

UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES

Consolidated Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2024 and 2023

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Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Consolidated financial statements

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STATEMENT

For the year 2024 (from January 1, 2024 to December 31, 2024), the companies that should be included in the preparation of the consolidated financial statements of the Company in accordance with the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those that should be included in the preparation of the parent-subsidiary consolidated financial statements in accordance with IFRS 10. Furthermore, all relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has already been disclosed in the aforementioned parent-subsidiary consolidated financial statements. Therefore, no separate consolidated financial statements of affiliated enterprises were prepared.

Sincerely,

Company Name: United Orthopedic Corporation

Person in charge: Lin, Yan-Sheng

March 7, 2025

INDEPENDENT AUDITORS' REPORT

To United Orthopedic Corporation:

Audit opinion

We have audited the consolidated balance sheets of United Orthopedic Corporation and its subsidiaries as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, statements of changes in equity, statements of cash flows, and notes to the consolidated financial statements (including summary of significant accounting policies) for the years then ended.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of United Orthopedic Corporation and its subsidiaries as of December 31, 2024 and 2023, and their consolidated financial performance and consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Audit Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. 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 United Orthopedic Corporation and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China ("the Code"), and we have fulfilled our other responsibilities under the Code. 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 ones that were of most significance in our audit of the consolidated financial statements of United Orthopedic Corporation for the year ended December 31, 2024 based on our professional judgment. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (cont.)

Inventory Valuation

The net inventories of United Orthopedic Corporation and its subsidiaries as of December 31, 2024 were NT\$1,873,378 thousand, which accounted for 27% of the consolidated total assets. It was considered significant to the consolidated financial statements. With the continuous innovation of orthopedic supplies and equipment production technology, the inventory may become outdated or the selling price may drop. The estimated net realizable value and obsolescence loss involve significant management judgment. We believed that inventory valuation was of significance to the audit of consolidated financial statements; hence, we determined inventory valuation to be a key audit item. Our audit procedures include, but are not limited to, the following: evaluating the appropriateness of management's accounting policies for slow-moving and obsolete inventory, including the identification of slow-moving and obsolete inventory; understanding and assessing the appropriateness of internal controls established by management for inventory devaluation and slow-moving losses, and testing their effectiveness; conducting physical inventory counts to confirm the condition and safekeeping of inventory; selecting inventory samples and tracing them to purchase and sales documents; performing recalculations of inventory valuation. We also considered the appropriateness of inventory disclosures in Note 5 and Note 6 to the consolidated financial statements.

Revenue Recognition

The primary products of United Orthopedic Corporation and its subsidiaries are orthopedic implants – artificial hip joints, artificial knee joints, and trauma-treatment products. In the fiscal year 2024, they recognized revenue of NT\$4,653,130 thousand, which is material to the consolidated financial statements. Due to the nature of the industry, the performance obligation is not satisfied until the customer obtains control over the goods. We believe that the recognition of revenue from contracts with customers was of significance to the audit of consolidated financial statements; hence, we determine revenue recognition to be a key audit item. Our audit procedures include but are not limited to the following audit procedures: We evaluated the appropriateness of the accounting policy for revenue recognition, and learned and tested the effectiveness of internal control established by management for sales cycle. We ensured that revenue is recognized when control over the product was transferred, including the selection of important customers as samples to verify transaction terms and relevant documents. We conducted analytical procedures on product types, regions and monthly gross margins. We also conducted analytical procedures on significant sales returns and allowance to understand the reasons for those transactions. We run the sales cut-off tests before and after the balance sheet date. We also considered the appropriateness of operating revenue disclosures in Note 6 to the consolidated financial statements.

Key Audit Matters (cont.)

Recognition of intangible assets arising from internal development

The net carrying amount of intangible assets of United Orthopedic Corporation and its subsidiaries was NT\$61,973 thousand on December 31, 2024, which is significant for the consolidated financial statements. United Orthopedic Corporation and its subsidiaries invested a significant amount of development costs on orthopedics equipment, including hip/knee replacements and surgical instruments, due to their corporate structure; in addition, the expenditures of capital has been transformed into intangible assets generated by internal developments. In order to meet the six capitalization requirements for development stage stated in IAS 38, United Orthopedic Corporation and its subsidiaries needed to provide technical feasibility assessments by project types to identify that a particular technology had reached technical feasibility. Moreover, the finance department shall conduct capitalization project assessments by development project. The management executed the aforementioned assessments on individual project based on internal and external information. As management's judgment and assumptions were involved, we determined this to be a key audit item. Our audit procedures include (but are not limited to) reviewing the appropriateness of accounting policies for capitalization of internally developed intangible assets; understanding and assessing the appropriateness of internal controls established by management for internally developed intangible assets and testing their effectiveness; sampling project reports to review management's assessment of the technical feasibility and future economic benefits of intangible assets; selecting various expenditures attributed to the development phase and verifying related documents to confirm the appropriateness of project cost attribution. We also considered the appropriateness of intangible assets disclosures in Note 5 and Note 6 to the consolidated financial statements.

Responsibilities of the management and governance bodies for the consolidated financial statements

The responsibilities of management are to prepare fairly presented 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, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and issued into effect by the Financial Supervisory Commission, and to maintain necessary internal controls relevant to the preparation of consolidated financial statements to ensure that consolidated financial statements are free from material misstatement due to fraud or error.

Responsibilities of the management and governance bodies for the consolidated financial statements (cont.)

In preparing the consolidated financial statements, the management is responsible for assessing the ability of United Orthopedic Corporation and its subsidiaries in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the United Orthopedic Corporation and its subsidiaries or cease the operations, or has no realistic alternative but to do so.

The governance bodies of United Orthopedic Corporation and its subsidiaries (including the Audit Committee or Supervisors) are responsible for supervising the 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 misstatements, 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 will always detect a material misstatement when it exists in the consolidated financial statements. Misstatements may result from fraud or error. Misstatements 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 the consolidated financial statements.

We have exercised our professional judgment and maintained professional doubt when exercising auditing work according to the auditing standards generally accepted in the Republic of China. The accountant will also perform the following duties:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the consolidated financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit 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 necessary knowledge concerning internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of United Orthopedic Corporation and its subsidiaries.

Auditors' responsibilities for the audit of the consolidated financial statements (cont.)

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Based on the audit evidence obtained, we conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on the ability of United Orthopedic Corporation and its subsidiaries 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 result in United Orthopedic Corporation and its subsidiaries ceasing to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the consolidated financial statements (including relevant Notes), and whether the consolidated financial statements fairly present relevant transactions and items.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within United Orthopedic Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit and the preparation of an audit opinion on United Orthopedic Corporation.

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

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

From the matters communicated with governance bodies, we determine the key audit matters within the audit of consolidated financial statements for the year ended December 31, 2024 for United Orthopedic Corporation and its subsidiaries. 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.

Others

We have also audited the Consolidated Financial Statements of United Orthopedic Corporation for 2024 and 2023, of which unqualified opinions were issued for further reference.

Ernst & Young

Approval Number from Competent Authority for the Auditing and Attestation of Public Companies' Financial Statements by Certified Public Accountants:

Financial Supervisory Commission Securities Examination No. 1120349153

Financial Supervisory Securities Official Letter No. VI-0930133943

Lin, Shih-Huan

CPA:

Hsu, Jung-Huang

March 7, 2025

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UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
December 31, 2023⁴ and December 31, 2022³

Unit: NT\$1,000

Code	Assets	Note	December 31, 2024		December 31, 2023	
	Accounting Items		Amount	%	Amount	%
	Current Assets					
1100	Cash and cash equivalents	4 and 6(1)	\$610,682	9	\$449,020	7
1110	Financial assets at fair value through profit or loss - current	4 and 6(2)	9,005	-	8,887	-
1150	Net notes receivable	4, 6(5) and 6(20)	3,552	-	3,379	-
1170	Net accounts receivable	4, 6(6) and 6(20)	1,031,651	15	955,080	15
1180	Accounts receivable - related parties	4, 6(6), 6(20) and 7	146,574	2	124,250	2
1197	Net receivables under finance leases	4, 6(7), 6(20) and 6(21)	18,319	-	9,128	-
1200	Other receivables	4 and 7	22,828	-	25,253	-
1210	Other receivables – related parties	4 and 7	7,644	-	4,410	-
1220	Current income tax assets	4 and 6(25)	11,982	-	1,306	-
130x	Inventories	4 and 6(8)	1,873,378	27	1,691,336	26
1410	Prepayments	7	82,224	1	106,938	2
1470	Other current assets		4,565	-	4,801	-
11xx	Total current assets		<u>3,822,404</u>	<u>54</u>	<u>3,383,788</u>	<u>52</u>
	Non-current assets					
1510	Financial assets at fair value through profit or loss – non-current	4 and 6(2)	8,184	-	8,459	-
1517	Financial assets at fair value through other comprehensive income – non-current	4 and 6(3)	56,808	1	54,853	1
1535	Financial assets at amortized cost – non-current	4, 6(4), 6(20) and 8	10,916	-	9,853	-
1550	Investments accounted for using the equity method	4 and 6(9)	330,603	5	372,254	6
1600	Property, plant, and equipment	4, 6(10) and 8	1,790,732	26	1,580,581	25
1755	Right-of-use assets	4 and 6(21)	178,876	3	186,172	3
1780	Intangible Assets	4, 6(11), 6(12) and 7	577,624	8	571,465	9
1840	Deferred income tax assets	4 and 6(25)	159,697	2	112,363	2
1900	Other non-current assets	7	63,492	1	110,675	2
194D	Long-term net receivables under finance leases	4, 6(7), 6(20) and 6(21)	26,306	-	18,430	-
1975	Net defined benefit assets - non-current	4 and 6(17)	13,845	-	7,977	-
15xx	Total non-current assets		<u>3,217,083</u>	<u>46</u>	<u>3,033,082</u>	<u>48</u>
1xxx	Total assets		<u>\$7,039,487</u>	<u>100</u>	<u>\$6,416,870</u>	<u>100</u>

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Sheng

Managerial officer: LIN Deqiong

Accounting Manager: Teng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
December 31, 2023⁴ and December 31, 2022³

