procedure for handling clients' appeals, complaints and dissatisfaction.</p> <p>(9) Liability insurance for directors and supervisors: The Company has been buying insurance for directors and supervisors since 2013.</p> <p>(10) In order to strengthen corporate governance, the company established an audit committee to replace the powers of supervisors after the re-election of the shareholders' meeting on June 30, 2020.</p>	No difference.
9. Please specify improvements produced, primary matters and measures to be improved in accordance with the recent governance review released by Taiwan Stock Exchange's Corporate Governance Center. (This Company has not been listed, hence, not applicable.)				

(4) Formation, responsibilities and operation status of the Remuneration Committee:

① Background information of the members of the Remuneration Committee

Identity	Qualifications Name	Professional Qualifications and Experience	Independence Status	Concurrent director position in other publicly listed companies
Independent director (convener)	SHENG YIH, HSIEH(re-election)	(1) Accountants or other professional and technical personnel who have passed the national examination required by the company's business and obtained a certificate. (2) Having more than 20 years of working experience. (3) No occurrence of any matter stated in Article 30 of the Company Act.	The independent directors listed on the left: 1. All have the independent qualifications of independent directors. 2. In full compliance with the independence attribute: (1) The person, their spouse, and relatives within the second degree are not directors, supervisors, or employees of the company or other affiliated companies. (2) The person, their spouse, and relatives within the second degree do not hold shares in the company. (3) Not serving as a director or supervisor of a company that has a specific relationship with the company (refer to Article 6, Item 1, Item 5-8 of the Regulations on the Establishment and Exercise of Functions and Powers of the Company's Salary and Remuneration Committee that is listed on the stock market or traded at the business place of a securities firm) or employees. (4) No amount of remuneration for providing business, legal, financial, accounting and other services to the company or its affiliated companies in the past two years.	0
Independent director	HUI FEN, LIN	(1) Lecturers or above with experience in legal affairs or the company's businesses at the relevant departments of public and private colleges and universities, and being good at law and other fields. (2) Having more than 20 years of working experience. (3) No occurrence of any matter stated in Article 30 of the Company Act.		3
Independent director	CHUN-JEN HUANG	(1) Lecturers or above with experience in affairs or the company's businesses at the relevant departments of public and private colleges and universities, and being good at other fields. (2) Having more than 20 years of working experience. (3) No occurrence of any matter stated in Article 30 of the Company Act.		1

Note: please refer to the relevant contents of Directors' Information (1) on page 9 for the relevant work experience of the independent directors.

② Information on the operation of the remuneration committee

A. The company's remuneration committee consists of 3 members

B. The current term of office: from May 29, 2023 to May 28, 2026, 112, the most recent year (2024.01.01~2024.12.31)

The Salary and Remuneration Committee held 3 meetings (A). The qualifications and attendance of the members are as follows:

Title	Name	Attendance in person B	By proxy	Attendance rate in person (%) 【B/A】	Note
Convener	SHENG-YIH, HSIEH	2	0	100%	-
Member	HUI FEN, LIN	2	0	100%	
Member	CHUN-JEN HUANG	2	0	100%	
Other noteworthy matters:					
1. The Board of Directors does not accept or amend Remunerations Committee’s suggestions: None.					
2. The resolutions of the Remunerations Committee which Committee member has oppositions or reservations: None.					

C. Discussion subjects and resolutions of Remunerations Committee: :

Date of Remunerations Committee	Subject	Resolution
The first Meeting in 2024 Date: 2024.01.08 (2th of the 4th session)	1. Review the policy, system, standards and structure of directors' compensation.	Passed by all members unanimously.
	2. Review the policy, system, standards, and structure of compensation for managers.	Passed by all members unanimously.
	3. Revision of the "Overseas Assignment Management Regulations" .	Passed by all members unanimously.
	4. Review of the principles for granting year-end bonuses and managers' year-end bonuses.	Passed by all members unanimously.
The second Meeting in 2024 Date: 2024.04.02 (3th of the 4th session)	1. The distribution of employees' and directors' remuneration for 2023.	Passed by all members unanimously.
	2. The remuneration of the Company's manager, Cheng-hsiao Chen. (The motion was withdrawn by the board of directors)	Not discussed and not voted on

③ Information on the members of the Nomination Committee and its operation: None.

(5) Performance of Social Responsibilities, and differences to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and rationale.

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies															
	Yes	No	Summary description																
I. Has the Company established a governance structure to promote sustainable development, set up a dedicated (part-time) unit to promote sustainable development, has the Board of Directors authorized senior management to handle the matter, and what is the Board of Directors' supervision status? (TWSE/TPEX-Listed Companies should fill in the implementation status, not follow or explain.)	V		Following the vision and mission of the Company's ESG policy, the ESG Task Force was established in 2021 and the “Sustainable Development Committee” was approved by the Board of Directors in 2023, which is the highest-level decision center for sustainable development within the Company, chaired by the chairman and works with a number of senior executives from different fields to review the Company's core operating capabilities and set medium- and long-term sustainable development plans. The “Sustainable Development Committee” serves as a cross-departmental communication platform that integrates up and down and connects horizontally. Through each meeting and issue-based task force, we identify sustainable issues related to the company's operations and stakeholders, develop strategies and work directions, plan and implement annual programs and ensure the implementation of sustainable development strategies. The Chair of the “Sustainable Development Committee” reports annually to the Board on the results of the sustainable development implementation and future work plans. The Board of Directors receives reports from the management team and the management must propose corporate strategies to the Board of Directors. The Board of Directors must evaluate the likelihood of success of these strategies and urge the management team to make adjustments, if necessary.	No significant difference															
II. Does the Company follow the principle of materiality in assessing the environmental, social, and corporate governance risks related to its operations, and map out related risk management policies or strategies? (TWSE/TPEX-Listed Companies should fill in the implementation status, not follow or explain.)	V		<div>1. This disclosure covers the Company's sustainable development performance in key locations from January to December 2024. The risk assessment boundary is mainly based on the Company and the subsidiaries to the operations of the business and the degree of impact on the material subject.</div> <div>2. The “Sustainable Development Committee” conducts analysis based on the materiality principle of the sustainability report, communicates with internal and external stakeholders and evaluates ESG issues of materiality by reviewing literature and integrating assessment information from various departments and formulates risk management policies for effective identification, measurement, evaluation, monitoring and control, and takes specific action plans to reduce the impact of related risks.</div> <div>3. Based on the assessed risks, the relevant risk management policies or strategies are formulated as follows:</div> <table><tr><th>Major issues</th><th>Items of risk evaluation</th><th>Description</th></tr><tr><td>Environmental aspect</td><td>Environmentally sustainable</td><td>By implementing process safety management and institutionalized management cycle, we effectively reduce pollution emissions and impact on the environment. Therefore, we obtained ISO14001 and environmental management system certification.</td></tr><tr><td>Innovative aspect</td><td>Technology development</td><td>The products developed by our company are patented to protect the rights of our company.</td></tr><tr><td>Social aspect</td><td>Social responsibility Employee care International response Product responsibility</td><td>1. Our company has completed ISO45001 occupational safety and health management certification. 2. Fire drills and industrial safety education training are held regularly every year to cultivate employees' ability to respond to emergencies and manage themselves safely. 3. Our products comply with the law without any hazardous substances</td></tr><tr><td>Management aspect</td><td>Policies and regulations Director Functions Stakeholder communication</td><td>1. Through the establishment of a governance organization and the implementation of internal control mechanisms, we ensure that our employees and operations comply with legal regulations. 2. We plan for directors' education, provide them with the latest regulations, institutional developments and policies and insure them with directors' liability insurance. 3.A spokesperson's mailbox is set up to provide a communication channel to avoid misunderstandings caused by the difference in position between stakeholders and our company.</td></tr></table>	Major issues	Items of risk evaluation	Description	Environmental aspect	Environmentally sustainable	By implementing process safety management and institutionalized management cycle, we effectively reduce pollution emissions and impact on the environment. Therefore, we obtained ISO14001 and environmental management system certification.	Innovative aspect	Technology development	The products developed by our company are patented to protect the rights of our company.	Social aspect	Social responsibility Employee care International response Product responsibility	1. Our company has completed ISO45001 occupational safety and health management certification. 2. Fire drills and industrial safety education training are held regularly every year to cultivate employees' ability to respond to emergencies and manage themselves safely. 3. Our products comply with the law without any hazardous substances	Management aspect	Policies and regulations Director Functions Stakeholder communication	1. Through the establishment of a governance organization and the implementation of internal control mechanisms, we ensure that our employees and operations comply with legal regulations. 2. We plan for directors' education, provide them with the latest regulations, institutional developments and policies and insure them with directors' liability insurance. 3.A spokesperson's mailbox is set up to provide a communication channel to avoid misunderstandings caused by the difference in position between stakeholders and our company.	Our company has not prepared ESG report yet and will follow the law and actual situation in the future.
Major issues	Items of risk evaluation	Description																	
Environmental aspect	Environmentally sustainable	By implementing process safety management and institutionalized management cycle, we effectively reduce pollution emissions and impact on the environment. Therefore, we obtained ISO14001 and environmental management system certification.																	
Innovative aspect	Technology development	The products developed by our company are patented to protect the rights of our company.																	
Social aspect	Social responsibility Employee care International response Product responsibility	1. Our company has completed ISO45001 occupational safety and health management certification. 2. Fire drills and industrial safety education training are held regularly every year to cultivate employees' ability to respond to emergencies and manage themselves safely. 3. Our products comply with the law without any hazardous substances																	
Management aspect	Policies and regulations Director Functions Stakeholder communication	1. Through the establishment of a governance organization and the implementation of internal control mechanisms, we ensure that our employees and operations comply with legal regulations. 2. We plan for directors' education, provide them with the latest regulations, institutional developments and policies and insure them with directors' liability insurance. 3.A spokesperson's mailbox is set up to provide a communication channel to avoid misunderstandings caused by the difference in position between stakeholders and our company.																	

Implementation Items	Status of implementation		Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies																																													
	Yes	No																																														
	Summary description																																															
III. Environmental Issues (I) Has the Company developed an appropriate environmental management system, given the distinctive characteristics of its industry?	V		Our company follows the ISO14001 environmental management system and is certified by the Occupational Health and Safety Management System (TOSHMS) and we have labor safety and health personnel to supervise and manage the environmental protection business.	No significant difference																																												
(II) Has the Company made efforts for the efficient use of energy and used renewable materials for mitigating the impact on the environment?	V		Our company actively promotes various energy reduction measures and uses equipment with high energy efficiency and energy-saving design to reduce corporate and product energy consumption. Our company uses raw materials in accordance with international standards, reduces unnecessary waste of resources and seeks waste reduction and waste oil recycling, etc., in order to preserve the earth's resources and protect environmental hygiene and uses recycled paper to reduce the burden on the environment.	No significant difference																																												
(III) Has the Company assessed the potential risks or opportunities deriving from climate change and its effect on the Company at present and in the future, and mapped out a response to climate related issues?	V		If there is a risk of inadequate disaster resistance, our company will conduct appropriate diagnostic assessments, repair and reinforcement to reduce the risk of disaster damage. Strengthen the ability to adapt to the impact of climate change and return to normal operations as soon as possible after a disaster. Strengthen emergency response measures in case of water shortage and conduct evacuation planning and drills to minimize damage from disasters.	No significant difference																																												
(IV) Has the Company kept statistics on the greenhouse gas emission volume, water consumption volume, and total weight of waste over the last 2 years, and mapped out the policies for managing the reduction of carbon and greenhouse gas emissions, water consumption, and the generation of waste?	V		<p>The Company and the subsidiaries will complete the inventory in areas 1, 2 and 3 in 2024, and is expected to complete the ISO 14064-1 inventory and third-party validation in August 2025.</p> <p>(1) Greenhouse gas emissions for the recent two years:</p> <div>Units: Metric tons CO2e</div> <table><tr><th>year</th><th colspan="2">2023</th><th colspan="2">2024</th></tr><tr><th>Units</th><th>emission ton CO2e</th><th>Intensity (ton CO2e/turnover NT\$ million)</th><th>emission ton CO2e</th><th>Intensity (ton CO2e/turnover NT\$ million)</th></tr><tr><td>Scope I</td><td>106.7756</td><td rowspan="3"></td><td>91.6902</td><td rowspan="3"></td></tr><tr><td>Domain 2</td><td>658.1468</td><td>622.9598</td></tr><tr><td>Scope 3</td><td>786.8778</td><td>367.3896</td></tr><tr><td>total</td><td>1551.8002</td><td></td><td>1082.0396</td><td></td></tr></table> <p>(2) Water consumption:</p> <div>Unit: ton</div> <table><tr><th>year</th><th>2023</th><th>2024</th></tr><tr><td>Total Raw Water Consumption</td><td>5,581</td><td>4,249</td></tr><tr><td>Process Wastewater Discharge</td><td>63.03</td><td>21.635</td></tr><tr><td></td><td>Approximate total (1.13%)</td><td>Approximate total (0.51%)</td></tr></table> <p>(3) Total weight of waste:</p> <div>Unit: ton</div> <table><tr><th>year</th><th>2023</th><th>2024</th></tr><tr><td>Total weight of non-hazardous waste</td><td>25.18</td><td>21.33</td></tr></table> <p>Our company have implemented various energy-saving measures, such as replacing energy-saving lighting fixtures, turning off lights manually, setting the temperature of air conditioners, changing some common areas to sensor lights and water-saving devices. We Implement policies such as paperless electronic billing system and waste battery recycling incentives to reduce the impact of our company's operations on the natural environment. In the discharge water quality management, the operations and maintenance of wastewater treatment is carried out by full-time personnel. The testing organization approved by the Environmental Protection Administration is entrusted with the testing of raw wastewater and discharge water. The water discharge control is supervised to ensure the normal operations of the treatment equipment and effective pollution prevention and the wastewater of the factory area is licensed by the local authorities and meets the requirements of regulations.</p>	year	2023		2024		Units	emission ton CO2e	Intensity (ton CO2e/turnover NT\$ million)	emission ton CO2e	Intensity (ton CO2e/turnover NT\$ million)	Scope I	106.7756		91.6902		Domain 2	658.1468	622.9598	Scope 3	786.8778	367.3896	total	1551.8002		1082.0396		year	2023	2024	Total Raw Water Consumption	5,581	4,249	Process Wastewater Discharge	63.03	21.635		Approximate total (1.13%)	Approximate total (0.51%)	year	2023	2024	Total weight of non-hazardous waste	25.18	21.33	No significant difference
year	2023		2024																																													
Units	emission ton CO2e	Intensity (ton CO2e/turnover NT\$ million)	emission ton CO2e	Intensity (ton CO2e/turnover NT\$ million)																																												
Scope I	106.7756		91.6902																																													
Domain 2	658.1468		622.9598																																													
Scope 3	786.8778		367.3896																																													
total	1551.8002		1082.0396																																													
year	2023	2024																																														
Total Raw Water Consumption	5,581	4,249																																														
Process Wastewater Discharge	63.03	21.635																																														
	Approximate total (1.13%)	Approximate total (0.51%)																																														
year	2023	2024																																														
Total weight of non-hazardous waste	25.18	21.33																																														
IV. Social Issues (I) Has the Company established related management policies and procedures in accordance with applicable laws and the international human rights conventions?	V		In accordance with labor-related laws and regulations, the company handles various work rules and personnel rules for employees to ensure their labor rights. In order to establish gender equality in the workplace, our company implements a system of childcare leave without pay, provides family care leave and menstrual leave for colleagues, refers to international human rights conventions and the concept of respecting equality between men and women and formulates regulations on gender work equality and sexual harassment prevention measures in work rules.	No significant difference																																												

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(II) Has the Company established and pursued reasonable welfare policies for the employees (including remuneration, holidays, and other benefits), and reflected the performance or results of operations in the remunerations to the employees?	V		In addition to the labor and health insurance, pension, parental leave, menstrual leave and special leave required by the law, our company's employee welfare policy allows employees to apply for leave without pay or family care in case of serious injury or illness, annual health checkups, three holiday gift certificates, birthday gift certificates, employee trips, two annual dinners, wedding and funeral sympathy, festive events, annual meetings and rewards for achieving goals. Our company also allocates and pays employees according to profitability, which is reflected in employee compensation.	No significant difference
(III) Has the Company provided a safe and healthy work environment for employees, and education on occupational safety and health for employees at regular intervals? (Describe the number of fires in the year, the number of casualties and the ratio of casualties to the total number of employees, and related improvement measures in response to fires.)	V		Our company has obtained ISO45001 certification and takes disaster prevention as the core concept to achieve the goal of zero disaster in the workplace. We attach great importance and requirements to the safety and health of our employees when they are working and we provide warnings or protective equipment to high-risk environments or facilities. In addition to regular employee health checkups, we also implement education and training on safety and health issues and arrange nursing staff to conduct health interviews to improve employee health management-related knowledge in order to comply with the Occupational Safety and Health Act and respect the requirements of relevant stakeholder groups on occupational safety and health to create a healthy and happy workplace. In 2024, Number of fires : 0, number of fatalities and injuries and ratio of fatalities and injuries to total number of employees: 0%, improvement measures related to fires: NA., Achieve the goal of zero occupational accidents in 2024. After a thorough review of the improvement measures, our company immediately revised the automatic inspection items, checked the safety interlocking components of the machine, reiterated the company's safety and life-saving provisions and activated the supervisor's care to pay attention to the physical and mental state of colleagues to ensure the safety of colleagues during their work. In order to protect workers from harmful substances in the workplace and provide workers with a healthy and comfortable working environment, labor environment monitoring is carried out twice a year to gradually understand the exposure of workers.	No significant difference
(IV) Has the Company established a plan for the training of effective career development and planning of employees?	V		Our company attaches great importance to employee training and in strengthening professional skills. The Human Resources Department plans education and training programs, including newcomer training, core functions, professional functions, management functions, etc., to provide diverse learning channels to assist employees in continuous learning and growth. In 2024, a total of 697 people were trained and the total training hours reached 2248 hours.	No significant difference
(V) Has the Company complied with applicable legal rules and international standards in the marketing and labeling of products and services for the health, safety, and privacy of customers, and mapped out policies for the protection of consumer rights, and procedures for complaint?	V		In accordance with ISO and other regulations, our company has established relevant measures, such as ISOS205 Customer Complaint Handling Management Regulations, to specify the process for handling customer complaints, grievances, proposals or dissatisfaction with products in order to resolve customer problems. To meet the product quality and delivery of customers, we implement customer satisfaction surveys, product warranties and insurance policies to ensure the rights of consumers.	No significant difference
(VI) Has the Company established a supplier management policy to demand suppliers to observe applicable rules and regulations governing environmental protection, occupational safety and health, or labor rights, and the state of implementation?	V		Our company operates with honesty and integrity and has requirements for the quality, quantity and delivery time of products provided by suppliers and executes payments to suppliers in accordance with payment contracts; our company also establishes the Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct to regulate the transaction behavior of both parties. Our company implements environmental safety and health training from time to time to help suppliers comply with regulations and company standards and improve public safety and health performance. Our company has established the Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct. If a supplier is involved in a violation of its corporate social responsibility policy and the environment and has a significant impact on the environment and society, the company may terminate or cancel the contract at any time if no improvement is made after notification. In addition, our company thanks our partners at the annual meeting every year and recognizes our excellent suppliers.	No significant difference
V. Does the Company refer to universal standards or guidelines for report preparation when preparing for Sustainability Report and other non-financial disclosure reports? Is the aforementioned report subject to the validation or guarantee by a third-party accreditor?		V	Our company discloses its social responsibility measures and fulfillment of social responsibility on the Market Observation Post System and the company's website. Our company completed the preparation of reports disclosing non-financial information of the company, such as sustainable reports.	Our Company has published a sustainability report on its website and will plan for the future in accordance with the law and the actual situation.

Implementation Items	Status of implementation		Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
VI. If the Company has established integrity management principles in accordance with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe the current practices and any deviations from the Best Practice Principles: On March 31, 2022, the board of directors of our company approved the revision of the code of practice for sustainable development and voluntarily compiled a corporate social responsibility report to promote corporate social responsibility policies, comply with the laws and regulations and comply with the trend of corporate sustainable development. There are no major differences in the overall operation of our company itself and the group companies to promote various corporate social activities.			
VII. Other important information for the implementation of sustainable development: (1) We have completed ISO14064-1 greenhouse gas inventory and third party verification. (2) The company Implements environmental greening and the use of electronic forms such as printing applications. (3) The company's New Year's gifts to employees are made of sheltered factory products. (4) The company and the Employee Welfare Committee jointly holds a blood donation event to contribute to public welfare and make a small contribution to the community. (5) Organize from time to time activities such as garbage picking in the street or on the mountain, donating to coin boxes, recycling of batteries, invoices, and donations of used clothes. (6) The company supports the Melting Greenland Public Welfare Screening Program and uses the documentary "Melting Greenland" as an environmental education material. (7) For the sustainable re-use of the environment, the plastic bag of the product flower drum packaging material is replaced by honeycomb wrap paper packaging. The carbon emission of a plastic bag is about 0.06 kg, and the reduction of 40,000 plastic bags is about 2,400 kg of carbon emission. The re-use of waste products will scrap the wheel to make a dining table. (8) For information on the Company's CSR operations, please refer to the Company's website: http://www.joy-tech.com.tw and the Market Observation Post System (http://mops.twse.com.tw) by clicking on CSR-related information under Corporate Governance.			

(6) Climate-related information on OTC listing: Not applicable.

(7) The situation and reasons for the performance of integrity management and the differences from the code of integrity management of listed OTC companies

Item	Implementation Status			Difference from Principles of Operating in Good Faith for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Description	
<p>1. Establishment of policies and protocols of operating in good faith</p> <p>(1) Does the Company specify its policy, practice of operating in good faith, and the board and management's covenant of actively implementing the operating policy?</p> <p>(2) Does the Company establish any protocol to avoid dishonest behavior, and stipulate operating procedure, behavioral guidelines, punishment and appeal system in other protocols, and properly implement it?</p> <p>(3) Does the Company adopt any prevention mechanism in respect of Article 7 (2) of the Practice Principles of Operating in Good Faith for TWSE/TPEX Listed Companies or other activities with higher risks of dishonest behavior for other business operations?</p>	V		<p>(1) The Company established principle of operating in good faith was reviewed by the board and passed on March 3, 2014.</p> <p>(2) The Company has provided for protocols to prevent dishonest behavior in the principles of operating in good faith, specified the operating procedure, behavioral guidelines, and punishment and appeal system in each protocol, and announced the importance of honest behavior on the internal website.</p> <p>(3) The Company has established its code of conduct and principles of operating in good faith as a behavioral standard of business activities.</p>	No significant difference.
<p>2. Practice of operating in good faith</p> <p>(1) Does the Company evaluate the credit records of the parties it make transactions with and stipulate a clause of operating in good faith in the agreement entered into with such parties?</p> <p>(2) Does the Company establish any special unit (or part time unit) affiliated with the board to advance operating in good faith and report to the board regularly on the implantation status?</p> <p>(3) Does the Company establish any policy to prevent conflicts of interest, provide a proper channel for representations, and properly implement it?</p> <p>(4) Has the Company built an effective accounting system and internal auditing system, and is it audited by the audit unit, or does the Company engage accountants to conduct audits?</p> <p>(5) Does the Company periodically conduct internal and external training courses on operating in good faith?</p>	V		<p>(1) The Company has evaluation mechanisms applied to the clients and suppliers we make transactions with. All parties' liabilities are set forth in the agreements and remain confidential upon signing thereof.</p> <p>(2) The Company's promotion unit for corporate integrity management is the Integrity Management Working Group, which consists of the Head of Corporate Governance, Legal Affairs, and Stock Affairs, and reports to the Board of Directors on a regular basis (at least once a year).</p> <p>(3) The Company provides reporting persons with channels to make representations, which is set forth in the principles of operating in good faith, and such persons and representations shall remain confidential.</p> <p>(4) The Company has set up an internal audit plan, each item of which is conducted by the auditing unit.</p> <p>(5) The company organizes internal education and training on integrity management from time to time, and places the information on the learning platform to provide independent learning.</p>	The Company will develop training policies going forward in accordance with the requirement of the laws and actual situation.
<p>3. The implantation status of the corporate reporting system</p> <p>(1) Does the Company establish a specified reporting and rewarding system, an accessible reporting channel, and appoint proper representatives for anyone being reported?</p> <p>(2) Does the Company establish a standard operating procedure and non-disclosure mechanism in respect of reported issues?</p> <p>(3) Does the Company adopt any measure to prevent reporting persons from improper disposal due to their report?</p>	V		<p>(1) The Company has established a specific reporting method and a reward system, set up a reporting channel, and assigned an appropriate unit to receive reports.</p> <p>(2) The company has formulated the investigation procedures and related confidentiality mechanisms for accepting reports in the regulations on the reporting and reward system.</p> <p>(3) Measures to prevent reporting persons from improper disposal have been stipulated in the principles of operating in good faith.</p>	No significant difference.
<p>4. Improvement of information disclosure</p> <p>(1) Does the Company disclose its established principles of operating in good faith and promotion results on its website and Market Observation Post System?</p>	V		The Company reveals information on the internal website and Market Observation Post System in accordance with the laws.	No significant difference.

5.	If the company has established its own CSR in accordance with the Principles of Operating in Good Faith for TWSE/TPEx-Listed Companies, please specify its implementation and difference from the Principles: The Company complies with the development trend of corporate governance and implements its relevant standards to formulate a corporate governance code, which was reviewed and approved by the board of directors. There are no major differences..
6.	Other material information that helps with understanding the Company's operations in good faith (such as the Company reviewing and correcting its own principles of operating in good faith): ①The Company abides by the corporate law, security law, principles of operating in good faith or any other order in respect of business conduct so as to implement the principles of operating in good faith and create a sustainable environment. ②The Company has provided for avoidance of interest in the board meeting protocol. Any interested board member or its legal representative shall specify its interest at each board meeting. In the event of a potential conflict of the Company's interest, such party may not take part in any discussion or vote, nor exercise any other board member's voting right as its representative.

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

1. Inquire company's website: <http://www.joy-tech.com.tw> or the OTC Market Observation Post System (MOPS) social responsibility-related information under ESG.

2. Directors' and managers' advanced training in the latest year(2024) :

job title	Name	Course Title	hours	organizer
Director	CHEN-HSIAO, CHEN	Insider equity publicity briefing	3	OTC
Director	MING-CHIEH, CHEN	Corporate Governance 3.0 – Corporate Sustainability and Board Responsibilities	3	Corporate Operating and Sustainable Development Association
Director	MING-CHIEH, CHEN	Corporate Internal Investigations-Advance Deployment to Avoid New Risks from the ESG Wave	3	Corporate Operating and Sustainable Development Association
Independent Director	HUI-FEN LIN	Company Integrity Management Principle	3	Corporate Governance Association
Independent Director	HUI-FEN LIN	Corporate Governance Trends and Responses from the Sustainability Action Plan (Corporate Governance 4.0)	3	Corporate Governance Association
Independent Director	SHENG-YIH HSIEH	Insider equity publicity briefing	3	OTC
Independent Director	CHUN-JEN HUANG	Trade Secrets and Information Security Practices and Securities Regulations	3	Taiwan Investor Relations Institute
Accounting Supervisor	YI-YAO CHIANG	IFRS#9 【Accounting for Investments in Financial Instruments】	3	Tunghai University
Accounting Supervisor	YI-YAO CHIANG	Information Security Regulations and Internal Control Management Practices	3	Tunghai University
Accounting Supervisor	YI-YAO CHIANG	Technology in Accounting	3	Tunghai University
Accounting Supervisor	YI-YAO CHIANG	Exploring the Thinking and Actions of Civil Judges from Civil Cultivation Cases	3	Tunghai University
Head of Corporate Governance	YI-YAO CHIANG	Internal Audit and Internal Control Personal Information Law Practices	6	The Institute of Internal Auditors
Head of Corporate Governance	YI-YAO CHIANG	Latest “Annual 「Report/Sustainability Information/Financial Report Preparation」 Analysis of relevant laws and regulations and internal control management practices	6	Accounting Research Development Foundation

(9) The implementation status of the internal control system

①Internal control representation: Please refer to the Public Information Observatory at <http://mops.twse.com.tw> Corporate Governance/Internal Control Specialized Area/ Announcement of Statement of Internal Control System.

②If the company has commissioned external auditors to review the company's internal Control system, the external auditor's report should be disclosed: please enquire (OTC) MOPS <http://mops.twse.com.tw> Corporate Governance / Internal Controls/ Internal Control Review Report.

(10) The most recent year and as of the publication date of the annual report , Major Resolutions of Shareholders Meeting and Board of Directors Meeting

①Major Resolutions of Shareholders Meeting

Meeting date	Resolution and Implementation status
Shareholders Meeting in 2024 (Date 2024.06.28)	1. Approve the Company's 2023 Business Report and Financial Statements. 2. Approve the amendment to the " Rules of Procedure for Shareholders' Meetings " Implementation status: Uploaded to the (MOPS) after the amendment is approved.

②Major Resolutions of Board of Directors Meeting

Meeting date	Important resolutions
The first Board of Directors Meeting in 2024 Date: 2024.01.15 (4th of the 17th session)	(1) The company's 2024 budget. (2) Capital Loan and Extension Cases. (3) Capital loans and new cases. (4) Review of overdue accounts receivable. (5) Subsidiary's application for banking facilities and endorsement and guarantee case (additional guarantee). (6) Review the policy, system, criteria and structure of directors' remuneration. (7) Review managerial compensation policies, systems, standards and structures. (8) Principles of Year-End Compensation and Managers' Year-End Compensation.
The second Board of Directors' Meeting in 2024 Date: 2024.04.09 (5th of the 17th session)	(1) Proposal to the Company's 2022 Business Report and Financial Statements. (2) The 2023 Deficit Compensation Proposal. (3) The Company's proposal for the distribution of compensation to employees and directors for fiscal year 2023. (4) The Company's "Statement of Internal Control System" for fiscal year 2023. (5) The Company amended the "Audit Committee Organization Procedures". (6) Subsidiary Capital Loans and Extensions. (7) The Company's capital loan and appraisal case. (8) The Company and its subsidiaries intend to borrow money from bank financing (renewal) and endorsement and guarantee case. (9) The Company amends the R.O.C. 2024 Budget. (10) The Company amended the "Regulations on Seal Management". (11) The Company amended the "Rules of Procedure for Meetings of the Board of Directors". (12) Amendment to the "Rules of Procedure for Shareholders' Meetings". (13) Manner of convening the 2024 annual general meeting of shareholders of the company, agenda and fixing the time for receipt of shareholders' proposals.
The third Board of Directors' Meeting in 2024 Date: 2024.08.07 (6th of the 17th session)	(1) The Company's financial statements for the second quarter of 2024. (2) Renewal of bank loans and endorsement and guarantee of bank loans. (3) Renewal of the Company's bank loans and endorsement and guarantee. (4) Loans and audits of capital. (5) Amendments to the Company's 2024 budget. (6) Revision of the Company's "Organization Chart" and "Accounting System Chapter 1 General Description". (7) Revision of part of the Company's "Statement of Audit Authority". (8) Revision of the Company's "Internal Control System". (9) Revision of the Company's "Internal Audit Implementation Regulations". (10) Revision of the Company's "Internal Control System Self-Assessment Procedures". (11) Changes in the general manager of a subsidiary. (12) Investment in fixed assets of subsidiaries (Xiamen COMPOSITES and Kunshan).

<p>The fourth Board of Directors' Meeting in 2024</p> <p>Date: 2024.12.03</p> <p>(7th of the 17th session)</p>	<p>(1) Proposed application for financing lines from banks and renewal of contracts.</p> <p>(2) Evaluation of the independence and suitability of the Company's certified public accountants.</p> <p>(3) Loans and audits of capital.</p> <p>(4) The Company's 2025 audit plan.</p> <p>(5) Subsidiary's capital loans.</p> <p>(6) Reduction of capital stock of subsidiaries in accordance with the new regulations of the Company Law of Mainland China.</p> <p>(7) Amendments to the organization chart of the Sustainable Development Committee.</p> <p>(8) Amendments to the Company's management office.</p> <p>(9) Revision of the Company's Internal Audit Implementation Regulations.</p> <p>(10) Revision of the Company's "Regulations Governing Internal Control System".</p>
<p>The first Board of Directors Meeting in 2025</p> <p>Date: 2025.01.10</p> <p>(8th of the 17th session)</p>	<p>(1) Bank loans and endorsement and guarantee cases.</p> <p>(2) Change of certified public accountants in accordance with the internal rotation of the accounting firm.</p> <p>(3) Appointment of the Company's certified public accountants and resolution of their fees.</p> <p>(4) Loans and audits of capital.</p> <p>(5) Loans and extensions.</p> <p>(6) Loans and new loans.</p> <p>(7) Lease agreement of Jiuyu Automobile (Kunshan) Co.</p> <p>(8) Amendment to the "Regulations Governing the Management of Vetting Powers".</p> <p>(9) Amendment to the "Regulations Governing Salaries and Remuneration for Directors, Functional Members and Managers".</p> <p>(10) Appointment of supervisors of subsidiaries.</p> <p>(11) Review the policy, system, standard, and structure of directors' remuneration.</p> <p>(12) Review of the policy, system, standards, and structure of compensation for managers.</p> <p>(13) Budget for fiscal year 2025.</p> <p>(14) By-election of directors.</p> <p>(15) Call for the 2025 Annual General Meeting of Shareholders.</p>
<p>The second Board of Directors' Meeting in 2025</p> <p>Date: 2025.04.23</p> <p>(9th of the 17th session)</p>	<p>(1) The Company and its subsidiaries have no intention of repatriating the earnings of overseas subsidiaries or having accumulated earnings in the foreseeable future. intention to repatriate the earnings of its foreign subsidiaries in the foreseeable future.</p> <p>(2) The Company's 2024 Business Report and Financial Statements.</p> <p>(3) Loss appropriation plan for 2024.</p> <p>(4) Employee and director compensation distribution plan for 2024.</p> <p>(5) The Company's Statement of Internal Control System for 2024.</p> <p>(6) Revision of the Company's "Organizational Chart" and "Accounting System Chapter 1 General Explanation".</p> <p>(7) Capital loans and audits.</p> <p>(8) Loans to subsidiaries.</p> <p>(9) Proposed bank loans and endorsement/guarantee (renewal).</p> <p>(10) Nomination and review of director candidates by the Board of Directors.</p> <p>(11) To lift the restriction on non-competition of the Company's directors, their representatives, and independent directors during their terms of office.</p>

(11) In the last fiscal period and as of the date this report was printed, the major content of the adverse opinion of the directors or supervisors in the decision over specific motions at the Board Meeting on record or with a written declaration shall be specified: None.

4. Information on the fees for certified public accountants

						NTD\$ thousand
CPA Firm	Name of CPA	Inspection period	Audit Fee	Non- Audit Fee	Subtotal	Note
PWC	Liu, Mei Lan	113.01.01-113.12.31	2,420	-	2,420	-
	HSU, CHIEN-YEH	113.01.01-113.12.31				

Alter the CPA Firm and the audit fee in altering year is less than that in the previous year: None.

Auditing expenses decreased by 10% in comparison to the previous year, information regarding the amount, percentage and reason for the decrease in auditing expenses shall be disclosed : None.

5.Changing of auditors:

In line with PWC's internal rotation of certified public accountants for financial statements, starting from 2025, the certified public accountants will be changed from MEI-LAN LIU and CHIEN-YEH HSU, CPA of PWC CPA to CHIEN-YEH HSU and CHIH-WEI LAI, CPA of PWC.