Unit: NT\$1,000

Code	Liabilities and Equity	Note	December 31, 2024		December 31, 2023	
	Accounting Items		Amount	%	Amount	%
	Current Liabilities					
2100	Short-term loans	4 and 6(13)	\$1,167,533	17	\$667,742	10
2130	Contract liabilities - current	4 and 6(19)	861	-	1,993	-
2150	Notes payable	4	1,733	-	2,842	-
2170	Accounts Payable	4	103,269	2	196,246	3
2180	Accounts payable – related parties	4 and 7	27,857	-	13,690	-
2200	Other payables	4	850,600	12	770,302	12
2220	Other payables - related parties	4 and 7	5,486	-	-	-
2230	Current income tax liabilities	4 and 6(25)	90,988	1	82,305	1
2280	Lease liabilities - current	4 and 6(21)	28,900	-	29,101	-
2300	Other current liabilities	7	43,327	1	49,830	1
2322	Long-term loan due within one year or one operating cycle	4, 6(16) and 8	150,244	2	76,814	1
21xx	Total current liabilities		2,470,798	35	1,890,865	28
	Non-Current Liabilities					
2500	Financial Liabilities at Fair Value through Profit or Loss - non-current	4 and 6(14)	-	-	1,762	-
2530	Corporate bonds payable	4 and 6(15)	-	-	226,264	4
2540	Long-term loans	4, 6(16) and 8	357,003	5	464,949	7
2570	Deferred income tax liabilities	4 and 6(25)	47,779	1	10,833	-
2580	Lease liabilities – non-current	4 and 6(21)	157,540	2	164,360	3
2600	Other non-current liabilities		5,369	-	5,393	-
2630	Long-term deferred revenue	6(9)	51,037	1	58,371	1
25xx	Total non-current liabilities		618,728	9	931,932	15
2xxx	Total liabilities		3,089,526	44	2,822,797	43
31xx	Equity attributable to owners of the parent company	4, 6(18) and 6(27)				
3100	Capital Stock					
3110	Capital stock - common shares		964,367	14	877,379	14
3120	Capital stock - preferred stock		-	-	3,737	-
3130	Bonds conversion rights certificate		-	-	44,171	-
	Total capital stock		964,367	14	925,287	14
3200	Capital Surplus		2,223,879	32	2,023,236	32
3300	Retained Earnings					
3310	Legal reserve		164,315	2	125,958	2
3320	Special reserve		102,046	1	98,377	2
3350	Undistributed earnings		462,279	7	426,860	7
	Total retained earnings		728,640	10	651,195	11
3400	Other Equity Interest					
3410	Exchange differences on translation of financial statements of foreign operations		(63,602)	(1)	(99,811)	(2)
3420	Unrealized gains (losses) from financial assets at fair value through other comprehensive income		(745)	-	(2,234)	-
	Total other equity interest		(64,347)	(1)	(102,045)	(2)
31xx	Total equity attributable to owners of the parent company		3,852,539	55	3,497,673	55
36xx	Non-Controlling Interests		97,422	1	96,400	2
3xxx	Total equity		3,949,961	56	3,594,073	57
	Total liabilities and equity		\$7,039,487	100	\$6,416,870	100

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Sheng

Managerial officer: LIN Deqiong

Accounting Manager: Teng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2024 and 2023

Unit: NT\$1,000

Code	Accounting Items	Note	2024		2023	
			Amount	%	Amount	%
4000	Operating revenue	4, 6(19) and 7	\$4,653,130	100	\$3,929,887	100
5000	Operating costs	4, 6(8), 6(21), 6(22) and 7	1,030,809	22	893,517	23
5900	Operating Gross Profit		3,622,321	78	3,036,370	77
5910	Realized sales profit		204	-	15,005	1
5950	Net operating gross profit		3,622,525	78	3,051,375	78
6000	Operating Expenses	4, 6(17), 6(20), 6(21), 6(22) and 7				
6100	Selling expenses		2,474,801	53	2,014,288	51
6200	Administrative expenses		303,016	7	300,353	8
6300	R&D expenses		220,493	5	185,029	5
6450	Expected credit impairment losses		15,227	-	8,436	-
	Total operating expenses		3,013,537	65	2,508,106	64
6900	Operating Profit		608,988	13	543,269	14
7000	Non-operating revenues and expenses	4, 6(9), 6(23) and 7				
7100	Interest revenue		10,817	-	7,101	-
7010	Other revenue		43,396	1	45,720	1
7020	Other gains and losses		26,388	1	33,694	1
7050	Finance costs		(43,190)	(1)	(44,142)	(1)
7060	Share of profit or loss of associates and joint ventures accounted for using the equity method		(71,295)	(2)	(76,416)	(2)
	Total non-operating revenues and expenses		(33,884)	(1)	(34,043)	(1)
7900	Net profit before tax		575,104	12	509,226	13
7950	Income Tax Expenses	4 and 6(25)	(114,723)	(2)	(120,917)	(3)
8200	Net profit for the period		460,381	10	388,309	10
8300	Other comprehensive income	4 and 6(24)				
8310	Items not reclassified to profit or loss:					
8311	Re-measurements of defined benefit plans		5,771	-	(582)	-
8316	Equity investments at fair value through other comprehensive income					
	Unrealized valuation gain		1,955	-	2,502	-
8360	Items that may be subsequently reclassified to profit or loss					
8361	Exchange differences on translation of financial statements of foreign operations		23,544	1	2,383	-
8370	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method					
	– Items that may be subsequently reclassified to profit or loss		12,649	-	(8,178)	-
	Other comprehensive income (net amount after tax) for current period		43,919	1	(3,875)	-
8500	Total Amount of Comprehensive Income for current period		\$504,300	11	\$384,434	10
8600	Net income is attributable to:					
8610	Owners of the parent company		\$456,428		\$384,201	
8620	Non-Controlling Interests		3,953		4,108	
	Total		\$460,381		\$388,309	
8700	Total comprehensive income attributable to:					
8710	Owners of the parent company		\$499,897		\$379,951	
8720	Non-Controlling Interests		4,403		4,483	
	Total		\$504,300		\$384,434	
	Earnings per share (NT\$)	4 and 6(26)				
9750	Basic earnings per share		\$4.74		\$4.50	
9850	Diluted earnings per share		\$4.74		\$4.18	

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Sheng

Managerial officer: LIN Deqiong

Accounting Manager: Teng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 to December 31, 2024 and 2023

Code	Item	Equity attributable to owners of the parent company									Equity attributable to owners of the parent company	Non-Controlling Interests	Total Equity
		Capital Stock			Retained Earning				Other equity items				
		Capital stock - common shares	Capital stock - preferred stock	Bonds conversion rights certificate	Capital Surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized valuation gains (losses) from financial assets at fair value through other comprehensive income			
3100	3120	3130	3200	3310	3320	3350	3410	3420	31XX	36XX	3XXX		
A1	Balance as of January 1, 2023	\$781,316	\$99,800	\$-	\$1,743,729	\$102,629	\$132,311	\$233,295	\$(93,938)	\$(4,439)	\$2,994,703	\$95,173	\$3,089,876
	Earnings distribution in 2022												
B1	Provision of legal reserve	-	-	-	-	23,329	-	(23,329)	-	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	-	-	(196,027)	-	-	(196,027)	-	(196,027)
B7	Cash dividends of preference share	-	-	-	-	-	-	(4,580)	-	-	(4,580)	-	(4,580)
B17	Special reserve reversal	-	-	-	-	-	(33,934)	33,934	-	-	-	-	-
C5	Recognition of equity component for issuance of convertible corporate bonds-Arising from employee stock options	-	-	-	52,645	-	-	-	-	-	52,645	-	52,645
C7	Changes in equity of associates and joint ventures accounted for using the equity method	-	-	-	18,853	-	-	-	-	-	18,853	-	18,853
D1	Net profit for year 2023	-	-	-	-	-	-	384,201	-	-	384,201	4,108	388,309
D3	Other comprehensive income in 2023	-	-	-	-	-	-	(582)	(5,873)	2,205	(4,250)	375	(3,875)
D5	Total Amount of Comprehensive Income for current period	-	-	-	-	-	-	383,619	(5,873)	2,205	379,951	4,483	384,434
I1	Convertible corporate bonds conversion	-	-	44,171	208,082	-	-	-	-	-	252,253	-	252,253
J1	Convertible preference share conversion	96,063	(96,063)	-	-	-	-	-	-	-	-	-	-
M7	Changes in ownership interests in subsidiaries	-	-	-	(73)	-	-	(52)	-	-	(125)	125	-
O1	Increase and decrease in Non-Controlling Interests	-	-	-	-	-	-	-	-	-	-	(3,381)	(3,381)
Z1	Balance as of December 31, 2023	\$877,379	\$3,737	\$44,171	\$2,023,236	\$125,958	\$98,377	\$426,860	\$(99,811)	\$(2,234)	\$3,497,673	\$96,400	\$3,594,073
A1	Balance as of January 1, 2024	\$877,379	\$3,737	\$44,171	\$2,023,236	\$125,958	\$98,377	\$426,860	\$(99,811)	\$(2,234)	\$3,497,673	\$96,400	\$3,594,073
	Earnings distribution in 2023												
B1	Provision of legal reserve	-	-	-	-	38,357	-	(38,357)	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	3,669	(3,669)	-	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	-	-	(384,281)	-	-	(384,281)	-	(384,281)
B7	Cash dividends of preference share	-	-	-	-	-	-	(473)	-	-	(473)	-	(473)
C7	Changes in equity of associates and joint ventures accounted for using the equity method	-	-	-	16,791	-	-	-	-	-	16,791	-	16,791
C15	Distribution of cash dividends from capital reserves	-	-	-	(1,113)	-	-	-	-	-	(1,113)	-	(1,113)
D1	Net profit for year 2024	-	-	-	-	-	-	456,428	-	-	456,428	3,953	460,381
D3	Other comprehensive income in 2024	-	-	-	-	-	-	5,771	36,209	1,489	43,469	450	43,919
D5	Total Amount of Comprehensive Income for current period	-	-	-	-	-	-	462,199	36,209	1,489	499,897	4,403	504,300
I1	Convertible corporate bonds conversion	83,752	-	(44,171)	187,067	-	-	-	-	-	226,648	-	226,648
J1	Convertible preference share conversion	3,236	(3,236)	-	-	-	-	-	-	-	-	-	-
J5	Redemption of Preferred Shares	-	(501)	-	(2,102)	-	-	-	-	-	(2,603)	-	(2,603)
O1	Increase and decrease in Non-Controlling Interests	-	-	-	-	-	-	-	-	-	-	(3,381)	(3,381)
Z1	Balance as of December 31, 2024	\$964,367	\$-	\$-	\$2,223,879	\$164,315	\$102,046	\$462,279	\$(63,602)	\$(745)	\$3,852,539	\$97,422	\$3,949,961

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Sheng

Managerial officer: LIN Deqiong

Accounting Manager: Teng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

January 1 to December 31, 2024 and 2023

Unit: NT\$1,000

Code	Item	2024	2023	Code	Item	2024	2023
		Amount	Amount			Amount	Amount
AAAA	Cash flow from operating activities:			BBBB	Cash flow from investment activities:		
A10000	Current net income before tax	\$575,104	\$509,226	B00040	Acquisition of financial assets at amortized cost	(1,579)	(3,041)
A20000	Adjustment items:			B00050	Disposal of financial assets at amortized cost	516	1,168
A20010	Income and expenses items:			B00100	Acquisition of financial assets at fair value through profit or loss	-	(8,010)
A20100	Depreciation expenses	399,328	344,404	B00200	Disposal of financial assets at fair value through profit or loss	-	4,540
A20200	Amortization expenses	60,592	52,067	B02700	Acquisition of property, plant, and equipment	(502,425)	(445,697)
A20300	Expected credit impairment losses	15,227	8,436	B02800	Disposal of property, plant and equipment	12,429	6,824
A20400	Net losses (gains) on financial assets and liabilities at fair value through profit or loss	(2,054)	(1,571)	B03700	Increase in refundable deposits	(4,029)	(8,443)
A20900	Interest expenses	43,190	44,142	B04500	Acquisition of intangible assets	(64,997)	(44,325)
A21200	Interest revenue	(10,817)	(7,101)	B06100	Decrease in lease payments receivable	18,396	8,796
A22300	Share of profit or loss of associates and joint ventures accounted for using the equity method	71,295	76,416	B06800	Decrease in other non-current assets	-	85,985
A22500	Loss (gain) on disposal and retirement of property, plant, and equipment	(1,655)	179	B07100	Increase in prepayments for business facilities	(21,911)	(67,510)
A23100	Loss on disposal of investments	449	458	BBBB	Net cash outflows from investing activities	(563,600)	(469,713)
A24000	Realized sales profit	(204)	(15,005)				
A29900	Other items	(6,843)	(3,576)	CCCC	Cash flows from financing activities:		
A30000	Changes in assets/liabilities related to operating activities:			C00100	Increase in short-term loans	4,105,924	2,809,749
A31130	Increase in notes payable	(173)	(1,967)	C00200	Decrease in short-term loans	(3,617,063)	(2,915,133)
A31150	Increase in accounts receivable	(91,798)	(211,095)	C01200	Issuance of corporate bonds	-	532,846
A31160	Increase in accounts receivable – related parties	(22,324)	(31,906)	C01600	Proceeds from long-term loans	44,469	6,718
A31180	Decrease (increase) in other receivables	2,575	(11,146)	C01700	Repayments of long-term loans	(79,042)	(57,686)
A31190	Increase in other receivables - related parties	(3,234)	(3,216)	C03000	Increase in refundable deposits	-	3,947
A31200	Increase in inventories	(212,415)	(377,310)	C03100	Decrease in refundable deposits	(22)	-
A31230	Decrease(increase) in prepayments	24,714	(48,465)	C04020	Lease principal repayments	(36,489)	(32,352)
A31240	Decrease (increase) in other non-current assets	236	(220)	C04500	Cash dividends paid	(385,867)	(200,607)
A32125	Decrease in contractual liabilities	(1,132)	(8,412)	C04700	Cash capital decrease	(2,603)	-
A32130	Increase in notes payable	(1,109)	608	C05600	Interest paid	(40,265)	(34,693)
A32150	Increase(decrease) in accounts payable	(92,977)	61,525	C05800	Changes in non-controlling interests	(3,381)	(3,381)
A32160	Increase (decrease) in accounts payable – related parties	14,167	(4,761)	CCCC	Net cash inflows (outflows) from financing activities	(14,339)	109,408
A32180	Increase in other payables	80,870	175,314				
A32190	Increase (decrease) in other payables – related parties	5,486	(1,553)				
A32230	Increase (decrease) in other current liabilities	(6,503)	10,551				
A32240	Decrease in net defined benefit liabilities	(97)	(246)				
A33000	Cash inflow generated from operations	839,898	555,776	DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	22,312	(22,461)
A33100	Interest received	4,070	4,810	EEEE	Increase in cash and cash equivalents for the current period	161,662	50,963
A33500	Income tax paid	(126,679)	(126,857)	E00100	Beginning balance of cash and cash equivalents	449,020	398,057
AAAA	Net cash flows generated from operating activities	717,289	433,729	E00200	Cash and cash equivalents at end of period	\$610,682	\$449,020

(Please refer to the notes to the consolidated financial statements)

Chairman: Lin, Yan-Sheng

Managerial officer: LIN Deqiong

Accounting Manager: Teng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2024 and 2023

(Amounts expressed in thousands of New Taiwan Dollars, unless stated otherwise)

1. Company History

United Orthopedic Corporation (hereinafter referred to as "the Company") was established on March 5, 1993. Its primary operations include research, development, production, manufacturing, and sales of orthopedic implants, orthopedic surgical instruments and manufacturing equipment, special metal and plastics materials, as well as the import and export of aforementioned products.

The Company's common shares were publicly listed in Taipei Exchange (TPEX) on July 5, 2004, and began transactions on September 29, 2004. Its registered office and the main operations base are located at No. 57, Yuanqu 2nd Rd., Hsinchu Science Park.

2. Date and Procedures of Approval of the Financial Statements

The consolidated financial statements of the Company and its Subsidiaries (hereinafter referred to as "the Group") for 2024 and 2023 were authorized for issue by the board of directors on March 7, 2025.

3. Application of New and Amended Standards and Interpretations

- (1) Changes in accounting policies due to the first-time adoption of the International Financial Reporting Standards (IFRSs):

The Group has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Interpretations developed by IFRIC or SIC that have been approved by Financial Supervisory Commission (FSC) and applicable since January 1, 2024. First-time application of new standards and amendments has no significant impact on the Group.

- (2) As of the date of issuance of the financial statements, the Group has not adopted the following new, revised and amended standards or interpretations issued by IASB and but not yet endorsed by FSC:

No.	New, Revised and Amended Standards or Interpretations	Effective Date Announced by IASB
1	Lack of Exchangeability (Amendment to IAS 21)	January 1, 2025

1. Lack of Exchangeability (Amendment to IAS 21)

This amendment explains the convertibility and lack of convertibility between currencies, how the exchange rate is determined when there is a lack of currency convertibility, and adds additional disclosure requirements when there is a lack of currency convertibility.

The above amendments are applicable for accounting periods beginning on or after January 1, 2025. The Group has assessed that there is no significant impact.

- (3) As of the date of issuance of the financial statements, the Group has not adopted the following new, revised and amended standards or interpretations issued by IASB and but not yet endorsed by FSC:

No.	New, Revised and Amended Standards or Interpretations	Effective Date Announced by IASB
1	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be decided by the IASB
2	IFRS 17 "Insurance Contracts"	January 1, 2023
3	IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
4	Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
5	Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
6	Annual Improvements to IFRS Standards - Volume 11	January 1, 2026
7	Contracts Dependent on Natural Power (Amendments to IFRS 9 and IFRS 7)	January 1, 2026

1. Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The plan deals with the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" in relation to the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 states that when non-monetary assets are contributed in exchange for an interest in an associate or a joint venture, the share of gains or losses shall be eliminated in accordance with the treatments of a downstream transaction. However, IFRS 10 requires a full recognition of gains or losses arising from the loss of control of a subsidiary. The amendments place restrictions on the above-mentioned rules of IAS 28 so that gains or losses shall be recognized in full for sale or contribution of assets that constitute a business as defined in IFRS 3.

The amendments also change IFRS 10 so that gains or losses arising from the sale or contributions of a subsidiary, that does not constitute a business as defined in IFRS 3, between an investor and its associate or joint venture are recognized only to the extent of their shares owned by non-investors.

2. IFRS 17 "Insurance Contracts"

This Standard provides a model for the comprehensiveness of insurance contracts, including all accounting-related components (recognition, measurement, expression and disclosure principles), with the general model at the core of the Standard, under which the insurance contract group is originally recognized by the sum of the cash flows from performance and the margin of contractual services; the carrying amount at the end of each reporting period is the sum of the residual safeguard liability and the incurred physiological liability.

In addition to the general model, it also provides specific applicable methods for contracts with direct participation characteristics (variable fee approach); and simplified methods for short-term contracts (premium allocation approach).

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to the fiscal year beginning on or after January 1, 2023 (from the original effective date of January 1, 2021) and additional transition reliefs are provided. Some requirements are simplified to reduce the costs of applying IFRS 17 and some requirements are revised to make certain conditions easier to explain. The effective date of IFRS 17 will replace the interim standard (IFRS 4 "Insurance Contracts").

3. IFRS 18 "Presentation and Disclosure in Financial Statements"

This standard will replace IAS 1 "Presentation of Financial Statements", with the following main changes:

(1) Enhancing comparability of the income statement

Classifying income and expenses in the income statement into five categories: operating, investing, financing, income tax, or discontinued operations, with the first three being new classifications to improve the structure of the income statement, and requiring all entities to provide newly defined subtotals (including operating profit or loss). By enhancing the structure of the income statement and introducing newly defined subtotals, investors will have a consistent starting point when analyzing financial performance across companies, making it easier to compare enterprises.

(2) Enhancing transparency of management performance measures

Requiring entities to disclose explanations of entity-specific metrics related to the income statement (referred to as management performance measures).

(3) Useful aggregation of financial statement information

Establishing application guidance for determining whether financial information should be placed in the primary financial statements or in the notes, which is expected to provide more detailed and useful information. Requiring entities to

provide more transparent operating expense information to help investors find and understand the information they use.

4. Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures (IFRS 19)

Simplifying disclosures for subsidiaries without public accountability and allowing subsidiaries that meet the definition to voluntarily adopt this standard.

5. Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

These amendments include:

- (1) Clarifying that financial liabilities are derecognized on the settlement date, and for financial liabilities settled electronically before the settlement date, explaining the accounting treatment.
- (2) Clarifying how to assess the cash flow characteristics of financial assets with environment, social, and governance (ESG) linked features or other similar contingent features.
- (3) Clarifying the treatment of non-recourse assets and contractually linked instruments.
- (4) Requiring additional disclosures in IFRS 7 for financial assets or liabilities with terms related to contingent features (including ESG-linked), and for equity instruments classified as fair value through other comprehensive income.

6. Annual Improvements to IFRS Standards - Volume 11

(1) Amendment to IFRS 1

Primarily amends the application of hedge accounting for first-time adopters to align with IFRS 9.

(2) Amendment to IFRS 7

This amendment updates outdated cross-references for derecognition gains or losses.

(3) Amendment to the Implementation Guidance in IFRS 7

This amendment improves the wording in the implementation guidance, including the introduction, disclosure of deferred fair value and transaction price differences, and credit risk disclosures.

(4) Amendment to IFRS 9

This amendment adds cross-references to address concerns about derecognition of lease liabilities by lessees, and clarifies the transaction price.

(5) Amendment to IFRS 10

This amendment eliminates the inconsistency between paragraphs B74 and B73 in the standard.

(6) Amendment to IAS 7

This amendment removes the reference to the cost method in paragraph 37 of the standard.

7. Contracts Dependent on Natural Power (Amendments to IFRS 9 and IFRS 7)

These amendments include:

- (1) Clarification of the application of "own use" requirements.
- (2) Allowing the application of hedge accounting when contracts are used as hedging instruments.
- (3) Adding disclosure requirements in the notes to help investors understand the impact of these contracts on the entity's financial performance and cash flows.

The above standards or interpretations issued by the International Accounting Standards Board but not yet endorsed by the Financial Supervisory Commission (FSC) will take effect on a date to be determined by the FSC. Apart from currently assessing the potential impact of the newly published or amended standards or interpretations in item (3), which cannot be reasonably estimated at this time, the remaining new or amended standards or interpretations do not have a significant impact on the Group.

4. Summary of Significant Accounting Policies

(1) Compliance Declaration

The consolidated financial statements of the Group for the years ended December 31, 2024 and 2023 were prepared in accordance with the Standards for the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS), Interpretation and Standing Interpretations, approved and ratified by the Financial Supervisory Commission (FSC).

(2) Preparation Basis

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars unless otherwise stated.

(3) Consolidation Overview

Principles of preparation of consolidated financial statements

When the Company is exposed to or entitled to variable returns from participation in an investee and has the ability to influence such returns through its power over such Investee, the Company controls such individual. In particular, the Company controls an investee only when the following three control elements exist:

1. Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities),
2. The exposure or rights to variable returns from its involvement with the investee, and
3. the ability to use its power over the investee to influence the amount of the investor's returns.

When the Company directly or indirectly holds less than a majority of the voting rights or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

1. Contractual arrangements with other vote holders of the investee
2. Rights arising from other contractual arrangements
3. Voting rights and potential voting rights

When facts and circumstances indicate that there are changes to one or more of the three elements of control, the Company reassesses whether it still controls the investee.