6.If the chairman, general manager, finance or accounting manager of the Company has been working in the accounting firm of the CPAs or its affiliates within the last year, the name and title of the personnel and the period of such working relation existing: None.

7.In the last fiscal period and as of the date this report was printed, the status of the transfer of shares or the shares in pledge held by the directors, supervisors, managers or the shareholders with more than 10% of the Company's shares:

Please refer to the Public Information Observatory at <http://mops.twse.com.tw> Basic Information / Information on Shareholdings, Pledges and Transfers by Directors and Supervisors of Major Shareholders.

(1) Directors, supervisors, managers and shareholders holding more than 10% of the shares Shares Trade with Related Party : None.

(2) Shares Pledge with Related Party : None.

8. Information Disclosing the Relationship between any of the Company's Top Ten Shareholders :

Jun 10,2025 Unit: share

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Share holders		Remarks
	Shares	Sharehold ing ratio	Shares	Shareh olding ratio	Shares	Shareh olding ratio	Name	Relation	
Fengyi Investment Ltd.	13,280,000	22.13%	-	-	-	-	SHIH-WEI CHEN	principal	-
ZHONG GANG GROUP (HONG KONG)INVESTMENT LIMITED	6,607,340	11.01%	-	-	-	-	-	-	-
Changli International Investment Co., Ltd.	5,469,028	9.12%	-	-	-	-	-	-	-
Changyi International Investment Co., Ltd.	5,468,028	9.11%	-	-	-	-	-	-	-
Jiurong Investment Co., Ltd.	5,266,110	8.78%	-	-	-	-	-	-	-
Jiuhong Investment Co., Ltd.	5,259,110	8.77%	-	-	-	-	-	-	-
Zhaoshun Investment Co., Ltd.	2,759,193	4.60%	-	-	-	-	-	-	-
SHIH-WEI CHEN	1,472,738	2.45%	21,078	0.04%	-	-	Fengyi Investment Ltd CHEN-HSIAO,CHEN	principal brother	-
TZU-HANG,CHIANG	1,303,007	2.17%	-	-	-	-	-	-	-
CHEN-HSIAO,CHEN	1,109,888	1.85%	9,246	0.02%	-	-	SHIH-WEI CHEN	brother	-

9.The number of shares held by the company's directors, managers, and enterprises directly or indirectly controlled by the company in the same reinvested enterprise, and the combined calculation of the comprehensive shareholding ratio :

December.31.2024

Invest in business	The company invests		Directors, managers, and investments in directly or indirectly controlled enterprises		Comprehensive investment	
	number of shares	Shareholding ratio	number of shares	Shareholding ratio	number of shares	Shareholding ratio
JOYTECH INDUSTRIAL CO. PIE. LTD	21,057,104	100%	-	-	21,057,104	100%
NOVATEC EU .s.r.o	-	100%	-	-	-	100%
NOVATEC WHEELS US, INC	-	100%	-	-	-	100%
JOY NOVA INTERNATIONAL CO., LTD	4,726,393	100%	-	-	4,726,393	100%
PRIMA BUSINESS LIMITED	1,000,000	100%	-	-	1,000,000	100%
TOY (H.K.) TRADING CO.,LTD. LIMITED	10,000	100%	-	-	10,000	100%
NOVA INDUSTRIAL CORP	50,000	100%	-	-	50,000	100%
TAIZHOU JOY PRECISION INDUSTRY LTD.	-	100%	-	-	-	100%
JOY INDUSTRIAL (SHEN ZHEN) LTD	-	100%	-	-	-	100%
JOY CYCLE PARTS(KUNSHAN) LTD	-	100%	-	-	-	100%
NOVATEC WHEELS (SHENZHEN) LTD	-	100%	-	-	-	100%
Coretech Composites technology (Xiamen) LTD	-	83.33%	-	-	-	83.33%

III. Capital Overview

(I) Capital and Shares

(1) Source of Capital

1. Issued Shares (Share capital formation process) :

June 20,2024 ; Unit: thousand shares/NTD thousand

Month / Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		number of shares	Amount	number of shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
70.10	10	1,000	10,000	1,000	10,000	Share Capital 10,000	none	台建商新字第 151227 號函
78.09	10	2,800	28,000	2,800	28,000	seasoned equity offering 18,000	none	Construction Hall 78 建三戌字第 360464 號函
85.07	10	5,288	52,880	5,288	52,880	seasoned equity offering 24,880	none	Construction Hall 85 建三庚字第 199015 號函
87.01	10	7,288	72,880	7,288	72,880	seasoned equity offering 20,000	none	Construction Hall 87 建三癸字第 107424 號函
87.06	10	8,038	80,380	8,038	80,380	seasoned equity offering 7,500	none	Construction Hall 87 建三庚字第 183923 號函
90.01	10	11,288	112,880	11,288	112,880	seasoned equity offering 32,500	none	The Ministry of Economic 經授中字第 09001023240 號函
94.12	10	14,388	143,880	14,388	143,880	seasoned equity offering 31,000	none	The Ministry of Economic 經授中字第 09433327650 號函
97.08	10	18,000	180,000	18,000	180,000	seasoned equity offering 36,120	none	The Ministry of Economic 經授中字第 09732880900 號函
100.11	19.5	30,000	300,000	23,000	230,000	seasoned equity offering 50,000千元	none	The Ministry of Economic 經授中字第 10032798950 號函
101.09	10	30,000	300,000	25,300	253,000	capital increase out of earnings 23,000	none	The Ministry of Economic 經授中字第 10132553160 號函
102.12	22	50,000	500,000	30,300	303,000	seasoned equity offering 50,000	none	Economic Development Bureau, Taichung City Government 府授經商字第 10208587960 號函
103.05	22	50,000	500,000	35,300	353,000	seasoned equity offering 50,000	none	Economic Development Bureau, Taichung City Government 府授經商字第 10307491800 號函
106.07	10	50,000	500,000	37,680	376,800	Capital surplus transferred to common stock 23,800	none	Economic Development Bureau, Taichung City Government 府授經商字第 10607337160 號函
107.10	10.12	70,000	700,000	58,000	580,000	seasoned equity offering 203,200	none	The Ministry of Economic 經授商字第 10701122970 號函
110.08	10	70,000	700,000	56,350	563,500	Capital Reduction via Buyback Treasury Stocks Nullifying 16,500	none	The Ministry of Economic 經授商字第 11001147830 號函
110.12	14	80,000	800,000	60,000	600,000	seasoned equity offering 36,500	none	The Ministry of Economic 經授商字第 11001221400 號函

2. Types of Stock :

June 20,2024 ; Unit: shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
common stock	60,000,000	20,000,000	80,000,000	emerging stock market

3. The company issues new shares by means of comprehensive declaration : N/A.

(2) Major Shareholders :

April 20,2024 ; Unit: share

Major Shareholders Name	Shares	Percentage
FENG I INVESTMENT LTD.,	13,280,000	22.13%
ZHONG GANG INVESTMENT (HONG KONG LIMITED)	6,607,340	11.01%
CHANG LI INTERNATIONAL INVESTMENT LTD.,	5,469,028	9.12%
CHANG I INVESTMENT LTD.,	5,468,028	9.11%
CHIU JUNG INVESTMENT LTD.,	5,266,110	8.78%
CHIU HUNG INVESTMENT LTD.,	5,259,110	8.77%
CHAO SHUN INVESTMENT LTD.	2,759,193	4.60%
SHIH-WEI CHEN	1,472,738	2.45%
TZUHANG CHING	1,303,007	2.17%
CHEN-HSIAO,CHEN	1,109,888	1.85%

(3) Dividend Policy and Distribution of Earnings :

1. Dividend policy :

According to the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset against prior years' operating losses and then be distributed as 10% balance of legal reserve is equal to that of Statutory amount and after appropriating or turning back the special surplus reserve in accordance with the law, if there is still a The remaining earnings surplus, may be appropriated along with the accumulated unappropriated earnings according to a resolution proposed by the Board of Directors and resolved by the shareholders' meeting. distribution proposal proposed by the board of directors, in the form of issuing new shares, shall be submitted to the shareholders' meeting for resolution before distribution. According to the company law, the company authorizes the board of directors to distribute dividends and bonuses or the statutory surplus stipulated in the first paragraph of article 241 of the company law with the attendance of more than two thirds of the directors and the resolution of more than half of the directors present. All or part of the reserve and capital reserve shall be distributed in cash and reported to the shareholders' meeting.

When the Company determines its dividend policy, it takes a balanced approach to consider shareholders' rights and interests, the market competitiveness in the bicycle manufacturing industry, the Company's business plan, investment strategy, and its capital requirement etc. According to the Company's dividend policy, the total dividends distributed shall be no less than 30% of the distributable retained earnings of the current year, unless the current year distributable retained earnings falls below 10% of paid-in capital, then such earnings may be reserved from distribution. In addition, dividend distributions may be paid in either cash or stock, of which cash dividends should be at least 10% of the total dividends distributed.

The company's dividend policy is formulated in line with current and future development plans, considering the investment environment, capital needs, domestic and foreign competition conditions, and capital budgeting, and taking into account shareholders' interests, balanced dividends, and the company's long-term financial planning.

2. Earnings distribution :

The Board of Directors resolved not to distribute dividends on the Company's 2024 Annual Loss Adjustment Plan, which will be submitted to the shareholders' meeting.

3. Summary of significant change on expected dividend policy: None.

(4) Impact to 2023 business performance and EPS resulting from stock dividend distribution: None.

(5) Remuneration to employees and directors :

1. on remuneration to employees and directors as set forth in the Company's Articles of Incorporation: Company's Article 27: If the company is profitable, it should deduct employee compensation shall not be less than 1% and directors' compensation shall not be more than 5%. when the company still has accumulated losses, the amount of compensation should be retained in advance.

The company may authorize the special reserve as referred in the preceding paragraph in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The resolution of the preceding employees' compensation shall be made by the board of directors whether to issue shares or cash distribution. The issuance of the object contains a certain condition for the subsidiary employees.

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

The company's estimated employee remuneration and director's remuneration in 2024 are based on the articles of association and the company's current operating scale and profit status.

If there is any change between the actual allotment amount and the estimated amount or the estimated amount and shares Or there is a difference in the decision of the shareholders' Meeting, it will be listed as the profit and loss of 2025.

3. Information on the distribution of remunerations to employees and directors passed by the Board of Directors

- (1) The amount of employee compensation and director compensation distributed in cash or stock, if estimated in relation to the year of recognized expenses. If there are differences in the amount of funds, the differences, reasons, and handling situations should be disclosed

The company's remuneration distribution approved by the board of directors on April 23, 2025 is as follows:

Amount of employee remuneration: NT\$0

Amount of remuneration for directors: NT\$0

The amount of expenses recognized above is not different from the estimated amount in the 2024 financial report.

- (2) The ratio of the amount of employee remuneration distributed by stock to the total amount of net profit after tax and total employee remuneration for the current period
Example: The board of directors did not approve the distribution of employee remuneration by stock, so it is not applicable.

4. Actual distribution of employees' and directors' remuneration in the previous year
The company's in the previous year remuneration distribution approved by the board of directors on April 9, 2024 is as follows:

Amount of employee remuneration: NT\$0

Amount of remuneration for directors: NT\$0

The amount of expenses recognized above is not different from the estimated amount in the 2023 financial report.

- (6) Status of the Company repurchasing its own shares: None.

(II) Issuance of corporate bonds: : None.

(III) Preferred shares: None.

(IV) The issuance of overseas depository receipts: None.

(V) The status of employee stock option plan: None.

(VI) The status of new restricted employee shares: None.

(VII) The status of issuance of new shares in connection with mergers or acquisitions: None.

(VIII) Implementation of the capital allocation plans : None.

V 、Operational Highlights

i. Business content

1. Line of business

(1) Businesses the company mainly operates:

CA03010 Metal Heat Treating
 CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
 CC01080 Electronic Parts and Components Manufacturing
 CD01040 Motor Vehicles and Parts Manufacturing
 CD01050 Bicycles and Parts Manufacturing
 CE01010 Precision Instruments Manufacturing
 CH01010 Sporting and Athletic Articles Manufacturing
 F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
 F113010 Wholesale of Machinery
 F113050 Wholesale of Computing and Business Machinery Equipment
 F113070 Wholesale of Telecom Instruments
 F114020 Wholesale of Motorcycles
 F114030 Wholesale of Motor Vehicle Parts and Supplies
 F114040 Wholesale of Bicycle Parts and Supplies
 F116010 Wholesale of Photographic Equipment
 F119010 Wholesale of Electronic Materials
 F209060 Retail Sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
 F213030 Retail Sale of Computing and Business Machinery Equipment
 F213060 Retail Sale of Telecom Instruments
 F213080 Retail Sale of Machinery and Equipment
 F214020 Retail Sale of Motorcycles
 F214030 Retail Sale of Motor Vehicle Parts and Supplies
 F214040 Retail Sale of Bicycles and Parts
 F216010 Retail Sale of Photographic Equipment
 F219010 Retail Sale of Electronic Materials
 F401010 International Trade
 CD01030 Automobiles and Parts Manufacturing
 F113110 Wholesale of Batteries
 F213110 Retail Sale of Batteries
 F108031 Wholesale of Drugs, Medical Goods

(2) Main product line and percentage of sales revenue:

Unit : TW\$1000 ; %

Main products	2023		2024	
	Sales Revenue	Percentage (%)	Sales Revenue	Percentage (%)
Hub	792,974	84.60	902,849	72.04
Wheel	102,019	10.88	306,463	24.45
Others	42,326	4.52	43,948	3.51
Total	937,319	100.00	1,253,260	100.00

(3) Current merchandise (services) of the Company:

- ① Multifunctional hub axle design
- ② Drivetrain system design integrating convertible drivetrain systems
- ③ Hub appearance design applying carbon fiber and surface treatment
- ④ Mid-range inertial wheel development
- ⑤ Carbon fiber front fork (external cable routing) new product development

(4) New products the Company contemplates developing:

- ① Hubs with lightweight bearings
- ② Carbon fiber hubs
- ③ Hubs with disc brakes
- ④ Alloy inertial wheels with high stiffness
- ⑤ All-carbon fiber BMX wheels
- ⑥ Planetary tooth structure hubs design and development
- ⑦ Carbon fiber grips (gravel bike) new product development
- ⑧ Carbon fiber spokes design and development
- ⑨ Carbon fiber front fork (internal cable routing) new product development

2. Industry overview

(1) Current status and development of the industry

Current status of the industry:

U.S. market: In 2024, the U.S. will mainly focus on de-stocking beginner bikes, while the pulling power of high-end and e-bikes will be weaker, limiting the sales momentum of Taiwan brands in the U.S. market.

European market: E-bikes are still the focus of the market, but demand will drop significantly in 2024, increasing the pressure on exporters to receive orders.

China market: The Chinese government's active promotion of low-carbon campaigns, coupled with the rise of night cycling, has boosted the sales of high-end bicycles, becoming one of the few markets to drive the industry's demand growth.

Taiwan market: The overall sales continue to decline, both traditional bicycles and e-bikes are facing a decline in sales, business operations have been affected, the performance of major players such as Giant, Merida, Idealbike, the performance of the results of the divergence, Merida is one of the few revenue growth of the industry.

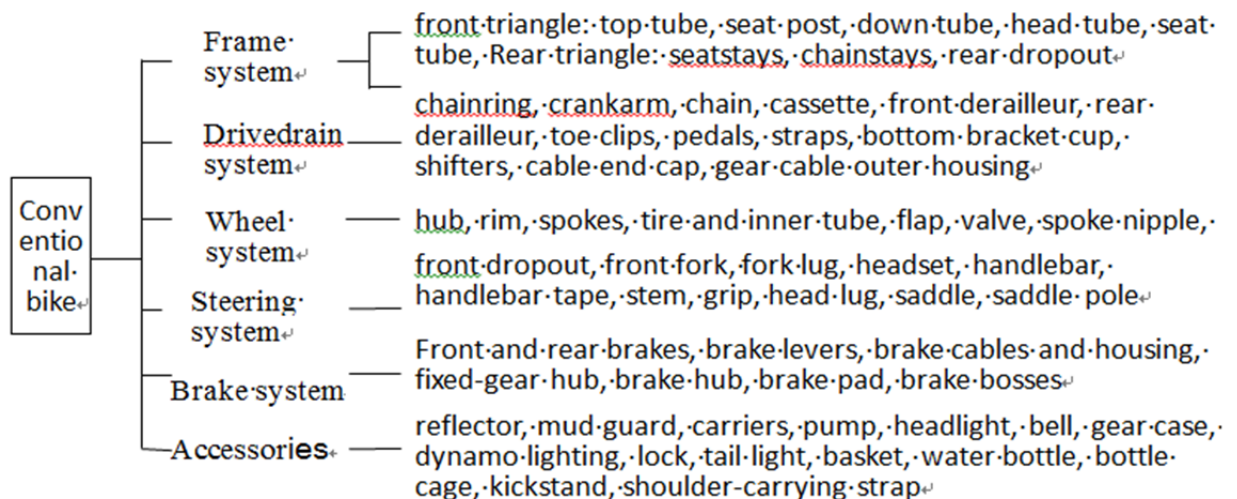
Future development:

2025 will be a year of trends and opportunities for the industry. Although Taiwan's bicycle industry was affected by the global economy in 2024 and experienced inventory adjustments and sales declines, it is expected to see a recovery in 2025. The high-end and e-bike markets will remain the main growth drivers, and if they can capitalize on technological innovations and market changes, they will be able to return to a growth trajectory in 2025. According to the forecasts of international organizations such as EIU, S&P Global, and IMF, the global economy will show a growing trend in 2025, and the inventory depletion in Europe and the U.S. is nearing the end, which will help the demand for bicycles stabilize. In particular, with the promotion of green policies, the application of bicycles as low-carbon transportation will continue to increase, leading to a rebound in the market.

(2) The relation among upstream, midstream and downstream bicycle businesses in the industry

① Bicycle supply chain

The frame system includes a top tube, down tube, seat tube ; the drivetrain system includes a front and rear derailleur, cassette and chain; the wheel system includes hubs, rims, inner tubes and tires; the steering system includes a fork, seat stay and handlebar, and a shock or strut for higher tier bikes; and the accessories may include a reflector, a bottle cage, mud guard, and front and rear signal lights. The structure and making of a bicycle are illustrated in below image:



② Correlations among industries:

Regarding the relationship among upstream, midstream and downstream of the bicycle manufacturing industry, the upstream is raw material manufacturers that provide steel, rubber, paint, etc., and the midstream is bicycle parts plants that provide the required parts, and then the downstream is bicycle central plants that assemble the bicycles.

Each bicycle needs to be assembled from primary and secondary parts such as frame, front fork, transmission, brakes, handlebar/seat tube...etc. Each part is indispensable, and the bicycle industry can be divided into the finished bicycle industry and parts industry because of the large number of parts and the need for inter-industry collaboration in production, which enables the upstream and downstream to establish a close supply relationship.

The manufacturing of bicycle parts involves the use of various materials such as metal, rubber, carbon fiber, and electronic control, etc. Therefore, the technological development and market demand and supply of the bicycle industry can drive the development of the related basic materials industry and the peripheral supply chain, but it is also vulnerable to the interaction of international material market, exchange rate, and transportation factors.

As there is a very fine division of work within the bicycle industry, each part has its own specialized manufacturing plants, plus the fact that the Taiwan Bicycle Association operates well, so the industry has strong cohesion and a central satellite system has been formed with close integration of upstream and downstream and a complete supply chain after decades of development, constituting Taiwan's bicycle industry cluster.

(3) Product development trends

The development trends of the bicycle parts manufacturing industry is towards light weight, longer service life, strongest rigidity, high transmission efficiency, good transmission performance, aesthetics for appearance, and environmental protection, etc., to enable customers to improve the performance of the products. In addition, due to the fierce competition, industry players used to use cheaper products to cope with the competition, but nowadays, most of them are moving towards higher-end products in consideration of durability.

Taiwan's bicycle industry has always had a key position in the global supply chain with the advantages of high quality and quick delivery, and the industry has developed a complete supply chain over the years and is also facilitating cross-industry integration, introducing the Internet of Things and big data, moving in the direction of more intelligence and electrification, with the development of product technology aiming at high value bike products, with comfort and popularity as the product design requirements, while the technology of intelligence, electrification and strong functionality and safety is also under continuous development. The bicycle industry will transform in the direction of wisdom, intelligent manufacturing, innovative design to shape a cycling culture.

(4) Business competition

i. Competition of similar products

The nationally established suppliers that produce hubs include JoyTech, Xero, Chosen and Kun Teng. Below are the four current competitors:

Suppliers	Description
Joy	<ul style="list-style-type: none">• Founded in 1981. The percentage of parts produced within the company is up to 90%. Thanks to its excellent research and design team, it has gained favor with the big brands for the long term.• JoyTach is created as its fundamental brand, Novatec as the mid-range and high-end brand, and Factor for the high-end aftermarket, altogether to implement market segmentation.• Established subsidiaries and offices in the US and Europe. It also has 30 agencies worldwide to provide regional customer service. Altogether, it enhances sales effectiveness and expands its service network.• Its main clients are assembly companies and trading companies that mainly sell road bikes, BMX, MTB, hubs and carbon wheelsets. The production locations are Taiwan headquarters, Taizou, Shengzen and Xiamen sites.
Xero	<ul style="list-style-type: none">• Founded in 1994. Now it mainly produces BMX, MTB, road bikes, hubs and rims. Its main clients are assembly companies and trading companies. Its production sites are based in Fengzou, Taiwan and China respectively.
Chosen	<ul style="list-style-type: none">• Founded in 2000. Its main clients are assembly companies. It is mostly an OEM. The percentage of self-made parts is low. Its main products are BMX and MTB hubs.
Kun Teng	<ul style="list-style-type: none">• Founded in the 1947, the company's manufacturing bases include Taiwan's Daya factory and China's Huaian factory. The main customer groups are traders and European customers. In recent years, it has started to produce a new dynamo hub system structure, which has increased its customer base for city bikes and recreational bikes

ii. Industrial competition

Price competition:

Since there are many small and medium-sized vendors in the bicycle parts industry so the industry is not at all concentrated, most of them are competing fiercely in terms of prices. In terms of export, industry players have to face competition from lower-priced products in China and Southeast Asia; therefore, it is afraid that there will still be great pressure in the future for products with low technical precision in the bicycle parts industry.

Brand image:

Some of the medium and large vendors of bicycle parts already have their own brands, while others indirectly establish their own brands and reputation by leveraging the brand marketing of the downstream bicycle manufacturers; for example, the supply and demand system of upstream and downstream established by the No. 1 GIANT MANUFACTURING CO., where its parts vendors rise with the GIANT brand.

Cost management:

For many vendors, OEM is still one of the main sources of operating revenue, so if they can reduce their processing costs, they will receive more OEM orders, so cost and inventory management will be crucial for vendors to be competitive.

R&D capability:

As some of the high value-added products of domestic bicycle parts and components are still unable to compare with Japanese products in terms of technology, even though Taiwan has international competitiveness in bicycle, some key parts and components, such as transmission, still need to be imported from Japan. At the same time, some low-priced products are facing competition from Southeast Asia and China, indicating that innovation in R&D of parts and components technology will be the key factor to enhance the competitiveness of vendors.

3. Overview of technology, research and development

(1) R&D expenses invested in the most recent year and the current year up to the date of publication of the Annual Report invested in R&D expenses:

Unit: Thousands of NTD; %

Year \ Item	2023 (Note 1)	2024 (Note 1)	As of March 31, 2025 (Note 2)
R&D expenses	31,365	37,960	9,055
Net operating revenue	937,319	1,253,260	243,166
Percentage	3.35%	3.03%	3.72%

(note 1) : financial information of year has been checked and verified by accountants or reviewed.

(note 2) : The company's self-concluded financial statements have not been checked, certified or reviewed by Accountants.

(2) Technology level of the business

The competitors of the Company and its subsidiaries are mainly domestic and foreign branded hubs and wheelset manufacturers, which have certain leading technology in research and development. When the Company was founded, we realized the importance of transportation and hoped to contribute our own efforts. Then the Company invested in the research of Japanese foot brake system and introduced the economic type 301 iron hubs, which were the first hubs for the low-end bicycle in Taiwan and won the award of excellent export performance from the Ministry of Economic Affairs. In 1981, we developed the 211 type iron hubs, which are the standard parts used in the industry.

The Company and its subsidiaries were also the first to introduce cold forging technology into the manufacturing of aluminum alloy hubs in Taiwan, bringing traditional ferrous heavy products to light weight, which is still the mainstream of the domestic bicycle industry. In addition, the Company developed the first set of quick release in Taiwan not only to enable customers for quick disassembly, but also reduce labor costs when assembling wheel rims, and enhances the convenience for consumer to have quick changes. In addition, the Company and its subsidiaries have accumulated years of experience in combining business and art, and launched the first set of carbon fiber hubs in 1995, which was developed jointly with GIANT MANUFACTURING CO., LTD. for the MCR one-piece carbon fiber bicycle, and won the "National Product Image Gold Award" in 1997.

Since 2001, the Company and its subsidiaries have continued to invest in innovative research and development, and the R&D headquarters is located in the new plant in Daya District, Taichung City. The Group's R&D headquarters has professional R&D and testing teams in Taiwan, the United States and China, and has obtained over 100 patents in hubs and wheelsets, processes, and related product applications...etc. In addition to continuous investment in product

development, we have established long-term cooperation plans or strategic alliances with well-known companies to acquire new equipment, raw materials and process technologies. In addition, the Company cooperates with scholars in academic research institutions to enhance the development of R&D talents and the competitive advantage of new products.

As a market leader, the Company and its subsidiaries continue to break new ground and lead the way with the latest technology and have been awarded the GOOD DESIGN AWARD in 2016, the Taiwan Excellence Award for four consecutive years from 2016 to 2019, and the GOLDEN PIN DESIGN AWARD for three consecutive years from 2016 to 2018. By winning these awards, the Company and its subsidiaries have been able to accumulate the motivation for continuous innovation in research and development. In response to the new generation and the promotion of green energy and carbon free life, the Company and its subsidiaries developed E-bikes accessories and polymer material application and invested in innovative research in the field of composite materials and established the Xiamen fiber coating plant in 2019 to get engaged in the production of carbon fiber wheel rims and related products.

Unlike the past when we focused on the innovation and research of parts, and in 2019, we merged our R&D teams in China to form a Greater China R&D team. We are committed to Industry 4.0, using intelligent manufacturing and introducing software such as "MES Production Management System" to facilitate proper scheduling of manufacturing processes and easier traceability of manufacturing quality through data.

(3) R&D of the business

We are focusing on technology development related to our business direction, and we are working on the five core technologies of product development, material development and self manufacturing, surface treatment, and automated equipment and processes as the basis for R&D innovation. The following is an overview of our product research and development strategies and processes:

① Research and development strategic objectives

The objectives of the Company and its subsidiaries' research and development strategies are first based on the Company's business strategies and policies, according to which departmental actions are initiated. Through routine technical and marketing meetings, medium- and long-term new product plans are formulated in accordance with the market and product demand information and technology development trends, which serve as guiding principles for product development, technology and resource investment.

In order to carry out research and development, the Company adopts multiple approaches such as self-development, cooperative R&D, collaborative design, technology introduction and technology implementation, etc. Through the new product development system, we can quickly transfer the technology internally, so that the technology development can be refined and implemented in the production lines. The following is a brief description of each approach:

- A. Self-development: Self-development takes the highest priority in our R&D strategies to encourage technological innovation among engineering researchers and to ensure the Company's technological competitiveness.
- B. Cooperative R&D: We implement cooperative R&D with customers or suppliers, combining marketing and industry information to ensure the accuracy and timeliness of the R&D direction, immediate market entry to meet customer needs, and to share R&D results with customers to indirectly gain market share.
- C. Collaborative design: We implement collaborative design with customers at the early stage of product development to jointly develop products and provide customers with excellent quality solutions as a professional manufacturer of hubs, wheelsets, and carbon fiber applications.
- D. Technology introduction: We cooperate with external organizations to introduce new technologies to ensure that we have an advantage in the market for technologies with high R&D costs or breakthroughs and patents. The Company cooperates with leading academic institutions in Taiwan (such as the Industrial Technology Research Institute) and the industrial organizations (CYCLING & HEALTH TECH INDUSTRY R&D CENTER) for technology introduction.
- E. Develop new intelligent automation technologies and enhance the overall competitiveness of the industry:

In order to ensure the steady improvement of product quality, we are actively investing in the improvement of process flow, and we have installed robotic arms and introduced stamping press automation to reduce the production bottleneck of insufficient production personnel. At the same time, construct automatic measurement system and equipment to improve the efficiency of product inspection. In addition, in order to keep track of the production pulse on site in real time, the Company and its subsidiaries have implemented the "SFT servo system" and MES system to improve the transparency and efficiency of operations management.

② Research and development process

The R&D strategies of the Company and its subsidiaries are based on our perception of market information and application orientation to determine the future market demand, combined with the Company's main strategy, to develop medium- and long-term R&D strategies and then based on the annual issues and the strategic plan of the sales department, we form the short-term R&D plan for new products and technologies. The purpose is to develop a product portfolio and pricing that meets customer needs, to maximize the benefits of the Company's long-term and short-term investments, to develop potential markets and to strengthen the competitive position of the Company in the industry.

③ Short-, medium-, and long-term research and development strategies

Timeline	Category	Item and contents
Short-term	Short-term strategy	The R&D strategies of the Company and its subsidiaries are based on our perception of market information and application orientation to determine the future market demand, combined with the Company's main strategy, to develop medium- and long-term R&D strategies and then based on the annual issues and the strategic plan of the sales department, we form the short-term R&D plan for new products and technologies. The purpose is to develop a product portfolio and pricing that meets customer needs, to maximize the benefits of the Company's long-term and short-term investments, to develop potential markets and to strengthen the competitive position of the Company in the industry..
Medium- and long-term	Strengthen technology patents, technology independence	<ul style="list-style-type: none"> ▪ In order to enhance the protection of technology patents and strengthen the Company's technology leadership, we have dedicated personnel in charge of patent applications, regardless of whether the technologies have short-term commercialization value or long-term potential commercialization value. ▪ Projects with longer market lifecycle and higher-end technologies are conducted independently by the Company. ▪ In innovation activities, we focus on our core technical capabilities and work with downstream customers from different industries and academic institutions to develop new technologies or new applications.
	Focus on core competencies and enhance value	<ul style="list-style-type: none"> ▪ Introduce new technologies in a timely manner in line with our competitive strategies to enhance our value. ▪ Pursuing to be a company with "high value-added, high productivity, focus on innovation and service", we constantly absorb technical information, keep abreast of market dynamic, and meet customer needs. ▪ Make good use of project management to improve the quality of innovation activities, and leverage the available internal resources to ensure that technology development projects are quickly transferred to manufacturing units for production.
	Effectively use resources to ensure timeliness	<ul style="list-style-type: none"> ▪ Ensure that innovation results do not become obsolete technologies and control the timing of mass production to create maximum value and profitability. ▪ Rapidly apply product development projects to production to meet market demand and maintain high quality standards and rapid flexibility.

(4) Technologies and products successfully developed last year as of the publication: date of the annual report:

Year	Product Name	R&D Results
2017	Clutch wheel set Carbon fiber wide mountain bike wheel set FACTOR 748 wheel set FACTOR 748 wheel set 727 enduro magnetic clutch carbon fiber wheel set	Honored with 25 th Taiwan Excellence Award Honored with Innovation Award by China Bicycle Association Honored with German iF Design Award 2017 Honored with 2017 Taipei Cycle d&i awards Honored with 2017 Golden Pin Design Award (the best design of the year)
2018	R3-DISC asymmetrical disc brake version of the full carbon fiber road bike wheelsets FACTOR 727 ENDURO full carbon fiber mountain bike wheelsets	Won the Innovation Award in Shanghai Exhibition Won the 26th Taiwan Excellence Award
2019	Asymmetric electric auxiliary mountain bike wheelsets DIABLO XL E-MTB WHEELSET	Won the China Bicycle Association - Innovation Award
2020	Asymmetrical carbon road bike wheel	Unique ultra high performance wheelsets designed for the new generation. With transmission response that enable the wheel rims to be lighter, more comfortable, of low wind resistance and sharp. Its features provide riders with extremely stable control, safety and excellent smoothness.
2021	BB bottom bracket shells shaft	Create non-hubs parts to enhance product diversity
	Nylon rope hubs	Add the design for products that can be adapted with other materials
2022	Road bike carbon fiber wheelsets	Passed UCI "Wheel impact test" certification
	Carbon fiber front fork	Passed multiple SGS "Front Fork test" certifications Passed EFBE "Fork test" certification
2023	Bicycle Hub System Combination Structure Carbon Fibre Web Production Equipment Bicycle Anti-Locking Brakes	New Patent New Patent Invention Patent
2024	Bicycle Hub Ratchet Structure	New Patent

4. Long-term and short-term business development planning

(1) Long-term plan

Item	Description of contents
Marketing strategy	<ol style="list-style-type: none"> 1. Develop energy-saving and carbon-reducing products, reduce unnecessary environmental waste, and take care of the earth as the goal 2. Continue to upgrade and improve product design to reduce the use and waste of raw materials. 3. Make good use of the design for carbon fiber products to increase market share.
Production plan	<ol style="list-style-type: none"> 1. Increase automated machinery to reduce costs and increase product yields and efficiency. 2. Utilize the advantages of our production bases in China and Taiwan to support each other and differentiate the product levels. 3. Continue to optimize process yields and improve production efficiency by replacing old and new equipment with automated production equipment.
R&D and design development plan	<ol style="list-style-type: none"> 1. Set up R&D center to control R&D operations from product planning, product design, engineering trial to sample production, and enhance development technology capability. 2. Effectuate human resource education and maintain technology leadership to create high value-added products. 3. Develop special materials, combine and apply carbon fiber and iron-aluminum alloy related products, and introduce green energy concept products. 4. Introduce Windchill system to effectively track the progress of development cases and improve the timeliness of research and development.
Management strategy	<ol style="list-style-type: none"> 1. Implement ISO14001, improve management rules and ensure process effectiveness. 2. Develop towards the production of refined products and actively upgrade the technology level of the whole plant, focus on the creation of high value-added products, and strengthen the overall technology level and marketing channels through the dual channels of our own brand marketing and technical cooperation with foreign related products. 3. Utilize the professional equipment and R&D technology of the Group's factories to create value and benefit. 4. Add Bar Code Scan management system to each process equipment unit to improve management efficiency. 5. Continue to develop multi-talented workers, deepen the company culture and provide continuous education and training for human resources.

(2) Short term planning

Item	Description
Marketing strategy	<ol style="list-style-type: none"> 1. Developing new products in response to clients' needs (ODM) and the market demand (OBM). 2. Prioritizing developing stable and quality products. 3. The wheelset undergoing minor or major revisions from time to time to conform to the mainstream trend of the existing market. 4. E-bikes becoming the mainstream due to the awakening of environmental consciousness, hence, continuously developing electric products adaptable to the trends. 5. Actively expanding e-commerce platforms and increasing brand visibility via social media.
Production planning	<ol style="list-style-type: none"> 1. Continuously conducting activities in relation to 3Ts (TPS, TPM and TQM) to reduce costs and consumption, and enhance efficiency and yield. 2. Strictly controlling costs in each department to ensure the company's competitiveness 3. Implementing TQM and the QC system, where defective products should not be released out of the factories, in order to reinforce acknowledgement of the products in the market. 4. Replacing outdated equipment, shortening the period of time on production and increasing production capacity. 5. Strengthening the supply chain with the procurement staff and processing business partners to ensure compliance with the delivery deadline system. 6. Implementing related SOPs to optimize production.
R&D and design development planning	<ol style="list-style-type: none"> 1. Expanding the design and technology of hubs to that of wheels and targeting the high-end bicycle market. 2. Developing added value products with low-resistance and high-stiffness. 3. Reducing the period of time and costs spent on R&D and enhancing the technical production capabilities. 4. Researching and developing innovative products corresponding to the E-bike market 5. Cultivating talents and strengthening their research and development capabilities.
Management strategy	<ol style="list-style-type: none"> 1. Increasing the development in Asia in addition to the US, Central and South America and Europe. 2. Branding such as through sponsorships. 3. Integrating the sales and R&D capabilities into the market demand during the sample R&D stage. 4. Ensuring product quality, stabilizing the current market and improving delivery precision and efficiency in response to low-volume and diverse sales. 5. Expanding the sales channels by way of resource integration with the affiliates, and new and old suppliers' R&D and collaboration to create higher revenues. 6. Continuously improving KPI and introducing OKR incentive tools to meet the achievement rate and management ability.

II. Market, production and sales overview

1. Market analysis

(1) Sales regions of main products

Unit: Thousands of NTD; %

Region \ Year	2023		2024	
	Sales amount	Percentage	Sales amount	Percentage
Taiwan	134,657	14.37%	148,114	11.82%
Mainland China	541,353	57.75%	765,444	61.08%
Europe	184,249	19.66%	237,152	18.92%
Others	77,060	8.22%	102,550	8.18%
Total	937,319	100.00%	1,253,260	100.00%

(2) Market share

The world's top exporting countries for bicycles are the United States, Europe, China, and Japan. The annual sales volume of bicycles around the world is about 120 to 140 million units, of which the U.S. market is about 44.0 million units, Europe 28.8 million units, China 12.1 million units, and Japan 6.2 million units, accounting for about 70% of the total exports. In 2024, the number of shipments of the Company's major products will account for approximately 5 to 8% of the global market share.

(3) Future market supply and demand and growth potential

The European and American governments continue to promote green policies, alleviate urban traffic congestion and air pollution, actively build bicycle lanes and other related infrastructure, and encourage people to use bicycles as a tool for leisure sports, short-distance commuting, and logistics services, all of which will help maintain a steady pull of demand for the industry from overseas.

The Company and its subsidiaries have been working on the bicycle part hubs for more than 40 years, and have excellent R&D, innovation ability and strict production quality, which are favored by famous overseas customers. In response to the market trend, Joy Industrial Co., Ltd. is sponsoring foreign cycling teams to enhance Novatec's brand awareness and improve the durability and functionality of its products. In addition, we have set up branches in Europe, the United States and Asia to provide global customers with zero time difference services, and have expanded our global representation in 30 countries for localized brand promotion and after-sales services, all of which will contribute to future sales growth.

(4) Competitive niche

① Design advantage and continuous investment in R&D and upgrading

The Company and its subsidiaries have excellent research and development teams and prepare annual research and development budgets to enable them to have continuous design capabilities. Professional services are required for customers with different requirements on appearance (form) and material. Compared with standard products, the development and design of pattern design, logo laser engraving, mold development, etc. require higher integration of development technology to meet the comprehensive needs of customers. In addition, we have been increasing the revenue share of our own brands (JOYTECH, NOVATEC, and NP), which means that the market is increasingly accepting the added value of our brands and products as well as our professional service quality.

② Product advantages

The products and brands of the Company and its subsidiaries provide a full range of hubs products to meet the needs of different vehicle types, including mountain bikes, road racing bikes, single speed bikes, strollers, electric assisted bikes, folding bikes, sport bikes, touring bikes, lorries, and indoor fitness equipment drives, etc. In addition, several production bases have been set up in Taiwan and China to supply different price levels (e.g., motorcycles) according to market demand. In addition, we have established several production bases in Taiwan and China to supply products at different price levels (high price, medium price and low price) according to market demand.

③ Manufacturing advantages

The Company and its subsidiaries continue to focus on the market in China, making full use of the manufacturing resources of each plant on both sides of the Taiwan Strait to maximize the competitive advantage of the model with division of production and sales. In addition to leveraging the supply chain of each plant to forge a strong competitive force, we are also actively investing in automated equipment to increase output quantity and stabilize quality.

④ Marketing strategy

The Company and its subsidiaries have adopted a marketing strategy that emphasizes both ODM and OBM, and on the one hand, we design and manufacture for global brands, and on the other hand, we have established a global marketing network for our own brands (JOYTECH, NOVATEC, and NP), and through sponsoring cycling teams and athletes to participate in internationally renowned competitions and continuously participating in internationally renowned exhibitions, we have increased our brand awareness and brand image. In addition, we are actively developing a global marketing and service network and currently have agents in China, Japan, Indonesia, Malaysia, Singapore, Thailand, Australia, Germany, the Netherlands, Poland, Hungary, Slovakia, Chile, Peru, Uruguay, Ukraine, Romania, and the United States, and have established a complete after-sales service system through a global marketing network in our European and American subsidiaries.

⑤ Diversified and small-volume order-based production

The Company and its subsidiaries have established a complete supply chain by diversified labor division and differentiated product grades and proprietary production bases to build a complete and coordinated production support system to meet customer orders quickly in response to short lead times and to achieve effective control and inventory reduction.

(5) Favorable and unfavorable factors of development prospect and countermeasures

① Favorable factors

- A. The demand for high-end and E-bikes is still growing due to the health and leisure trend, and the demand in Europe and the U.S. is still growing steadily, which is expected to be extended to emerging markets in the future.
- B. We have been striving for product technology and market for many years and have reached a mutual assistance model with our customers, which will increase our chances of obtaining OEM and OBM orders.
- C. We provide a full range of hubs products to meet the needs of different vehicle types, including mountain bikes, road racing bikes, single speed bikes, strollers, electric bikes, folding bikes, sport bikes, touring bikes, etc. In addition, several production bases have been set up in Taiwan and China to supply different price levels (e.g., motorcycles) according to market demand. In addition, we have established several production bases in Taiwan and China to supply products at different price levels (high price, medium price and low price) according to market demand.
- D. The production bases are located in Southern China and Central China respectively, so that we can fully utilize the manufacturing resources of each plant to maximize our competitive advantage through the division of work in production and sales, and make use of the supply chain of each plant to form a strong competitive edge.
- E. We have adopted a marketing strategy that emphasizes both ODM and OBM, and on the one hand, we design and manufacture for global brands, and on the other hand, we have established a global marketing network for our own brands (Novatec, Joytech) and through sponsoring cycling teams and athletes to participate in internationally renowned competitions and continuously participating in internationally renowned exhibitions, we have increased our brand awareness and brand image and established good market interaction.
- F. From product development, manufacturing, sales and after-sales service, we have strict management processes in place. We also complement the management of cross-organizational suppliers and the management of supporting activities to build a complete and rigorous product process management operation system to achieve performance targets, with "customer satisfaction" as the ultimate goal.

② Unfavorable factors and countermeasures

- A. Exchange rate, since the main currency of foreign sales is USD, fluctuations in the exchange rate will affect the Company's gross profit margin.
Countermeasures :In addition to trading in the local currency, if the exchange rate fluctuates beyond tolerance, we shall immediately reach a reasonable exchange rate consensus with customers and adjust the quotation to mitigate exchange rate risk, and regularly monitor the exchange rate fluctuation to prevent exchange rate risk in advance.

B. Talent gap, the bicycle industry in the key processing such as welding, forging, mold making and other technical levels lack of training new blood inheritance, resulting in the current talent in addition to the gap and loss.

Countermeasures : Through industry-academia collaborative recruitment, we can enhance young people's understanding of the industry and their willingness to join. In addition, we will strengthen internal education and training to pass on technical processes through e-learning platforms, and enhance employees' recognition of the company through KPI and OKR reward systems and tools.

C. Tariff barriers, Although global trade barriers continue to be imposed on China in particular, Taiwan is still unable to obtain free trade tariff preferences from other governments to strengthen its competitiveness.

Countermeasures: Utilize the Group's production resources to respond to customers' needs, interact closely with important customers, and set long-term policies, goals, and investment adjustments for the Company in a timely manner; in addition, for innovative products and unique processes, the Company applies for design and innovation patents to make products with unique differentiation and high added value to meet customers' needs .

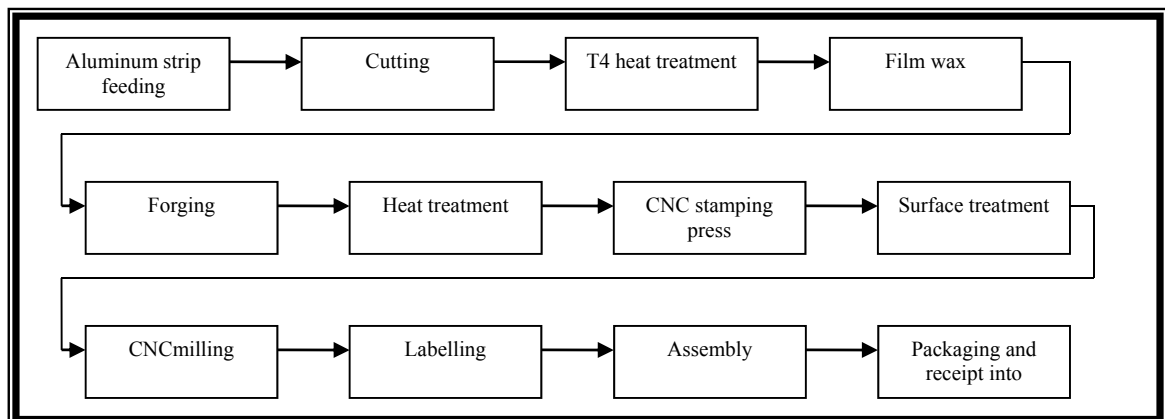
2. Important applications and production processes of main products

(1) Important applications of main products

Main products	Important applications
Bicycle hubs	The main part that makes up the wheels of a bicycle. To support the static and dynamic load on the wheels. To make the wheels rotate smoothly and gently.
Bicycle wheelsets	Mainly to bear the load and compressive force of the rider when the bicycle is rotating.
Carbon fiber front fork	The main part that makes up the wheels of a bicycle. The front fork is mounted on the frame and connected to the grips, lightweight and rigid
Carbon fiber grips	The main part that makes up the wheels of a bicycle. Mounted on the front fork for directional control Lightweight, good shock absorption

(2) Manufacturing process of main products

The manufacturing process starts from the aluminum strip feeding, then cutting and then through high-temperature quenching heat treatment, and paste the film wax, in order to facilitate the hydraulic forging film stripping, forging into the shape with film stripping and then through the heat treatment for hardening, followed by CNC stamping press, turning, etc., and then surface baking paint anodizing, and then the second milling and finish turning, and finally labeling, assembly and packaging and receipt into warehouse. At present, the main equipment is installed with hydraulic forging machine, turning, stamping press set and milling set, etc.



3. Supply status of main raw materials

The Company currently purchases from the following suppliers:

Main raw materials	Supply source	Supply status
Aluminum strip	A01	Good
Forging	A02	Good
Sleeve forging	A03	Good
Casing	A04/ A05/ A06	Good
Nut	A04/ A05	Good
Bearing	A07/ A08	Good
Quick release	A09/ A10	Good
Hollow tube	A04	Good

4. The names of suppliers and customers who accounted for more than 10% of the total purchases (sales) in any of the most recent 2 years, their purchases (sales) amount and percentage.

(1) Purchase vendors:

Unit: Thousands of NTD

Item	2023				2024 ^{note (1)}				2025 up to the first quarter ^{note (2)}			
	Name	Amount	As a percentage of net purchases for the whole year (%)	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the whole year (%)	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the current year up to the first quarter (%)	Relationship with the issuer
1	A09	60,238	12.52	None	A11	82,785	13.99	None	-	-	-	-
2	Others	420,739	87.48	-	Others	509,057	86.01	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
Net purchases		480,977	100%	None	Net Purchases		100.00	None	-	-	-	-

Note (1): There was no manufacturer whose imports accounted for 10% or more of total imports in 2024.

Note (2): As of the first quarter of 2024, there was no financial information that had been audited or reviewed by a certified public accountant.

(2) Sales customers:

Customers who accounted for more than 10% of the total sales in any of the most recent 2 years

Unit: Thousands of NTD

Item	2023				2024				2025 up to the first quarter			
	Name	Amount	As a percentage of net sales for the whole year (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales for the whole year (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales for the current year up to the first quarter (%)	Relationship with the issuer
1	A	212,925	22.72	None	A	357,115	28.49	None	-	-	-	-
2	-	-	-	-	-	-	-	None	-	-	-	-
3	Others	724,394	77.28	None	Others	896,145	71.51	None	-	-	-	-
Net sales		937,319	100.00	None	Net sales	1,253,260	100.00	None	-	-	-	-

III. Information on employees for the most recent two years and the current year up to the date of publication of the Annual Report

Unit: People; Year; %

Year		2023	2024	As of Mar 31, 2025
Number of employees	Management	51.00	50	57
	Direct labors	257.00	282	314
	Indirect labors	234.00	209	194
	Total	542.00	541	565
Average age		41.56	41.71	40.12
Average years of service		6.54	6.29	5.81
Education distribution	Doctorate	0.00%	0.00%	0.00%
	Master	2.03%	2.67%	1.77%
	University and college	24.17%	26.10%	23.76%
	Senior high school	26.75%	22.48%	23.76%
	Below senior high school	47.05%	48.76%	50.71%

IV. Information on environmental protection expenditures

- For the most recent year and for the current year up to the date of publication of the Annual Report, the amount of loss due to environmental pollution (including compensation and environmental protection audit results of violations of environmental protection laws and regulations, the penalty date, the penalty number, the provisions of the regulation violated, the content of the regulation violated, and the penalty content should be stated) and the estimated amount of current and potential future losses and countermeasures. If the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None.
- Current pollution situation, improvement, and its impact on the Company's earnings, competitive position and capital expenditures, and the expected significant environmental capital expenditure for the next two years: None.

V. Labor relations

- The Company's employee welfare measures, continuing education, training, retirement systems and their implementation status, as well as labor-management agreements and various employee rights protection measures:

(1) Employee welfare measures

The Company attaches importance to employee welfare and has established an employee welfare committee to promote various welfare measures and holds the following activities on a regular basis:

- ① Recreational activities: Staff dinner party and recreational activities are held twice a year.
- ② Year-end Gift Certificates: The Welfare Committee issues gift certificates at the end of the year.
- ③ Birthday coupons: Gift coupons are issued to the birthday girl every month to encourage staff morale.
- ④ Three festivals: Gift certificates and gifts are issued on Labor Day, Dragon Boat Festival, and Mid-Autumn Festival.
- ⑤ Clothing welfare: Provide employees with uniforms to show the vigor and spirit of the company.
- ⑥ Women's Welfare: We provide nursing rooms and equipment for the exclusive use of women with babies, as well as physiological leave for women.
- ⑦ Food and Beverage Benefits: The company provides subsidized meals and coffee for employees.
- ⑧ Dedicated parking: Provide parking spaces for motorcycles to make parking more convenient for employees.
- ⑨ Group Insurance: We insure our employees with group insurance to give them more protection.
- ⑩ Health checkups: Arrange annual health checkups and provide breakfast after the checkups.
- ⑪ Health management: Nurses and doctors are appointed to take the initiative to care for and promote the health management of employees.

(2) Employee continuing development and training system

The more well-defined division of work in society is becoming the trend, so the demand for specialized talents is becoming more imperative. In order to develop the talents required for the company's operation and development, the Company provides comprehensive education and training as well as excellent benefits, together with a sound evaluation system, to cultivate personal functions and improve the quality of employees, in the hope that human resources can be used to the best effect. The following is a description of the system of continuing development and training of the Company and its subsidiaries:

① Education and training for new employees:

On the day the employees report to work, they are introduced to the company's culture, quality policy, and management philosophy, so that they can understand the relevant regulations of the company and are led to visit various departments to enhance their understanding of the company's overall environment and products, and are provided with employee handbooks.

② Education and training for in-service employees:

- A. The education and training programs are arranged based on the principle of achieving the company's goals and assisting employees' growth. Every year, according to the company's development policy and employees' needs, education and training are held from management skills, safety and health training, and self-enlightenment to improve human quality.
- B. We emphasize on hierarchical, functional, planned and continuous training, and provide employees with opportunities for continuous self-growth and development through a complete education and training system.
- C. We promote employee education and training in a comprehensive manner. In addition to pre-employment training, professional skills training by function, management training by level, and self-enlightenment-related knowledge training, we also emphasize the promotion and implementation of internal training instructor system and on-the-job training within the department.
- D. Self-initiated training: We provide learning platforms and other resources for employees to study and further their studies during off-duty or leisure time.

(3) Retirement system and its implementation status

In accordance with the "Labor Standards Act", the Company has a defined benefit pension plan that applies to all regular employees' years of service prior to the implementation of the "Labor Pension Act" on July 1, 2005, and to employees who choose to continue to be subject to the Labor Standards Act after the implementation of the "Labor Pension Act". For employees who are eligible to retire under the old scheme, pension payments are based on the years of service and the average salary for the six months prior to retirement, with two bases for each year of service up to 15 years (inclusive) and one base for each year of service in excess of 15 years, subject to a maximum accumulation of 45 bases. The Company appropriates 2% of salaries and wages monthly to a pension fund, which is deposited in the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve.

Effective July 1, 2005, the Company has established a defined contribution pension plan in accordance with the Labor Pension Act, which is applicable to domestic employees of the Company. The Company contributes 6% of the employees' salaries to the employees' personal accounts at the Bureau of Labor Insurance each month for the employees who choose to apply the new labor pension scheme under the Labor Pension Act. Employees can be paid in the form of monthly pensions or lump-sum pensions, in accordance with the amount of the employees' personal pension accounts and accumulated earnings. The Company's subsidiary in Mainland China contributes to social insurance (including medical, maternity, pension, occupational injury, and unemployment) and pension provisions for employees in accordance with the Social Insurance Law of the People's Republic of China. Subsidiaries outside of Taiwan and Mainland China also follow the labor-related laws and regulations of the places where they operate.

(4) Agreements between employees and management and measures to protect employees' rights and interests

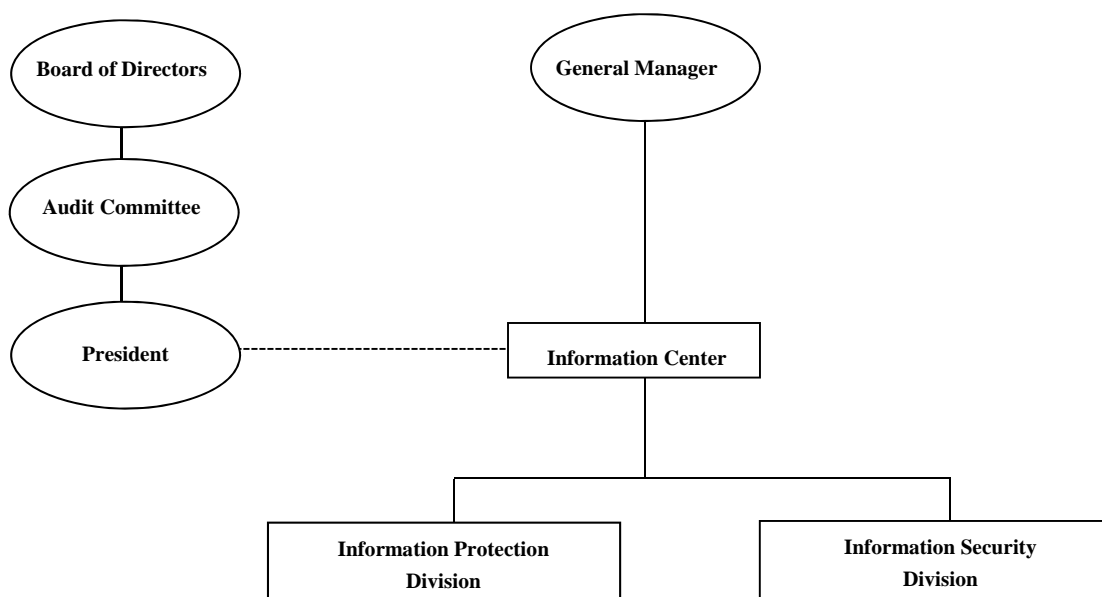
Our labor-management agreements are based on the Labor Standards Act and the Labor Incident Act and our management rules and regulations are formulated in accordance with various labor laws and regulations and with reference to international human rights conventions to ensure the rights of employees. In addition, in order to protect employees from occupational injuries, the Company has passed the ISO 45001:2018 occupational safety and health management system certification standard in 2020, providing workers with a safe and healthy working environment that meets the system requirements. Through communication, motivation, service, and education, the Company meets the needs of its employees in a timely manner to enhance their motivation and job satisfaction, so that they are willing to contribute more to the Company and create more contributions and values for the Company.

2. For the most recent year and for the current year up to the date of publication of the Annual Report, the amount of loss due to labor disputes (including labor inspection results of violations of the labor standards act, the penalty date, the penalty number, the provisions of the regulation violated, the content of the regulation violated, and the penalty content should be stated) and the estimated amount of current and potential future losses and countermeasures should be disclosed and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None.

VI. Cybersecurity management

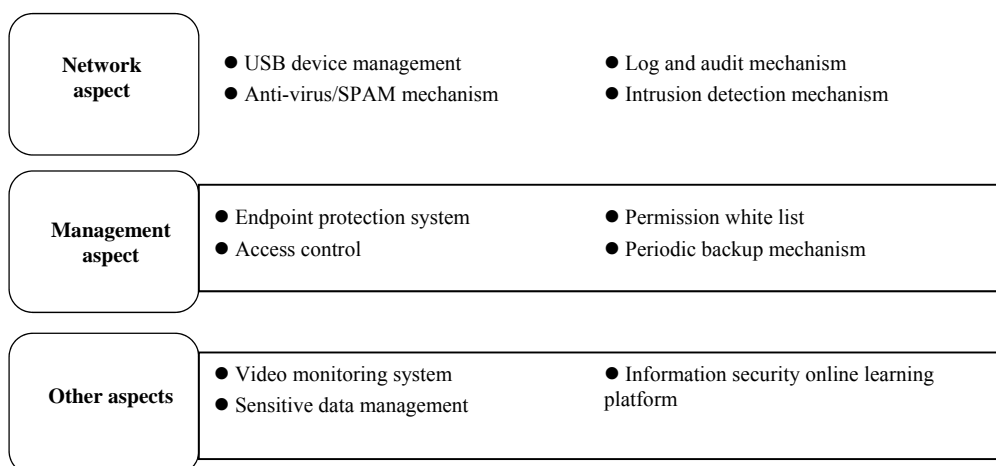
1. Information security risk management framework

In order to enhance information security management to assist the Group's business units in the promotion of information security-related work, information security incident handling and auditing of information security work execution, the Group has built up a comprehensive information security guard capability from the perspective of risk control, and continuously raised the awareness of information security among employees. The responsible unit of the Company's information security is the Information Center, which is responsible for planning, implementing and promoting information security management, and designing information management systems in line with the Company's business strategies and models. The operating mode is PDCA (Plan-Do-Check-Act) cycle management to ensure the achievement of the reliability target and continuous improvement.



2. Cybersecurity policy

To ensure the confidentiality, integrity, and availability of the Company's information systems, in order to provide the environment and structure necessary for the Company's business operations, to reduce corporate information security threats from the network, management, and other aspects, and to establish confidential information protection services that meet the Company's needs and high standards.



3. Specific management programs for cybersecurity

- ① Instant communication software management.
- ② Portable storage device management.
- ③ Computer network management.
- ④ E-mail management
- ⑤ Offsite backup
- ⑥ Computer equipment security management.
- ⑦ Network security management.

4. Resources invested for cybersecurity management

We continue to invest resources in information security every year, including strengthening information security defense equipment, improving information security management system and education training, etc. We implement the overall management and technical aspects to improve information security capabilities, and regularly perform off-site backups of important system data, which are included in the information security routine operations. The resources invested are as follows:

- ① Network hardware equipment such as firewall, spam filtering, malicious URL filtering, etc.
- ② Software systems such as endpoint protection system, backup management software, VPN authentication, etc.
- ③ Obtained ISO27001 certification for information security management.
- ④ Investments in manpower such as: daily status check of each system, regular backup and off-site backup implementation, regular information system disaster recovery implementation exercises, etc. More than half of the ITSD members have completed the ISO 27001:2022 Information Security Management System (ISMS) Lead Auditor Certification and ISO/IEC 27001:2022 Information Security/Network Security and Privacy Protection-Information Security Management System (ISMS) Auditor/Lead Auditor Training Courses and have obtained the relevant certificates, and we have also arranged in-house education and training to enhance the awareness of our staff on information security.

5. Major cybersecurity incidents

For the most recent year, the amount of loss and possible impacts from major cybersecurity incidents and countermeasures and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None.

VII. Important contracts

The parties to the purchases and sales contracts, technical cooperation contracts, construction contracts, long-term loan contracts and other contracts of material importance to shareholders' equity that were in effect as of the publication date of the Annual Report and that expired in the most recent year, their principal contents, restrictive clauses and dates of commencement and expiration of the contracts:

Nature of the contracts	The parties to the contracts	commencement and expiration of the contracts	Main contents	Restrictive clauses
Maintenance contract	Webplus Technology Co., Ltd.	2024/01/17~ 2025/01/16	Server room network software and hardware security maintenance	None
License maintenance contract	Data Systems Consulting Co., Ltd.	2025/01/01~ 2025/02/31	Microsoft software license and maintenance contract for its ERP software	None
Borrowing contract	First Commercial Bank	2021/07/09~ 2026/11/09	Long-term borrowing	None
Borrowing contract	Taiwan Cooperative Bank	2017/04/24~ 2035/04/24	Long-term borrowing	None
Borrowing contract	Chang Hwa Commercial Bank	2024/08/16~ 2025/08/02	Secured loan	None
Lease contract	Joy Industrial (K.S.) Co., Ltd.	2020/06/09~ 2025/06/08	Lease of main plant facilities (including dormitory)	None

V 、 Review of Financial Conditions, Financial Performance, and Risk Management

I. Analysis of Financial Status

(1)The main reasons and impacts of major changes in consolidated assets, liabilities and equity in the last two years :

Unit: NT\$ thousands

Item \ Year	2023	2024	Difference	
			Amount	%
Current Assets	755,092	773,634	18,542	2.46
Non-current financial assets at fair value through profit or loss	5,600	6,930	1,330	23.75
Property Plant and Equipment	941,053	921,782	(19,271)	(2.05)
Right-of-use asset	80,155	131,116	50,961	63.58
Investment Property	10,364	9,160	(1,204)	(11.62)
Intangible Assets	762	568	(194)	(25.46)
Deferred income tax assets	23,931	24,437	506	2.11
Other Assets	27,075	35,487	8,412	31.07
Total Assets	1,844,032	1,903,114	59,082	3.20
Current Liability	838,560	834,132	(4,428)	(0.53)
Noncurrent Liabilities	386,117	409,576	23,459	6.08
Total Liabilities	1,224,677	1,243,708	19,031	1.55
Equity Attributable to Shareholders of the Parent	612,005	642,923	30,918	5.05
Capital Stock	600,000	600,000	0	0.00
Additional Paid In Capital	54,439	54,439	0	0.00
Retained Earnings	20,981	24,778	3,797	18.10
Others Equity	(63,415)	(36,294)	27,121	(42.77)
Treasury shares	0	0	0	0.00
No controlling interest	7,350	16,483	9,133	124.26
Total Stockholders' Equity	619,355	659,406	40,051	6.47
Analysis of changes in financial ratios (For changes up to 20%, and the amount of change reaching NT\$10 million).				
1.Right-of-use asset: Mainly attributable to plant leases.				
2.Other equity: The main reason was due to the fluctuation of exchange differences in the translation of financial statements of foreign operating organizations.				

(2)Effect of changes on the company's financial condition: The Company's financial condition has not changed significantly.

(3)Future response actions: In response to the expansion of business scale, properly plan the capital expenditure budget and the control of working capital.

II. Analysis of Financial Performance

- (1)The major reasons for the significant changes in consolidated operating revenue, net operating profit and net profit before tax for the last two years and their effects.

Unit: NT\$ thousands

Item \ Year	2023	2024	Difference	
			Amount	%
Net Sales	937,319	1,253,260	315,941	33.71
Cost of Sales	850,139	1,009,092	158,953	18.70
Gross Profit	87,180	244,168	156,988	180.07
Operating Expenses	208,298	224,329	16,031	7.70
Operating Income	(121,118)	19,839	140,957	(116.38)
Non-operating Income and Gains Expenses and Losses	3,066	5,603	2,537	82.75
Income Before Tax	(118,052)	25,442	143,494	(121.55)
tax income (expense)	5,497	(14,478)	19,975	(363.38)
Net Income	(112,555)	10,964	123,519	(109.74)
Analysis of changes in financial ratios:(For changes up to 20%, and the amount of change reaching NT\$10 million).				
1. Net operating revenues: Mainly due to the rebound in the bicycle market compared to 2023, resulting in an increase in operating income.				
2.Gross profit: Mainly attributable to changes in operating revenues.				
3. Net income (loss) from operations:Mainly attributable to changes in operating revenues				
4.Net income (loss) before income tax:Mainly attributable to changes in operating revenues				
5. Net income after income tax: Mainly attributable to changes in operating revenues.				

- (2)Estimated sales volume and the estimation basis: Please refer to I Letter to Shareholders.

- (3)The possible impact on the Company's future finance and business matters and the corresponding plan. The estimated sales volume in 2025 is based on the overall production capacity in 2024, estimated contracts and customer orders on hand. In addition, the Company and its subsidiaries will continue to invest in research and development resources to enhance technological capabilities, continuously improve product quality and technology, satisfy customers and maintain good cooperative relationships with suppliers, so as to make forward-looking and cost-competitive products, and contribute to the Company's future revenue and profit growth.

III. Cash flows

(1) Analysis of the changes in cash flows for the most recent year.

Unit: Thousands of NTD

Item	Year	2023	2024	Change in amount	Change in percentage
Net cash inflows from operating activities		29,074	82,437	53,363	183.54%
Net cash outflows from investing activities		(19,631)	(23,770)	(4,139)	21.08%
Net cash inflows (outflows) from financing activities		4,410	7,481	3,071	69.64%

Description:

1. Operating activities:
Mainly due to net income before tax in year 2024
 2. Investing activities:
Mainly attributable to the increase in real estate purchases.
 3. Financing activities:
The decrease was mainly due to the decrease in loan repayments.
- (2) Improvement plan for lack of liquidity: The cash flows generated from the Company's activities are normal and therefore this is not applicable.
- (3) Analysis of cash flows for the coming year (2025).

Unit: Thousands of NTD

Cash Balance at the beginning of the period (1)	Net cash flows from operating activities for the whole year (2)	Net cash flows from other activities for the whole year (3)	Cash surplus (shortage) (1)+(2)+(3)	Remedies for cash shortage	
				Investing plan	Financing plan
349,842	14,952	67,143	297,651	NA	NA
<p>1. Analysis of the changes in cash flows for the whole year.</p> <p>(1) Operating activities: Estimated cash inflow from operating activities of 14,952 in 2025.</p> <p>(2) Investing activities: Estimated in capital expenditures of 24,353 in 2025.</p> <p>(3) Financing activities: Reduction in borrowings of 42,790 thousand in 2025.</p> <p>2. Remedial measures and liquidity analysis for expected insufficient cash flow: The estimated cash outflow for the next year is mainly due to the need for operating funds and shareholder cash dividend expenses, divided by cash inflows from operating activities. When the cash balance is insufficient, short-term financing is adjusted based on the actual demand flexibility of each factory to reduce capital costs.</p>					

IV. Impact of significant capital expenditures on finance and business matters in recent years

(1) Major capital expenditures and sources of funds:

To meet the future development needs of the company and its subsidiaries, the above capital expenditures were invested in the automation and renewal of equipment in each plant in phases. The company financed this investment through its own funds and by negotiating with financial institutions. As a result, the company is not at risk of shortage of funds due to the expansion of plants, and this does not have a significant impact on its financial operations.

(2) The estimated potential benefits:

In the future, the introduction of automated equipment to increase production capacity to achieve effective division of labour is expected to lead to overall growth with new production capacity, equipment, development of new products and the development of the Company's brand image.

V. Investment policy for the most recent year, the major reasons for gain or loss, improvement plan and investment plan for the coming year

Item	Description	Investment gain or loss for the period	Investment policy	Reasons for gain or loss	Improvement plan	Investment plan for the coming year
JOYTECH INDUSTRIAL CO. PTE. LTD		81,863	Subsidiary directly invested and 100% held by the Company	1. Overseas investment holding 2. The Company holds 100% of JOY NOVA, PRIMA, NOVATEC (SHENZHEN) and TAIZHOU NOVATEC with indirect investment through JOYTECH.	None	-
JOY NOVA INTERNATIONAL CO., LTD.		6,655	Overseas investment holding	Investee 100% held by the Company with indirect investment through JOYTECH.	None	-
NOVATEC EU S.R.O.		527	Subsidiary directly invested and 100% held by the Company	European subsidiary invested in 2011 and 100% held by the Company for brand promotion and sales in Europe.	1. Actively participate in trade shows and increase advertising in professional magazines and media to attract consumers' attention. 2. Cooperate proactively with local distributors to increase the sales of wheel rim sets in order to enhance revenue and profitability.	-
NOVATEC WHEEL US, INC		(1,925)	Subsidiary directly invested and 100% held by the Company	US subsidiary invested in 2012 and 100% held by the Company for brand promotion, sales and repair market in Americas.	1. Continue to search for local distributors and agencies to expand channels to increase sales. 2. Actively participate in trade shows and increase advertising in professional magazines and media to attract consumers' attention. 3. Explore markets outside the U.S. (such as Canada, Central and South America, etc.), to expand the product sales market.	-
JOY INDUSTRIAL (SHENZHEN) CO., LTD		75,088	Manufacturing and sale of bicycles, automobiles and traffic equipment parts and accessories	JOY (SHENZHEN) supplies the China market, and the profit is the investment income generated by long-term equity investment.	1. Continue to strengthen cooperation with local assembly plants 2. Enhance consumers' recognition of the brand through sponsorship of local large-scale bicycle races.	-
Coretech Composites technology (Xiamen) Co., LTD		49,089	Design, development, and production of carbon fiber clad molds, production and trading of thermoformed bicycles and related accessories	Coretech Composites technology (Xiamen) 係 JOY (SHENZHEN) invest in October 2019 is mainly engaged in the manufacture and sales of carbon fiber wheel sets.	3. Strengthen cooperation with the world's major vehicle makers to win new orders. 4. Continue to invest in R&D and improve products.	
TAIZHOU JOY PRECISION INDUSTRY CO., LTD		(20,278)	Manufacturing and sale of bicycles, automobiles and traffic equipment parts and accessories	Taizhou Plant is mainly engaged in automated production to increase the self-manufacturing rate. Profit (Losses) is generated from investment from long-term equity investments.		
NOVATEC WHEELS (SHENZHEN) CO., LTD.		10,241	Production and trading of bicycle hubs, hardware products, traffic equipment motors, controllers and other parts	Continue to expand distributor and agency channels		
JOY CYCLE PARTS (KUNSHAN) CO., LTD		7,210	Production and trading of precision stamping dies, molds, bicycle hubs, flywheels, transmission and other parts	Transform to factory lease		
NOVA INDUSTRIAL CORP.		3,401	Overseas investment holding	1. JOY NOVA invested in and holds 100% of TOY and NOVA.	None	-
TOY (H.K.) TRADING CO., LIMITED		3,254	Overseas investment holding	2. JOY NOVA invested in and holds 100% of JOY (KUNSHAN) through TOY (48.89%)		
PRIMA BUSINESS LIMITED		11,175	Overseas investment holding	and NOVA (51.11%) 3. PRIMA invested in and holds 100% of NOVATEC (SHENZHEN)		

VI. Risks and assessment for last year and for the current year up to the date of publication of the Annual Report

(一) The impact of change in interest rate, exchange rate and inflation on the Company's profit or loss and future countermeasures.