Subsidiaries are included in the consolidated financial statements from the date of acquisition (i.e. the date the Group gains control), and the consolidation shall be terminated on the date of loss of control. The accounting periods and accounting policies of the subsidiary's financial statements are consistent with those of the parent company. All intercompany account balances, transactions, unrealized internal profits and losses arising from intercompany transactions, and dividends are fully eliminated.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

If the Group loses control over a subsidiary, it:

1. Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
2. Derecognizes the carrying amount of any non-controlling interests;

3. Recognizes the fair value of the consideration received;
4. Recognizes the fair value of any investment retained;
5. Reclassifies to profit or loss, or transfers directly to retained earnings, the amounts recognized in other comprehensive income by the parent in relation to the subsidiary;
6. Recognizes any resulting difference as profit or loss.

The entities consolidated in the financial statements are as follows:

Name of investor	Name of company	Main business activities	Percentage of equity holdings		Notes
			2024.12.31	2023.12.31	
The Company	UOC Europe Holding SA	Sales and investment	96%	96%	
The Company	United Orthopedic Japan Inc.	Sales	96%	96%	Note 1
The Company	A-SPINE Asia Co., Ltd.	Sales, investment and manufacturing	75%	75%	
The Company	UOC USA, Inc.	Sales	100%	100%	Note 4
The Company	United Orthopedic (Australia) Pty Ltd	Sales	100%	100%	Note 2
UOC Europe Holding SA	UOC (Suisse) SA	Sales	100%	100%	
UOC Europe Holding SA	UOC (France)	Sales	100%	100%	
UOC Europe Holding SA	UOC Belgium	Sales	100%	100%	
UOC Europe Holding SA	United Orthopedics Limited	Sales	100%	100%	
UOC (Suisse) SA	U2 ORTHO ORTOPEDİK ÜRÜNLER TİCARETİ ANONİM ŞİRKETİ	Sales	100%	100%	Note 3

Note 1: The Group made cash capital increases in the second quarter of 2023 for United Orthopedics Japan Inc., and acquired 36 thousand shares, with a shareholding ratio rise of 96%. As of December 31, 2024, the accumulated remittance amounted to JPY 419,725 thousand (equivalent to NT\$122,924 thousand).

Note 2: In the first and fourth quarters of 2023, the Group made cash capital increases in United Orthopedic (Australia) Pty Ltd., remitting investment funds of AUD 280 thousand (equivalent to NT\$5,687 thousand) and AUD 500 thousand (equivalent to NT\$10,394 thousand), respectively.

In the fourth quarter of 2024, the Group made cash capital increases in United Orthopedic (Australia) Pty Ltd., remitting investment funds of AUD 500 thousand (equivalent to NT\$10,649 thousand), respectively. As of December 31, 2024, the Company has cumulatively remitted investment funds of AUD 1,300 thousand (equivalent to NT\$27,143 thousand).

Note 3: The Group invested in U2 ORTHO ORTOPEDİK ÜRÜNLER TİCARETİ ANONİM ŞİRKETİ in the fourth quarter of 2023. As at December 31, 2024, the accumulated remittance of investment amounted to TRY 50 thousand (equivalent to NT\$59 thousand).

Note 4: In the second quarter of 2023, the Group made a capital increase in cash to UOC USA, Inc., acquiring 1,500 thousand shares, with an outward investment of USD 1,500 thousand (equivalent to NTD 48,628 thousand). As of December 31, 2024, the accumulated remittance amounted to USD 10,860 thousand (equivalent to NT\$332,533 thousand).

(4) Foreign Currency Transactions

The consolidated financial statements of the Group are expressed in New Taiwan Dollars, which is the Company's functional currency. Each entity within the Group determines its own functional currency and measures its financial statements using that functional currency.

Foreign currency transactions of individual entities within the group are recorded in their functional currency at the exchange rates prevailing on the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates of that date; non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is measured; and non-monetary items measured at historical cost that are denominated in foreign currencies are retranslated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement or translation of monetary items are recognized in profit or loss in the period in which they arise, except for the following:

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

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

(5) Translation of Foreign-Currency Financial Statements

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations are translated into New Taiwan Dollars using the closing rates at the reporting date and income and expense items are translated at the average exchange rates for the period. The exchange differences arising on the translation are recognized in other comprehensive income. Upon disposal of the foreign operations, the cumulative exchange differences recognized in other comprehensive income and accumulated in the separate component of equity are reclassified from equity to profit or loss when recognizing the gain or loss on disposal. For a partial disposal of a subsidiary that includes a foreign operation and involves a loss of control, and for a partial disposal of an interest in an associate or joint arrangement that includes a foreign operation in which the retained interest becomes a

financial asset, the disposal is accounted for accordingly.

When a partial disposal of a subsidiary containing a foreign operation without loss of control occurs, the cumulative amount of foreign currency translation differences recognized in other comprehensive income is reattributed to non-controlling interests in proportion to their interests in the foreign operation, rather than being recognized in profit or loss. In the case of a partial disposal of an associate or joint arrangement that includes a foreign operation without loss of significant influence or joint control, the proportionate share of the cumulative amount of foreign currency translation differences is reclassified to profit or loss.

The goodwill generated by the Group from the acquisition of a foreign operation and fair value adjustments on the carrying amounts of assets and liabilities of such an acquisition are deemed as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Classification of Current and Non-current Assets and Liabilities

An asset is classified as current when it meets the following conditions, and all other assets are classified as non-current:

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

A liability is classified as current when it meets the following conditions, and all other liabilities are classified as non-current:

1. The Company expects to settle the liability in its normal operating cycle.
2. The Company holds the liability primarily for the purpose of trading.
3. The liability is due to be settled within twelve months after the reporting period.
4. At the end of the reporting period, does not have the right to defer settlement of the liability for at least twelve months after the reporting period.

(7) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and 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.

(8) Financial Instruments

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

For financial assets and financial liabilities within the scope of IFRS 9 "Financial Instruments," they are measured at fair value at the time of initial recognition, and the transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities (except for the financial assets and financial liabilities at fair value through profit or loss) are added or subtracted from the fair value of the financial assets and financial liabilities.

1. Recognition and Measurement of Financial Assets

The Group accounts for regular way recognition or derecognition of financial assets on the trade date basis.

The Group classifies financial assets as subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the following two conditions:

- (1) Business model for managing the financial assets
- (2) Contractual cash flow characteristics of the financial assets

Financial assets at amortized cost

Financial assets that meet both of the following conditions are measured at amortized cost and reported as notes receivable, accounts receivable, receivables under finance leases, financial assets at amortized cost, and other receivables in the balance sheet:

- (1) Business model for managing the financial assets: the financial asset is held to collect its contractual cash flows.
- (2) Contractual cash flow characteristics of financial assets: cash flows are solely payments of principal and interest on the outstanding principal.

These financial assets (excluding ones involved in a hedging relationship) are subsequently measured at amortized cost. The amount initially recognized less principal repayments, plus or minus the cumulative amortization of the difference between the initial amount and the maturity amount, which is calculated using the effective interest method, and adjusted for loss allowance. A gain or loss is recognized in profit or loss when the financial asset is derecognized, going through the amortization process or recognizing the impairment gains or losses.

Interest calculated by the effective interest method (applying the effective interest rate to the gross carrying amount of financial assets) or under one of the follow situations is recognized in profit or loss:

- (1) For purchased or originated credit-impaired financial assets, interest is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- (2) For financial assets that do not belong to the former category but subsequently have become credit-impaired, interest is calculated by applying the effective interest rate to the amortized cost of the financial assets.

Financial assets at fair value through other comprehensive income

A financial asset satisfying both conditions below is measured at fair value through other comprehensive income and presented as financial assets at fair value through other comprehensive income on the balance sheet:

- (1) Business model for managing the financial assets: the financial asset is held to collect its contractual cash flows and for sale.
- (2) Contractual cash flow characteristics of financial assets: cash flows are solely payments of principal and interest on the outstanding principal.

Recognition of gain or loss on such a financial asset is described below:

- (1) Prior to its derecognition or reclassification, the gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses, which are recognized in profit or loss.
- (2) Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (3) Interest calculated by the effective interest method (applying the effective interest rate to the gross carrying amount of financial assets) or under one of the following situations is recognized in profit or loss:
 - A. For purchased or originated credit-impaired financial assets, interest is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
 - B. For financial assets that do not belong to the former category but subsequently have become credit-impaired, interest is calculated by applying the effective interest rate to the amortized cost of the financial assets.

In addition, for an equity instrument within the scope of IFRS 9 that is not held for trading and the contingent consideration recognized by an acquirer in a business combination under IFRS 3 does not apply, the Company makes an (irrevocable) election at initial recognition to present its subsequent changes in

the fair value in other comprehensive income. Amounts presented in other comprehensive income cannot be subsequently transferred to profit or loss (upon disposal of such equity instrument, its cumulative amount in other equity is transferred directly to retained earnings) and shall be recognized as a financial asset measured at fair value through other comprehensive income on the balance sheet. Dividends from the investment are recognized in profit or loss unless they clearly represent the recovery of a part of the investment cost.

Financial assets at fair value through profit or loss

Except for financial assets at amortized cost or at fair value through other comprehensive income due to the satisfaction of certain conditions, all other financial assets at fair value through profit or loss and presented as financial assets at fair value through profit or loss on the balance sheet.

Those financial assets are measured at fair value and the gains or losses resulting from their re-measurement are recognized in profit or loss, which include dividends or interests received on such financial assets.

2. Impairment of Financial Assets

The Group recognizes and measures allowance losses based on expected credit losses for financial assets measured at amortized cost.

The Group measures expected credit loss in a way that reflects:

- (1) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- (2) Time value of money
- (3) Reasonable and supportable information about past events, current conditions and forecasts of future economic conditions (that is available without undue cost or effort at the balance sheet date).

Loss allowance is measured as follows:

- (1) At an amount equal to 12-month expected credit losses: including financial assets whose credit risk has not increased significantly since initial recognition or ones that are determined to have low credit risk at the balance sheet date. In addition, financial assets whose loss allowance is measured at an amount equal to lifetime expected credit losses in the previous reporting period, but the condition of a significant increase in credit risk since initial recognition is no longer met at the current balance sheet date shall also be included.
- (2) Measurement of the amount of lifetime expected credit losses: including financial assets whose credit risk has increased significantly since initial recognition, or financial assets with credit impairment that are purchased or originated.

- (3) For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (4) For lease receivables from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

3. Derecognition of Financial Assets

Financial assets held by the Group are derecognized when one of the following conditions applies:

- (1) The contractual rights to the cash flows from the financial assets have expired.
- (2) The Company has transferred the financial assets and transferred substantially all risks and rewards of ownership of the assets to others.
- (3) The Company has neither transferred nor retained substantially all risks and rewards of ownership of the assets, but has transferred control of the assets.

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

4. Financial Liabilities and Equity Instruments

Classification of liabilities or equity

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

Equity instruments

An equity instrument is any contract of the Group that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issuance costs.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained

in the convertible bonds are closely related to the host contract before separating the equity element.

For liability component excluding derivatives, its fair value is determined based on the market interest rate of an equivalent non-convertible bond. This component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the economic characteristics and risks of the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal to the amortized cost of the debt instrument on each exercise date), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is determined as the residual amount after deducting from the fair value of the convertible bond the amount of the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the issued conversion corporate bonds from the Company do include an equity element, they are handled in accordance with IFRS 9 concerning compound instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instrument is initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of its liability component is adjusted to the carrying amount as of the conversion date to be the recognition basis for the issuance of common stocks.