1. Change in interest rate:

(1) Impact on profit or loss of the Company and its subsidiaries:

Unit: Thousands of NTD; %

Item/Year	2023	2024
Interest income	2,879	804
Interest expense	19,723	23,376
Net operating revenue	937,319	1,253,260
(Interest expense - interest income)/net operating revenue (%)	1.80%	1.80%

Source: Financial statements audited and attested by CPAs

The Company's interest income for 2023 and 2024 was not significant as a percentage of revenue and the operating capital was well controlled, so the change in interest rate did not have a significant impact on the profit or loss of the Company and its subsidiaries.

(2) Future countermeasures

The Company and its subsidiaries regularly evaluate the interest rates on bank loans and maintain close relationships with banks to obtain more favorable interest rate terms in order to reduce interest expense. The Company and its subsidiaries keep a close eye on the trend of interest rate changes in the market from time to time and make good use of various financing instruments to reduce the impact of interest rate change on the Company's profit or loss.

2. Change in exchange rate:

(1) Impact on profit or loss of the Company and its subsidiaries:

Unit: Thousands of NTD; %

Item/Year	2023	2024
Net exchange (loss) gain	113	5,995
Net operating revenue	937,319	1,253,260
Net exchange (loss) gain/net operating revenue (%)	0.12%	0.48%

Source: Financial statements audited and attested by CPAs

The Company and its subsidiaries are mainly engaged in export businesses, and most of them are quoted and paid in USD. Therefore, change in the exchange rate between the TWD and USD shall have a certain impact on the profit or loss of the Company and its subsidiaries. Basically, when TWD depreciates against USD, it is more profitable for exporters, and when TWD appreciates against USD, it is more profitable for importation of parts. The Company's Finance Department is responsible for identifying, evaluating and hedging financial risks by working closely with the Company's sales department to ensure that the maximum possible loss is within the limit set by management.

(2) Future countermeasures:

Sales revenue of the Company and its subsidiaries is mainly denominated in USD and the purchase of major raw materials is mainly in NTD and RMB, so the degree of natural hedge of foreign currency revenue and expenses is limited. In order to effectively reduce the impact of exchange rate fluctuations on the overall profitability, the Company and its subsidiaries have the following specific countermeasures:

- ① Maintain close contact with financial institutions and keep abreast of exchange rate changes to appropriately adjust foreign currency asset positions to reduce exchange rate risk.
- ② Continue to observe the movements of USD and RMB to fully keep pace with the market information, and estimate the long-term and short-term exchange rate movements; in case of large changes in exchange rate, appropriately renegotiate the transaction price with customers or suppliers in order to mitigate the impact of exchange rate fluctuations on the revenue and profitability of the Company and its subsidiaries.
- ③ The Company has established foreign exchange hedging regulations in the "Regulations Governing the Acquisition or Disposal of Assets", which stipulates the Company should use the trading instruments mainly to hedge the risks arising from the Company's business operations, and the responsible officer should take appropriate hedging actions and strictly control the hedging positions to reduce the risk of exchange rate fluctuations.

- (3) The impact of Inflation on the Company's profit or loss and future countermeasures:
According to the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the Consumer Price Index (CPI) for December 2024 was 108.82, representing an increase of 2.10% over the same month of 2023 and an average increase of 2.18% for the year 2024 as a whole. Going forward, the Company and its subsidiaries will closely monitor price indices and market fluctuations, maintaining regular communication with customers and suppliers. In light of the potential impact of inflation on the Company, the Company and its subsidiaries will adjust product pricing in a timely manner to offset rising costs, alleviating the pressure of inflation on the Company and its subsidiaries.

(二) Policies on high-risk, high-leverage investments, lending funds to others, endorsement and guarantee, and derivative transactions, major reasons for gain or loss, and future countermeasures:

1. The Company and its subsidiaries did not engage in high-risk, high-leverage investments and derivative transactions in 2024 and in the current year up to the date of publication of the Annual Report. If the Company engages in such transactions in the future, it will follow the "Regulations Governing the Acquisition or Disposal of Assets" approved by the shareholders' meeting and announce the information immediately in accordance with the law.
2. The Company and its subsidiaries lend funds to others and provide endorsement and guarantee mainly due to the operational needs of the Company and its subordinate companies, which are handled in accordance with the "Regulations Governing the Lending of Funds to Others" and "Regulations Governing Endorsement and Guarantee" established by the Company. For related information, please refer to the Market Observation Post System (<http://mops.twse.com.tw>), and click on "Lending of Funds and Endorsement and Guarantee".
3. Future countermeasures:
In accordance with the Company's Regulations Governing the Lending of Funds to Others, the lending of funds to companies or firms with which the Company has business dealings shall be limited to one year, and may be extended for a period of up to two years (inclusive) with the approval of the Board of Directors if the actual situation requires. For the rest of the companies or firms with short-term financing needs as determined by the Board of Directors, the period of lending of funds shall not exceed one year or one business cycle (whichever is longer). The Company's related operations are governed by the "Regulations Governing the Lending of Funds to Others" resolved by the shareholders' meeting. The amount of funds lent to the borrowing companies may be gradually reduced in the future depending on its operating condition and scale.

(三) Future research and development plans and estimated investment in R&D expenses:

The R&D plans of the Company and its subsidiaries are based on our perception of market information and application orientation to determine the future market demand, combined with the Company's main strategy, to develop medium- and long-term R&D and innovation direction and then based on the annual management meeting and the strategic plan of the sales department, we form the short-term R&D plan for new products and technologies to meet the needs of customers and to provide a suitable product mix and pricing for target customers and potential customers, with long-term and short-term investment benefits of the Company, the growth of the potential market, and strengthening of our competitive position in the industry taken into account. Therefore, we adopt high standards for the timeliness of product development, the quality of product manufacturing, and the accuracy of delivery, and we also maintain a conscientious attitude toward strengthening the product design and development capabilities of our R&D staff, and the integration of electrical and mechanical capabilities, and constantly demand for improvement, as well as increase the number of outstanding talents in related technical fields to enhance the R&D capabilities of the Company and its subsidiaries. In addition, the Company and its subsidiaries will expand its current hub and wheelset technologies and foray into the electric energy field of bicycle to increase our competitiveness in domestic green energy industry and expand the corporate landscape to enter the international arena.

1. Future development direction of the R&D plan of the Company and its subsidiaries:

- (1) Carbon fiber products and electric vehicle hubs and wheelsets
- (2) Design transmission systems for the green industry and design or produce products with Green Mark
- (3) Invest in R&D of bicycle parts and components in response to trend, and develop related products with lighter weight and better quality.
- (4) Accelerate the launch of self-developed wheelsets and develop branded products with higher gross profit and advanced technology.
- (5) Continue to integrate the wheelsets and hub series to optimize costs and launch more competitive products in the market.
- (6) Promote ESG zero carbon and implement 6R policy (Recycling, Replacing, Reducing, Repurposing, Recovering, Renewal) for innovative R&D products.

2. Estimated investment in R&D expenses:

The Company and its subsidiaries invested NT\$37,960 thousand in R&D 2024, rise NT\$6,595 thousand from NT\$31,365 thousand in 2023, which was mainly due to the Expenses for testing of production machinery and R&D of production. The future planning will focus on the development of major core technologies and R&D project operations, and the total investment is estimated to be at least 1% of the consolidated revenue. Based on the target strategy and solid technical capability, the R&D team will develop innovative, unique and high-quality hubs and carbon fiber wheelsets in line with the market demand, and continue to optimize each stage of products.

(四) The impact of important domestic and international policy and legal changes on the Company's finance and business matters and the countermeasures:

The Company and its subsidiaries have not been affected by important domestic or foreign policy and legal changes in recent years in terms of the Company's finance and business matters. In the future, the management of the Company will keep track of important domestic and international policy and legal changes and propose timely and proactive countermeasures.

(五) The impact of technological changes and industrial changes on the Company's finance and business matters and the countermeasures:

The Company and its subsidiaries produce bicycle parts. At this stage, technological changes and industrial changes have no significant impact on the Company and its subsidiaries' finance and business matters, and the Company and its subsidiaries continue to pay attention to changes in the bicycle industry and technological advances, and invest in the development of product technology and adjust relevant countermeasures in a timely manner so as to effectively avoid possible impacts of technological changes and industrial changes.

(六) The impact of corporate image change on corporate crisis management and the countermeasures.

The core value of the Company and its subsidiaries is the brand image, with the management philosophy of humanism, health, innovation and service. In the future, we will continue to operate and develop our business in order to give back to the public. The Company and its subsidiaries have not been significantly affected by corporate crisis due to corporate image change in last year and in the current year up to the date of publication of the Annual Report.

(七) The expected benefits and possible risks of merger and acquisition and the countermeasures: .

The Company and its subsidiaries had no plans to acquire other companies in last year and in the current year up to the date of publication of the Annual Report. If there is any merger and acquisition plan in the future, the Company will adopt a prudent assessment attitude and fully consider the effectiveness of the merger and acquisition to ensure the shareholders' rights and interests.

(八) The expected benefits and possible risks of plant expansion and the countermeasures:

1. The expected benefits of plant expansion: The Company is building a plant in Taizhou City, Jiangsu Province, China. It is expected that the new plant will contribute to revenue and profitability after it is put into operations. The main purpose of the new plant is to produce bicycle parts and accessories.
2. The possible risks and countermeasures: The Company and its subsidiaries will focus on market development, and the main risk of the new plant is insufficient capacity utilization. The Company will move towards automated and electronic management, and will make production for the next quarter, with quick delivery and low inventory to build up its strength and competitiveness and will focus on the China market, supplemented by the international market, to minimize the risk of market and production impact.

(九) The risks of concentrations of purchases or sales and the countermeasures:

1. Concentration of purchases:

For the most recent year and the current year up to the date of publication of the Annual Report, no single supplier accounted for 20% or more of the total purchase amount so as to result in the risk of concentration of purchases. The Company and its subsidiaries maintain good relationships with suppliers for the flexibility of supply, and actively develop and coach suppliers to build a complete supply chain to reduce the risk of concentration of purchases.

2. Concentration of sales:

The products of the Company and its subsidiaries are mainly sold to bicycle assembly plants and in the after market (AM) for parts, with sales to customers in Europe, the Americas, the Middle East and Asia, etc. Revenue decline due to the impact of the global economy, resulting in a concentration of revenue, to be European and U.S. inventory removal back to normal sales according to the company's layout will not be a concentration of the situation.

(十) The impact on the Company in the event of a substantial transfer or change in the shareholding of directors, supervisors or major shareholders with 10% stake or more, risks and countermeasures:

For the most recent year and the current year up to the date of publication of the Annual Report, there was no transfer of shareholding of directors, supervisors or major shareholders with 10% stake or more of the Company and its subsidiaries.

(十一) The impact of change in the management right on the Company, risks and countermeasures:

There was no change in the management right of the Company and its subsidiaries in the latest year and the current year up to the date of publication of the Annual Report.

(十二) For litigation or non-litigation events, if the Company, its directors, supervisors, presidents, de facto persons in charge, major shareholders with more than 10% stake, or subordinate companies have been convicted by final and binding judgments or are still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices, the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved and the handling of the case as of the date of publication of the Annual Report shall be disclosed: No such situation.

(十三) Other significant risks and countermeasures:

Information security risks will interfere with corporate operations, such as hacking, ransomware, and leakage of confidential corporate information, etc. The Company takes appropriate control measures and regularly tests the functioning of the firewall. The Company has appropriate protection for files containing internal material information when they are transmitted in writing. Files transmitted by e-mail or other electronic means shall be handled with appropriate security technology such as encryption or electronic signature, and files containing internal material information shall be backed up and kept in a secure location.

VII. Other important matters: None.

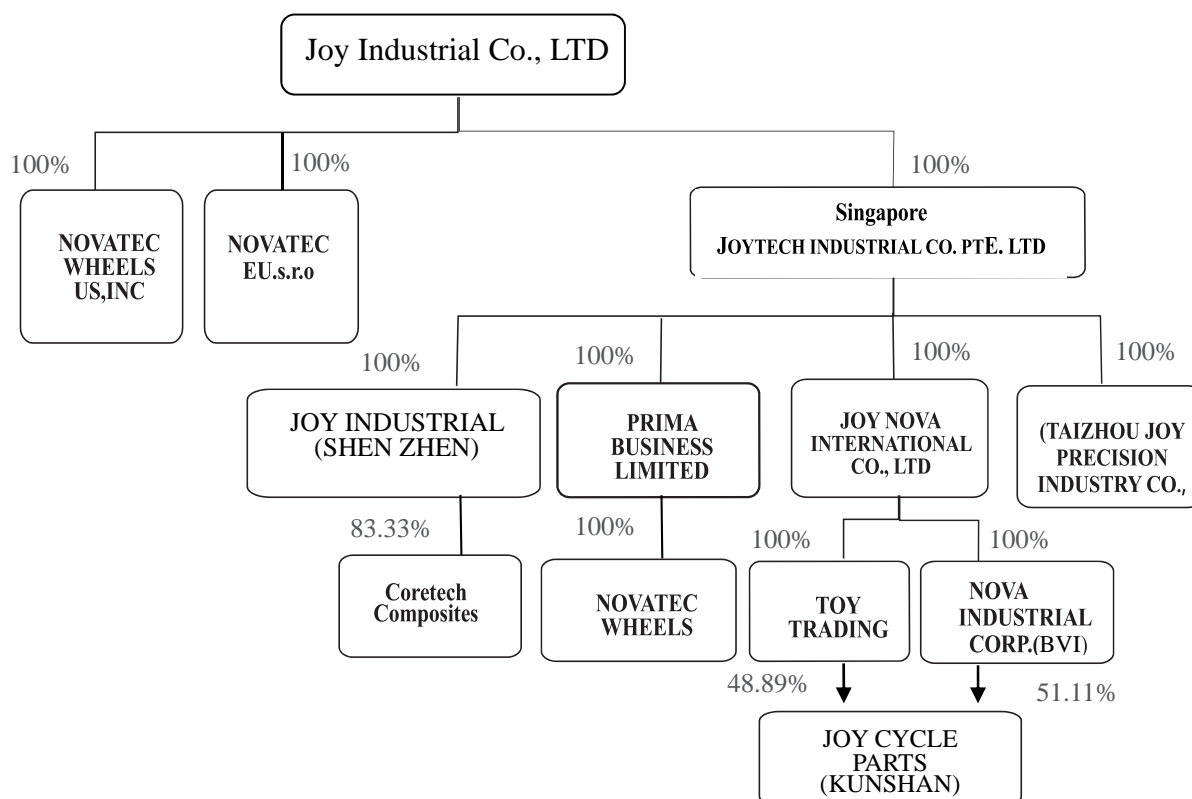
VI 、Special Disclosur

I. Relevant information of related enterprises

(一) Information on the Company's Associates

1. Related Enterprise Organization Chart

Date.:Dec 31 2024



2. Summary of Affiliated Companies

Date..Dec..31 2024 Unit: NT\$ thousands

Company name	Name or the Representative	Shareholding		Actual paid-in capital
		Shares	%	
JOYTECH INDUSTRIAL CO. PTE. LTD	The company holds 100% of the subsidiaries	21,057,104	100%	616,491
NOVATEC EU .s.r.o	The company holds 100% of the subsidiaries	-	100%	10,121
NOVATEC WHEELS US, INC.	The company holds 100% of the subsidiaries	-	100%	8,685
JOY NOVA INTERNATIONAL CO., LTD.	The company holds 100% of the subsidiaries	4,726,393	100%	66,971
PRIMA BUSINESS LIMITED	The company indirectly holds 100% of the reinvestment company	1,000,000	100%	110,000
TOY (H.K.) TRADING CO., LIMITED	The company indirectly holds 100% of the reinvestment company	10,000	100%	30,380
NOVA INDUSTRIAL CORP.	The company indirectly holds 100% of the reinvestment company	50,000	100%	36,591
JOY INDUSTRIAL (SHEN ZHEN) CO., LTD	The company indirectly holds 100% of the reinvestment company	-	100%	190,737
NOVATEC WHEELS (SHENZHEN) CO., LTD.	The company indirectly holds 100% of the reinvestment company	-	100%	3,747
JOY CYCLE PARTS(KUNSHAN)CO.,LTD	The company indirectly holds 100% of the reinvestment company	-	100%	24,415
TAIZHOU JOY PRECISION INDUSTRY CO., LTD	The company indirectly holds 100% of the reinvestment company	-	100%	309,069
Coretech Composites technology (Xiamen) Co., LTD	The company indirectly holds 100% of the reinvestment company	-	83.33%	28,595

3. Summary of Affiliated Companies name, establishment date, address, paid-in capital

Unit: NT\$ thousands

Company name	Date of Incorporation	Location	Actual paid-in capital
JOYTECH INDUSTRIAL CO. PTE. LTD	1998/07	Registered place: Singapore	SGD 23,109
JOY NOVA INTERNATIONAL CO., LTD.	2013/04	Registered place: British Anquila archipelago	USD 4,580
PRIMA BUSINESS LIMITED	2014/12	Registered place: British Anquila archipelago	USD 3,610
TOY (H.K.) TRADING CO., LIMITED	2014/12	Registered place: Hong Kong	USD 963
NOVA INDUSTRIAL CORP.	2014/12	Registered place: British Virgin Groupisland	USD 1,007
NOVATEC WHEELS US, INC	2011/11	Registered place: United States	USD 279
NOVATEC EU .s.r.o	2013/04	Registration place: Slovakia	EUR 268
JOY INDUSTRIAL (SHENZHEN) CO., LTD.	1993/8	Registration place:China Guangdong	HKD 50,000
NOVATEC WHEELS (SHENZHEN) CO., LTD.	2014/12	Registration place:China Guangdong	HKD 1,000
JOY CYCLE PARTS(KUNSHAN)CO.,LTD	2014/12	Registration place:China Jiangsu	USD 800
TAIZHOU JOY PRECISION INDUSTRY CO., LTD	2016/05 2020/11	Registration place:China Jiangsu	USD 10,295
Coretech Composites technology (Xiamen) Co, LTD	2019/10	Registration place:China Fujian	CNY 6,600

4. Summary of Affiliated Companies industries covered by the business operations

Company name	Primary business
JOYTECH INDUSTRIAL CO. PTE. LTD	Holding company
JOY NOVA INTERNATIONAL CO.,LTD.	Holding company
NOVATEC EU .s.r.o	Trading of bicycle and motorcycle parts
NOVATEC WHEELS US, INC	Trading of bicycle and motorcycle parts
PRIMA BUSINESS LIMITED	Holding company
TOY (H.K.) TRADING CO., LIMITED	Holding company
NOVA INDUSTRIAL CORP.	Holding company
JOY INDUSTRIAL (SHEN ZHEN) CO., LTD	Mainly manufacturing and tradin of bicycle and motorcycle parts
NOVATEC WHEELS (SHENZHEN) CO., LT	Mainly manufacturing and trading of bicycle and motorcycle parts
JOY CYCLE PARTS(KUNSHAN)CO.,LTD	Mainly manufacturing and trading of bicycle and motorcycle parts (now:Plant for rent)
TAIZHOU JOY PRECISION INDUSTRY CO., LTD	Mainly manufacturing and tradin of bicycle and motorcycle parts
Coretech Composites technology (Xiamen) Co, LTD	Carbon fiber and other fiber-reinforced resin-based composite materials and products, etc.

5. Information on directors, supervisors, and presidents of associates

Date: April.20 2025

Company Name	Job title	Name or Representative	Shareholding	
			Shares	%
JOY INDUSTRIAL (SHEN ZHEN) CO., LTD	Legal representative	SHIH-WEI CHEN	-	-
	Executive Director	SHIH-WEI CHEN	-	-
	General Manager	SHIH-WEI CHEN	-	-
	Supervisor	CHIEN-CHENG, WANG	-	-
NOVATEC WHEELS (SHENZHEN) CO., LT	Legal representative	SHIH-WEI CHEN	-	-
	Executive Director	SHIH-WEI CHEN	-	-
	General Manager	SUNG CHUN CHEN	-	-
	Supervisor	MING-CHIEH CHEN	-	-
JOY CYCLE PARTS(KUNSHAN)CO.,LTD	Legal representative	SHIH-WEI CHEN	-	-
	Executive Director	SHIH-WEI CHEN	-	-
	General Manager	SHIH-WEI CHEN	-	-
	Supervisor	SUNG CHUN CHEN	-	-
TAIZHOU JOY PRECISION INDUSTRY CO., LTD	Legal representative	SHIH-WEI CHEN	-	-
	Executive Director	SHIH-WEI CHEN	-	-
	General Manager	SHIH-WEI CHEN	-	-
	Supervisor	SUNG-CHUN CHEN	-	-
Coretech Composites technology (Xiamen) Co, LTD	Legal representative	SHIH-WEI CHEN	-	-
	Executive Director	SHIH-WEI CHEN	-	-
	General Manager	FA-JUNG CHANG	-	-
	Supervisor	CHIEN- CHENG WANG	-	-

6. Overview of business operations of associates

Date .Dec..31 2024 Unit: NT\$ thousands

Name of Company	Actual paid-in capital	Total asset value	Total liabilities	Net Value	Operating revenue	Operating profit	Net Profit (Loss)
JOYINDUSTRIAL (SHEN ZHEN) , LTD	190,737	645,909	167,722	478,187	737,101	31,000	79,130
NOVATEC WHEELS (SHENZHEN) LTD.	3,747	104,841	30,228	74,613	169,111	13,381	11,175
JOY CYCLEPARTS(KUNSHAN) LTD	24,415	50,541	8,023	42,518	0	(4,258)	6,655
TAIZHOU JOY PRECISION INDUSTRY LTD	309,069	390,099	184,352	205,747	204,489	(19,469)	(20,362)
Coretech Compositestechnology (Xiamen) LTD	28,595	202,894	103,997	98,897	194,057	61,521	52,988

(二) Consolidated Financial Statements of Affiliated Enterprises

For information on the Company's "Consolidated Statements of Operations of Affiliates" and "Consolidated Financial Statements of Affiliates," please refer to the Market Observation Post System filing path at: [sii.twse.com.tw/Basic Information /Electronic book/ Affiliate reporting](http://sii.twse.com.tw/Basic%20Information/Electronic%20book/Affiliate%20reporting) three documents specified.

(三) Affiliation Report: None

II. Private Placement of Securities (in the most recent fiscal year and up to the issue date of this Annual Report) : None.

III. Other Supplementary Disclosure : None.

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

Appendix

**JOY INDUSTRIAL CO, LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2024 AND 2023**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any difference in the interpretation of the two versions may exist, the Chinese-language auditors' report and financial statements shall prevail.

JOY INDUSTRIAL CO, LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2024 AND 2023

TABLE OF CONTENTS

<u>Contents</u>	<u>Page</u>
1. Cover Page	
2. Table of Contents	2 ~ 3
3. Declaration of Consolidated Financial Statements of Affiliated Enterprises	4
4. Independent Auditors' Report	5 ~ 8
5. Consolidated Balance Sheets	9 ~ 10
6. Consolidated Statements of Comprehensive Income	11
7. Consolidated Statements of Changes in Equity	12
8. Consolidated Statements of Cash Flows	13~ 14
9. Notes to the Consolidated Financial Statements	15~ 62
(1) HISTORY AND ORGANIZATION	15
(2) THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION	15
(3) APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS	13 ~ 16
(4) SUMMARY OF MATERIAL ACCOUNTING POLICIES	16 ~ 26
(5) CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND	27

	<u>Contents</u>	<u>Page</u>
	KEY SOURCES OF ASSUMPTION UNCERTAINTY	
(6)	DETAILS OF SIGNIFICANT ACCOUNTS	27 ~50
(7)	RELATED PARTY TRANSACTIONS	51
(8)	PLEDGED ASSETS	51
(9)	SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS	51
(10)	SIGNIFICANT DISASTER LOSS	51
(11)	SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE	51
(12)	OTHERS	51 ~ 59
(13)	SUPPLEMENTARY DISCLOSURES	59
(14)	SEGMENT INFORMATION	60 ~61

JOYINDUSTRIAL. CO, LTD. AND

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2024, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entities required to be included in the consolidated financial statements of affiliates are the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. As the information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, Joy Industrial Co., Ltd. and subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

JOYINDUSTRIALCO, LTD.

President: Mr. Shih-Wei (Tate) Chen

April 23, 2025

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Joy Industrial Co., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of Joy Industrial Co., Ltd. and subsidiaries (the "Group") as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission Publish and take effect.

the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants 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 for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

Cut-off of sales revenue recognition

Description

For the accounting policy of revenue recognition, please refer to Note 4(26); and for details of operating revenue, please refer to Note 6(16). The Group is primarily engaged in manufacturing and trading bicycle parts. The global economic downturn has impacted the industry, increasing the risk of recognizing operating revenue. Ensuring the accuracy of revenue recognition is a crucial issue to be examined in this year's audit.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Understanding and evaluating the operating procedures and internal controls over sales revenue.
2. Test the details of the annual sales revenue and review the sales revenue transactions and related documents to confirm the appropriateness of the revenue recognition.
3. Obtain a detailed breakdown of sales returns, review supporting documentation and identify the reasons for the returns to confirm that there are no significant abnormal returns.
4. To issue letters of inquiry for significant accounts receivable from counter-parties.

Assessment of allowance for inventory and loss for slow-moving inventories

Description

For the accounting policy of inventory assessment, please refer to Note 4(12); for accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5(2); and for details of allowance for inventory valuation losses, please refer to Note 6(3). The Group is primarily engaged in manufacturing and trading bicycle parts. Sale revenue is recognized when the control over the goods was transferred under the transaction terms.

As of December 31, 2024, the balances of inventories and allowance for inventory valuation losses were NT\$ 269,156 thousand and NT\$ 110,107 thousand, respectively.

The Group is primarily engaged in manufacturing and trading bicycle parts. Inventories that are over a certain age and separately recognized as impaired inventories are stated at the lower of cost and net realizable value. Identify the reasonable net realizable value of each inventory item number item by item, so as valuation losses. Considering that the Group's inventories were material to its financial statements, and the determination of net realizable value as at balance sheet date involved judgements and estimates, we identified the assessment of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter:

Our audit procedures in relation to the above key audit matter included:

1. Assessed the reasonableness of provision policies in the inventory valuation
2. Reviewed the Company's annual counting plan and conducted their physical counts on inventories to evaluate the control effectiveness on inventory classification.
3. Obtained the net realizable value statement of each inventory, Verified the integrity of the statements and test the correctness of the net realizable value and related calculations, and recalculated and evaluated the reasonableness of the inventory valuation.
4. Obtained the Company's inventory aging report and verified dates of movements with supporting documents. Ensured the proper categorization of inventory aging report in accordance with the Company's policy.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Joy Industrial Co., LTD. as at and for the year ended December 31, 2024. We have also audited and expressed an unqualified opinion on the parent company only financial statements of Joy Industrial Co., LTD., with another matter paragraph, as at and for the year ended December 31, 2023

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission Publish and take effect. and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards in 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up

to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's 2024 consolidated financial statements 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.

Liu, Mei Lan

Hsu, Chien-Yeh

For and on behalf of PricewaterhouseCoopers, Taiwan

April 9, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

JOY INDUSTRIAL. CO, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets		NOTES	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 349,842	19	\$ 275,938	13
1150	Notes receivable, net	6(2)	1,026	-	3,509	1
1170	Accounts receivable, net	6(2)	243,840	13	268,713	15
1200	Other receivables		2,700	-	1,841	-
130X	Inventories	6(3)	159,049	8	188,945	14
1410	Prepayments		17,103	1	16,004	1
1479	Other current assets-other		74	-	142	-
11XX	Total current assets		773,634	41	755,092	44
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - noncurrent	6(4)and 12(2)		-		
			6,930		5,600	-
1600	Property, plant and equipment	6(5)and8	921,782	51	941,053	48
1755	Right-of-use assets	6(6)and 8	131,116	4	80,155	4
1760	Investment property, net	6(7)	9,160	1	10,364	1
1780	Intangible assets		568	-	762	-
1840	Deferred income tax assets	6(23)	24,437	1	23,931	1
1990	Other non-current assets		35,487	2	27,075	2
15XX	Total non-current assets		1,129,480	59	1,088,940	56
1XXX	Total assets		\$ 1,903,11	100	\$ 1,844,032	100

(Continued)

JOY INDUSTRIAL. CO, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

			December 31, 2024			December 31, 2023	
	Liabilities and Equity	NOTES	AMOUNT	%		AMOUNT	%
Current liabilities							
2100	Short-term borrowings	6(8)&8	\$ 495,912	26	\$	456,956	25
2130	Current contract liabilities	6(16)	6,516	-		11,616	1
2150	Notes payable		18,387	1		18,714	1
2170	Accounts payable		126,979	7		190,989	10
2200	Other payables	6(9)	118,246	6		103,593	6
2230	Current income tax liabilities		6,962	-		8,195	-
2280	Lease liabilities - current	6(6)	8,443	1		3,008	-
2320	Long-term liabilities, current	6(10)	45,751	3		40,535	2
2399	Other current liabilities		6,936	-		4,954	-
21XX	Total current liabilities		<u>834,132</u>	44		<u>838,560</u>	45
Non-current liabilities							
2540	Long-term borrowings	6(10)& 8	315,413	17		337,592	18
2570	Deferred income tax liabilities	6(23)	46,361	2		45,553	3
2580	Non-current lease liabilities	6(6)	44,473	2		277	-
2670	Other non-current liabilities		3,329	-		2,695	-
25XX	Total non-current liabilities		<u>409,576</u>	21		<u>386,117</u>	21
2XXX	Total Liabilities		<u>1,243,708</u>	65		<u>1,224,677</u>	66
Equity							
Equity attributable to owners of							
	Share capital	6(12)					
3110	Common stock		600,000	32		600,000	33
	Capital surplus	6(13)					
3200	Capital surplus		54,439	3		54,439	3
	Retained earnings	6(14)					
3310	Legal reserve		21,190	1		21,190	1
3320	Special reserve		51,742	3		51,742	3
3350	Unappropriated retained earnings		(48,154) (	3) (		( 51,951) (	3) (
	Other equity interest	6(15)					
3400	Other equity interest		(36,294) (	2) (		( 63,415) (	4) (
31XX	Equity attributable to owners of		<u>642,923</u>	34		<u>612,005</u>	33
36XX	Non-controlling interest		<u>16,483</u>	1		<u>7,350</u>	1
3XXX	Total equity		<u>659,406</u>	35		<u>619,355</u>	34
	Contingent Liabilities and	9					
QZ990	Total liabilities and equity		<u>\$ 1,903,114</u>	100	<u>\$</u>	<u>1,844,032</u>	100

JOY INDUSTRIAL. CO, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except earnings per share)

Item	NOTES	Year ended December 31			
		2024		2023	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(16)	\$ 1,253,260	100	\$ 937,319	100
5000 Operating costs	6(3)(21)				
	(22)	(1,009,092)	(80)	(850,139)	(80)
5900 operating margin		<u>244,168</u>	<u>20</u>	<u>87,180</u>	<u>20</u>
Operating expenses	6(21)				
	(22)				
6100 Selling expenses		(76,561)	(5)	(59,564)	(6)
6200 General and administrative expenses		(112,380)	(9)	(116,598)	(13)
6300 Research and development expenses		(37,960)	(2)	(31,365)	(3)
6450 Expected credit losses	12(2)	<u>2,572</u>	<u>-</u>	<u>771</u>	<u>-</u>
6000 Total operating expenses		(224,329)	(16)	(208,298)	(22)
6900 Operating profit		<u>19,839</u>	<u>4</u>	<u>121,118</u>	<u>13</u>
Non-operating income and expenses					
7100 Interest income	6(17)	804	-	2,879	-
7010 Other income Other income	6(18)	22,928	2	21,138	2
7020 Other gains and losses	6(19)	5,247	1	(1,228)	-
7050 Finance costs	6(20)	(23,376)	(1)	(19,723)	(2)
7000 Total non-operating income and expenses		<u>5,603</u>	<u>2</u>	<u>(3,066)</u>	<u>-</u>
7900 Profit before income tax		25,442	6	118,052	13
7950 Income tax expense	6(23)	(14,478)	(2)	(5,497)	1
8200 Profit for the year		<u>\$ 10,964</u>	<u>4</u>	<u>\$ 112,555)</u>	<u>12</u>
other comprehensive income that will not be reclassified to profit or loss					
8311 Actuarial gains (losses) on defined benefit plans	6(11)	\$ 2,080	-	\$ 297)	-
8316 Unrealized (loss) gain on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(4)	1,330	-	462-	-
8349 Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(23)	(416)	-	(59)	-
8310 Components of other comprehensive income that will be reclassified to profit or loss		<u>2,994</u>	<u>-</u>	<u>224</u>	<u>-</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		<u>26,093</u>	<u>1</u>	<u>12,274</u>	(1)
8300 Total other comprehensive (loss) income for the year		<u>\$ 29,087</u>	<u>1</u>	<u>\$ 12,050</u>	(1)
8500 Total comprehensive income for the year		<u>\$ 40,051</u>	<u>5</u>	<u>\$ 124,605</u>	<u>13</u>
Profit attributable to:					
8610 Owners of the parent		\$ 2,133	4	\$ 112,279)	(12)
8620 Non-controlling interest		<u>8,831</u>	<u>-</u>	<u>276)</u>	<u>-</u>
Total		<u>\$ 10,964</u>	<u>4</u>	<u>\$ 112,555</u>	<u>(12)</u>
Comprehensive income attributable to:					
8710 owners of the parent		\$ 30,918	5	\$ 124,190)	(13)
8720 Non-controlling interest		<u>9,133</u>	<u>-</u>	<u>415)</u>	<u>-</u>
Total		<u>\$ 40,051</u>	<u>5</u>	<u>\$ 124,605)</u>	<u>(13)</u>
Earnings per share (in dollars)	6(24)				
9750 Basic earnings per share		<u>\$ 0.04</u>	<u>0.04</u>	<u>(\$ 1.87)</u>	<u>1.87)</u>
9850 Diluted earnings per share		<u>\$ 0.04</u>	<u>0.04</u>	<u>(\$ 1.87)</u>	<u>1.87)</u>

JOY INDUSTRIAL, CO, LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent											
Capital surplus				Retained earnings			Other equity interest				
								Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			
Notes	Share capital - common stock	Capital surplus	Other	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		Total	Non-controlling interest	Total equity
Year 2023											
	\$ 600,000	\$ 51,544	\$ 2,895	\$ 16,189	\$ 50,307	\$ 91,002	(\$ 55,280)	\$ 3,538	\$ 760,195	\$ 7,765	\$ 767,960
		-	-	-	-	(112,279)	-	-	(112,279)	(276)	(112,555)
6(15)	-	-	-	-	-	(238)	(12,135)	462	(11,911)	(139)	(12,050)
	-	-	-	-	-	(112,517)	(12,135)	462	(124,190)	(415)	(124,605)
Appropriation and distribution of 2023 earnings											
6(14)											
Legal reserve	-	-	-	5,001	-	(5,001)	-	-	-	-	-
Special reserve	-	-	-	-	1,435	(1,435)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(24,000)	-	-	(24,000)	-	(24,000)
	\$ 600,000	\$ 51,544	\$ 2,895	21,190	\$ 51,742	(\$ 51,951)	(\$ 67,415)	\$ 4,000	\$ 612,005	\$ 7,350	\$ 619,355
Year 2024											
	\$ 600,000	\$ 51,544	\$ 2,895	21,190	\$ 51,742	(\$ 51,951)	(\$ 67,415)	\$ 4,000	\$ 612,005	\$ 7,350	\$ 619,355
	-	-	-	-	-	2,133	-	-	2,133	8,831	10,964
6(15)	-	-	-	-	-	1,664	25,791	1,330	28,785	302	29,087
	-	-	-	-	-	3,797	25,791	1,330	30,918	9,133	40,051
) Balance at December 31, 2024	\$ 600,000	\$ 51,544	\$ 2,895	21,190	\$ 51,742	(\$ 48,154)	(\$41,624)	\$ 5,330	\$ 642,923	\$ 16,483	\$ 659,406

JOY INDUSTRIAL CO, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 25,442	(\$ 118,052)
Adjustments			
Adjustments to reconcile profit (loss)			
Amortization expenses	12(2)	(2,572)	771
Depreciation expense	6(5)(21)	55,183	59,720
Depreciation expense - right-of-use assets	6(6)(21)	8,780	6,514
Depreciation on investment property	6(7)(21)	1,559	2,855
Gain on disposal of property, plant and equipment	6(19)	69	(139)
Non-financial assets impairment loss	6(19)	1,000	1,000
Amortization expenses	6(21)	1,842	1,038
Finance costs	6(20)	22,091	19,151
Finance costs - lease liabilities	6(6)(20)	1,285	572
Interest income	6(17)	(804)	(2,880)
	6(18)	(12)	
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2,483	5,859
Accounts receivable		27,283	24,881
Other receivables		(886)	2,389
Inventories		29,896	90,422
Prepayments		(1,099)	12,419
Other current assets		68	(32)
Net defined benefit assets		(34)	(42)
Other non-current assets		324	328
Changes in operating liabilities			
Contract liabilities -current		(5,100)	(393)
Notes payable		(327)	(65,568)
Accounts payable		(64,010)	36,908
Other payables		13,025	(11,034)
Other current liabilities		1,982	(2,240)
Other non-current liabilities		634	(51)
Cash inflow generated from operations		118,102	64,396
Interest received		804	2,880
		12	
Interest paid		(21,748)	(18,998)
Income taxes paid		(14,733)	(19,204)
Net cash flows from operating activities		82,437	29,074

(Continued)

JOY INDUSTRIAL CO, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING</u>			
<u>ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(25)	(22,919)	(20,219)
Gain on disposal of property, plant and equipment		996	579
Acquisition of intangible assets		(1,648)	(578)
Increase in refundable deposits		(199)	587
Net cash flows used in investing activities		(23,770)	(19,631)
<u>CASH FLOWS FROM FINANCING</u>			
<u>ACTIVITIES</u>			
Increase in short-term borrowings	6(26)	977,843	1,061,728
Decrease in short-term borrowings	6(26)	(940,456)	(981,416)
Repayment of principal portion of lease liabilities	6(26)	(7,434)	(4,388)
Proceeds from long-term borrowings	6(26)	20,000	20,320
Payment of lease liabilities	6(26)	(42,472)	(67,834)
Cash dividends paid	6(14)(26)		(24,000)
Net cash flows used in financing activities		7,481	(4,410)
Effect of exchange rate changes on cash and cash equivalents		7,756	(7,038)
Net decrease in cash and cash equivalents		73,904	6,815
Cash and cash equivalents at beginning of year		275,938	269,123
Cash and cash equivalents at end of year		<u>\$ 349,842</u>	<u>\$ 275,938</u>

JOYINDUSTRIALCO, LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

JOY INDUSTRIALCO LTD. (the “Company”) was incorporated in October 1981. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the research and development, manufacture, sales, and import/export of bicycle parts, as well as operating related businesses.

2. The Date of Authorizations for Issuance of the Financial Statements and Procedures for Authorizations

These consolidated financial statements were authorized for issuance by the Board of Directors on April 23, 2025

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7 ‘Vendor Financing Arrangements’	January 1, 2024
The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.	

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

	Effective date by International Accounting Standards Board
<u>New Standards, Interpretations and Amendments</u>	

Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
--	-----------------

Amendment to IAS 21 “Lack of Convertibility”	January 1, 2025
--	-----------------

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

	Effective date by International Accounting Standards Board
<u>New Standards, Interpretations and Amendments</u>	

Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
--	-----------------

Amendments to IFRS 9 and IFRS 7, “Contracts referencing naturedependent electricity’	January 1, 2026
--	-----------------

Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by IASB
---	--------------------------

IFRS 17, ‘Insurance contracts’	January 1, 2023
--------------------------------	-----------------

Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
--	-----------------

Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 comparative information’	January 1, 2023
---	-----------------

IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
--	-----------------

IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
--	-----------------

Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
--	-----------------

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IFRS 18, ‘Presentation and disclosure in financial statements’ IFRS 18 replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set forth below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared on the historical cost basis:
- (a) Financial assets measured at fair value through other comprehensive income.
 - (b) Defined benefit liabilities recognized on the net amount of the fair value of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent company's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	Ownership (%)		Description
			December 31,	December 31,	
Company	Company	Activities	2024	2023	
The Company	NOVATEC EU S.R.O.	Mainly trading the same products as the Company	100.00%	100.00%	
The Company	NOVATEC WHEELS US INC.	Mainly trading the same products as our company	100.00%	100.00%	
The Company	JOYTECH INDUSTRIAL CO. PTE. LTD. (“JOYTECH INDUSTRIAL”)	Holding company	100.00%	100.00%	
JOYTECH INDUSTRIAL	JOY NOVA INTERNATIONAL CO., LTD. (“JOY NOVA”)	Holding company	100.00%	100.00%	
JOYTECH INDUSTRIAL	JOY INDUSTRIAL (SHENZHEN) CO., LTD. (“JOY INDUSTRIAL”)	Mainly manufacturing and trading the same products as the Company	100.00%	100.00%	
JOYTECH INDUSTRIAL	PRIMA BUSINESS LIMITED	Holding company	100.00%	100.00%	
PRIMA	NOVATEC WHEELS (SHEN ZHEN) CO., LTD.	Mainly manufacturing and trading the same products as the Company	100.00%	100.00%	
JOY NOVA	TOY(H.K.) TRADING CO.,LIMITED (“TOY(HK)”)	Holding company	100.00%	100.00%	
JOY NOVA	NOVA INDUSTRIAL CORP.(NOVA INDUSTRIAL)	Holding company	100.00%	100.00%	
TOY(HK) & NOVA INDUSTRIAL	JOY CYCLE PARTS (KUNSHAN) CO., LTD.	Mainly manufacturing and trading the same products as the Company	100.00%	100.00%	Note
JOYTECH INDUSTRIAL	JOY PRECISION INDUSTRY (TAI ZHOU) CO., LTD.	Mainly manufacturing and trading the same products as the Company	100.00%	100.00%	Note
JOY INDUSTRIAL	XIAMEN FENGDA SPORTS TECHNOLOGY CO., LTD.	Mainly manufacturing and trading the same products as the Company	83.33%	83.33%	

C. Subsidiaries not included in the consolidated financial statements

None.

D. Adjustments for subsidiaries with different balance sheet dates

None.

E. Significant restrictions

None.

F. Subsidiaries that have non-controlling interests that are material to the Group

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are premeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the counterparty's option be settled by the issuance of equity instruments, do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. All regular way purchase or sales of financial assets are recognized and derecognized on a trade date basis.

- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently re-measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and not reclassified to profit or loss following the de-recognition of the investment. Dividends are recognized as income when the right to receive payment is established, future economic benefits associated with the dividends will flow to the Group, and the amount of the dividends can be measured reliably.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for the 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information including forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. It excludes borrowing costs.

Inventories are stated at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Except for land being non-depreciable, other property, plant and equipment items are measured at cost basis and depreciated straight-line to allocate their costs over their estimated useful lives. Each component of an item of property, plant, and equipment with a cost significant in relation to the total cost of the said asset item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 ~ 50 years
Machinery and equipment	5~ 13 years
Transportation equipment	3~ 10 years
Office equipment	3 ~ 8 years
Miscellaneous equipment (other)	3 ~ 15 years

(14) Leasing arrangements (lessee)—right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.
The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is premeasured and the amount of re-measurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is re-measured, such re-measurement is recognized as an adjustment to the right-of-use asset.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Other than land, buildings and structures are depreciated on a straight-line basis over its estimated useful life of 5~20 years.

(16) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 3 years.

(17) Impairment of non-financial assets

- . The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(18) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid for the establishment of credit lines, when it is probable that part or all of the lines will be withdrawn, these fees shall be recognized as transaction costs of the borrowings and deferred as the adjustment of the effective interest rate of the borrowings. On the other hand, when part or all of the credit lines is unlikely to be withdrawn, the related establishment fees are recognized as prepayment and amortized over the borrowing period.

(19) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Provisions

Provisions (including warranty) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

(b) Re-measurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are benefits provided when the employment of an employee is terminated before the normal retirement date or when the employee decides to accept the company's offer of benefits in exchange for termination of employment. The Company recognizes expenses when the offer of termination benefits can no longer be withdrawn or when the associated restructuring costs are recognized, whichever is earlier. Benefits that are not expected to be fully settled 12 months after the balance sheet date should be discounted.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by

shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities can offset and the net amount reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, expenditures of research and development, and equity investments to the extent that it is very likely to utilize such tax credits against future taxable profit.

(24) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such treasury shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

- A. The Group manufactures and sells bicycle parts and related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to resell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. The sales usually are made with a credit term of 30 to 120 days after the transfer of control date, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the customer's payment does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognized when the goods are transfer of control as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(27) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. The identified chief operating decision maker of the Group is the Board of Directors.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies: None.

(2) Critical accounting estimates and assumptions Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid changes in technology, the Group assesses the amount of inventories due to normal wear and tear, obsolescence or no market sales value on the balance sheet date, and writes down the cost of inventories to the net realizable value. The valuation of inventory is based on estimates that consider factors such as product condition and historical sales experience, and is subject to significant changes.

As of December 31, 2024, the carrying amount of inventories was \$159,049 thousand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 689	\$ 909
Checking accounts and demand deposits	349,153	275,029
	<u>\$ 349,842</u>	<u>\$ 275,938</u>

A. In order to disperse credit risk, the Group transacts with a variety of financial institutions all having great credit ratings. Therefore, the probability of counterparty default is deemed remote.

B. The Group has not pledged its cash as collateral.

(2) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 1,026	\$ 3,509
Accounts receivable	\$ 246,050	\$ 273,334
Less: Allowance for bad debts	(2,210)	(4,621)
	<u>\$ 243,840</u>	<u>\$ 268,713</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired were as follows:

	December 31, 2024		December 31, 2023	
	Accounts receivable	Notes Receivable	Accounts Receivable	Notes receivable
Not past due	\$ 203,501	\$ 1,024	\$ 238,057	\$ 3,509
Up to 30 days	32,539	2	19,533	-
31 to 90	9,404	-	14,760	-
91 to 180 days	45	-	551	-
Over 181 days	561	-	433	-
	<u>\$ 246,050</u>	<u>\$ 1,024</u>	<u>\$ 273,334</u>	<u>\$ 3,509</u>

The above ageing analysis was based on past due date.

- B. As of December 31 2024, December 31 2023 and January 1, 2023, the balance of accounts receivable (including notes receivable) from contracts with customers amounted to \$244,866thousand, \$ 272,222 thousand and \$307,583 thousand.
- C. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$1,026 thousand and \$3,509 thousand, respectively. The maximum credit exposure for the Group's accounts receivable was \$243,840 thousand and \$268,713 thousand for the years ended December 31, 2024 and 2023.
- D. The Group does not hold any collateral.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(3) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 53,529	(\$ 16,935)	\$ 36,594
Work in progress	62,592	(11,736)	50,856
Finished goods	153,035	(81,436)	71,599
Total	<u>\$ 269,156</u>	<u>(\$ 110,107)</u>	<u>\$ 159,049</u>

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 60,716	(\$ 21,212)	\$ 39,504
Work in progress	51,171	(8,757)	42,414
Finished goods	186,591	(79,564)	107,027
Total	<u>\$ 298,478</u>	<u>(\$ 109,533)</u>	<u>\$ 188,945</u>

A. The cost of inventories recognized as expense for the year:

	Years ended December 31,	
	2024	2023
Cost of goods sold	\$ 1,014,656	\$ 797,172
Gain on reversal of inventory value	(978)	54,663
Revenue from sale of scraps	(12,848)	(10,173)
Inventory short	-	23
Unamortized manufacturing costs	6,631	6,196
Warranty cost	1,631	2,258
	<u>1,009,092</u>	<u>\$850,139</u>

For the year ended December 31, 2024, the Company recognized a gain on inventory obsolescence and write-downs mainly due to the recovery of the net realizable value of inventories as a result of the gradual elimination of certain inventories that had been recognized as doubtful or impaired.

B. The Group has not pledged its inventories as collateral.

(4) Financial assets at fair value through other comprehensive income-non-current

Item	December 31, 2024	December 31, 2023
Non-current items:		
Unlisted and unmerging stocks	\$ 340	\$ 340
Valuation adjustment	6,590	5,260
	<u>\$ 6,930</u>	<u>\$ 5,600</u>

A. The Company has elected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$ 6,930 thousand and \$ 5,600thousand as at December 31, 2024, and 2023, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2024	2023
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive loss	\$ 1,330	\$ 462

C. Information relating to credit risk o financial assets at fair value through other comprehensive income is provided in Note 12(2).

(5) Property, plant and equipment

Year ended December 31, 2024

Cost	Beginning balance	Additions	Disposals	Transfers	Effect of foreign currency exchange difference	Ending balance
Land	\$191,597	\$ -	-	\$ -	\$ 3	\$191,600
Buildings and structures	855,197	3, 638	(1,852)	-	12,342	869,325
Machinery and equipment	490,669	6, 599	(13,658)	-	15,060	498,670
Transportation equipment	15,300	658	(1,812)	-	476	17,561
Office equipment	7,364	1, 017	(109)	-	106	8,056
Other equipment	48,759	10, 071	(3,373)	-	908	63,082
Unfinished construction	208,956	-	(187)	-	154	4,422
Total	1,622,675	21,983	(\$20,991)	-	29,049	1,652,716
Accumulated Depreciation						
Buildings and structures	(\$256,099)	(\$25,860)	1,852	\$ -	(\$ 4,073)	(\$284,180)
Machinery and equipment	(366,310)	(21,990)	12,676	-	(8,764)	(384,388)
Transportation equipment	(15,150)	(1,272)	1,789	-	(391)	(15,024)
Office equipment	(6,040)	(411)	104	-	(89)	(6,436)
Other equipment	(38,023)	(5,650)	3,373	-	(606)	(40,906)
Total	(681,622)	(\$55,183)	\$19,794	-	(\$13,923)	(730,934)
	\$ 941,053			-		\$ 921,782

Year ended December 31, 2023

Cost	Beginning balance	Additions	Disposals	Transfers	Effect of foreign currency exchange difference	Ending balance
Land	\$191,578	\$ -	-	\$ -	\$19	\$191,597
Buildings and structures	855,935	4,927	-	716	(6,381)	855,197
Machinery and equipment	477,982	16,143	(8,496)	6,840	(1,800)	490,669
Transportation equipment	18,650	564	(802)	-	(173)	15,300
Office equipment	7,915	330	(1,157)	(	46)	7,364
Other equipment	51,798	4,843	(2,597)	1,523	(91)	48,759
Unfinished construction	4,808	8,810	-	(9,079)	(84)	208,956
Total	1,608,666	\$ 35,617	(\$13,052)	(\$240)	(\$8,556)	1,622,675
Accumulated Depreciation						
Buildings and structures	(\$232,914)	(\$25,130)	-	\$ -	\$ 1,945	(\$256,099)
Machinery and equipment	(350,216)	(27,426)	9,016	-	2,316	(366,310)
Transportation equipment	(14,270)	(1,816)	802	-	134	(15,150)
Office equipment	(6,674)	(474)	1,067	-	41	(6,040)
Other equipment	(36,083)	(4,874)	2,596	-	338	(38,023)
Total	(640,157)	(\$57,652)	\$13,481		4,774	(681,622)
	\$ 968,509			-		\$ 941,053

A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

None

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(6) Lease arrangement-lessee

- A. The Group leases various assets including land, buildings and transportation equipment. The lease term is typically made in the range of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and unrestricted conditions.
- B. The Group does not lease furniture and office equipment past 12 months.
- C. The carrying amount of right-of-use assets and the depreciation charge were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 77,862	\$ 77,255
Buildings	53,149	2,586
Transportation equipment	<u>105</u>	<u>314</u>
	<u>\$ 131,116</u>	<u>\$ 80,155</u>
	<u>2024</u>	<u>2023</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 2,073	\$ 2,044
Buildings	6,497	3,434
Transportation equipment	<u>210</u>	<u>1,036</u>
	<u>\$ 6,514</u>	<u>\$ 6,514</u>

- D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$56,720 thousand and \$385 thousand, respectively .
- E. The information on profit and loss accounts relating to lease contracts is as follows

<u>Items affecting profit or loss</u>	<u>2024</u>	<u>2023</u>
Interest expense on lease	<u>\$ 1,285</u>	<u>\$ 572</u>
Expense on short-term lease	<u>119</u>	<u>119</u>

- F. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases amounted to \$8,838 thousand and \$5,079 thousand, respectively.
- G. Information about the right-of-use assets were pledged to others as collaterals is provided in Note 8.

(7) Investment property

Year ended December 31, 2024					
Cost	Beginning balance	Additions	Transfers	Net exchange differences	Ending balance
Land use right	\$ 5,768	\$ –	\$ –	\$ 201	\$ 5,969
Buildings and structures	55,695	–	–	1,945	57,640
	<u>\$ 61,463</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 2,146</u>	<u>\$ 63,609</u>
Accumulated depreciation					
Land use right	(\$ 1,161)	(\$ 239)	\$ –	(\$ 42)	(\$ 1,442)
Buildings and structures	(49,938)	(1,320)	–	(1,749)	(53,007)
Total	<u>(51,099)</u>	<u>(\$ 1,559)</u>	<u>\$ –</u>	<u>(\$ 1,791)</u>	<u>(54,449)</u>
	<u>\$ 10,364</u>				<u>\$ 9,160</u>
Year ended December 31, 2023					
Cost	Beginning balance	Additions	Transfers	Net exchange differences	Ending balance
Land use right	\$ 5,876	\$ –	\$ –	(\$ 108)	\$ 5,768
Buildings and structures	68,755	–	(11,976)	(1,084)	55,695
	<u>\$ 74,631</u>	<u>\$ –</u>	<u>(\$ 11,976)</u>	<u>(\$ 1,192)</u>	<u>\$ 61,463</u>
Accumulated depreciation					
Land use right	(\$ 945)	(\$ 236)	\$ –	\$ 20	(\$ 1,161)
Buildings and structures	(60,153)	(2,619)	11,867	967	(49,938)
Total	<u>(61,098)</u>	<u>(\$ 2,855)</u>	<u>\$ 11,867</u>	<u>\$ 987</u>	<u>(51,099)</u>
	<u>\$ 13,533</u>				<u>\$ 10,364</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	investment property that generated rental	
	2024	2023
Rental income from investment property	\$ <u>10,771</u>	\$ <u>10,619</u>
Direct operating expenses arising from the income during the year	\$ <u>1,559</u>	\$ <u>2,855</u>

B. The fair value of the investment real estate land held by the Group on December 31, 2024 and 2023 was 26,028 thousand and 26,997 thousand respectively, which was obtained from the Kunshan Government's land transaction announcement to inquire about the transaction price of nearby land, iThis valuation is categorized as level 2 fair value; The fair value of the investment property held by the Group, as at December 31, 2024 and 2023 was \$43,173 thousand and \$41,977 thousand, respectively. Such valuation was based on the income-based approach to discount the future cash flows during the assessment period and the ending property sales value at an appropriate discount rate to estimate the price of the appraisal target. This valuation is categorized as level 3 fair value.

(8) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	\$ 379,500	2.31%~ 2.78%	Land and Buildings (note)
Unsecured borrowings	52,000	2.63%~2.68%	
Unsecured borrowings	<u>64,412</u>	3.8%~4.55%	
	<u>\$ 495,912</u>		
<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured borrowings	\$ 360,000	2.18%~ 2.65%	Land and Buildings (note)
Unsecured borrowings	52,000	2.50%~2.55%	
Unsecured borrowings	<u>44,956</u>	4.15%~4.45%	
	<u>\$ 456,956</u>		

NOTE: The aforesaid loan is guaranteed by the Small & Medium Enterprise Credit Guarantee Fund of Taiwan (“TAIWAN SMEG”).

(9) Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Insurance payable	\$ 32,430	\$ 29,655
Salaries and bonus payable	25,546	21,624
Taxes payable	11,082	10,536
Professional service payable	6,521	4,580
Utilities payable	2,267	2,132
Employees' compensation and Directors' remuneration payable	2,078	1,888
Others	<u>1,490</u>	<u>33,178</u>
	<u>\$ 118,246</u>	<u>\$ 103,593</u>

(10) Long-term borrowings

Type of Borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2024
Long-term bank borrowings				
Taiwan Cooperative Bank	From April 24, 2017 to April 24, 2035, amortized from April 2020.	2.51%	Land and Buildings (note)	281,000
Taiwan Cooperative Bank	From July 30, 2019 to August 24, 2027, amortization from the third year.	2.58%	Land and Buildings (note)	12,789
Taiwan Cooperative Bank	From November 6, 2024 to November 7, 2028 amortization from the December 2023	2.2%	note	6,547
Taiwan Cooperative Bank	From April 3, 2024 to April 3 2028 amortization from the May 2024	2.2%	note	3,754
Taiwan Cooperative Bank	From May 3, 2024 to April 4, 2028 amortization from the June 2024	2.2%	note	3,131
Taiwan Cooperative Bank	From June 3, 2024 to April 4, 2028 amortization from the July 2024	2.2%	note	1,605
Taiwan Cooperative Bank	From July 3, 2024 to April 4, 2028 amortization from the August 2024	2.2%	note	3,098
Taiwan Cooperative Bank	From August 3, 2024 to April 4, 2028 amortization from the September 2024	2.2%	note	3,462
Taiwan Cooperative Bank	From September 3, 2024 to April 4, 2028 amortization from the October 2024	2.2%	note	3,128
First Bank	From September 29, 2021 to September 29, 2026, amortized from October 2021.	2.61%	Land and Buildings	25,423
First Bank	From August 9, 2024 to August 9, 2027, amortized from November 2024	4.65%	none	718
First Bank	From August 22 2024 to August 22, 2027, amortized from November 2024	4.65%	none	1,149
First Bank	From November 1 2024 to November 1, 2027, amortized from July 2025	4.65%	none	1,030
Chang Hwa Bank	From October 17, 2023 to October 17, 2028, amortized from November 2023.	2.22%	note	9,246
Chang Hwa Bank	From January 25, 2022 to January 25 , 2025, amortized from February 2022.	4.45%	Buildings and Right-of-use asset	602
Chang Hwa Bank	From June 27, 2022 to June 27 , 2025, amortized from July 2022	4.7%	Buildings and Right-of-use asset	168
Chang Hwa Bank	From September 26, 2022 to September 26 , 2025, amortized from October 2022	4.65%	Buildings and Right-of-use asset	387
Chang Hwa Bank	From October 25, 2022 to October 25 , 2025, amortized from November 2022	4.65%	Buildings and Right-of-use asset	1,536
Chang Hwa Bank	From October 17, 2024 to October 17, 2025, amortized from April 2025	4.35%	Buildings and Right-of-use asset	2,391
				<u>361,164</u>
Less: Current portion				<u>(45,751)</u>

				\$ 315,413
Type of Borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2023
Long-term bank borrowings				
Taiwan Cooperative Bank	From April 24, 2017 to April 24, 2035, amortized from April 2020.	2.38%	Land and Buildings (note)	295,000
Taiwan Cooperative Bank	From July 30, 2019 to August 24, 2027, amortization from the third year.	2.45%	Land and Buildings (note)	17,586
Taiwan Cooperative Bank	From November 6, 2023 to November 6 2028, amortized from December 2023.	2.10%	note	8,129
Chang Hwa Bank	From October 17, 2023 to October 17 2028, amortized from December 2023.	2.10%	note	11,658
Chang Hwa Bank	From February 25, 2021 to Aril 25 , 2024,amortized from August 2021.	4.45~4.65 %	Buildings and Right-of-use asset	2,609
First Bank	From September 29, 2021 to September 29, 2026,amortized from October 2021.	2.48%	Land and Buildings	39,445
Chang Hwa Bank	From June 27, 2022 to June 27, 2025,amortized from July 2022.	4.65%	Buildings and Right-of-use asset	448
Chang Hwa Bank	From September 26, 2022 to September 26 , 2025,amortized from October 2022.	4.65%	Buildings and Right-of-use asset	654
Chang Hwa Bank	From October 25, 2022 to October 25 , 2025,amortized from November 2022.	4.65%	Buildings and Right-of-use asset	2,598
				378,127
Less: Current portion				(40,535)
				\$ 337,592

NOTE: The aforesaid loan is guaranteed by TAIWAN SMEG.

(11)Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 12,183	\$ 13,626
Fair value of plan assets	(17,013)	(16,453)
Net defined benefit (asset) liability	<u>(\$ 4,830)</u>	<u>(\$ 2,827)</u>

(c) Movements in net defined benefit liabilities were as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined
Balance at January 1 2024	\$ 13,626	(\$ 16,453)	(\$ 2,827)
Interest expense (income)	161	(195)	(34)
Pay off gains and losses	(986)	1,097	111
	<u>12,801</u>	<u>(1,551)</u>	<u>(2,750)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,462)	(1,462)
Change in financial assumptions	(388)	-	(388)
Experience adjustments	(230)	-	(230)
	<u>(618)</u>	<u>(1,462)</u>	<u>(2,080)</u>
Balance at December 31 2023	<u>\$ 12,183</u>	<u>(\$ 17,013)</u>	<u>(\$ 4,830)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined
Balance at January 1 2023	\$ 13,020	(\$16,103)	(\$ 3,083)
Interest expense (income)	167	(208)	(41)
	<u>13,187</u>	<u>(16,311)</u>	<u>(3,124)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(142)	(142)
Change in financial assumptions	116	-	116
Experience adjustments	323	-	323
	<u>439</u>	<u>(142)</u>	<u>297</u>
Balance at December 31 2023	<u>\$ 13,626</u>	<u>(\$16,453)</u>	<u>(\$2,827)</u>

- (d) The Bank of Taiwan was commissioned to manage the fund of the Company's defined benefit pension plan assets in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	<u>2024</u>	<u>2023</u>
Discount rate	<u>1.6%</u>	<u>1.2%</u>
Future salary increases	<u>2.0%</u>	<u>2.0%</u>

Future mortality rate was estimated based on the 6th and 5th Taiwan Standard Ordinary

Experience Morality Table for the years ended December 31, 2024 and 2023, respectively.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Effect on present value of defined benefit obligation on December 31, 2024	<u>(\$232)</u>	<u>\$240</u>	<u>\$238</u>	<u>(\$232)</u>
Effect on present value of defined benefit obligation on December 31, 2023	<u>(\$287)</u>	<u>\$297</u>	<u>\$293</u>	<u>\$285</u>

The sensitivity analysis presented above is based on only one assumption is changed while other conditions remain constant. In practice, multiple assumptions may be changing at once or correlated with one another. The method utilized in sensitivity analysis is the same as the method utilized in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) For the year ended 31 December 2025, the Group did not anticipate making any contributions to retirement plans.

(g) As of December 31, 2024, the weighted average duration of that retirement plan is 7 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	693
1-2 year(s)		347
2-5 years		4,102
Over 5 years		8,594
	\$	<u>13,736</u>

- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s mainland China subsidiaries, i.e. Novatec Wheels (Shenzhen), Joy Industrial (Shenzhen), Xiamen Fengda Sports, and Joy Cycle Parts (Kunshan) all have defined contribution plans; monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on specified percentages of employees’ monthly salaries and wages. Other than these monthly contributions, the Group has no further obligations.
- (c) The Company’s other overseas subsidiaries, Novatec EU s.r.o. and Novatec Wheels US Inc., have not established pension plans but pay annuity and certain types of insurance under local regulations. Other than these annual contributions, the Group has no further obligations.
- (d) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2024 and 2023 were \$21,965 thousand and \$14,204 thousand, respectively.

(12) Share capital

A. As of December 31, 2024, the Company's authorized capital was \$800,000 thousand, comprising 80,000 thousand shares, of which the paid-in capital was \$600,000 thousand with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding were as follows:

	Expressed in thousand shares	
	Years ended December 31,	
	2024	2023
Shares outstanding	\$60,000	\$60,000

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid- in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings

- A. According to the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset against prior years' operating losses and then be distributed as 10% balance of legal reserve is equal to that of Statutory amount and after appropriating or turning back the special surplus reserve in accordance with the law, if there is still a The remaining earnings surplus, may be appropriated along with the accumulated unappropriated earnings according to a resolution proposed by the Board of Directors and resolved by the shareholders' meeting. distribution proposal proposed by the board of directors, in the form of issuing new shares, shall be submitted to the shareholders' meeting for resolution before distribution. According to the company law, the company authorizes the board of directors to distribute dividends and bonuses or the statutory surplus stipulated in the first paragraph of article 241 of the company law with the attendance of more than two thirds of the directors and the resolution of more than half of the directors present. All or part of the reserve and capital reserve shall be distributed in cash and reported to the shareholders' meeting.
- B. When the Company determines its dividend policy, it takes a balanced approach to consider shareholders' rights and interests, the market competitiveness in the bicycle manufacturing industry, the Company's business plan, investment strategy, and its capital requirement etc. According to the Company's dividend policy, the total dividends distributed shall be no less than 30% of the distributable retained earnings of the current year, unless the current year distributable retained earnings falls below 10% of paid-in capital, then such earnings may be reserved from distribution. In addition, dividend distributions may be paid in either cash or stock, of which cash dividends should be at least 10% of the total dividends distributed.

- C. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, With respect to the cumulative conversion adjustments under the shareholders' equity in the accounts, due to the choice to apply the exemption item of International Financial Reporting Standards No. 1, they are transferred to the retained earnings, and a special surplus reserve of the same amount is drawn. Therefore, the increase in retained earnings resulting from the conversion of international financial reporting standards is drawn into a special surplus reserve of \$5,957 thousand.
- E. (a) The appropriations of earnings for 2022 had been resolved at the shareholders' meeting on May 29, 2023 Details are summarized below:

	2022 Year ended December	
	Amount	Dividend per share Amount (in dollars)
Legal reserve	\$ 5,001	
Special reserve	1,435	
Cash dividends	24,000	\$ 0.4000
	<u>\$ 30,436</u>	

- (b) As of December 31, 2023, the Company had accumulated losses and had no earnings available for distribution.
- (c) On April 23, 2025, the Board of Directors resolved to appropriate a loss of \$15,448 thousand for the year ending December 31, 2024, as a reversal of the special reserve. As of April 23, 2025, the appropriation of this loss is still pending in the stockholders' meeting.
- F. Refer to Note 6 (22) for further information relating to employees' compensation and directors' remuneration.

(15) Other equity items

For the year ended December 31,2024			
	Currency translation differences	Unrealized gains or losses on valuation	Total
1-Jan-24	(\$67,415)	\$4,000	(\$63,415)
Evaluation Adjustment	--	\$1,330	\$1,330
Currency translation differences-Group	\$25,791	-	\$25,791
31-Dec-24	(\$41,624)	\$5,330	(\$36,294)

For the year ended December 31,2023			
	Currency translation differences	Unrealized gains or losses on valuation	Total
1-Jan-23	(\$55,280)	\$3,538	(\$51,742)
Evaluation Adjustment	-	\$462	\$462
Currency translation differences-Group	\$12,135	-	\$12,135
31-Dec-23	(\$67,415)	\$4,000	(\$63,415)

(16) Operating revenue

	2024	2023
Revenue from contracts with customers	\$ 1,253,260	\$ 937,319

A. Disaggregation of revenue from contracts with customers

The Group derived revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

Bicycle part						
2024						
	Taiwan	China	America	Europe	Other	Total
Taiwan	\$125,382	\$80	\$7,988	\$43,208	\$10,553	\$187,211
Shenzhen	22,731	609,086	2,727	111,820	79,364	825,728
Other	\$ -	156,276	1,920	82,125	\$ -	240,321
	<u>\$148,113</u>	<u>\$765,442</u>	<u>\$12,635</u>	<u>\$237,153</u>	<u>\$89,917</u>	<u>\$1,253,260</u>

Bicycle part						
2023						
	Taiwan	China	America	Europe	Other	Total
Taiwan	\$104,552	\$884	\$8,949	\$94,652	\$8,022	\$217,059
Shenzhen	30,105	466,785	432	71,052	55,531	623,905
Other	\$ -	73,684	4,125	18,546	\$ -	96,355
	<u>\$134,657</u>	<u>\$541,353</u>	<u>\$13,506</u>	<u>\$184,250</u>	<u>\$63,553</u>	<u>\$937,319</u>

B. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	December 31,2024	December 31,2023	December 31,2022
Receipts in advance	<u>\$ 6,516</u>	<u>\$ 11,616</u>	<u>\$ 12,009</u>

Revenue recognized that was included in the contract liability balance at the beginning of the year:

	2024	2023
Receipts in advance	<u>\$10,891</u>	<u>\$10,364</u>

(17) Interest income

	2024	2023
Interest income from bank deposits	<u>\$ 804</u>	<u>\$ 2,879</u>

(18) Other income

	2024	2023
Rental income	\$14,497	\$14,158
Government grants	5,612	4,895
dividends income	12	-
Other income - others	2,807	2,085
Total	<u>\$22,928</u>	<u>\$21,138</u>

The Government grants income is the land expropriation compensation and enterprise technological transformation project fund subsidies obtained by the Group in 2024 and 2023.