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

- (1) It is acquired principally for the purpose of selling it in the short term;
- (2) It is part of a portfolio of identifiable financial instruments that are managed together on initial recognition and for which there is evidence of a pattern of short-term profit-taking recently; or
- (3) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

For a contract containing one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or it may be designated as fair value through profit or loss at initial recognition when one of the following factors is met:

- (1) The designation eliminates or significantly reduces a measurement or recognition inconsistency; or
- (2) A group of financial liabilities or a group of financial assets and financial liabilities that are managed and evaluated for performance on a fair value basis, in accordance with a documented risk management or investment strategy, and for which portfolio information is provided internally on that basis to the entity's key management personnel.

Gains or losses arising from the re-measurement of such financial liabilities are recognized in profit or loss, including any interest paid on the financial liabilities.

Financial liabilities at amortized cost

Financial liabilities at amortized cost include payables, borrowings, and corporate bonds payable that are subsequently measured using the effective interest rate method after initial recognition. Relevant gains or losses and amortization amounts are recognized in profit or loss when the liabilities are derecognized and amortized through the effective interest rate method.

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

Derecognition of financial liabilities

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

When the Group exchanges debt instruments with creditors that have substantially different terms, or makes substantial modifications to all or part of the terms of an existing financial liability (whether or not due to financial difficulties), it treats the derecognition of the original liability and recognition of a new liability as an exchange. When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5. Offsetting Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative

The derivatives held or issued by the Group are used to hedge against foreign exchange risk and interest rate risk. Those that are designated and effective hedges are reported as hedging financial assets or liabilities on the balance sheet; the remaining non-designated and ineffective hedges are reported as financial assets or liabilities at fair value through profit or loss on the balance sheet.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives are recognized directly in profit or loss, except for those related to hedging and qualifying as effective hedges, in which case the treatment depends on the type of hedge.

If the host contract is a non-financial asset or financial liability, and the embedded derivative's economic characteristics and risks are not closely related to the host contract, and the host contract is not measured at fair value through profit or loss, then the embedded derivative should be treated as a separate derivative instrument.

(10) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transactions of asset selling and liability transferring occur in one of the following markets:

1. The primary market for the asset or liability, or
2. if there is no primary market, the most advantageous market for the asset or liability

The principal or most advantageous markets shall be the ones that the Company have access to and can transact in.

Assumptions that market participants would use when pricing the asset or liability are used in the fair value measurement. Market participants are assumed to act in their economic best interest.

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

The Group uses valuation techniques that are appropriate and relevant in the relevant circumstances to measure fair value, maximize the use of observable inputs, and minimize the use of unobservable inputs.

(11) Inventories

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

Costs refer to costs incurred in bringing each inventory to its available-for-sale or available-for-production status and location. They are accounted for as follows:

- | | |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Supplies | — Actual purchase cost, adopting the weighted average method. |
| Finished goods and work in progress | — Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs. |

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

The provision of labor services is accounted for in accordance with IFRS 15 and is not within the scope of inventory.

(12) Investments Accounted for Using the Equity Method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as assets held for sale. An associate is an entity over which the Group has significant influence. A joint venture refers to an arrangement where the Group has rights to the net assets of the joint arrangement (with joint control).

Under the equity method, the investment in associates or joint ventures is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. After the carrying amount of investments in associates or joint ventures and other related long-term interests are reduced to zero using the equity method, additional losses and liabilities are recognized to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associates. Unrealized gains and losses arising from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in those associates or joint ventures.

When changes in the ownership interest of associates or joint ventures are not caused by profit or loss and other comprehensive income items and do not affect the Group's ownership percentages in those entities, the Group recognizes all changes in ownership interest based on its ownership percentage. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associates or joint ventures on a pro rata basis.

When the associates or joint ventures issue new shares and the Group's shares in the net assets of those entities has changed as a result of failing to acquire shares newly issued in proportion to its original ownership interest, the changes are adjusted through "capital surplus" and "investments accounted for using the equity method." When the interest in the associates or joint ventures is reduced, relevant items previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate accounts by the reduced percentage. The aforementioned capital surplus recognized shall be reclassified to

profit or loss upon the disposal of the associates or joint ventures on a pro rata basis.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associates or joint ventures is impaired in accordance with IAS 28 "Investment in Related Companies and Joint Ventures." If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates or joint ventures and their carrying value and recognizes the amount in the "share of profit or loss of associates or joint ventures" in the statement of comprehensive income in accordance with IAS 36 "Impairment of Assets." If the investment's value in use is adopted as the recoverable amount, the Group determines the value in use based on the following estimates:

1. The Group's share of the present value of the estimated future cash flows expected to be generated by the associates or joint ventures, including the cash flows from the operations of the associates or joint ventures and the proceeds on the ultimate disposal of the investment.
2. The present value of the estimated future cash flows that the Group expects to generate from the dividends and the proceeds on the ultimate disposal of the investment.

Because goodwill that forms part of the carrying amount of the investment in associates or joint ventures is not separately recognized, the impairment test on goodwill of IAS 36 "Impairment of Assets" does not apply.

When the Group loses significant influence over an associate or joint control over a joint venture, it measures and recognizes the retained investment at its fair value. When significant influence or joint control is lost, the difference between the carrying amount of the investment in the associate or joint venture and the sum of the fair value of the retained investment and the proceeds from disposal is recognized in profit or loss. Furthermore, when an investment in an associate becomes an investment in a joint venture, or vice versa, the Group continues to apply the equity method without remeasuring the retained interest.

(13) Property, Plant, and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and necessary borrowing costs for construction in progress. Each part of property, plant and equipment that is significant is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts separately as parent company only assets with specific useful lives and depreciation methods. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, Plant and Equipment."

When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

Housing and buildings	3 to 50 years
Machinery and equipment	3 to 16 years
Tooling equipment (except for forging die)	2 to 5 years
Transportation Equipment	5 to 6 years
IT equipment	3 to 5 years
Other equipment	3 to 11 years
Leasehold improvements	Over the shorter of the lease terms or useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at the end of each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(14) Leases

For all contracts, the Group evaluates whether the contracts are (or include) leases on the date they are formed. A contract is (or includes) a lease if it transfers control of the use of an identified asset for a period of time in exchange for considerations. To evaluate whether the contract has transferred the control of the use of an identified asset for a period of time, the Group will evaluate whether the following two factors occurred during the entire duration of use:

1. Rights to nearly all economic benefits of the identified asset have been received; and
2. The control over the right to use the identified asset.

For contracts that are (or include) leases, the Group will treat each lease component in the contract individually, as well as separating them from the non-lease components in the contracts. For leases that include one lease component and one or more additional lease or non-lease components, the Group will use the single comparison price of each lease component and the aggregated single prices of non-lease components as the basis, and distribute the consideration in the contract to the lease component. The comparison single unit price of the lease and non-lease components will be decided upon the prices separately received by the lessor (or supplier) for such components. If observable single unit prices are not readily available, the Group will maximize the use of observable information to estimate their respective single unit prices.

The Group as a lessee

Except for leases that meet and are selected to be treated as short-term leases or low-value assets, when the Group is the lessee of a lease contract, the Group will recognize all right-of-use asset and lease liabilities related to all leases.

At the start date, the Group measures the lease liability at the present value of the unpaid lease payments on that date. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If such interest rate is difficult to determine, the lessee's incremental borrowing rate of interest will be used. On the start date, the lease payment of the lease liability will be accounted for, including the following payments that have to do with the target right-of-use asset during the lease period that have not been paid on that date:

1. Fixed payments (including substantial fixed payments), minus any lease incentives that can be obtained;
2. Variable lease payments dependent upon certain indicators or rates (measured by the indicators or rates used on the start date);
3. The amount expected to be paid by the lessee under the residual value guarantee;
4. Exercise price for purchase options if the Group can be reasonably assured that the right will be exercised; and
5. Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the start date, the Group will measure the lease liability using amortized cost-based measurement, and the carrying amount of the lease liability will be added by the effective interest method to reflect interest of the lease liability; lease payment will be subtracted from the carrying amount of the lease liability.

On the start date, the Group will measure the right-of-use asset at cost, and the cost of the right-of-use asset will include:

1. The amount of the initial measurement of the lease liability;
2. Any lease payment paid on the start date or before, minus any lease incentives taken;
3. Any initial direct costs incurred by the lessee; and
4. An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Valuation of the right-of-use asset will be cost minus accumulated depreciation and accumulated impairment loss, or the right-of-use asset can be measured at cost model.

If the ownership of the target asset will be transferred to the Group when the lease period expires, or if the cost of the right-of-use asset reflects that the Group will exercise purchase option, then the depreciation of the right-of-use asset will be measured from the start date of the lease until the end of the asset's useful life. Otherwise, the Group will depreciate the right-of-use asset from the start date until the end of its useful life, or the end of the lease term, whichever is the earlier of the two.

The Group uses IAS 36 "Asset Impairment" to determine whether an asset has been impaired and treats any identified impairment loss.

Except for lease of assets that meet and were selected to be short-term lease or low-value asset, the Group will recognize right-of-use assets and lease liabilities on the balance sheet, and separately recognize any depreciation expense and interest expense related to the lease on the statement of comprehensive income.

For short-term leases and low-value asset leases, the Group chooses to use straight-line basis or another systematic basis, and recognizes related lease payments as expenses during the lease terms.

The Group as a lessor

On the date of establishment the contract, the Group will classify each lease as either operating lease or financing lease. If nearly all risks and rewards associated with the ownership of the asset will be transferred during the lease, it will be categorized as a financing lease; if risks and rewards will not be transferred, it will be an operating lease. The Group will recognize assets held under financing leases on the balance sheet on the start date, and express them as lease payment receivable based on the net lease investment.

For contracts that include lease components and non-lease components, the Group will distribute the considerations in the contract using regulations from IFRS 15.

The Group uses the straight-line basis or another systematic basis to recognize lease payments from operating leases as rental revenue. For variable lease payments not based on certain indicators or rates in operating leases, the Company will recognize them as rental revenue when they occur.

(15) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, the carrying amount of intangible assets is the cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets, which fail to meet the recognition criteria, are not capitalized. They are recognized in profit or loss as incurred.

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

Intangible assets with finite lives are amortized over the useful economic lives and assessed

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. Intangible assets with indefinite useful lives are reviewed at each reporting period to determine whether there are events and circumstances continuing to support the asset's useful life remaining indefinite. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

Intangible assets under development – research and development costs

Research costs are recognized as expenses as incurred. Development expenditures on an individual project are recognized as an intangible asset when they meet the following conditions:

1. The technical feasibility of completing the intangible asset has been achieved, and the said intangible asset will be thus available for use or sale.
2. The Company intends to complete the said intangible asset to use or sell it.
3. There is an ability to use or sell the said intangible asset.
4. How the intangible asset will generate highly likely economic benefits in the future. In addition, the Company can prove that the output of the intangible asset or the intangible asset itself already exists in the market, or if the intangible asset is for internal use, the Company can prove the usefulness of the asset.
5. The Company has sufficient technological, financial, and other resources to complete this development, and is able to use or sell the intangible asset.
6. Expenditures during the development stage of the intangible asset can be reliably measured.

Following initial recognition, the capitalized development expenditure is measured using the cost model, i.e. the carrying amount is the cost less accumulated amortization and accumulated impairment losses. During the development period, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Specialized technology

Specialized technology obtained externally is granted 15 years of right-of-use and amortized on a straight-line basis. Specialized technology developed internally is amortized on a straight-line basis during the expected future sales period of relevant projects.