(19) Other gains and losses

	2024	2023
Gains (losses) on disposals of property, plant and equipment	(\$ 69)	\$139
Foreign exchange losses-net	5,995	113
Gains (losses) on financial assets at fair value through profit or loss	(1,000)	(1,000)
Other losses	321	(480)
Total	<u>\$5,247</u>	<u>\$ 1,228</u>

(20) Financial Cost

	2024	2023
Interest expense	\$ 22,091	\$ 19,151
Interest expense-lease liability	1,285	572
	<u>\$ 23,376</u>	<u>\$ 19,723</u>

(21) Additional information of expenses by nature

	2024	2023
Employee benefit expense	\$312,232	\$251,520
Depreciation on property, plant and equipment	55,183	59,720
Depreciation on right-of -use assets	8,780	6,514
Depreciation charges on investment property	1,559	2,855
Amortisation	1,842	1,038
Total	<u>\$379,596</u>	<u>\$321,647</u>

(22) Employee benefit expense

	2024	2023
Wages and salaries	\$255,393	\$208,245
Labor and health insurance fees	16,512	13,357
Pension costs	21,931	14,163
Directors' remuneration	872	920
Other personnel expenses	17,524	14,835
Total	<u>\$312,232</u>	<u>\$251,520</u>

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall appropriate 1% for employees' compensation and no higher than 5% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses.

B. For the years ended December 31, 2024, employees' compensation was accrued at \$944 thousand, respectively; while directors' remuneration was accrued at \$944 thousand. For the year ended December 31, 2012, the Company did not provide for employees' and directors' compensation due to accumulated losses Employees' and Directors' Compensation

The aforementioned amounts were recognized in salary expenses. For the years ended December 31, 2024, the employees' compensation and directors' remuneration were estimated and accrued based on 1.5% well respectively, of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' remuneration of 2023 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax (benefit) expense

(a) Components of income tax (benefit) expense

	Years ended December 31,	
	2024	2023
Current tax:		
Current tax on profits for the year	\$15,610	\$1,665
Prior year income tax overestimation	(1,018)	(2,993)
Total Current tax on profits for the year	(14,592)	(1,328)
Deferred tax:		
Origination and reversal of temporary differences	(114)	(8,436)
Impact of tax rate change	-	(4,267)
Deferred tax: total	(114)	(4,169)
Income tax expense	\$14,478	\$5,497

(b) The income tax (charge)/credit relating to components of other comprehensive income were as follows:

	2024	2024
Re-measurement of defined benefit obligations	(\$416)	\$59

B. Reconciliation between income tax expense and accounting profit

	2024	2023
Tax calculated based on profit before tax and statutory tax rate	22,019	(\$30,057)
Tax exempt income by tax regulation	(2)	(2)
Expenses disallowed by tax regulation	328	643
Temporary differences not recognized as deferred tax assets	(22,899)	5,615
Temporary differences not recognized as deferred tax liabilities	-	-
Taxable loss not recognized as deferred tax assets	17,714	18,017
Income Tax Effect of Investment Deduction	-	-
Taxation on Undistributed Surplus Earnings	-	-
Prior year income tax overestimation	(1,018)	(2,993)
Impact of tax rate change	-	4,267
Change in assessment of realization of deferred tax assets	(1,664)	(987)
Income tax expense	<u>\$14,478</u>	<u>\$5,497</u>

C. Amounts of deferred tax assets or liabilities as an of temporary differences, tax losses and investment tax credits were as follows:

	2024			
Deferred tax assets:	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Allowance for inventory valuation and obsolescence losses	19,793.00	630.00	\$ -	20,423.00
Others	4,138.00	(124.00)	-	4,014.00
	<u>23,931.00</u>	<u>506.00</u>	<u>\$ -</u>	<u>24,437.00</u>
Deferred income tax liabilities:				
Foreign investment income	(35,857.00)	-	-	(35,857.00)
Pensions	(538.00)	-	(416.00)	(954.00)
Others	(9,158.00)	(392.00)	-	(9,550.00)
	<u>(45,553.00)</u>	<u>(392.00)</u>	<u>(416.00)</u>	<u>(46,361.00)</u>
Total	<u>(21,622.00)</u>	<u>114.00</u>	<u>(416.00)</u>	<u>(21,924.00)</u>

2023				
Deferred tax assets:	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Allowance for inventory valuation and obsolescence losses	11,636.00	8,157.00	\$ -	19,793.00
Others	9,099.00	(4,961.00)	-	4,138.00
	<u>20,735.00</u>	<u>3,196.00</u>	<u>\$ -</u>	<u>23,931.00</u>
Deferred income tax liabilities:				
Foreign investment income	(36,509.00)	652.00	-	(35,857.00)
Pensions	(597.00)	-	59.00	(538.00)
Others	(9,479.00)	321.00	-	(9,158.00)
	<u>(46,585.00)</u>	<u>973.00</u>	<u>59.00</u>	<u>(45,553.00)</u>
Total	<u>(25,850.00)</u>	<u>4,169.00</u>	<u>59.00</u>	<u>(21,622.00)</u>

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets were as follows:

(a) The Company:

December 31, 2024					
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2024	\$ 68,863	\$ 68,863	\$ 68,863	2034	
2023	63,811	63,811	63,811	2033	
December 31, 2023					
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2023	63,811	63,811	63,811	2033	

(b) Subsidiaries

December 31, 2024				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2020	\$19,507	\$12,815	\$12,815	2025
2021	14,284	14,284	14,284	2026
2022	26,863	26,863	26,863	2027
2023	23,504	23,504	23,504	2028
2024	15,845	15,845	15,845	2029
	<u>100, 003</u>	<u>93, 311</u>	<u>93, 311</u>	

December 31, 2023				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019	\$26,454	\$26,454	\$26,454	2024
2020	19,507	19,507	19,507	2025
2021	14,284	14,284	14,284	2026
2022	26,863	26,863	26,863	2027
2023	23,504	23,504	23,504	2028
	<u>110,612</u>	<u>110,612</u>	<u>110,612</u>	

E. The group has not recognized deferred income tax liabilities for taxable temporary differences related to investments in certain subsidiaries. The amounts of deferred income tax liabilities for temporary differences not recognized as of December 31, 2024 and 2023 were \$99,175 thousand and \$12,260 thousand, respectively.

F. The company's income tax returns through 2023 have been assessed.

(24) Earnings per share

Year ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per (in dollars) share
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 2,133</u>	<u>60,000</u>	<u>\$ 0.04</u>

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per (in dollars) share
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>(\$ 112,279)</u>	<u>60,000</u>	<u>(\$ 1.87)</u>

(25) Supplemental cash flow information

Investing activities with partial cash payments:

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Purchase of property, plant and equipment	\$ 21,983	\$35,617
Add: Opening balance of payable on equipment	34	35
Ending balance of prepayments for business facilities	10,577	3,154
Less: Ending balance of payable on equipment	(6,521)	(34)
Opening balance of prepayments for business facilities	(3,154)	(18,553)
Cash paid during the year	<u>\$ 22,919</u>	<u>\$20,219</u>

(26) Changes in liabilities from financing activities

	<u>Short-term Borrowing</u>	<u>Lease Liabilities</u>	<u>Long-term borrowings (including current portion)</u>	<u>Liabilities from financing activities- gross</u>
January 1 2024	\$456,956	\$3,285	\$378,127	\$838,368
Changes in cash flow from financing activities	\$37,387	(\$7,434)	(\$22,472)	\$7,481
Increase in this period	-	\$56,720	-	\$56,720
Effects of changes in foreign exchange rates	\$1,569	\$345	\$5,509	\$7,423
December 31 2024	<u>\$495,912</u>	<u>\$52,916</u>	<u>\$361,164</u>	<u>\$909,992</u>

	<u>Short-term Borrowing</u>	<u>Lease Liabilities</u>	<u>Long-term borrowings (including current portion)</u>	<u>Dividends payable</u>	<u>Liabilities from financing activities- gross</u>
January 1 2023	\$376,751	\$7,344	\$425,839	\$ -	\$809,934
Changes in cash flow from financing activities	\$80,312	(\$4,388)	(\$47,514)	(\$24,000)	\$4,410
Increase in this period	-	\$385	-	\$24,000	\$24,385
Effects of changes in foreign exchange rates	(\$107)	(\$56)	(\$198)	-	(\$361)
December 31 2023	<u>\$456,956</u>	<u>\$3,285</u>	<u>\$378,127</u>	<u>\$ -</u>	<u>\$838,368</u>

7. Related Party Transactions

Key management compensation

	2024	2023
Salaries and other short-term employee benefits	\$13,845	\$16,098
Post-employment benefits	419	410
	<u>\$14,264</u>	<u>\$16,508</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>31-Dec-24</u>	<u>31-Dec-23</u>	
Land	\$188,116	\$188,116	Short-term and long-term borrowings
Property, plant	358,538	374,686	Short-term and long-term borrowings
	<u>\$546,654</u>	<u>\$562,802</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted but not yet incurred in respect of

	<u>31-Dec-24</u>	<u>31-Dec-23</u>
Property, plant and equipment	<u>\$5,019</u>	<u>\$7,918</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date.

None.

12. Others

(1) Capital management

The group's capital management objectives are to ensure the sustainable operation of the group, maintain the best capital structure and protect shareholders' equity.

Its capital structure considers the type of industry it belongs to, adheres to a prudent management attitude, and follows the dividend policy.

(2) Financial instruments

A. Financial instruments by category

	<u>31-Dec-24</u>	<u>31-Dec-23</u>
Financial assets		
Financial assets at fair value through other comprehensive income	\$6,930	\$5,600
Financial assets measured at amortized cost		
Cash	349,842	275,938
Notes receivable	1,026	3,509
Account receivables	243,840	268,713
Other receivables	2,700	1,841
Refundable deposits	1,313	1,114
	<u>\$ 605,651</u>	<u>\$556,715</u>
	<u>31-Dec-24</u>	<u>31-Dec-23</u>
Financial liabilities		
Financial liabilities measured at amortized cost		
Short-term borrowings	\$495,912	\$456,956
Notes payable	18,387	18,714
Accounts payable	126,979	190,989
Other payables	118,246	103,593
Long-term borrowings (including current portion)	361,164	378,127
	<u>\$ 1,120,688</u>	<u>\$1,148,379</u>
Lease liabilities (current & noncurrent)	<u>\$ 52,916</u>	<u>\$3,285</u>

B. Financial risk management policies

- (A) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management policy focuses on unpredictable events in the financial market and seeks to reduce the potential adverse impact on the group's financial condition and financial performance.
- (B) Group treasury identifies, evaluates and hedges financial risks in close co- operation with the Group's operating units, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity

C. The nature and extent of the material financial risk

(A) Market risk

Foreign exchange risk

- (a) The Group operates internationally and is exposed to foreign exchange risk arising, primarily with respect to the United States Dollar Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities, and net investment in foreign operating institutions.
- (b) The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- (c) The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; certain subsidiaries' functional currency: CNY, SGD, HKD and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation is as follows:

December 31, 2024			
	Foreign currency amount		Book value
	(in thousands)	Exchange rate	NTD
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	\$ 913	32.79	\$ 29,933
USD: CNY	2,502	4.48	11,204
CNY: NTD	3,879	7.32	127,173
Financial liabilities			
Monetary items			
USD: NTD	\$ 15	32.79	\$ 492
USD: CNY	60	7.32	1,967
CNY: NTD	5,499	4.48	24,625

December 31, 2023			
	Foreign currency amount		Book value
	(in thousands)	Exchange rate	NTD
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	\$ 2,169	30.71	\$ 66,599
USD: CNY	3,056	4.33	13,223
CNY: NTD	3,086	7.10	94,756
Financial liabilities			
Monetary items			
USD: NTD	\$ 22	30.71	\$ 676
USD: CNY	67	7.10	476
CNY: NTD	219	4.33	948

- (d) The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023, amounted to \$5,995 thousand and \$113 thousand, respectively.
- (e) Analysis of foreign currency market risk arising from significant foreign exchange variation:

2024				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other Degree of comprehensive	
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD: NTD	1%	\$ 299	\$ -	
CNY: NTD	1%	\$ 112	-	
USD: CNY	1%	1,272	-	
Financial liabilities				
Monetary items				
USD: NTD	1%	(\$ 5)	\$ -	
USD: CNY	1%	(20)	-	
CNY: NTD	1%	(246)	-	
2023				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other Degree of comprehensive	
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD: NTD	1%	\$ 666	\$ -	
CNY: NTD	1%	132	-	
USD: CNY	1%	948	-	
Financial liabilities				
Monetary items				
USD: NTD	1%	(\$ 7)	\$ -	
USD: CNY	1%	(5)	-	
CNY: NTD	1%	(9)	-	

Cash flow and fair value interest rate risk

- (a) The Group's main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Part of the risk is offset by cash and cash equivalents held at floating interest rates. Loans issued at fixed interest rates expose the group to fair value interest rate risk. During the years ended December 31, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in NTD and CNY.
- (b) According to the simulated execution results, the maximum impact of a 1% change in interest rate on the after tax net (loss) profit of the year 2024 and 2023 \$6,857 thousand and \$6,681 thousand respectively. These simulations are conducted semiannually to confirm that the maximum possible loss is within the limit set by the managements.

Price risk

The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, For the years ended December 31, 2012 and 2023, the gain or loss on other comprehensive income due to the classification of equity investments at fair value through other comprehensive income increased or decreased by \$55 thousand and \$45 thousand, respectively.

(B) Credit risk

- (a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of equity instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.
- (b) For banks and financial institutions, after reviewing deposit ratings, only the counterparties with good credit quality are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored.
- (c) The Group adopts the assumptions under IFRS 9, to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- (d) The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- (e) The Group will adopt a simplified method to estimate the expected credit loss based on the loss rate method for customers' accounts receivable
- (f) The Group incorporates forward-looking considerations for the future to adjust the loss rates established based on historical and current information for a particular period to estimate the provision for losses receivable. As of December 31, 2024 and 2023, the loss rate methods were as follows:

	Expected loss rate	Total book value	Loss allowance
<u>December 31 , 2024</u>			
Not past due	0.01%	\$ 204,525	\$ 12
1to30days	0.33%	32,541	107
31 to 90days	15.79%	9,404	1,485
91 to 180days	100%	45	45
Over 181days	100%	561	561
		<u>\$ 247,076</u>	<u>\$ 2,210</u>
<u>December 31 , 2023</u>			
Not past due	0.11%	\$ 241,566	\$ 262
1to30days	1.29%	19,533	252
31 to 90days	21.16%	14,760	3,123
91 to 180days	100%	551	551
Over 181days	100%	433	433
		<u>\$ 276,843</u>	<u>\$ 4,621</u>

- (g) Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2024	2023
	Accounts receivable	Accounts receivable
1-Jan	\$ 4,621	\$ 3,949
Provision for Impairment losses	(2,572)	771
Effect of interest rate	161	(99)
31-Dec	<u>\$ 2,210</u>	<u>\$ 4,621</u>

(C) Liquidity risk

- (a) Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- (b) Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head -room as determined by the above- mentioned forecasts.
- (d) The Group has the following undrawn borrowing facilities:

	December 31, 2024	December 31, 2023
Floating rate:		
Expiring within one year	\$ 105,753	\$ 121,354
Expiring beyond one year	27,843	32,237
	<u>\$ 133,596</u>	<u>\$ 153,591</u>

(d) The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2024	Less than 1year	Between 1 and 2 years	Between 2 and 5years	Over 5years	Total
Short-term borrowings	\$500,838	\$ -	\$ -	\$ -	\$500,838
Notes payable	18,387	-	-	-	18,387
Accounts payable	126,979	-	-	-	126,979
Other payables	118,246	-	-	-	118,246
Lease liability(Including current and non-current)	10,708	10,601	33,201	5,574	60,084
Long-term borrowings(including current portion)	54,299	47,219	82,491	234,154	418,163

Non-derivative financial liabilities:

December 31, 2023	Less than 1year	Between 1 and 2 years	Between 2 and 5years	Over 5years	Total
Short-term borrowings	\$462,874	\$ -	\$ -	\$ -	\$462,874
Notes payable	18,714	-	-	-	18,714
Accounts payable	190,989	-	-	-	190,989
Other payables	103,593	-	-	-	103,593
Lease liability(Including current and non-current)	3,254	201	54	-	3,509
Long-term borrowings(including current portion)	49,156	47,406	90,972	252,181	439,715

(1) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and over-the-counter stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in foreign exchange swap contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Group adoption the fair value information of investment property at cost is provided in Note 6(7).

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income- Equity securities	\$ -	\$ -	\$ 6,930	\$ 6,930
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income- Equity securities	\$ -	\$ -	\$ 5,600	\$ 5,600

D. For 2024 and 2023, the change from Level 3 is as follows:

	2024	2023
January 1	\$5,600	\$5,138
recognized in other comprehensive income	1,330	462
December 31	\$6,930	\$5,600

E. For the years ended December 31, 2024 and 2023, there was no transfer into or out from Level 3.

F. The following was the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	31-Dec-24 Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 6,930	Market Approach	Lack of market liquidity	30%	The higher the market liquidity discount, the lower the fair value
	31-Dec-23 Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 5,600	Net asset value	Lack of market liquidity	30%	The higher the market liquidity discount, the lower the fair value

G. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income of financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			2024			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Unlisted shares	Lack of market liquidity	±10%	\$ -	\$ -	\$ 693	(\$6)
			2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Unlisted shares	Lack of market liquidity	±10%	\$ -	\$ -	\$ 560	(\$560)

13. Supplementary Disclosures

(1) Significant transactions Information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

14. INFORMATION

(1) General information

The management of the group has identified the reportable departments based on the reported information used by the main operating decision makers in making decisions, and divided the business organization into Taiwan, Shenzhen and other departments according to the operating region.

(2) Measurement of segment information

The Board of Directors evaluates the performance of the operating segments based on a measure of pretax income or loss

(3) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

2024					
	Taiwan	Shenzhen	other	Inter-segment reconciliation and eliminations	Total
Net revenue from external customers	\$187,210	\$825,728	\$240,322	\$ -	\$1,253,260
Inter-segment revenue	\$30,823	\$80,485	\$185,135	(\$296,443)	-
Total segment revenue	\$218,033	\$906,213	\$425,457	(\$296,443)	\$1,253,260
Segment profit before tax	(\$80,427)	\$53,238	\$46,592	\$6,039	\$25,442
Segment income (loss) :					
Interest income	\$350	\$243	\$211	\$ -	\$804
Finance costs	\$18,803	\$1,076	\$3,497	-	\$23,376
Depreciation expense	\$23,094	\$20,628	\$24,243	(\$601)	\$67,364
2023					
	Taiwan	Shenzhen	other	Inter-segment reconciliation and eliminations	Total
Net revenue from external customers	\$217,059	\$623,906	\$96,354	\$ -	\$937,319
Inter-segment revenue	\$59,572	\$41,116	\$74,600	(\$175,288)	-
Total segment revenue	\$276,631	\$665,022	\$170,954	(\$175,288)	\$937,319
Segment profit before tax	(\$89,895)	(\$13,230)	(\$24,302)	\$9,375	(\$118,052)
Segment income ((loss) :					
Interest income	\$709	\$2,088	\$121	(\$39)	\$2,879
Finance costs	\$17,923	\$690	\$1,110	-	\$19,723
Depreciation expense	\$26,995	\$24,041	\$19,091	-	\$70,127

(4) Reconciliation for segment income (loss)

- A. The adjustments between the total income after adjustment in the current period and the total income of the continuing business department were as follows:

	2024	2023
Income of reportable segments djusted	1,549,703	\$1,112,607
Inter-segment eliminations	(296,443)	(175,288)
	<u>\$1,253,260</u>	<u>\$937,319</u>

- B. The adjustment between the departmental profit and loss and the profit and loss before tax of the continuing business department in 2024 and 2023 were as follows:

	2024	2023
profit and loss before tax of Reportable segment adjusted	\$19,403	(\$127,427)
Elimination of intersegment transactions	6,039	9,375
	<u>\$25,442</u>	<u>(\$118,052)</u>

(5) Information on products and services

The main revenue comes from the manufacturing and sales of bicycle and moto parts, as well as the development, research and import and export trade of related products. Please refer to note 6 (16) for details of product categories. The detailed composition of income balance was as follows:

	2024	2023
Sales revenue of finished products	<u>\$1,253,260</u>	<u>\$937,319</u>

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2023 were as follows:

For the years ended December 31,				
	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 148,114	\$ 581,140	\$134,657	\$600,337
China	765,444	512,791	541,353	454,448
Europe	237,152	4,092	184,249	4,346
Other	102,550	90	77,060	277
Total	<u>\$ 1,253,260</u>	<u>\$ 1,098,113</u>	<u>937,319</u>	<u>\$1,059,408</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2024 and 2023 were as follows:

For the years ended December 31,						
	2024			2023		
	Revenue	%	Segment	Revenue	%	Segment
A Group	\$ 357,115	28.49%	Shenzhen	\$ 212,925	22.72%	Shenzhen

Table 1

JOY INDUSTRIAL. CO, LTD. AND SUBSIDIARIES

Loans to others

January 1, 2024 to December 31, 2024

Expressed in thousands of NTD

(Except as otherwise indicated)

(Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 30, 2024 (Note 5)	Balance at December 31, 2024 (Note 7,8 and 9)	Actual amount drawn down (Note 2)	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 2)	Note
													Item	Value			
0	JOY INDUSTRIAL. CO, LTD	NOVATEC(US)	Other-receivables	Y	\$ 2,340	\$ -	\$ -	0 %	1	\$ 2,795	Business Transactions		-	N	\$ -	3,354	\$ 257,169
1	Joy Industrial (Shenzhen)	JOY (Tai zhou)	Other - receivables	Y	18,180	17,912	8,956	0%	2	\$ -	Additional Operating capital	\$	-	N	-	160,731	257,169
2	Novatec (Shenzhen)	JOY (Tai zhou)	Other-receivables	Y	27,270	26,869	26,869	0%	2	-	Additional Operating capital		-	N	-	74,612	74,612
3	Joy Cycle Parts (Kunshan)	JOY (Tai zhou)	Other-receivables	Y	18,180	17,912	17,912	0%	2	-	Additional Operating capital		-	N	-	42,517	42,517

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: (1) Joy Industrial Shenzhen is engaged in capital lending between foreign companies whose parent company directly or indirectly holds 100% of the voting shares, it shall not exceed 100% of its enterprise net worth and 40% of the parent company's net worth.

(2) Novtec Shenzhen is engaged in capital loans between foreign companies whose parent company irectly or indirectly holds 100% of the voting shares, to the extent that it does not exceed 100% of its corporate net worth and 40% of the parent company's net worth.

(3) Joy Cycle Parts Kunshan is engaged in capital lending between foreign companies whose parent company directly or indirectly holds 100% of the voting shares, to the extent that it does not exceed 100% of its net worth and 40% of the net worth of the parent company.

Note 3: (1) for a single enterprise that needs short-term financing funds, the amount of individual loans granted by Joy Industrial Shenzhen shall not exceed 100% of its net worth and 25% of the net worth of the parent company.

(2) For a single enterprise with business contacts, the amount of individual loans made by Novtec Shenzhen shall not exceed 100% of its net worth and 25% of the net worth of the parent company.

(3) For a single enterprise that needs short-term financing funds, the amount of individual loans made by Joy Cycle Parts Kunshan shall not exceed 100% of its corporate net worth and 25% of the parent company's net worth.

Note 4: (1) have business dealings with the company.

(2) Where there is a need for short-term financing.

JOY INDUSTRIAL. CO, LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

January 1, 2024 to December 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 4)	Maximum outstanding endorsement/ guarantees amount as of December 31, 2024 (Note 5)	Outstanding endorsement/ guarantee amount at December 31, 2024 (Note 6)	Actual amount drawn down (Note 7)	Amount of endorsements/ guarantees secured with Collateral (Note 8)	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 9)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 9)	Provision of endorsements/ guarantees to the party in Mainland China (Note 9)	Note
		Company name	Relationship with the endorser/ guarantor (Note 3)											
0	JOY INDUSTRIAL CO, LTD.	Joy Industrial (Shenzhen)	2	\$ 257,169	\$ 118,170	\$ 116,428	\$ 26,086	\$ -	0.18	\$ 321,462	Y	N	Y	
0	JOY INDUSTRIAL CO, LTD.	Xiamen Fengda	2	257,169	36,360	35,824	7,497	-	0.06	321,462	Y	N	Y	
0	JOY INDUSTRIAL CO, LTD.	JOY (Tai zhou)	2	257,169	68,175	67,170	38,811	-	0.10	321,462	Y	N	Y	
1	Joy Industrial (Shenzhen)	JOY INDUSTRIAL CO, LTD.	3	257,169	86,355	85,082	40,000	48,506	0.18	321,462	N	Y	N	

Note 1: The "balance and amount" mentioned in this table, except for the actual moving and disbursing amount (Note 7) item B, refer to the date of the fact (the date of the resolution of the board of directors, the date of the transaction signing, the date of payment) in accordance with Article 7 of the handling standards. or other dates that are sufficient to determine the transaction object and the transaction amount, whichever is the former) to endorse the guarantee amount or amount for others.

Note 2: The description of the serial number column is as follows:

- (1) The company enters 0
- (2) Invested companies are numbered in sequence starting from the Arabic numeral 1 according to the company type, and the codes of the same company shall be the same.

Note 3: There are the following seven types of relationship between the endorser and the endorsed object, and the type can be indicated:

- (1) Companies with business relationships.
- (2) A company in which the company directly or indirectly holds more than 50% of the voting shares.
- (3) Companies that directly or indirectly hold more than 50% of the voting shares of the company.
- (4) Between companies in which the company directly or indirectly holds more than 90% of the voting shares.
- (5) A company that is endorsed and guaranteed by all the capital contributors according to their shareholding ratio due to the joint investment relationship.
- (6) A company that is endorsed and guaranteed by each of the contributing shareholders in accordance with their shareholding ratios due to a joint investment relationship.
- (7) Joint and several guarantees for the performance of the pre-sale house sales contract between the peers in accordance with theConsumer Protection Law.

Note 4: In accordance with the operating procedures for endorsement and guarantee for others, the company has set the limit of endorsement guarantee for individual objects and the maximum amount of endorsement guarantee, and the calculation method is explained below.

- (1) The maximum limit of endorsement and guarantee by the company shall not exceed 50% of the company's net worth. The limit of endorsement and guarantee for a single enterprise shall not exceed 40% of the company's net worth.
- (2) The maximum limit of Shenzhen Traffic’s endorsement guarantee and the limit of endorsement guarantee for a single enterprise shall not exceed 100% of the net worth of the latest financial report; and the maximum limit shall not exceed 50% of the parent company’s net worth. The guarantee limit shall not exceed 40% of the parent company's net worth.

Note 5: Accumulate the highest balance of endorsement guarantees by others from the current year to the reporting month.

Note 6: Guaranteed amount/amount for endorsement by others that still exists until the reporting month.

Note 7: The actual expenditure amount of the endorsed guarantee company within the range of the endorsement guarantee amount/amount.

Note 8: The amount guaranteed by property in the endorsement guarantee.

Note 9: It is only necessary to enter Y if it belongs to the endorsement guarantor of the company to the subsidiary company, the endorsement guarantor of the subsidiary company to the company, or the endorsement guarantor of the mainland region.

JOY INDUSTRIAL. CO, LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Table 3

Year ended December 31, 2024

						Expressed in thousands of NTD			
						(Except as otherwise indicated)			
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Note	
JOY INDUSTRIAL. CO, LTD	TAICHUNG INTERNATIONAL ENTERTAINMENT	-	Current financial assets at fair value through profit or loss	2	\$ 6,390	-	\$ 6,390		

Note 1: the term "securities" in this table refers to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of International Accounting Standard No. 39 "financial instruments: recognition and measurement".

Note 2: if the issuer of securities is not a related party, this column is not required.

Note 3: for the book amount measured at fair value, please fill in the book balance after fair value evaluation adjustment and deducting accumulated impairment in column B; For non-fair value measurement, please fill in the book balance of original acquisition cost or amortized cost minus accumulated impairment in column B of book amount.

Note 4: if the listed securities have restricted users due to the provision of guarantees, pledged loans or other agreements, the number of guaranteed or pledged shares, the amount of guaranteed or pledged loans and the restricted use shall be indicated in the remarks column.

Table 4

JOY INDUSTRIAL. CO, LTD. AND SUBSIDIARIES
Names, locations and other information of investee companies (excluding investees in Mainland China)
January 1, 2024 to December 31, 2024

									Expressed in thousands of NTD		
									(Except as otherwise indicated)		
Investor	Investee	Location	Main Businesses	Original investment amount		Shares	Percentage Of ownership	Book value	Net income (loss) of the investee	Investment Income (loss) recognized by the Company	Note
				Balance as at December 31, 2024	Balance as at December 31, 2023						
JOY INDUSTRIAL. CO, LTD.	JOYTECH	Singapore	Holding company	\$ 616,491	\$ 616,491	21,057,104	100	\$ 785,309	\$ 76,602	\$ 81,863	Note
JOY INDUSTRIAL. CO, LTD.	NOVATEC(EU)	Slovakia	Mainly trading the same products as our company	10,121	10,121	-	100	18,151	527	527	Note
JOY INDUSTRIAL. CO, LTD.	NOVATEC(US)	United States	Mainly trading the same products as our company	8,685	8,685	-	100	6,360	(1,925)	(1,925)	Note
JOYTECH	JOY NOVA	Anguilla	Holding company	66,971	66,971	4,726,393	100	42,527	6,655	6,655	Note
JOYTECH	PRIMA	Anguilla	Holding company	110,000	110,000	1,000,000	100	74,614	11,175	11,175	Note
JOY NOVA	TOY(H.K)	Hong Kong	Holding company	30,380	30,380	10,000	100	20,787	3,254	3,254	Note
JOY NOVA	NOVA INDUSTRIAL	British Virgin Islands	Holding company	36,591	36,591	50,000	100	42,527	3,401	3,401	Note

Note : The investment income recognized by the company includes unrealized profits and losses and realized interests of forward and reverse current transactions

Table 5

JOY INDUSTRIAL. CO, LTD. AND SUBSIDIARIES.

Names, locations and other information of investee companies (investees in Mainland China)

January 1, 2024 to December 31, 2024

Investee in Mainland China	Main Businesses	Paid-in capital	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan of Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2024 (Note2)	Book value of investments in December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	NOTE
					Remitted to Mainland China	Remitted back to Taiwan							
Joy Industrial (Shenzhen)	Bicycles, automobiles, transportation equipment Production and trading of spare parts	\$ 190,737	(note 1)	\$ 190,737	\$ -	\$ -	\$ 190,737	\$ 79,130	100%	\$ 75,088	\$ 494,669	\$ -	
Novatec Wheels (Shenzhen)	Production and trading of bicycle flower drums, hardware products, transportation equipment motors, controllers and other parts.	3,747	(note 1)	110,000	-	-	110,000	11,175	100%	10,241	74,612	-	
Joy Cycle Parts	Production of precision stamping dies, molds, bicycle flower drums, flywheel, transmission and other parts production and trading	24,415	(note 1)	90,000	-	-	90,000	6,655	100%	7,210	42,517	-	
Joy Precision (Tai Zhou)	Production and trading of spare parts for bicycles	309,069	(note 1)	229,578	-	-	229,578	(20,362)	100%	(20,278)	205,747	-	
Xiamen Fengda Sports	Design, development, and production of carbon fiber coated molds, heating forming bicycles and related accessories	28,595	(note 3)	-	-	-	-	52,988	83%	49,089	82,414	-	

Note 1: reinvest in mainland companies through investment in companies established in third regions.

Note 2: the financial statements have been reviewed by the certified public accountant of the parent company in Taiwan.

Note 3: other methods (investment in mainland China by subsidiary companies).

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investments in Mainland China imposed by the Investment
JOY INDUSTRIAL CO. LTD.	\$ 620,315	\$ 632,315	\$ -

(Page intentionally left blank)

(End of report)

**JOY INDUSTRIAL. CO, LTD.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2024 AND 2023**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions may exist, the Chinese-language auditors' report and financial statements shall prevail.

JOY INDUSTRIAL. CO, LTD.
DECEMBER 31, 2024 AND 2023 PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REPORT
TABLE OF CONTENTS

<u>Contents</u>	<u>Page</u>
1. Cover Page	1
2. Table of Contents	2 ~ 3
3. Independent Auditors' Report	4 ~ 8
4. Parent Company Only Balance Sheets	9 ~10
5. Parent Company Only Statements of Comprehensive Income	11~12
6. Parent Company Only Statements of Changes in Equity	13
7. Parent Company Only Statements of Cash Flows	14 ~ 15
8. Notes to the Parent Company Only Financial Statements	16 ~ 55
(1) HISTORY AND ORGANIZATION	16
(2) THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION	16
(3) APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS	16 ~ 17
(4) SUMMARY OF MATERIAL ACCOUNTING POLICIES	17 ~ 25
(5) CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND	25

<u>Contents</u>	<u>Page</u>
KEY SOURCES OF ASSUMPTION UNCERTAINTY	
(6) DETAILS OF SIGNIFICANT ACCOUNTS	26 ~ 45
(7) RELATED PARTY TRANSACTIONS	45~46
(8) PLEDGED ASSETS	47
(9) SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS	47
(10) SIGNIFICANT DISASTER LOSS	47
(11) SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE	47
(12) OTHERS	47~54
(13) SIGNIFICANT TRANSACTIONS INFORMATION	55
(14) SEGMENT INFORMATION	55
9. Statements of Major Accounting Items	56 ~ 71

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Joy Industrial Co., LTD

Opinion

We have audited the accompanying parent company only balance sheets of Joy Industrial Co., Ltd. (the "Company") as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports 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 auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants 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 for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2024 parent company only financial statements. 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, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Cut-off of sales revenue recognition

Description

For the accounting policy of revenue recognition, please refer to Note 4(24); and for details of operating revenue, please refer to Note 6(16). The Company is primarily engaged in manufacturing and trading bicycle Parts. The global economic downturn has impacted the industry, increasing the risk of recognizing operating revenue. Ensuring the accuracy of revenue recognition is a crucial issue to be examined in this year's audit.

How our audit addressed the matter:

Our audit procedures in key audit matter included:

1. Understanding and evaluating the operating procedures and internal controls over sales revenue.
2. Test the details of the annual sales revenue and review the sales revenue transactions and related documents to confirm the appropriateness of the revenue recognition.
3. Obtain a detailed breakdown of sales returns, review supporting documentation and identify the reasons for the returns to confirm that there are no significant abnormal returns.
4. To issue letters of inquiry for significant accounts receivable from counter-parties..

Assessment of allowance for inventory valuation loss

Description

For the accounting policy of inventory assessment, please refer to Note 4(10); for significant accounting estimates to inventory valuation, please refer to Note 5(2); and for details of allowance for inventory valuation losses, please refer to Note 6(4). The Company is primarily engaged in manufacturing and trading automobile parts. Sale revenue is recognized when the control over the goods was transferred under the transaction terms.

As of December 31, 2024, the balances of inventories and allowance for inventory valuation losses were NT\$109,353 thousand and NT\$74,420 thousand, respectively.

The Company and subsidiaries invested using the equity method (investments using the equity method are listed in the table) Inventories that are over a certain age and separately recognized as impaired inventories are stated at the lower of cost and net realizable value. Those inventory items separately identified as the reasonable net realizable value of each inventory item number item by item and set aside the depreciation loss accordingly. Considered the amount of inventories and their allowance for impairment losses were material to its financial statements, and the determination of net realizable value in the balance sheet date involved judgements and estimates, we identified the assessment of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter:

Our audit procedures in relation to the above key audit matter included:

1. Assessed the reasonableness of provision policies in the inventory valuation
2. Reviewed the Company's annual counting plan and conducted their physical counts on inventories to evaluate the control effectiveness on inventory classification.
3. Obtained the net realizable value statement of each inventory, Verified the integrity of the statements and test the correctness of the net realizable value and related calculations, and recalculated and evaluated the reasonableness of the inventory valuation.
4. Obtained the Company's inventory aging report and verified dates of movements with supporting documents. Ensured the proper categorization of inventory aging report in accordance with the Company's policy.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

In preparing the parent company only financial statements, management is responsible for assessing the 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, are responsible for overseeing the Company's financial reporting process

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditing standards in 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 parent company only financial statements.

As part of an audit in accordance with the auditing standards in 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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.

Liu, Mei Lan

Hsu, Chien-Yeh

For and on behalf of PricewaterhouseCoopers,
Taiwan

April 23, 2024

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

JOY INDUSTRIAL. CO, LTD.
PARENT COMPANY ONLY BALANCE SHEET
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2024		December 31, 2023			
			Notes	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$	47,177	3	70,467	5	
1150	Notes receivable, net	6(3)		1,026	-	3,509	-	
1170	Accounts receivable, net	6(3)		32,616	2	16,559	1	
1180	Accounts receivable - related parties	7		10,586	1	10,951	1	
1220	Current income tax assets			391	-	563	-	
130X	Inventories	6(4)		34,933	2	72,375	5	
1410	Prepayments			3,439	-	3,040	-	
11XX	Total current assets			15	-	177,464	12	
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non cure	6(2) and 12(3)		6,930	1	5,600	-	
1550	Investments accounted for under equity method	6(5)		809,820	52	704,742	47	
1600	Property, plant and equipment	6(6)and8		567,252	37	586,305	39	
1755	Right-of-use assets	6(7)		238	-	490	-	
1780	Intangible assets			568	-	761	-	
1840	Deferred income tax assets	6(23)		16,527	1	14,041	1	
1900	Other non-current assets	6(11)		13,082	1	12,781	1	
15XX	Total non-current assets			1,414,417	92	1,324,720	88	
1XXX	Total assets		\$	1,544,600	100	\$	1,502,184	100

JOY INDUSTRIAL. CO, LTD.
PARENT COMPANY ONLY BALANCE SHEET
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

			December 31, 2024		December 31, 2023	
Liabilities and Equity	Notes		AMOUNT	%	AMOUNT	%
Current liabilities						
2100 Short-term borrowings	6(8)and8	\$	431,500	28	\$ 412,000	28
2130 Current contract inabilities	6(16)		496	-	4,071	-
2150 Notes payable			18,387	1	18,714	1
2170 Accounts payable			4,709	-	6,216	1
2180 Accounts payable - related parties	7		25,424	2	1,409	-
2200 Other payables	6(9)		15,813	1	18,842	1
2230 Current income tax liabilities			-	-	5,764	-
2280 Lease liabilities - current			152	-	259	-
2320 Long-term liabilities, current portion	6(10)		41,239	3	36,829	3
2399 Other current liabilities			5,555	-	5,256	-
21XX Total current liabilities			543,275	35	592,027	33
Non-current liabilities						
2540 Long-term borrowings	6(10)and 8		311,944	20	334,990	21
2570 Deferred income tax liabilities	6(23)		46,361	3	45,553	3
2580 Lease liabilities - non-current			97	-	276	-
25XX Total non-current liabilities			358,402	23	380,819	24
2XXX Total Liabilities			901,677	58	890,179	57
Equity						
Share capital	6(12)					
3110 Common stock			600,000	39	600,000	40
Capital surplus	6(13)					
3200 Capital surplus			54,439	3	54,439	3
Retained earnings	6(14)					
3310 Legal reserve			21,190	2	21,190	1
3320 Special reserve			51,742	4	51,742	4
3350 Unappropriated retained earnings		(	48,154)	(3)	(51,951)	(3)
Other equity interest						
3400 Other equity interest	6(15)	(	36,294)	(3)	(63,415)	(4)
3XXX Total equity			642,923	42	612,005	41
3X2X Total liabilities and equity		\$	1,544,600	100	\$ 1,502,184	100

JOY INDUSTRIAL. CO, LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items		Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16)and 7	\$ 218,059	100	\$ 276,631	100
5000	Operating costs	6(4) (21) (22)and7	(192,621)	(88)	(261,371)	(94)
5900	operating margin		25,438	12	15,260	6
5910	Unearned-Related Sale		(3,602)	(2)	(2,423)	(1)
5920	Implemented- Related Sale		2,423	1	12,140	4
5950	Net operating margin		24,259	11	24,977	9
	Operating expenses	6(21)(22)				
6100	Selling expenses		(25,554)	(12)	(28,134)	(10)
6200	General and administrative expenses		(48,346)	(22)	(48,501)	(18)
6300	Research and development expenses		(16,312)	(7)	(20,429)	(7)
6000	Total operating expenses		(90,212)	(41)	(97,046)	(35)
6900	Operating profit		(65,953)	(30)	(72,087)	(26)
	Non-operating income and expenses					
7100	Interest income	6(17)	350	-	709	-
7010	Other income Other income	6(19)	1,276	1	1,400	1
7020	Other gains and losses	6(19)	2,703	1	(1,994)	1
7050	Finance costs	6(20)	(18,803)	(9)	(17,923)	(6)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	80,466	37	(26,903)	(10)
7000	Total non-operating income and expenses		65,992	30	(44,711)	(2)
7900	Profit before income tax		39	-	116,798	(42)
7950	Income tax expense	6(23)	2,094	1	(4,519)	2
8200	Profit for the year		<u>\$ 2,133</u>	<u>1</u>	<u>(\$ 112,279)</u>	<u>(41)</u>
	Other comprehensive income Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains (losses) on defined benefit plans	6(11)	\$ 2,080	-	(\$ 297)	-
8316	Unrealized (loss) gain on valuation of investment: in equity instruments measured at fair value through other comprehensive income	6(2)	1,330	-	462	-

8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(22)	<u>416)</u>	<u>-</u>	<u>59</u>	<u>-</u>
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(<u>2,994</u>	<u>1</u>	<u>224</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(15)	<u>25,791</u>	<u>12</u>	(<u>12,135</u>)	<u>4</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>25,791</u>	<u>12</u>	(<u>12,135</u>)	<u>4</u>
8300	Total other comprehensive (loss) income for the year		<u>\$ 28,785</u>	<u>13</u>	(<u>\$ 11,911</u>)	<u>4</u>
8500	Total comprehensive income for the year		<u>\$ 30,918</u>	<u>14</u>	(<u>\$ 124,190</u>)	<u>45</u>
	Basic earnings per share	6(24)				
9750	Basic earnings per share		<u>\$ 0.04</u>		<u>\$ 1.87</u>	
	Diluted earnings per share					
9850	Diluted earnings per share		<u>\$ 0.04</u>		<u>\$ 0.81</u>	

JOY INDUSTRIAL. CO, LTD
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Capital surplus			Retained Earnings			Other equity interest			
		Ordinary share	additional paid-in capital in excess of par	other	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses)from financial assets measured at fair value through other comprehensive income	Total	
<u>Year 2023</u>											
Balance at January 1, 2023		\$ 600,000	\$ 51,544	\$ 2,895	\$ 16,189	\$ 50,307	\$91,002	(\$ 55,280)	\$ 3,538	\$760,195	
Net profit after tax 2023		-	-	-	-	-	(112,279)	-	-	(112,279)	
Other comprehensive income (loss) for the year		6(15)					(238)	(12,135)	\$ 462	(11,911)	
Total comprehensive income (loss) for the year							(\$112,517)	(12,135)	\$ 462	(\$ 124,190)	
Appropriation and distribution of 2022 earnings		6(14)	-	-		-		-	-	-	
Legal reserve			-	-	5,001		(5,001)	-	-	-	
Special reserve			-	-	-	1,435	1,435	-	-	-	
Cash dividends				-	-	-	(24,000)	-	-	(24,000)	
Balance at December 31, 2023			\$ 600,000	\$ 51,544	\$ 2,895	\$21,190	\$ 51,742	(\$51,951)	(\$ 67,415)	\$ 4,000	\$612,005
<u>Year 2024</u>											
Balance at January 1, 2024			\$ 600,000	\$ 51,544	\$ 2,895	\$ 21,190	\$ 51,742	(\$ 51,951)	(\$ 67,415)	\$ 4,000	\$ 612,005
Net profit after tax 2024			-	-	-	-	2,133	-	-	2,133	
Total comprehensive income (loss) for the year		6(15)					1,664	25,791	1,330	28,785	
Appropriation and distribution of 2024 earnings			-	-		-	3,797	25,791	1,330	30,918	
Balance at December 31, 2024			\$ 600,000	\$ 51,544	\$ 2,895	\$21,190	\$ 51,742	(\$ 48,154)	(\$ 41,624)	\$ 5,330	\$ 642,923

JOY INDUSTRIAL CO, LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 39	(\$ 116,798)
Adjustments			
Adjustments to reconcile profit (loss)			
The selling interest has not been (realized).		1,179	(9,717)
Depreciation expense	6(6)(21)	21,600	24,879
Depreciation expense - right-of-use assets	6(7)(21)	252	1,078
Amortization expenses	6(21)	1,243	1,038
Expected credit impairment loss	12(2)	6	(59)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	(80,466)	
Gain on disposal of property, plant and equipment	6(19)	-	233
Impairment losses on non-financial assets	6(19)	1,000	1,000
Interest income	6(17)	(350)	(709)
Finance costs	6(20)	18,795	17,890
Finance costs - lease liabilities	6(7)(20)	8	33
Share basis payment			-
Unrealized foreign exchange (gain) loss		-	
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2,483	5,859
Accounts receivable		(16,063)	79,380
Accounts receivable-related parties		365	10,331
Other receivables		177	1,708
Inventories		37,442	106,001
Prepayments		(399)	(413)
Other current assets		(15)	-
Net defined benefit assets		(34)	(42)
Changes in operating liabilities			
Contract liabilities - current		(3,575)	(1,392)
Notes payable		(327)	(65,568)
Accounts payable		(1,507)	(14,195)
Accounts payable-related parties		24,015	(17,022)
Other payables		(3,330)	(9,310)
Other current liabilities		299	421
Cash inflow generated from operations		2,837	41,063
Interest received		350	709
Interest paid		(18,494)	(17,843)
Income tax paid		(5,667)	(9,412)
Net cash flows from operating activities		(20,974)	14,517

(Continued)

JOY INDUSTRIAL. CO, LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	<u>Year ended December 31</u>	
		<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(25)	(\$ 2,358)	(\$ 10,256)
Gain on disposal of property, plant and equipment		-	233
Acquisition of intangible assets		(1,050)	(578)
Increase in refundable deposits		<u>514</u>	<u>491</u>
Net cash flows used in investing activities		(<u>2,894</u>)	(<u>10,110</u>)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(26)	572,000	572,000
Decrease in short-term borrowings	6 (26)	(531,000)	(531,000)
Repayment of principal portion of lease liabilities	6 (26)	()	(1,079)
Proceeds from long-term borrowings	6 (26)	-	20,320
Payment of lease liabilities	6 (26)	(<u>38,636</u>)	(<u>63,555</u>)
Cash dividends paid	6(14)(26)	<u>-</u>	(<u>24,000</u>)
Net cash flows used in financing activities		<u>578</u>	(<u>27,314</u>)
Net decrease in cash and cash equivalents		(23,290)	(22,907)
Cash and cash equivalents at beginning of year		<u>70,467</u>	<u>93,374</u>
Cash and cash equivalents at end of year		<u>\$ 47,177</u>	<u>\$ 70,467</u>

The accompanying notes are an integral part of these consolidated financial statements.

JOYINDUSTRIAL. CO, LTD.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

JOYINDUSTRIAL. CO, LTD. (the “Company”) was incorporated in October 1981. The Company is primarily engaged in the research and development, manufacture, wholesales, and import/export of bicycle parts, as well as operating related businesses.

2. The Date of Authorizations for Issuance of the Financial Statements and Procedures for Authorizations

These parent company only financial statements were authorized for issuance by the Board of Directors on April 23, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7 ‘Vendor Financing Arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendment to IAS 21 “Lack of Convertibility”	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Company’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, "Contracts referencing nature dependent electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	
IFRS 18, 'Presentation and disclosure in financial statements' IFRS 18 replaces IAS 1.	
The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.	

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared on the historical cost basis:

(A) Financial assets measured at fair value through other comprehensive income.

(B) Defined benefit liabilities recognized on the net amount of the fair value of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as issued and endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional presentation currency.

A. Foreign currency transactions and balances

- (A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (B) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (D) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the Company entities, associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (A) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (B) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (C) All resulting exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (B) Assets held mainly for trading purposes;
 - (C) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (A) Liabilities that are expected to be settled within the normal operating cycle;
 - (B) Liabilities arising mainly from trading activities;
 - (C) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the counterparty's discretion be settled by the issuance of equity instruments, do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
- The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the DE recognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for the 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. It excludes borrowing costs.

Inventories are stated at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investments accounted for using equity Method-Subsidiaries.

- A. subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognize loss continuously in proportion to its ownership.
- D. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(12) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of re-measurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (A) The amount of the initial measurement of lease liability;
 - (B) Any lease payments made at or before the commencement date;
 - (C) Any initial direct costs incurred by the lessee, the right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is re-measured, the amount of re-measurement is recognized as an adjustment to the right-of-use asset.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Except for land being not depreciable, other property, plant and equipment items are measured at cost basis and depreciated straight-line to allocate their costs over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the said item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 ~ 50 years
Machinery and equipment	5~ 11 years
Transportation equipment	3~ 8 years
Office equipment	3 ~ 8 years
Miscellaneous equipment (other)	2 ~ 11 years

(14) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 3 years.

(15) Impairment of non-financial assets

The Company determines the recoverable amount of an asset when there is an indication of impairment at the balance sheet date. An impairment loss is recognized when the recoverable amount is less than the carrying amount of the asset. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. An impairment loss is reversed when there is no longer any impairment loss recognized for the asset in prior years or when there is a decrease in the impairment loss recognized for the asset in prior years. However, the increase in the carrying amount of an asset due to the reversal of an impairment loss does not exceed the amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized for the asset in prior years.

(16) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid for the establishment of credit lines, when it is probable that part or all of the lines will be withdrawn, these fees shall be recognized as transaction costs of the borrowings and deferred as the adjustment of the effective interest rate of the borrowings. On the other hand, when part or all of the credit lines is unlikely to be withdrawn, the related establishment fees are recognized as prepayment and amortized over the borrowing period.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Provisions

Provisions (including warranty) are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they

are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

- (a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- (b) Re-measurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits Termination benefits are benefits provided when the employment of an employee is terminated before the normal retirement date or when the employee decides to accept the company's offer of benefits in exchange for termination of employment. The Company recognizes expenses when the offer of termination benefits can no longer be withdrawn or when the associated restructuring costs are recognized, whichever is earlier. Benefits that are not expected to be fully settled 12 months after the balance sheet date should be discounted.

D. Employee compensation and directors' compensation

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(22) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

- A. The Company manufactures and sells bicycle parts and related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the distribution channel and price to resell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- B. The sales usually are made with a credit term of 30 to 120 days after the transfer of control date, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment from customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognized when the goods are transfer of control as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(25) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid changes in technology, the Company assesses the amount of inventories due to normal wear and tear, obsolescence or no market sales value on the balance sheet date, and writes down the cost of inventories to the net realizable value. The valuation of inventory is based on estimates that consider factors such as product condition and historical sales experience, and is subject to significant changes. As of December 31, 2024, the carrying amount of inventories was \$34,933 thousand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and revolving funds	\$ 376	\$ 548
Checking accounts and demand deposits	46,801	69,919
	<u>\$ 47,177</u>	<u>\$ 70,467</u>

A. In order to diversify credit risk, the Company transacts with a variety of financial institutions with high credit ratings. Therefore, the probability of counterparty default is deemed remote.

B. The Company has no cash pledged to others as collateral.

(2) Financial assets at fair value through other comprehensive income-non-current

Item	December 31, 2024	December 31, 2023
Non-current items:		
Unlisted and unemerging stocks	\$ 340	\$ 340
Valuation adjustment	6,590	5,260
	<u>\$ 6,930</u>	<u>\$ 5,600</u>

A. The Company has elected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$6,930 thousand and \$5,600 thousand as at December 31, 2024, and 2023, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2024	2023
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive loss	\$ 1,330	462

C. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(3) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 1,026	\$ 3,509
Accounts receivable	\$ 32,628	\$ 16,565
Less: Allowance for bad debts	(12)	(6)
	<u>\$ 32,616</u>	<u>\$ 16,559</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2024		December 31, 2023	
	<u>Accounts receivable</u>	<u>Notes Receivable</u>	<u>Accounts Receivable</u>	<u>Notes receivable</u>
Not past due	\$ 31,410	\$ 1,024	\$ 16,009	\$ 3,509
Up to 30 days	602	2	6	-
31 to 90	616	-	550	-
	<u>\$ 32,628</u>	<u>\$ 1,026</u>	<u>\$ 16,565</u>	<u>\$ 3,509</u>

The above ageing analysis was based on past due date.

B. As of December 31 2024, December 31 2023 and January 1, 2023, the balance of accounts receivable (including notes receivable) from contracts with customers amounted to \$33,642 thousand, \$20,068 thousand, and \$105,248 thousand.

C. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

D. The Company does not hold any collateral.

E. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was \$1,026 thousand, \$3,509 thousand, \$32,616 thousand and \$16,559 thousand, respectively.

(4) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Goods	\$ 48,143 (	\$ 46,786)	\$ 1,357
Raw materials	17,863 (	8,614)	9,249
Work in progress	15,220 (	5,612)	9,608
Finished goods	28,127 (	13,408)	14,719
Total	<u>\$ 109,353 (</u>	<u>\$ 74,420)</u>	<u>\$ 34,933</u>
	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Goods	\$ 71,903 (	\$ 34,368)	\$ 37,535
Raw materials	20,835 (	10,918)	9,917
Work in progress	13,471 (	3,604)	9,867
Finished goods	29,505 (	14,449)	15,056
Total	<u>\$ 135,714 (</u>	<u>63,339)</u>	<u>\$ 72,375</u>

A. The cost of inventories recognized as expense for the year:

	Years ended December 31,	
	2024	2023
Cost of goods sold	\$ 182,862	\$ 230,155
Gain on reversal of inventory value	11,081	32,729
Inventory short	(1,636)	(2,020)
Revenue from sale of scraps	(1,636)	(2,020)
Warranty cost	314	507
	<u>\$ 192,621</u>	<u>\$ 261,371</u>

B. The Company has not pledged its inventories as collateral.

(5) Investments accounted for using equity method

Subsidiaries	December 31, 2024	December 31, 2023
JOYTECH INDUSTRIAL CO. PTE. LTD	\$ 785,309	\$ 683,309
NOVATEC EU S.R.O.	18,151	16,194
NOVATEC Wheels US Inc.	6,360	5,239
	<u>\$ 809,820</u>	<u>\$ 704,742</u>

A. The details of the investment interests recognized for the investment using the equity method are as follows:

	2024	2023
JOYTECH	\$ 81,863	(\$ 20,834)
NOVATEC (EU)	527	4,916
NOVATEC (US)	1,924	1,153
	<u>\$ 80,466</u>	<u>\$ 26,903</u>

The investment gains and losses recognized in the above investment using the equity method are based on the evaluation of the financial statements of each invested company audited and certified by a CPA during the same period.

B. For information about the company's subsidiaries, please refer to note 4 (3) to the company's consolidated financial statements for the year of the 2024.

(6) Property, plant and equipment

2024					
<u>Cost</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending balance</u>
Land	\$191,082	\$ -	\$ -	\$ -	\$191,082
Buildings and structures	\$497,044	-	-	-	\$497,044
Machinery and equipment	\$164,155	\$1,159	(\$679)	-	\$164,635
Transportation equipment	\$3,329	\$600	-	-	\$3,929
Office equipment	\$4,472	-	-	-	\$4,472
Other equipment	\$31,158	\$788	(\$267)	-	\$31,679
Total	\$891,240	\$2,547	(\$946)	\$ -	\$892,841
Accumulated Depreciation					
<u>Buildings and structures</u>	(\$139,400)	(\$12,481)	\$ -	\$ -	(\$151,881)
Machinery and equipment	(\$138,275)	(\$5,862)	\$679	-	(\$143,458)
Transportation equipment	(\$2,835)	(\$218)	-	-	(\$3,053)
Office equipment	(\$3,789)	(\$273)	-	-	(\$4,062)
Other equipment	(\$20,636)	(\$2,766)	\$267	-	(\$23,135)
Total	(\$304,935)	(\$21,600)	\$946	\$ -	(\$325,589)
	<u>\$586,305</u>				<u>\$567,252</u>

2023					
<u>Cost</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending balance</u>
Land	\$191,082	\$ -	\$ -	\$ -	\$191,082
Buildings and structures	\$497,044	-	-	-	\$497,044
Machinery and equipment	\$155,758	\$12,507	(\$4,110)	-	\$164,155
Transportation equipment	\$3,185	\$466	(\$322)	-	\$3,329
Office equipment	\$4,417	\$156	(\$101)	-	\$4,472
Other equipment	\$31,510	\$2,119	(\$2,471)	-	\$31,158
Total	\$882,996	\$15,248	(\$7,004)	\$ -	\$891,240
Accumulated Depreciation					
Buildings and structures	(\$126,158)	(\$13,242)	\$ -	\$ -	(\$139,400)
Machinery and equipment	(\$133,972)	(\$8,413)	\$4,110	-	(\$138,275)
Transportation equipment	(\$2,989)	(\$168)	\$322	-	(\$2,835)
Office equipment	(\$3,510)	(\$380)	\$101	-	(\$3,789)
Other equipment	(\$20,431)	(\$2,676)	\$2,471	-	(\$20,636)
Total	(\$287,060)	(\$24,879)	\$7,004	\$ -	(\$304,935)
	<u>\$595,936</u>				<u>\$586,305</u>

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Leasing arrangement-lessee

A. The Company leases various assets including land, buildings and Transportation equipment. The lease term is typically made for periods of 3 to 16 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The Company furniture and office equipment did not exceed 12 months.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Land	\$133	\$178
Transportation equipment	105	314
	<u>\$238</u>	<u>\$490</u>
	2024	2023
	Depreciation expense	Depreciation expense
Land	\$42	\$42
Transportation equipment	210	1,036
	<u>\$252</u>	<u>\$1,078</u>

D. There were no additions to right-of-use assets during fiscal years 2024 and 2023.

E. The information on profit and loss accounts relating to lease contracts is as follows

	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 7	\$ 33
Expense on short-term lease contracts	\$ 119	\$ 119
Lease Modification Benefit	\$ 32	\$ -

F. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases amounted to \$412 thousand and \$1,231 thousand, respectively.

(8) Short-term borrowings

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Secured borrowings	\$ 379,500	2.31%~ 2.78%	Land and Buildings
Unsecured borrowings	52,000	2.63~2.68%	(NOTE)
	<u>\$ 431,500</u>		
Type of borrowings	December 31, 2023	Interest rate range	Collateral
Secured borrowings	\$ 360,000	2.18%~ 2.65%	Land and Buildings
Unsecured borrowings	52,000	2.50~2.55%	(NOTE)
	<u>\$ 412,000</u>		

NOTE: The aforesaid loan is guaranteed by the TAIWAN SMEG.

(9) Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Salaries and bonus payable	\$ 5,364	\$ 5,926
professional service payable	4,330	4,580
Employees' compensation and Directors' remuneration payable	-	1,888
Employment insurance and pension	1,877	2,019
Others	<u>4,242</u>	<u>4,429</u>
	<u>\$ 15,813</u>	<u>\$ 18,842</u>

(Remainder of the page left blank intentionally.)

(10) Long-term borrowings

Type of Borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2024
Long-term bank borrowings				
Taiwan Cooperative Bank	From April 24, 2017 to April 24, 2035, amortized from April 2020.	2.51%	Land and Buildings (note)	281,000
Taiwan Cooperative Bank	From July 30, 2019 to August 24, 2027, amortization from the third year.	2.58%	Land and Buildings (note)	12,789
Taiwan Cooperative Bank	From November 6, 2024 to November 7, 2028 amortization from the December 2023	2.2%	note	6,547
Taiwan Cooperative Bank	From April 3, 2024 to April 3 2028 amortization from the May 2024	2.2%	note	3,754
Taiwan Cooperative Bank	From May 3, 2024 to April 4, 2028 amortization from the June 2024	2.2%	note	3,131
Taiwan Cooperative Bank	From June 3, 2024 to April 4, 2028 amortization from the July 2024	2.2%	note	1,605
Taiwan Cooperative Bank	From July 3, 2024 to April 4, 2028 amortization from the August 2024	2.2%	note	3,098
Taiwan Cooperative Bank	From August 3, 2024 to April 4, 2028 amortization from the September 2024	2.2%	note	3,462
Taiwan Cooperative Bank	From September 3, 2024 to April 4, 2028 amortization from the October 2024	2.2%	note	3,128
First Bank	From September 29, 2021 to September 29, 2026, amortized from October 2021.	2.61%	Land and Buildings	25,423
Chang Hwa Bank	From October 17, 2023 to October 17, 2028, amortized from November 2023.	2.22%	note	9,246
				353,183
Less: Current portion				(41,239)
				<u>\$ 311,944</u>

Type of Borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2023
Long-term bank borrowings				
Taiwan Cooperative Bank	From April 24, 2017 to April 24, 2035, amortized from April 2020.	2.38%	Land and Buildings (note)	295,000
Taiwan Cooperative Bank	From July 30, 2019 to August 24, 2027, amortization from the third year.	2.45%	Land and Buildings (note)	17,586
First Bank	From September 29, 2021 to September 29, 2026, amortized from October 2021.	2.48%	Land and Buildings	39,445
Taiwan Cooperative Bank	From November 6, 2023 to November 6 2028, amortized from December 2023.	2.10%	note	8,129
Chang Hwa Bank	From October 17, 2023 to October 17 2028, amortized from December 2023.	2.10%	note	11,658
				371,819
				(36,829)
				<u>\$ 334,990</u>

NOTE: The aforesaid loan is guaranteed by the TAIWAN SMEG.

(11) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$12,183	\$13,626
Fair value of plan assets	(\$17,013)	(\$16,453)
Net defined benefit liability	(\$4,830)	(\$2,827)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined
Balance at January 1, 2024	\$ 13,626 (	\$ 16,453 )(	\$ 2,827)
Interest expense (income)	161 (	195 )(	34)
Settlement of Gains and Losses (	986)	1,097	111
	12,801	15,551 )(	2,750)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	- (	1,462 )(	1,462)
Change in financial assumptions (	388 )	- (	388)
Experience adjustments (	230 )	- (	230)
	618 )(	1,462 )(	2,080)
Balance at December 31 2023	\$ 12,183 (	\$ 17,013 )(	\$ 4,830)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined
Balance at January 1, 2024	\$ 13,020 (	\$ 16,103 )(	\$ 3,083)
Interest expense (income)	167 (	208 )(	41)
	13,187 (	16,311 )(	3,124)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	- (	142 )(	142)
Change in financial assumptions (	116 )	- (	116)
Experience adjustments (	323 )(	- ) (	323)
pension payment	439 (	142 ) (	297)
Balance at December 31 2023	\$ 13,626 (	\$ 16,453 )(	\$ 2,827)

- (d) The Bank of Taiwan was commissioned to manage the fund of the Company's defined benefit pension plan assets in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2024	2023
Discount rate	1.6%	1.2%
Future salary increases	2.0%	2.0%

Future mortality rate was estimated based on the 6th and 5th Taiwan Standard Ordinary Experience Morality Table for the years ended December 31, 2024 and 2023 respectively. Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2024	(\$ 232)	\$ 240	\$ 238	(\$ 232)
Effect on present value of defined benefit obligation				
December 31, 2023	(\$ 287)	\$ 297	\$ 293	(\$ 285)
Effect on present value of defined benefit obligation				

The sensitivity analysis presented above is based on only one assumption is changed while other conditions remain constant. In practice, multiple assumptions may be changing at once or correlated with one another. The method utilized in sensitivity analysis is the same as the method utilized in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) The Company has no projected contributions to be paid to its retirement plans in 2025.

(g) As of December 31, 2024, the weighted average duration of that retirement plan is 7 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	693
1-2 year(s)		347
2-5 years		4,102
Over 5 years		8,594
	\$	<u>13,736</u>

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2024 and 2023 were \$3,476 thousand and \$3,653 thousand, respectively.

(12) Share capital

A. As of December 31, 2024, the Company’s authorized capital was \$800,000 thousand, comprising 80,000 thousand shares, of which the paid-in capital was \$600,000 thousand with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company’s ordinary shares outstanding were as follows:

	Expressed in thousand shares	
	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Number of shares as of beginning	<u>60,000</u>	<u>60,000</u>

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings

A. According to the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset against prior years' operating losses and then be distributed as follows: 10% as legal reserve, and appropriate or reverse for special reserve until the legal reserve equals the Company's paid-in capital. The remaining earnings, if any, may be appropriated along with the accumulated unappropriated earnings according to a resolution proposed by the Board of Directors and resolved by the shareholders' meeting.

B. When the dividends are distributed, no less than 30% of the remaining amount of the net profit after tax of the current year, after covering the accumulative losses and setting aside the legal reserve and the special reserve. However, if the shareholders' dividend is less than 10% Paid-up share capital, the distributable earnings may be retained and not distributed.

When the dividends are distributed, they can be distributed in cash or stocks, and the cash dividends are not mulcted deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose.

C. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, With respect to the cumulative conversion adjustments under the shareholders' equity in the accounts, due to the choice to apply the exemption item of International Financial Reporting Standards No. 1, they are transferred to the retained earnings, and a special surplus reserve of the same amount is drawn. Therefore, the increase in retained earnings resulting from the conversion of international financial reporting standards is drawn into a special surplus reserve of \$5,957 thousand.

- D. (a) The appropriations of earnings for 2022 had been resolved at the shareholders' meeting on May 29, 2023 Details are summarized below:

	Year ended December 31, 2022	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 5,001	
Special reserve	1,435	
Cash dividends	24,000	\$ 0.4000
	<u>\$ 30,436</u>	

- (b) As of December 31, 2023, the company had accumulated losses and therefore had no earnings to distribute.
- (c) On April 23, 2025, the Board of Directors resolved to appropriate a loss of \$15,448 thousand for the year ending December 31, 2024, as a reversal of the special reserve. As of April 23, 2025, the appropriation of this loss is still pending in the stockholders' meeting.
- E. Refer to Note 6 (22) for further information relating to employees' compensation and directors' remuneration

(15) Other equity items

	For the year ended December 31,2024		
	Currency translation differences	Unrealized gains or losses on valuation	Total
January 1,2024	(\$ 67,415)	\$ 4,000	(\$ 63,415)
Valuation adjustments	-	1,330	1,330
Currency translation differences-Company	25,791	-	25,791
December 31,2024	<u>(\$ 41,624)</u>	<u>\$ 5,330</u>	<u>(\$ 36,294)</u>
	For the year ended December 31,2023		
	Currency translation differences	Unrealized gains or losses on valuation	Total
January 1,2023	(\$55,280)	\$3,538	(\$51,742)
Valuation adjustments	-	462	462
Currency translation differences-Company	12,135	-	12,135
December 31,2023	<u>(\$67,415)</u>	<u>\$4,000</u>	<u>(\$,63,415)</u>

(16) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

	Bicycle parts 2024					Total
	Taiwan	Europe	China	Americas	Other	
Departmental Revenue	<u>\$ 125,407</u>	<u>\$ 52,561</u>	<u>\$ 27,282</u>	<u>\$ 2,256</u>	<u>\$ 10,553</u>	<u>\$ 218,059</u>

	Bicycle parts 2023					Total
	Taiwan	Europe	China	Americas	Other	
Departmental Revenue	<u>\$ 108,809</u>	<u>\$ 94,230</u>	<u>\$ 53,827</u>	<u>\$ 11,743</u>	<u>\$ 8,022</u>	<u>\$ 276,631</u>

B. Contract liabilities

The Company has recognized the following revenue-related contract liabilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2022</u>
Receipts in advance	<u>\$ 496</u>	<u>\$ 4,071</u>	<u>\$ 5,463</u>

Revenue recognized that was included in the contract liability balance at the beginning of the year:

	<u>2024</u>	<u>2023</u>
Receipts in advance	<u>\$ 3,795</u>	<u>\$ 3,828</u>

(17) Interest income

	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	<u>\$ 350</u>	<u>\$ 709</u>

(18) Other income

	<u>2024</u>	<u>2023</u>
Government grants	<u>\$ 344</u>	<u>\$ 232</u>
Other income - others	<u>932</u>	<u>1,168</u>
	<u>\$ 1,276</u>	<u>\$ 1,400</u>

(19) Other gains and losses

	<u>2024</u>	<u>2023</u>
Foreign exchange losses-net	<u>\$ 3,671</u>	<u>(\$ 1,227)</u>
Gains (losses) on disposals of property, plant and equipment	<u>-</u>	<u>233</u>
Others	<u>(1,000)</u>	<u>(1,000)</u>
Lease Modification Benefit	<u>32</u>	<u>-</u>
total	<u>\$ 2,703</u>	<u>(\$ 1,944)</u>

(20) <u>Finance costs</u>	2024	2023
Interest expense from borrowings	\$ 18,795	\$17,890
Interest expense on lease liabilities	8	33
	<u>\$ 18,803</u>	<u>\$17,923</u>

(21) Expenses by nature

	Year ended December 31, 2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense	\$ 38,297	\$ 48,587	\$ 86,884
Depreciation on property, plant and equipment	12,476	9,124	21,600
Depreciation on right-of - use assets	-	252	252
Amortisation	-	1,243	1,243
	Year ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense	\$43,038	\$49,776	\$92,814
Depreciation on property, plant and equipment	15,152	97,727	24,879
Depreciation on right-of - use assets	316	762	1,078
Amortisation	-	1,038	1,038

(22) Employee benefit expense

	2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Wages and salaries	\$ 30,867	\$ 39,106	\$ 69,973
Labor and health insurance fees	3,974	4,528	8,502
Pension costs	1,362	2,080	3,442
Directors remuneration	-	872	872
Other personnel expenses	2,094	2,001	4,095
	<u>\$38,297</u>	<u>\$48,587</u>	<u>\$ 86,884</u>

		2023	
	Classified as Operating Costs	Classified as Operating Expenses	Total
Wages and salaries	34,678	\$39,852	\$74,530
Labor and health insurance fees	4,330	4,671	9,001
Pension costs	1, 472	2,140	3,612
Directors remuneration	-	920	920
Other personnel expenses	2,558	2,193	4,751
	<u>\$56,482</u>	<u>\$49,776</u>	<u>\$92,814</u>

Note: in 2024 and 2023, the number of employees of the company was 133and 153 respectively, of which 3 were directors who did not concurrently serve as employees.

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall appropriate 1% for employees' compensation and no higher than 5% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses.
- B. For the year ended December 31, 2024 and 2023, the Company did not provide for employees' and directors' compensation due to accumulated losses.