Brand

A brand is used to represent a set of complementary assets, such as a trademark (or service mark) and its related trade names, formulas, secret recipes, and technical expertise, which are amortized over fifteen years.

Computer software

Computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years)

The Group's accounting information policies for intangible assets are summarized as follows:

	Intangible assets under development	Brand	Specialized technology	Computer software
Useful lives	Finite	Finite	Finite	Finite
Amortization method used	Amortized on a straight-line basis during the period when the relevant project generates expected future sales	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internal production or external acquisition	Internal production	Arising from consolidation	External acquisition or internal production	External acquisition

(16) Impairment of Non-financial Assets

The Group assesses whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired at the end of each reporting period. If any such indication exists, or when annual impairment testing for an asset is required, the Group would conduct impairment tests at individual or CGU level. Where the carrying amount of an asset or its CGU exceeds its recoverable amount, the asset is considered impaired. An asset's recoverable amount is the higher of an asset's net fair value or its value in use.

For assets excluding goodwill, an assessment is made by the Group at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the carrying amount after reversal shall not exceed the carrying amount of the asset after deducting depreciation or amortization if no impairment loss is recognized.

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

Impairment loss or reversals of continuing operations are recognized in profit or loss.

(17) Revenue Recognition

The Group's revenue from contracts with customers mostly involves the sale of goods. The accounting treatment is detailed as follows:

Sales of goods

The Group manufactures and sells goods. Revenues are recognized when goods have been delivered to the customers and customers have obtained control (i.e. the customers can direct the use of goods and obtain substantially all remaining benefits from the goods). The main products of the Group are orthopedic implants, etc. Revenues are recognized based on the prices stated on the contracts.

The credit term for merchandise sales transactions of the Group is 30 days to 180 days. Most contracts are recognized as accounts receivable when the control of products is transferred and the right to receive the consideration unconditionally is obtained. These accounts receivables are usually short-term and do not contain significant financing components. For a small number of contracts, the products are transferred to customers but the right to receive the consideration unconditionally has not yet been obtained; thus, the said contracts are recognized as contract assets. The contract assets shall be additionally measured for their loss allowance based on the amount of the lifetime expected credit losses in accordance with IFRS 9. As for contracts where some of the considerations are collected upon signing the contracts, the Group is obligated to provide products subsequently. Thus, they are recognized as contract liabilities.

As it usually takes less than one year for the said contract liabilities to be reclassified to revenue, no significant financing component has arisen.

(18) Government Grants

The Group recognizes government grant income when there is reasonable assurance that the conditions attached to the government grants will be complied with and the economic benefits will be received. When the government grant is related to an asset, the grant is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant is related to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(19) Post-Retirement Benefit Plan

The post-employment regulations of the Company and its subsidiaries are applicable to all regular employees hired through official procedures. The retirement fund is managed by the Supervisory Committee of Labor Retirement Reserve and deposited in the specific account for the retirement fund. As the aforementioned pension is deposited in the name of the Supervisory Committee of Labor Retirement Reserve, it is not associated with the Company and its subsidiaries. Therefore, it is not included in the parent company only financial statements. The retirement procedures for employees of overseas subsidiaries are handled in accordance with local laws and regulations.

For the post-employment benefit plan regarding the defined contribution plan, the Company and its subsidiaries' monthly contribution rate for employees' pension shall not be lower than 6% of employees' monthly salary. The contribution amount is recognized in the expense of the current period.

Post-employment benefit plans that are classified as defined benefit plans are accrued based on actuarial reports using the projected unit credit method at the end of the annual reporting period. The re-measurements of net defined benefit liability (asset) include return on plan assets and any changes in the effect of the asset ceiling, and exclude amounts included in the net interest on the net defined benefit liability (asset) and actuarial gains and losses. The re-measurements of net defined benefit liability (asset) are recognized in other comprehensive income in the periods they occur and immediately recognized in the retained earnings. Past service cost is the change in the present value of defined benefit obligation due to plan amendments or curtailments. It is recognized as an expense at the earlier of the following two dates:

1. When a plan amendment or curtailment occurs; and
2. The date when the Group recognizes any related restructuring costs or termination benefits.

Net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate. Both net defined benefit liability (asset) and discount rate are determined at the beginning of the annual reporting period. Changes in net defined benefit liability (asset) due to actual contributions and benefits paid during the period shall be taken into consideration.

(20) Income Tax

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

Current income tax

Current income tax liabilities (assets) for the current and prior periods are measured based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other

comprehensive income or directly in equity is recognized in other comprehensive income or equity respectively, instead of in profit or loss.

The portion of unappropriated retained earnings subject to income tax is recognized as income tax expense in the year when the distribution proposal is approved by the shareholders' meeting.

Deferred income tax

Deferred income tax is the temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the following two cases:

1. The initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect accounting profit or taxable income (loss) at the time of the transaction, and does not generate equal taxable and deductible temporary differences at the time of the transaction.
2. Where the taxable temporary differences is associated with investments in subsidiaries, associates and joint ventures and the timing of its reversal can be controlled; and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets arising from deductible temporary differences, unused tax losses, and unused tax credits are recognized to the extent that it is probable that future taxable profits will be available, except for the following two cases:

1. Deductible temporary differences associated with initial recognition of assets or liabilities in a transaction not related to a business combination, which at the time of the transaction affects neither accounting profit nor taxable income (tax loss), and no equal taxable and deductible temporary differences arise at the time of the transaction.
2. Deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and that there will be sufficient taxable income against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income tax relating to items recognized outside profit or loss cannot be recognized as profit or loss. Instead, it is recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred income tax assets are

reassessed and recognized at each reporting date.

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

According to the temporary exception provisions in "International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)," therefore, deferred tax assets and liabilities related to Pillar Two income tax must not be recognized, and their relevant information must not be disclosed.

(21) Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. In a business combination, the consideration transferred, identifiable assets acquired and liabilities assumed are measured at their fair values as of the acquisition date. For each business combination, the acquirer measures the non-controlling interests at either fair value or the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the classification and designation of assets and liabilities acquired based on the contractual terms, economic circumstances, and other relevant conditions existing on the acquisition date. This includes the consideration of separating embedded derivative financial instruments from the host contracts held by the acquiree.

In the case of a business combination achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured at its acquisition-date fair value, and the resulting gain or loss is recognized in profit or loss for the period.

The acquirer is expected to recognize the contingent consideration to be transferred at fair value on the acquisition date. Contingent consideration that is regarded as an asset or liability, its subsequent fair value changes will be recognized as changes in profit or loss or other comprehensive income in accordance with IFRS 9. However, if the contingent consideration is classified as equity, it will not be remeasured until it is ultimately settled within equity.

Goodwill is initially measured as the excess of the total consideration transferred plus the amount of any non-controlling interests over the fair value of the identifiable assets acquired and liabilities assumed by the Group. If the consideration is lower than the fair value of the net assets acquired, the difference is recognized as a gain in profit or loss for the period.

After initial recognition, goodwill is measured at cost less accumulated impairment. Goodwill arising from a business combination is allocated from the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned

to those cash-generating units. Each cash-generating unit or group of units represents the lowest level at which goodwill is monitored for internal management purposes, and is not greater than the operating segment before aggregation.

When disposing of a cash-generating unit that includes goodwill, the carrying amount of the portion disposed of includes the goodwill associated with the operation disposed of. The goodwill disposed of is measured based on the relative recoverable amount of the disposed operation and the portion retained.

5. Significant Accounting Judgments and Assumptions, and Key Sources of Estimation Uncertainty

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

(1) Judgment

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

Judgment on whether development expenditures are eligible for capitalization

The Group determines whether the intangible assets developed and produced internally have achieved technical feasibility and will be available for use or sale mainly due to the Group's judgments, which are made based on the facts that the Group has controlled the sophisticated technology as well as resources required for the research and development projects, and the development schedule along with product specifications are confirmed. In addition, the Group evaluates whether the asset is expected to generate future economic benefits and whether the benefits will be greater than the cost of the relevant investments.

Only when the research and development project meet the aforementioned conditions would the Group reclassify development expenditures attributable to the project to intangible assets under development.

(2) Estimates and Assumptions

The key sources of information at the end of the reporting period about estimates and assumptions made concerning the future have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The explanations are as follows:

1. Inventory Valuation

The estimates of net realizable value for inventory take into account inventory spoilage, total or partial obsolescence or selling price declines, and are based on the most reliable evidence available at the time the estimates are made of the expected realizable amount of inventories. Please refer to Note 6 for details.

2. Income Tax

Uncertainties of the income taxes exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences between the actual results and the assumptions made or future changes to such assumptions could necessitate future adjustments to tax benefit and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the taxation authority. Such differences of interpretation may cause a wide variety of issues due to conditions prevailing at the location of the Group's respective entities.

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

6. Details of Significant Accounts

(1) Cash and Cash Equivalents

	2024.12.31	2023.12.31
Cash in treasury	\$293	\$286
Checks and demand deposits	422,985	188,806
Time deposits	187,404	259,928
Total	<u>\$610,682</u>	<u>\$449,020</u>

Time deposits include time deposits with contractual periods within twelve months.

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

	2024.12.31	2023.12.31
Mandatorily at fair value through profit or loss:		
Funds	\$9,005	\$8,887
Simple Agreement for Future Equity (SAFE)	8,184	8,010
Convertible corporate bonds with embedded derivative financial instruments	-	449
Total	<u>\$17,189</u>	<u>\$17,346</u>
Current	\$9,005	\$8,887
Non-current	8,184	8,459
Total	<u>\$17,189</u>	<u>\$17,346</u>

1. The Group's financial assets at fair value through profit or loss are not pledged.
2. On September 28, 2023, the Group invested in Redefine Surgery Inc., a U.S. company, through a Simple Agreement for Future Equity (SAFE) in the amount of NT\$8,010 thousand. As of December 31, 2024 and 2023, the Group's investment in Redefine Surgery Inc. amounted to NT\$8,184 thousand (US\$250 thousand) and NT\$8,010 thousand (US\$250 thousand), respectively.

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

	2024.12.31	2023.12.31
Investments in equity instruments at fair value through other comprehensive income – non-current:		
<u>Domestic investments</u>		
Listed stocks		
Chailease Finance Co., Ltd.	\$49,050	\$48,950
Unlisted stocks		
Changgu Biotech Corporation	4,131	4,131
Subtotal	<u>53,181</u>	<u>53,081</u>
<u>Foreign investments</u>		
Unlisted stocks		
SURGLASSES Inc.	3,627	1,772
Total	<u>\$56,808</u>	<u>\$54,853</u>

1. The Group's financial assets at fair value through profit or loss are not pledged.
2. September 10, 2020, the Group invested in Chailease Finance Co., Ltd. in the amount of NT\$50,000 thousand and acquired 500,000 shares. As of December 31, 2024 and December 31, 2023, 500,000 shares were held, with a shareholding ratio of 0.03%. On December 31, 2024 and 2023, the fair values of the stock investments were NT\$49,050 thousand and NT\$48,950 thousand, respectively, and the differences between the initial investment amount and the fair value were NT\$950 thousand and NT\$1,050 thousand, respectively, which were recognized as unrealized valuation loss of investments in equity instruments at fair value through other comprehensive income.