Employees' compensation and directors' remuneration of 2023 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 financial statements. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System"the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax (benefit) expense

(a) Components of income tax (benefit) expense

	Years ended December 31,	
	2024	2023
Current tax:		
Current tax on profits for the year	-	-
Tax on undistributed surplus earnings	-	-
Prior year income tax overestimation	-	1,073
Total Current tax on profits for the year	-	1,073
Deferred tax:		
Origination and reversal of temporary differences	(2,094)	(5,592)
Income tax expense	(\$2,094)	(\$4,519)

(b) The income tax (charge)/credit relating to components of other comprehensive income were as follows:

	Years ended December 31,	
	2024	2023
Premeasurements of defined benefit obligations	(\$416)	\$59

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	(\$ 6)	(\$23,360)
Tax exempt income by tax regulation	(2)	(2)
Expenses disallowed by tax regulation	235	343
Investment tax credits	-	-
Temporary differences not recognised as deferred tax assets and liabilities	(16,094)	5,380
Prior year income tax overestimation	-	1,073
-hange in assessment of realization of deferred tax assets	13,773	12,047
Income tax expense	(\$2,094)	(\$4,519)

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

2024				
	1-Jan	Recognized in profit or loss	Recognized in other comprehensive income	31-Dec
Deferred tax assets:				
Allowance for inventory valuation and obsolescence losses	\$12,668	\$2,216	\$ -	\$14,884
Others	\$1,373	\$270	-	\$1,643
	<u>\$14,041</u>	<u>\$2,486</u>	<u>\$ -</u>	<u>\$16,527</u>
Deferred income tax liabilities: Foreign investment income	(\$35,857)	-	-	(\$35,857)
Pensions	(\$538)	-	(\$416)	(\$954)
Others	(\$9,158)	(\$392)		(\$9,550)
Total	<u>(\$45,553)</u>	<u>(\$392)</u>	<u>(\$416)</u>	<u>(\$46,361)</u>
	<u>(\$31,512)</u>	<u>\$2,094</u>	<u>(\$416)</u>	<u>(\$29,834)</u>
2023				
	1-Jan	Recognized in profit or loss	Recognized in other comprehensive income	31-Dec
Deferred tax assets:				
Allowance for inventory valuation and obsolescence losses	\$6,122	\$6,546	\$ -	\$12,668
Others	\$3,300	(\$1,927)	-	\$1,373
	<u>\$9,422</u>	<u>\$4,619</u>	<u>\$ -</u>	<u>\$14,041</u>
Deferred income tax liabilities: Foreign investment income	(\$36,509)	\$652	-	(\$35,857)
Pensions	(\$597)	-	\$59	(\$538)
Others	(\$9,479)	\$321	-	(\$9,158)
Total	<u>(\$46,585)</u>	<u>\$973</u>	<u>\$59</u>	<u>(\$45,553)</u>
	<u>(\$37,163)</u>	<u>\$5,592</u>	<u>\$59</u>	<u>(\$31,512)</u>

- D. The Company has not recognized deferred income tax liabilities for taxable temporary differences related to investments in certain subsidiaries. The amounts of deferred income tax liabilities for temporary differences not recognized as of December 31, 2024 and 2023 were \$99,175 thousand and \$12,260 thousand, respectively.
- E. The company's income tax returns through 2023 have been assessed.
- F. The useful lives of the Company's unused tax losses and the related amounts of unrecognized deferred income tax assets are as follows:

December 31, 2024

Year of Occurrence	Number of Returns/Approved Amount	Amounts not yet deducted	Amount of unrecognized deferred income tax assets	Last year to offset
2024	68,863	68,863	68,863	2034
2023	63,811	63,811	63,811	2033

December 31, 2023

Year of Occurrence	Number of Returns/Approved Amount	Amounts not yet deducted	Amount of unrecognized deferred income tax assets	Last year to offset
2023	63,811	63,811	63,811	2033

(24) Earnings per share

2024

Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per (in dollars) share
------------------	---	---------------------------------

Basic earnings per share

Losses attributable to ordinary shareholders of the parent	\$ 2,133	60,000	\$ 0.04
--	----------	--------	---------

2023

Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per (in dollars) share
------------------	---	---------------------------------

Basic earnings per share

Losses attributable to ordinary shareholders of the parent	(\$ 112,279)	60,000	(\$ 1.87)
--	--------------	--------	-----------

(25) Supplemental cash flow information

Investing activities with partial cash payments:

	2024	2023
Purchase of property, plant and equipment	\$ 2,547	\$ 15,248
Add: Ending balance of payable on equipment and construction	-	189
Reduce: Opening balance of payable on equipment and construction	(189)	(5,181)
Cash paid during the year	\$ 2,358	\$ 10,256

(26) Changes in liabilities from financing activities

	2024				
	Short-term Borrowing	Lease Liabilities	Long-term borrowings (including current portio	Dividends payable	Liabilities from financing activities-gross
1-Jan	\$ 412,000	\$ 535	\$ 371,819	\$ -	\$ 784,354
Changes in cash flow from financing activities	19,500	(286)	(18,636)	-	578
Increase in this period	-	-	-	-	-
31-Dec	\$ 431,500	\$ 249	\$ 353,183	\$ -	\$ 784,932
	2023				
	Short-erm Borrowing	Lease Liabilities	Long-term borrowings (including current portion)	Dividends payable	Liabilities from financing activities-gross
1-Jan	\$371,000	\$1,614	\$ 415,054	\$ -	\$787,668
Changes in cash flow from financing activities	41,000	(1,079)	(43,235)	(24,000)	(27,314)
Increase in this period	-	-	-	24,000	24,000
31-Dec	\$412,000	\$535	\$371,819	\$ -	\$787,668

7. Related Party Transactions

(1) Names and relationship with related parties

Name of related party	abbreviation	Relationship with the Company
Novatec EU S.R.O	Novatec EU	The Company's subsidiary
Novatec WHEELS US, INC.	Novatec US	The Company's subsidiary
Joy Industrial (Shenzhen) CO., LTD.	Joy Industrial (Shenzhen)	The Company's sub-sub-sidiary
Novatec WHEELS (Shenzhen) CO.,LTD.	NOVATEC (Shenzhen)	The Company's sub-sub-sidiary
Xiamen Fengda Sports Technology Co., Ltd.	Xiamen Fengda Sports	The Company's sub-sub-sidiary
Joy Precision Industry(Taizhou) CO., LTD.	JOY (Taizhou)	The Company's sub-sub-sidiary

(2) Significant transactions with related parties

A. Sales revenue

	2024	2023
Joy Industrial (Shenzhen)	\$ 9,214	\$ 36,902
Second-tier Subsidiary	17,988	15,796
Subsidiary	3,621	6,582
	<u>\$ 30,823</u>	<u>\$ 59,280</u>

The sales price of the company's goods sold to the above company is negotiated by both parties, and there is no significant difference with unrelated parties. Except that the collection period may be extended with the consent of the company, it is handled in accordance with the general sales conditions.

B. Purchases

	2024	2023
Xiamen Fengda Sports	\$ 34,429	\$ 10,690
Joy Industrial (Shenzhen)	1,779	3,615
	<u>\$ 36,208</u>	<u>\$ 14,305</u>

The purchase price of the company from the upper company is negotiated by both parties, and there is no significant difference with unrelated parties. Except that the payment period may be extended with the consent of both parties, it shall be handled in accordance with the general purchase conditions.

C. Accounts receivable - related parties

	Years ended December 31,	
	2024	2023
Joy Industrial (Shenzhen)	\$2,414	\$2,060
Subsidiary	3,011	5,662
Sub-subsidiary	5,161	3,229
	<u>\$10,586</u>	<u>\$10,951</u>

D. Accounts payable

	Years ended December 31	
	2024	2023
Xiamen Fengda Sports	\$24,760	\$953
Joy Industrial (Shenzhen)	664	456
	<u>\$25,424</u>	<u>\$1,409</u>

E. Provision of endorsements and guarantees: please refer to table2 for the explanation of endorsements and guarantees of others.

(3) Key management compensation

	Years ended December 31	
	2024	2023
Salaries and other short-term employee benefits	\$10,789	\$12,400
Post-employment benefits	419	410
	<u>\$11,208</u>	<u>\$12,810</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Pledged to secure
	31-Dec-23	31-Dec-22	
Land	\$188,116	\$188,116	Short-term and long-term loans
Buildings, plant, and construction	345,161	357,644	Short-term and long-term loans
	<u>\$533,277</u>	<u>\$545,760</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted but not yet incurred in respect None.

10. Significant Disaster Loss None.

11. Significant Events after the Balance Sheet Date.

None.

12. Others

(1) Capital management

The Company's capital management objectives are to ensure the sustainable operation of the Company, maintain the best capital structure and protect shareholders' equity. Its capital structure considers the type of industry it belongs to, adheres to a prudent management attitude, and follows the dividend policy.

(Remainder of page intentionally left blank)

(2) Financial instruments

A. Financial instruments by category

	31 December, 2024	31 December, 2023
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income	\$6,930	\$5,600
Financial assets measured at amortized cost		
Cash	47,177	70,467
Notes receivable	1,026	3,509
Account receivables	43,202	27,510
Other receivables	391	563
Refundable deposits	179	693
	<u>\$98,905</u>	<u>\$108,342</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term borrowings	\$431,500	\$412,000
Notes payable	18,387	18,714
Accounts payable	30,133	7,625
Other payables	15,813	18,842
Long-term borrowings (including current portion)	353,183	371,819
	<u>\$849,016</u>	<u>\$829,000</u>
Lease liabilities	<u>\$249</u>	<u>\$535</u>

B. Financial risk management policies

- (A) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on unpredictable events in the financial market and seeks to reduce the potential adverse impact on the Company's financial condition and financial performance.
- (B) Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity

C. The nature and extent of the material financial risk

- (A) Market risk

Foreign exchange risk

- (a) The Company operates internationally and is exposed to foreign exchange risk arising, primarily with respect to the United States Dollar and Chinese RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities, and net investment in foreign operating institutions.
- (b) The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- (c) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD; certain subsidiaries' functional currency: CNY, SGD, HKD and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation is as follows:

December 31, 2024				
	Foreign currency amount			Book value
	(in thousands)	Exchange rate		NTD
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD: NTD	\$ 913	32.79	\$	29,933
CNY: NTD	2,502	4.48		11,204
Financial liabilities				
Monetary items				
USD: NTD	\$ 15	32.79	\$	492
CNY: NTD	5,499	4.48		24,625
December 31, 2023				
	Foreign currency amount			Book value
	(in thousands)	Exchange rate		NTD
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD: NTD	\$ 2,169	30.71	\$	66,599
CNY: NTD	3,056	4.33		13,223
Financial liabilities				
Monetary items				
USD: NTD	\$ 22	30.71	\$	676
CNY: NTD	219	4.33		948

- (d) The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023, amounted to \$3,671 thousand and 1,227 thousand, respectively.
- (e) Analysis of foreign currency market risk arising from significant foreign exchange variation:

	2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other Degree of comprehensive
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	\$299	\$ -
CNY::NTD	1%	\$112	
Financial liabilities			
Monetary items			
USD: NTD	1%	(\$ 5)	\$ -
CNY::NTD	1%	(246)	-

	2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other Degree of comprehensive
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	\$666	\$ -
	1%	\$132	
Financial liabilities			
Monetary items			
USD: NTD	1%	(\$ 7)	\$ -
CNY::NTD	1%	(9)	-

Cash flow and fair value interest rate risk

- (a) The Company's main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Part of the risk is offset by cash and cash equivalents held at floating interest rates. Loans issued at fixed interest rates expose the Company to fair value interest rate risk. During the years ended December 31, 2024 and 2023, the Company's borrowings at variable rate were mainly denominated in NTD
- (b) According to the simulated execution results, the maximum impact of a 1% change in interest rate on the after tax net (loss) profit of the year 2024 and 2023 was \$6,277 thousand and \$6,271 thousand respectively. These simulations are conducted semiannually to confirm that the maximum possible loss is within the limit set by the managements.

Price risk

The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of

these equity securities had increased/decreased by 1% with all other variables held constant, increased/decreased of the year 2024 and 2023 was \$55 thousand yuan and \$54 thousand respectively. as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(B) Credit risk

- (a) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of equity instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.
- (b) For banks and financial institutions, after reviewing deposit ratings, only the counterparties with good credit quality are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.
- (c) The Company adopts the assumptions under IFRS 9, to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- (d) The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- (e) The Company will adopt a simplified method to estimate the expected credit loss based on the loss rate method for customers' accounts receivable
- (f) The Company incorporates forward-looking considerations for the future to adjust the loss rates established based on historical and current information for a particular period to estimate the provision for losses receivable. As of December 31, 2024 and 2023, the loss rate method is as follows:

	Expected loss rate	Total book value	Loss allowance
<u>December 31 , 2024</u>			
Not past due	0.00%	\$32,434	-
1to30days	0.83%	604	5
31 to 90days	1.14%	616	7
		<u>\$20,074</u>	<u>12</u>
<u>December 31 , 2023</u>			
Not past due	0.00%	\$19,518	-
1to30days	0.00%	6	-
31 to 90days	1.09%	550	6
		<u>\$20,074</u>	<u>6</u>

- (g) Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2024
Accounts receivable	
1-Jan	6
Reversal of impairment losses	6
31-Dec	12
	2023
Accounts receivable	
1-Jan	\$65
Reversal of impairment losses	(59)
31-Dec	\$65

(C) Liquidity risk

- (a) Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- (b) Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head -room as determined by the above-mentioned forecasts.
- (c) The Company has the following undrawn borrowing facilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Floating rate:		
Expiring within one year	-	\$36,500

- (d) The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity Companying's based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	\$ 436,019	\$ -	\$ -	\$ -	\$ 436,019
Notes payable	18,387	-	-	-	18,387
Accounts payable	4,709	-	-	-	4,709
Accounts payable- related parties	25,424	-	-	-	25,424
Other payables	15,813	-	-	-	15,813
Lease liability(Including current and non-current)	154	46	54	-	254
Long-term borrowings(including current portion)	49,527	45,280	80,802	234,154	409,763

Non-derivative financial liabilities:

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	\$372,489	\$ -	\$ -	\$ -	\$372,489
Notes payable	84,282	-	-	-	84,282
Accounts payable	20,411	-	-	-	20,411
Accounts payable- related parties	18,431	-	-	-	18,431
Other payables	28,072	-	-	-	28,072
Lease liability(Including current and non-current)	1,113	263	246	8	1,630
Long-term borrowings(including current portion)	52,831	50,146	106,654	268,238	477,869

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 3: Unobservable inputs for the asset or liability.

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature,: The related information of natures of the assets and liabilities is as follows:

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements Financial assets at fair value through other comprehensive income- Equity securitie	\$ -	\$ -	\$ 6,930	\$ 6,930
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements Financial assets at fair value through other comprehensive income- Equity securitie	\$ -	\$ -	\$ 5,600	\$ 5,600

C. For the years ended December 31, 2024 and 2023, from Level 3. is as follows:

	2024	2023
Beginning balance	\$ 5,600	\$ 5,138
recognized in other comprehensive income	1,330	462
Ending balance	\$ 6,930	\$ 5,600

D. For the years ended December 31, 2024 and 2023, there was no transfer into or out from Level 3.

E. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

31-Dec-23	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 6,930	Market Approach	Lack of market liquidity	30%	The higher the market liquidity discount, the lower the fair value
31-Dec-22	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 5,600	Net asset value	Lack of market liquidity	30%	The higher the market liquidity discount, the lower the fair value

F. The Company has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income of financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

					<u>2024</u>		
	Input	Change	Recognized in income		Recognized in other comprehensive income		
			Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Unlisted shares	Lack of market liquidity	±10%	\$	- \$	-	\$693	(\$693)
					<u>2023</u>		
	Input	Change	Recognized in income		Recognized in other comprehensive income		
			Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Unlisted shares	Lack of market liquidity	±10%				\$560	(\$560)

13. Supplementary Disclosures

A. Significant transactions Information

- (a) Loans to others: Please refer to table 1.
- (b) Provision of endorsements and guarantees to others: Please refer to table 2.
- (c) Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- (d) Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- (e) Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- (f) Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- (g) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- (h) Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- (i) Trading in derivative instruments undertaken during the reporting periods: None.
- (j) Significant inter-company transactions during the reporting periods: Please refer to table 4.

B. Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

C. Information on investments in Mainland China

- (a) Basic information: Please refer to table 6.
- (b) Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

14. Segment Information

Not applicable.

JOY INDUSTRIAL. CO, LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Cash on hand and petty cash		\$ 376
Cash in banks:		
Checking accounts and NTD		24,728
demand deposits		15,860
Foreign currency demand deposits	USD1,754K at exchange rate approximately 30.71	
demand deposits		5,894
Foreign currency demand deposits	RMB2,338K at exchange rate approximately 4.327	
Other		319
		<u>\$ 47,177</u>

(Remainder of page intentionally left blank)

JOYINDUSTRIAL. CO, LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Customer Name	Description	Amount	Note
A		\$ 15,909	
B		2,768	
C		2,609	
D		2,232	
E		1,976	
Other		7,134	None of the balance of each remaining client is greater than 5% of this account balance
		32,628	
Less : Allowance for uncollectible accounts		(12)	
		<u>\$ 32,616</u>	

(Remainder of page intentionally left blank)

JOYINDUSTRIAL. CO, LTD...
STATEMENT OF INVENTORIES
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Item	Description	Amount		Note
		Cost	Market Value	
Raw materials		\$ 17,863	\$ 13,889	Replacement cost metho
Work in progress		15,220	31,375	Net Realisable Value
Finished goods		28,127	35,022	Net Realisable Value
Goods		48,143	2,651	Net Realisable Value
		\$ 109,353	\$ 82,937	
Less: Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories		(74,420)		
		\$ 34,933		

(Remainder of page intentionally left blank)

JOYINDUSTRIAL. CO, LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Name	Beginning Balance		Addition(note1)		Decrease(note2)		Ending Balance		Market Value or Net				
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership%	Amount	Unit Price	Total Amount	Collateral	Note
JOYTECH	21,057,104	\$ 683,309	-	102,000	-	\$ -	21,057,104	100%	785,309	\$0.03	785,309	None	none
Novatec EU	-	16,194	-	1,957	-	-	-	100%	18,151	-	18,151	None	none
Novatec US	-	5,239	-	1,121	-	-	-	100%	6,360	-	6,360	None	none
		<u>\$ 704,742</u>		<u>\$ 105,078</u>		<u>\$ -</u>			<u>809,820</u>		<u>809,820</u>		

Note 1: The increase included investment income, exchange differences on translation of financial statements of foreign operations and increase in investment.

Note 2: Decrease includes investment loss, exchange differences on translation of financial statements of foreign operations and decrease in investment amount.

(Remainder of page intentionally left blank)

JOYINDUSTRIAL. CO, LTD...
STATEMENT OF SHORT-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Type of loan	Amount	Contract period	Range of Interest rate	Financing limit	Mortgage or guarantee	Note
Guaranteed loan	\$ 40,000	2024. 08. 16~2025. 08. 02	2. 78%	\$ 40,000	Land and Buildings	Financial institution
Guaranteed loan	19,500	2024. 07. 29~2025. 04. 15	2. 78%	19,500	Land and Buildings	Financial institution
Guaranteed loan	200,000	2024. 08. 14~2025. 08. 14	2. 31%	200,000	Land and Buildings	Financial institution
Guaranteed loan	120,000	2024. 03. 01~2025. 03. 01	2. 50%	120,000	Land and Buildings	Financial institution
Credit loan	29,400	2024. 04. 03~2025. 04. 03	2. 68%	29,400	Note	Financial institution
Credit loan	7,000	2024. 04. 19~2025. 04. 19	2. 63%	7,000	Note	Financial institution
Credit loan	3,000	2024. 04. 19~2025. 04. 19	2. 63%	3,000	Note	Financial institution
Credit loan	12,600	2024. 04. 03~2025. 04. 03	2. 68%	12,600	Note	Financial institution
	<u>\$ 431,500</u>			<u>\$ 431,500</u>		

Note: The above loans are guaranteed by the SME Credit Guarantee Fund.

J OY INDUSTRIAL. CO, LTD.
STATEMENT OF Notes Payable
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Item	Description	Amount	Note
A		\$ 2,367	
B		1,952	
C		1,682	
D		1,543	
Other		10,843	None of the balance of each remaining supplier is greater than 5% of this account balance
		<u>\$ 18,387</u>	

Statement 7

JOYINDUSTRIAL. CO, LTD...
STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Type of loan	Amount	Contract period	Range of Interest rate	Financing limit	Mortgage or guarantee	Note
Guaranteed loan	\$ 281, 000	2017. 04. 24~2035. 04. 24	2. 51%	\$ 281, 000	Land and Buildings	Financial institution
Guaranteed loan	12, 789	2017. 08. 24~2027. 08. 24	2. 58%	12, 789	Land and Buildings	Financial institution
Guaranteed loan	25, 423	2021. 09. 29~2026. 08. 29	2. 61%	25, 423	Land and Buildings	Financial institution
Credit loan	6, 547	2023. 11. 06~2028. 11. 06	2. 22%	6, 547	note	Financial institution
Credit loan	3, 754	2024. 04. 03~2029. 04. 03	2. 22%	3, 754	note	Financial institution
Credit loan	3, 131	2024. 05. 03~2029. 04. 03	2. 22%	3, 131	note	Financial institution
Credit loan	1, 605	2024. 06. 03~2029. 04. 03	2. 22%	1, 605	note	Financial institution
Credit loan	3, 098	2024. 07. 03~2029. 04. 03	2. 22%	3, 098	note	Financial institution
Credit loan	3, 462	2024. 08. 03~2029. 04. 03	2. 22%	3, 462	note	Financial institution
Credit loan	3, 128	2024. 09. 03~2029. 04. 03	2. 22%	3, 128	note	Financial institution
Credit loan	9, 246	2023. 10. 17~2028. 10. 17	2. 22%	9, 246	note	Financial institution
	<u>\$ 353, 183</u>			<u>\$ 353, 183</u>		

Note: The above loans are guaranteed by the SME Credit Guarantee Fund.

JOY INDUSTRIAL. CO, LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Item	Volume (thousands)	Amount	Note
Hub parts	191 PCS	\$ 98,773	
Parts-Others	1034 PCS	35,271	
Wheel	20 PCS	90,102	
Parts- quick release	20 PCS	1,668	
		<hr/>	
		225,814	
Less: Sales returns		(7,073)	
Sales discounts		<hr/> (682)	
		<hr/>	
		\$ 218,059	

(Remainder of page intentionally left blank)

JOYINDUSTRIAL. CO, LTD.
STATEMENT OF COST OF GOOD SOLD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

<u>Item</u>	<u>Amount</u>
<u>Beginning inventories</u>	\$ 71,903
Add: Purchase for the year	36,457
Less: Ending inventories	(48,143)
Transfer to various expenses	60,217
Cost of goods purchased and sold	
Cost of sales of self-manufactured products	20,835
Beginning raw materials	50,528
Add: Purchase for the year	(17,863)
Less: Ending inventories	(139)
Transfer to various expenses	53,361
Raw materials used	19,866
Add: Direct labor	52,101
Manufacturing expense	125,328
Manufacturing cost	13,471
Add: Beginning work in progress	(15,220)
Less: Ending work in progress	(331)
Transfer to various expenses	123,248
Cost of finished goods	29,505
Add: Beginning finished goods	(28,127)
Less: Ending finished goods	(1,981)
Transferred to various expenses	122,645
Loss on scrapping of finished goods	182,862
Cost of goods manufactured and sold	(1,636)
Gain on physical inventories	11,081
Loss on slow-moving inventories and valuation loss	314
Warranty cost	\$ 192,621
Operating costs	\$ 71,903

JOYINDUSTRIAL CO, LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Description	Amount	Note
Depreciation		\$ 12,476	
Wages and salaries		11,519	
manufacturing			
overhead outsourced		12,111	
Insurance expense		3,974	
Water and Elec.			
Expense		3,671	
			each remaining client is greater than 5% of this account balance
Other expenses		8,350	
		<u>\$ 52,101</u>	

JOY INDUSTRIAL. CO, LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Selling expenses	Administrative expenses	Research and development expenses	Total
Wages and salaries	\$ 7,375	\$ 21,865	\$ 9,866	\$ 39,106
Import/export (customs) expense	3,756	-	-	3,756
Freight				
Depreciation	3,300	4,577	1,498	9,375
Insurance expense	3,007	3,044	1,137	7,188
advertising expense	3,754	-	-	3,754
Professional service fees	-	3,137	852	3,989
Miscellaneous	-	3,055	-	3,055
Other	4,362	12,668	2,959	19,989
	\$ 25,554	\$ 48,346	\$ 16,312	\$ 90,212

(Remainder of page intentionally left blank)

JOY INDUSTRIAL. CO, LTD.

Loans to others
January 1, 2024 to December 31, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

(Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 30, 2024 (Note 5)	Balance at December 31, 2024 (Note 7,8 and 9)	Actual amount drawn down (Note 2)	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 2)	Note
0	JOY INDUSTRIAL. CO, LTD	NOVATEC(US)	Other-receivables	Y	\$ 2,340	\$ -	\$ -	0 %	1	\$ 2,795	Business Transactions	-	N	\$ -	\$ 3,354	\$257,169
1	Joy Industrial (Shenzhen)	JOY (Tai zhou)	Other - receivables	Y	18,180	17,912	8,956	0%	2	\$ -	Additional Operating capital	\$ -	N	-	\$160,731	\$257,169
2	Novatec (Shenzhen)	JOY (Tai zhou)	Other-receivables	Y	27,270	26,869	26,869	0%	2	-	Additional Operating capital	-	N	-	74,612	74,612
3	Joy Cycle Parts (Kunshan)	JOY (Tai zhou)	Other-receivables	Y	18,180	17,912	17,912	0%	2	-	Additional Operating capital	-	N	-	42,517	42,517

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: (1) Joy Industrial Shenzhen is engaged in capital lending between foreign companies whose parent company directly or indirectly holds 100% of the voting shares, it shall not exceed 100% of its enterprise net worth and 40% of the parent company's net worth.
(2) Novtec Shenzhen is engaged in capital loans between foreign companies whose parent company irectly or indirectly holds 100% of the voting shares, to the extent that it does not exceed 100% of its corporate net worth and 40% of the parent company's net worth.
(3) Joy Cycle Parts Kunshan is engaged in capital lending between foreign companies whose parent company directly or indirectly holds 100% of the voting shares, to the extent that it does not exceed 100% of its net worth and 40% of the net worth of the parent company.

Note 3: (1) for a single enterprise that needs short-term financing funds, the amount of individual loans granted by Joy Industrial Shenzhen shall not exceed 100% of its net worth and 25% of the net worth of the parent company.
(2) For a single enterprise with business contacts, the amount of individual loans made by Novtec Shenzhen shall not exceed 100% of its net worth and 25% of the net worth of the parent company.
(3) For a single enterprise that needs short-term financing funds, the amount of individual loans made by Joy Cycle Parts Kunshan shall not exceed 100% of its corporate net worth and 25% of the parent company's net worth.

Note 4: (1) have business dealings with the company.
(2) Where there is a need for short-term financing.

JOY INDUSTRIAL. CO, LTD.

Provision of endorsements and guarantees to others

January 1, 2024 to December 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsemen ts/ guarantees provided for a single party (Note 4)	Maximum outstanding endorsement/ guarantees amount as of December 31, 2024 (Note 5)	Outstanding endorsement/ guarantee amount at December 31, 2024 (Note 6)	Actual amount drawn down (Note 7)	Amount of endorsements/ secured with Collateral (Note 8)	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 9)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 9)	Provision of endorsements/ guarantees to the party in Mainland China (Note 9)	Note
		Company name	Relationship with the endorser/ guarantor (Note 3)											
0	JOY INDUSTRIAL. CO, LTD.	Joy Industrial (Shenzhen)	2	\$ 257,169	\$ 118,170	\$ 116,428	\$ 26,086	\$ -	0.18	\$ 321,462	Y	N	Y	
0	JOY INDUSTRIAL. CO, LTD.	Xiamen Fengda	2	257,169	36,360	35,824	7,497	-	0.06	321,462	Y	N	Y	
0	JOY INDUSTRIAL. CO, LTD.	JOY (Tai zhou)	2	257,169	68,175	67,170	38,811	-	0.10	321,462	Y	N	Y	
1	Joy Industrial (Shenzhen)	JOY INDUSTRIAL. CO, LTD.	3	257,169	86,355	85,082	40,000	48,506	0.18	321,462	N	Y	N	

Note 1: The "balance and amount" mentioned in this table, except for the actual moving and disbursing amount (Note 7) item B, refer to the date of the fact (the date of the resolution of the board of directors, the date of the transaction signing, the date of payment) in accordance with Article 7 of the handling standards. or other dates that are sufficient to determine the transaction object and the transaction amount, whichever is the former) to endorse the guarantee amount or amount for others.

Note 2: The description of the serial number column is as follows:

- (1) The company enters 0
- (2) Invested companies are numbered in sequence starting from the Arabic numeral 1 according to the company type, and the codes of the same company shall be the same.

Note 3: There are the following seven types of relationship between the endorser and the endorsed object, and the type can be indicated:

- (1) Companies with business relationships.
- (2) A company in which the company directly or indirectly holds more than 50% of the voting shares.
- (3) Companies that directly or indirectly hold more than 50% of the voting shares of the company.
- (4) Between companies in which the company directly or indirectly holds more than 90% of the voting shares.
- (5) A company that is endorsed and guaranteed by all the capital contributors according to their shareholding ratio due to the joint investment relationship.
- (6) A company that is endorsed and guaranteed by each of the contributing shareholders in accordance with their shareholding ratios due to a joint investment relationship.
- (7) Joint and several guarantees for the performance of the pre-sale house sales contract between the peers in accordance with the Consumer Protection Law.

Note 4: In accordance with the operating procedures for endorsement and guarantee for others, the company has set the limit of endorsement guarantee for individual objects and the maximum amount of endorsement guarantee, and the calculation method is explained below.

- (1) The maximum limit of endorsement and guarantee by the company shall not exceed 50% of the company's net worth. The limit of endorsement and guarantee for a single enterprise shall not exceed 40% of the company's net worth.
- (2) The maximum limit of Shenzhen Traffic's endorsement guarantee and the limit of endorsement guarantee for a single enterprise shall not exceed 100% of the net worth of the latest financial report; and the maximum limit shall not exceed 50% of the parent company's net worth. The guarantee limit shall not exceed 40% of the parent company's net worth.

Note 5: Accumulate the highest balance of endorsement guarantees by others from the current year to the reporting month.

Note 6: Guaranteed amount/amount for endorsement by others that still exists until the reporting month.

Note 7: The actual expenditure amount of the endorsed guarantee company within the range of the endorsement guarantee amount/amount.

Note 8: The amount guaranteed by property in the endorsement guarantee.

Note 9: It is only necessary to enter Y if it belongs to the endorsement guarantor of the company to the subsidiary company, the endorsement guarantor of the subsidiary company to the company, or the endorsement guarantor of the mainland region.

JOY INDUSTRIAL. CO, LTD.									
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)									
<u>Year ended December 31, 2024</u>									
Expressed in thousands of NTD									
(Except as otherwise indicated)									
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Note	
JOY INDUSTRIAL. CO, LTD	TAICHUNG INTERNATIONAL ENTERTAINMENT	-	Current financial assets at fair value through profit or loss	2	\$ 6,390	-	\$ 6,390		

Note 1: the term "securities" in this table refers to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of International Accounting Standard No. 39 "financial instruments: recognition and measurement".

Note 2: if the issuer of securities is not a related party, this column is not required.

Note 3: for the book amount measured at fair value, please fill in the book balance after fair value evaluation adjustment and deducting accumulated impairment in column B; For non-fair value measurement, please fill in the book balance of original acquisition cost or amortized cost minus accumulated impairment in column B of book amount.

Note 4: if the listed securities have restricted users due to the provision of guarantees, pledged loans or other agreements, the number of guaranteed or pledged shares, the amount of guaranteed or pledged loans and the restricted use shall be indicated in the remarks column.

Table 4

JOY INDUSTRIAL CO, LTD.
Names, locations and other information of investee companies (excluding investees in Mainland China)
January 1, 2024 to December 31, 2024

Investor	Investee	Location	Main Businesses	Original investment amount		Shares	Percentage Of ownership	Book value	Expressed in thousands of NTD (Except as otherwise indicated)		Note
				Balance as at December 31, 2024	Balance as at December 31, 2023				Net income (loss) of the investee	Investment Income (loss) recognized by the Company	
JOY INDUSTRIAL CO, LTD.	JOYTECH	Singapore	Holding company	\$ 616,491	\$ 616,491	21,057,104	100	\$ 785,309	\$ 76,602	\$ 81,863	Note
JOY INDUSTRIAL CO, LTD.	NOVATEC(EU)	Slovakia	Mainly trading the same products as our company	10,121	10,121	-	100	18,151	527	527	Note
JOY INDUSTRIAL CO, LTD.	NOVATEC(US)	United States	Mainly trading the same products as our company	8,685	8,685	-	100	6,360	(1,925)	(1,925)	Note
JOYTECH	JOY NOVA	Anguilla	Holding company	66,971	66,971	4,726,393	100	42,527	6,655	6,655	Note
JOYTECH	PRIMA	Anguilla	Holding company	110,000	110,000	1,000,000	100	74,614	11,175	11,175	Note
JOY NOVA	TOY(H.K)	Hong Kong	Holding company	30,380	30,380	10,000	100	20,787	3,254	3,254	Note
JOY NOVA	NOVA INDUSTRIAL	British Virgin Islands	Holding company	36,591	36,591	50,000	100	42,527	3,401	3,401	Note

Note : The investment income recognized by the company includes unrealized profits and losses and realized interests of forward and reverse current transactions

Table 5

JOY INDUSTRIAL CO, LTD.													
Names, locations and other information of investee companies (investees in Mainland China)													
January 1, 2024 to December 31, 2024													
Investee in Mainland China	Main Businesses	Paid-in capital	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan of Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2024 (Note2)	Book value of investments in December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	NOTE
					Remitted to Mainland China	Remitted back to Taiwan							
Joy Industrial (Shenzhen)	Bicycles, automobiles, transportation equipment Production and trading of spare parts	\$ 190,737	(note 1)	\$ 190,737	\$ -	\$ -	\$ 190,737	\$ 79,130	100%	\$ 75,088	\$ 494,669	\$ -	
Novatec Wheels (Shenzhen)	Production and trading of bicycle flower drums, hardware products, transportation equipment motors, controllers and other parts.	3,747	(note 1)	110,000	-	-	110,000	11,175	100%	10,241	74,612	-	
Joy Cycle Parts	Production of precision stamping dies, molds, bicycle flower drums, flywheel, transmission and other parts production and trading	24,415	(note 1)	90,000	-	-	90,000	6,655	100%	7,210	42,517	-	
Joy Precision (Tai Zhou)	Production and trading of spare parts for bicycles	309,069	(note 1)	229,578	-	-	229,578	(20,362)	100%	(20,278)	205,747	-	
Xiamen Fengda Sports	Design, development, and production of carbon fiber coated molds, heating forming bicycles and related accessories	28,595	(note 3)	-	-	-	-	52,988	83%	49,089	82,414	-	
Note 1: reinvest in mainland companies through investment in companies established in third regions.													
Note 2: the financial statements have been reviewed by the certified public accountant of the parent company in Taiwan.													
Note 3: other methods (investment in mainland China by subsidiary companies).													
			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs		Ceiling on investments in Mainland China imposed by the Investment							
Company name													
JOY INDUSTRIAL CO, LTD.			\$	620,315	\$	632,315	\$	-					

(Page intentionally left blank)

(End of report)

JOY INDUSTRIAL CO., LTD

Chairman : SHIH-WEI CHEN

Jun 10, 114 years of the Republic of China