3. As of December 31, 2024 and December 31, 2023, the amounts that the Company invested in Changgu Biotech Corporation were both NT\$4,776 thousand, both with 477,568 shares acquired, and both with a shareholding ratio of 16.09%. On December 31, 2024 and 2023, the fair values of the stock investments were both NT\$4,131 thousand, and the differences between the initial investment amount and the fair value were both NT\$645 thousand, which were recognized as unrealized valuation loss of investments in equity instruments at fair value through other comprehensive income.
4. The shareholders of Taiwan Main Orthopaedic Biotechnology Co., Ltd. established a holding company SURGLASSES Inc., and after equity adjustment, the holding company 100% held Taiwan Main Orthopaedic Biotechnology Co., Ltd., and the original shares held in Taiwan Main Orthopaedic Biotechnology Co., Ltd. were exchanged for an equivalent number of shares in SURGLASSES Inc. in the first quarter of 2023. As of December 31, 2024 and 2023, the subsidiary A-SPINE Asia Co., Ltd. invested NT\$2,350 thousand in both SURGLASSES Inc. and Taiwan Main Orthopaedic Biotechnology Co., Ltd., both with 235,040 shares acquired, and both with a shareholding ratio of 2.99%. On December 31, 2024 and 2023, the fair values of the stock investments were NT\$3,627 thousand and NT\$1,772 thousand, respectively, and the differences between the initial investment amount and the fair value were NT\$1,277 thousand and NT\$(578) thousand, respectively, which were recognized as unrealized valuation gain (loss) of investments in equity instruments at fair value through other comprehensive income.

(4) Financial assets at amortized cost

	2024.12.31	2023.12.31
Time deposits	\$10,916	\$9,853
Less: Loss allowance	-	-
Total	<u>\$10,916</u>	<u>\$9,853</u>
Non-current	<u>\$10,916</u>	<u>\$9,853</u>

The Group has classified a part of financial assets as financial assets at amortized cost; for the information about loss allowance, please refer to Note 6(20).

Please refer to Note 8 for details of the guarantees provided and to Note 12 for information on credit risk.

(5) Notes receivable

	2024.12.31	2023.12.31
Notes receivable – arising from operation	\$3,552	\$3,379
Less: Loss allowance	-	-
Total	<u>\$3,552</u>	<u>\$3,379</u>

The Group's notes receivables were not pledged.

The Group assesses impairment in accordance with IFRS 9. For information on loss allowance, please refer to Note 6(20); for information on credit risk, please refer to Note 12.

(6) Accounts receivable and accounts receivable – related parties

	2024.12.31	2023.12.31
Accounts receivable	\$1,065,000	\$972,661
Less: Loss allowance	(33,349)	(17,581)
Subtotal	1,031,651	955,080
Accounts receivable – related parties	146,574	124,250
Less: Loss allowance	-	-
Subtotal	146,574	124,250
Total	\$1,178,225	\$1,079,330

The Group's accounts receivable were not pledged.

The Group's credit period for the clients is generally from 30 to 180 days. The total carrying amounts as of December 31, 2024 and 2023 were NT\$1,211,574 thousand and NT\$1,096,911 thousand, respectively. For information related to the provision for losses in 2024 and 2023, please refer to Note 6(20). For information related to credit risk, please refer to Note 12.

(7) Net receivables under finance leases

As of December 31, 2024 and 2023, the Group leased out other equipment – surgical instruments under finance leases. A reconciliation of the future gross investment in leases and the present value for finance leases is as follows:

	2024.12.31		2023.12.31	
	Lease investment Total	Minimum lease payments receivable Present value of payments	Lease investment Total	Minimum lease payments receivable Present value of payments
Less than 1 year	\$26,323	\$18,319	\$12,675	\$9,128
2 to 3 years	31,272	26,306	19,405	16,720
4 to 5 years	-	-	1,737	1,710
Total minimum lease payments	57,595	\$44,625	33,817	\$27,558
Less: Unearned finance income	(12,970)		(6,259)	
Present value of minimum lease payments	\$44,625		\$27,558	
Current	\$18,319		\$9,128	
Non-current	26,306		18,430	
Total	\$44,625		\$27,558	

The Group has not provided any collateral for its receivables under finance leases.

As of December 31, 2024 and December 31, 2023, there were no overdue or impaired accounts receivable from finance leases. For information regarding the loss allowance as

of December 31, 2024 and December 31, 2023, please refer to Note 6(20).

(8) Inventories

	2024.12.31	2023.12.31
Merchandise	\$79,639	\$74,811
Finished goods	1,293,955	1,112,949
Work in process	305,690	335,744
Raw materials	193,918	167,508
Materials and supplies in transit	176	324
Total	<u>\$1,873,378</u>	<u>\$1,691,336</u>

1. The cost of inventories recognized as expenses by the Group is listed below:

Item	2024	2023
Cost of goods sold	\$1,024,136	\$903,565
Inventory write-down and obsolescence loss (recovery gain)	6,673	(10,048)
Total	<u>\$1,030,809</u>	<u>\$893,517</u>

The gains from price recovery of inventory generated by the Group in 2023 were mainly due to the consumption or sale of inventories for which inventory write-downs had previously been provided.

2. No inventories aforementioned were pledged.

(9) Investments Accounted for Using the Equity Method

The following table lists the Group's investments accounted for using the equity method:

Name of investee	2024.12.31		2023.12.31	
	Amount	Percentage of ownership	Amount	Percentage of ownership
Investments in associates:				
Shinva United Orthopedic Corporation	<u>\$330,603</u>	43%	<u>\$372,254</u>	44%

Investments in associates

Information of the Group's significant associates is as follows:

Company name: Shinva United Orthopedic Corporation

Relation: This company engages in the manufacturing or sales of products associated with the Group's industry chain. For integration of upstream and downstream businesses, we decided to invest in this company.

Primary operation place (registration country): Mainland China

Fair value with public quoted market prices: Shinva United Orthopedic Corporation is not a listed company, and is not listed in any securities exchange.

Summarized financial information and reconciliation of the investments' carrying amount:

	2024.12.31	2023.12.31
Current Assets	\$379,416	\$279,570
Non-current assets	837,318	876,279
Current Liabilities	(338,292)	(264,957)
Non-Current Liabilities	(67,910)	(3,655)
Equity	810,532	887,237
Percentage of ownership of the Group	43%	44%
Subtotal	348,529	390,384
Eliminations and adjustments due to inter-company transactions	(17,926)	(18,130)
Carrying amount of investments	\$330,603	\$372,254

	2024	2023
Operating Revenue	\$280,437	\$132,138
Net loss of continuing operations for this period	(165,284)	(164,347)
Comprehensive income for this period	(165,284)	(164,347)

On April 18, 2023, Shinva United Orthopedics Corporation (hereinafter referred to as "Shinva United"), Yiyuan Health Industry Investment (Jinan) Partnership (Limited Partnership) (hereinafter referred to as "Yiyuan Health"), Shinva Health Industry Co., Ltd., Shinva Medical Equipment Co., Ltd. and the Company signed a capital increase agreement for Shinva United. The total capital increase plan amounted to RMB 45,000 thousand, of which Shinva Health Industry Co., Ltd., Shinva Medical Equipment Co., Ltd. and the Company agreed to waive their preemptive rights for this capital increase, and Yiyuan Health agreed to subscribe for the capital increase plan in three installments. At the shareholders' meeting on April 20, 2023, Shinva United resolved to amend its articles of incorporation and increase its registered capital to RMB 345,000 thousand. On May 6, 2023, Yiyuan Health subscribed to the newly increased registered capital of RMB 18,000 thousand at a subscription price of RMB 1 per share. After this capital increase, Yiyuan Health held 6% equity interest in Shinva United, and the Group's shareholding ratio in Shinva United decreased from 49% to 46%. As the Group did not subscribe to the new shares issued by the associate in proportion to its shareholding, it recognized additional paid-in capital of NTD 10,316 thousand. On September 19, 2023, Yiyuan Health subscribed to the newly increased registered capital of RMB 13,500 thousand at a subscription price of RMB 1 per share. After this capital increase, Yiyuan Health held 10% equity interest in Shinva United, and the Group's shareholding ratio in Shinva United decreased from 46% to 44%. As the Group did not subscribe to the new shares issued by the associate in proportion to its shareholding, it recognized additional paid-in capital of NTD 8,537 thousand. On March 14, 2024, Yiyuan Health subscribed to the newly increased registered capital of RMB 13,500 thousand at a subscription price of RMB 1 per share. After this

capital increase, Yiyuan Health held 13% equity interest in Shinva United, and the Group's shareholding ratio in Shinva United decreased from 44% to 43%. As the Group did not subscribe to the new shares issued by the associate in proportion to its shareholding, it recognized additional paid-in capital of NTD 16,791 thousand.

The Group invests in affiliated enterprises on a technical basis of RMB 30,000 thousand, equivalent to NT\$149,844 thousand in long-term deferred income. For deferred income, the Group amortizes on an average of three years from the date of commencement of the provision of services. The remaining amount is amortized on a 10-year average basis after the product registration is obtained from Shinva United Orthopedic Corporation. Shinva United Orthopedic Corporation obtained the product registration certificate in September 2021, and the deferred income was amortized from September 2021. As of December 31, 2024 and 2023, accumulated amortization of NT\$98,807 thousand and NT\$91,473 thousand, respectively.

The aforementioned investments in associates did not have major contingent liabilities or capital commitments as of December 31, 2024 and 2023, nor was there any guarantee provided.

(10) Property, Plant, and Equipment

	2024.12.31	2023.12.31
Property, plant and equipment for own use	\$1,330,692	\$1,192,866
Property, plant and equipment for operating leases	460,040	387,715
Total	<u>\$1,790,732</u>	<u>\$1,580,581</u>

1. Property, plant and equipment for own use

	Land	Housing and buildings	Machinery and equipment	Tooling equipment	IT equipment	Leasehold improvements	Other equipment	Total
Cost:								
2024.1.1	\$174,589	\$486,711	\$536,597	\$82,127	\$31,943	\$18,711	\$951,615	\$2,282,293
Addition	-	1,057	20,379	17,046	4,662	1,460	234,288	278,892
Disposal	-	-	(1,420)	(6,687)	(361)	-	(49,854)	(58,322)
Reclassification	-	3,873	59,260	-	(191)	-	40,174	103,116
The Effects of Changes in Foreign Exchange Rates	-	-	12	-	46	303	41,660	42,021
2024.12.31	<u>\$174,589</u>	<u>\$491,641</u>	<u>\$614,828</u>	<u>\$92,486</u>	<u>\$36,099</u>	<u>\$20,474</u>	<u>\$1,217,883</u>	<u>\$2,648,000</u>
2023.1.1	\$174,589	\$486,446	\$516,250	\$84,350	\$27,783	\$18,361	\$784,231	\$2,092,010
Addition	-	1,868	9,613	10,054	4,449	371	233,262	259,617
Disposal	-	(1,017)	(165)	(7,464)	(335)	-	(37,729)	(46,710)
Reclassification	-	(586)	10,810	(4,813)	-	-	(32,586)	(27,175)
The Effects of Changes in Foreign Exchange Rates	-	-	89	-	46	(21)	4,437	4,551
2023.12.31	<u>\$174,589</u>	<u>\$486,711</u>	<u>\$536,597</u>	<u>\$82,127</u>	<u>\$31,943</u>	<u>\$18,711</u>	<u>\$951,615</u>	<u>\$2,282,293</u>
Depreciation and impairment:								
2024.1.1	\$-	\$124,214	\$333,504	\$61,069	\$21,206	\$14,093	\$535,341	\$1,089,427
Depreciation	-	16,394	46,243	14,007	5,216	1,977	148,788	232,625
Disposal	-	-	(1,387)	(6,088)	(352)	-	(44,427)	(52,254)
Reclassification	-	-	(975)	-	(205)	-	23,650	22,470

	Land	Housing and buildings	Machinery and equipment	Tooling equipment	IT equipment	Leasehold improvements	Other equipment	Total
The Effects of Changes in Foreign Exchange Rates	-	-	2	-	32	289	24,717	25,040
2024.12.31	\$-	\$140,608	\$377,387	\$68,988	\$25,897	\$16,359	\$688,069	\$1,317,308
2023.1.1	\$-	\$108,870	\$288,989	\$51,849	\$15,593	\$11,592	\$453,432	\$930,325
Depreciation	-	16,155	44,669	16,287	5,884	2,509	118,477	203,981
Disposal	-	(811)	(165)	(7,067)	(294)	-	(34,691)	(43,028)
Reclassification	-	-	-	-	-	-	(4,049)	(4,049)
The Effects of Changes in Foreign Exchange Rates	-	-	11	-	23	(8)	2,172	2,198
2023.12.31	\$-	\$124,214	\$333,504	\$61,069	\$21,206	\$14,093	\$535,341	\$1,089,427
Net carrying amount:								
2024.12.31	\$174,589	\$351,033	\$237,441	\$23,498	\$10,202	\$4,115	\$529,814	\$1,330,692
2023.12.31	\$174,589	\$362,497	\$203,093	\$21,058	\$10,737	\$4,618	\$416,274	\$1,192,866

2. Property, plant and equipment for operating leases

	Other equipment
Cost:	
2024.1.1	\$850,193
Addition	223,533
Disposal	(13,472)
Reclassification	(14,149)
The Effects of Changes in Foreign Exchange Rates	(9,410)
2024.12.31	\$1,036,695
2023.1.1	\$619,906
Addition	186,080
Disposal	(8,896)
The Effects of Changes in Foreign Exchange Rates	53,103
2023.12.31	\$850,193
Depreciation and impairment:	
2024.1.1	\$462,478
Depreciation	133,768
Disposal	(8,766)
Reclassification	(6,056)
The Effects of Changes in Foreign Exchange Rates	(4,769)
2024.12.31	\$576,655
2023.1.1	\$327,092
Depreciation	110,543
Disposal	(5,575)
The Effects of Changes in Foreign Exchange Rates	30,418
2023.12.31	\$462,478
Net carrying amount:	
2024.12.31	\$460,040
2023.12.31	\$387,715

3. The majority composition of the Group's buildings is the main building, electric engineering and refurbishment engineering, etc., and the depreciation of them is recognized by useful lives, 50, 20 and 5 years, respectively.

4. For guarantees provided based on property, plant and equipment, please refer to Note 8.

(11) Intangible Assets

	Computer software cost	Specialized technology	Development expenditure	Goodwill	Brand	Total
Cost:						
2024.1.1	\$22,742	\$240,654	\$89,077	\$292,891	\$107,940	\$753,304
Additions – internal development	-	-	61,973	-	-	61,973
Additions – separate acquisition	3,024	-	-	-	-	3,024
Disposal	(8,246)	-	-	-	-	(8,246)
Reclassification	1,976	2,361	(2,361)	-	-	1,976
The Effects of Changes in Foreign Exchange Rates	(20)	(406)	-	-	-	(426)
2024.12.31	<u>\$19,476</u>	<u>\$242,609</u>	<u>\$148,689</u>	<u>\$292,891</u>	<u>\$107,940</u>	<u>\$811,605</u>
2023.1.1	\$20,207	\$119,401	\$164,566	\$292,891	\$107,940	\$705,005
Additions – internal development	-	-	40,194	-	-	40,194
Additions – separate acquisition	4,131	-	-	-	-	4,131
Disposal	(3,026)	-	-	-	-	(3,026)
Reclassification	728	118,225	(118,225)	-	-	728
The Effects of Changes in Foreign Exchange Rates	702	3,028	2,542	-	-	6,272
2023.12.31	<u>\$22,742</u>	<u>\$240,654</u>	<u>\$89,077</u>	<u>\$292,891</u>	<u>\$107,940</u>	<u>\$753,304</u>
Amortization and impairment:						
2024.1.1	\$15,206	\$87,600	\$30,460	\$-	\$48,573	\$181,839
Amortization	3,714	46,955	2,727	-	7,196	60,592
Disposal	(8,246)	-	-	-	-	(8,246)
Reclassification	(103)	-	-	-	-	(103)
The Effects of Changes in Foreign Exchange Rates	(20)	(81)	-	-	-	(101)
2024.12.31	<u>\$10,551</u>	<u>\$134,474</u>	<u>\$33,187</u>	<u>\$-</u>	<u>\$55,769</u>	<u>\$233,981</u>
2023.1.1	\$13,334	\$49,769	\$27,397	\$-	\$41,377	\$131,877
Amortization	4,279	37,529	3,063	-	7,196	52,067
Disposal	(3,026)	-	-	-	-	(3,026)
The Effects of Changes in Foreign Exchange Rates	619	302	-	-	-	921
2023.12.31	<u>\$15,206</u>	<u>\$87,600</u>	<u>\$30,460</u>	<u>\$-</u>	<u>\$48,573</u>	<u>\$181,839</u>
Net carrying amount:						
2024.12.31	<u>\$8,925</u>	<u>\$108,135</u>	<u>\$115,502</u>	<u>\$292,891</u>	<u>\$52,171</u>	<u>\$577,624</u>
2023.12.31	<u>\$7,536</u>	<u>\$153,054</u>	<u>\$58,617</u>	<u>\$292,891</u>	<u>\$59,367</u>	<u>\$571,465</u>

Amortization amount of recognized intangible assets is as follows:

	2024	2023
Operating costs	\$32,925	\$30,543
Operating Expenses	27,667	21,524
Total	\$60,592	\$52,067

(12) Impairment Test of Goodwill

For the purpose of impairment testing, the goodwill acquired through a business combination is allocated to a single cash-generating unit (which is also an operating and reportable segment) as follows:

The carrying amount of goodwill allocated to each cash-generating unit:

Cash generating unit of A-SPINE Asia Co., Ltd.

	2024.12.31	2023.12.31
Goodwill	\$292,891	\$292,891

The recoverable amount of the cash-generating unit of A-SPINE Asia Co., Ltd. as of December 31, 2024 and 2023 has been determined based on fair value less costs of disposal. Fair value is assessed using the market approach. Based on the results of this analysis, management has evaluated that there are no indications of impairment of goodwill as of December 31, 2024 and December 31, 2023.

(13) Short-term loans

	2024.12.31	2023.12.31
Bank overdraft	\$-	\$3,512
Bank credit loans	1,167,533	664,230
Total	\$1,167,533	\$667,742
Interest rate range (%)	1.8672-5.3500	1.6000-6.4200

As of December 31, 2024 and 2023, the Group's unused short-term borrowing facilities amounted to NT\$727,763 thousand and US\$3,500 thousand, NT\$1,383,763 thousand and US\$2,000 thousand, respectively, and the unused long-term borrowing facilities amounted to NT\$0 thousand.

(14) Financial liabilities at fair value through profit or loss

	2024.12.31	2023.12.31
Mandatorily at fair value through profit or loss:		
Convertible corporate bonds with embedded derivative financial instruments	\$-	\$1,762
Non-current	\$-	\$1,762

(15) Corporate bonds payable

	2024.12.31	2023.12.31
Domestic unsecured bonds payable	\$-	\$226,264
Less: Liabilities due within one year	-	-
Long-term domestic convertible bonds payable	<u>\$-</u>	<u>\$226,264</u>

Domestic convertible bonds payable

	2024.12.31	2023.12.31
Liability elements:		
Nominal amount of domestic convertible bonds payable	\$-	\$500,000
Amount converted	-	(263,700)
Discount on domestic convertible bonds payable	-	(10,036)
Subtotal	-	226,264
Less: Liabilities due within one year	-	-
Net amount	<u>\$-</u>	<u>\$226,264</u>
Embedded derivatives – assets	<u>\$-</u>	<u>\$449</u>
Embedded derivative – liabilities	<u>\$-</u>	<u>\$1,762</u>
Equity elements	<u>\$-</u>	<u>\$24,880</u>

On May 30, 2023, the Company issued the 4th domestic non-pledge convertible bonds with the face interest rate of 0%. The convertible bonds are analyzed based on the contract clauses, and the composition elements include primary debts, embedded derivatives (option of redemption for the issuer, and an option of requesting the issuer's redemption), and equity elements (bondholders have the option of requesting to convert into issuer's ordinary shares). Primary issuance clauses are as follows:

Total issuance: NT\$500,000 thousand, with a par value of NT\$100 thousand each, issued at 106.57% of par value

Period of issuance: From May 30, 2023 to May 30, 2026

Critical clauses for redemption:

1. On the next day after the convertible bonds issued for three month full (August 31, 2023) until 40 days prior to the due date (April 21, 2026), if the closing price of the Company's common stock at the TPEx exceeds the conversion price by more than 30 percent for 30 consecutive business days, the Company may be notified to repay the outstanding amount of cash by the denomination of the bond in cash.
2. On the next day after the convertible bonds issued for three month full (August 31, 2023) until 40 days prior to the due date (April 21, 2026), if the Company's convertible bonds circulating externally are lower than NT\$50,000 thousand (10% of the original

issue amount), the Company shall announce to reclaim all bonds circulating externally in cash by the bond carry amount.

3. If a bond holder fails to respond to the Company's share registrar in writing before the final bond recall date set out in the "Bond Recall Notice," the Corporation will recall the bonds by cash on the due date.

Critical clauses for redemption:

The put date, on which the bondholders may require the Company to redeem the bonds at par value plus interest compensation, is two years after the issuance date (May 30, 2025).

Conversion methods:

1. Converted target: Ordinary shares of the Company.
2. Conversion period: From August 31, 2023 to May 31, 2026, the bondholders may request to convert the bonds into the Company's ordinary shares.
3. Converted price and adjustment: the converted price upon issuance was set as NT\$61.70 per share. When it comes to the converted price adjustment in accordance with the issuance clauses for the Company's ordinary shares, the converted price is subject to change in accordance to the formula stipulated in the issuance clauses.
4. Redemption on maturity: When the corporate bonds are due and not settled yet, the repayment should be made in cash by the nominal amount in full.

The Company's fourth domestic unsecured convertible bonds amounting to NTD 500,000 thousand have been fully converted into common shares, and trading on the over-the-counter market was terminated on February 19, 2024.

(16) Long-term loans

Details of long-term loans for the years ended December 31, 2024 and 2023 are as follows:

Creditors	2024.12.31	Interest rate (%)	Repayment period and method
Bank of Taiwan	\$89,668	1.9926	From June 19, 2018 to September 20, 2031; the first repayment was due on December 20, 2018; repayments of NT\$2,085 thousand is to be made every three months; the remaining principal will be repaid in a lump sum when due.
"	137,500	1.9100	From September 13, 2022 to September 13, 2027; the first repayment was due on September 13, 2024; repayments of NT\$12,500 thousand is to be made every three months; the remaining principal will be repaid in a lump sum when due.
CTBC Bank Co., Ltd.	46,750	2.1900	From September 12, 2022 to September 10, 2027; the first repayment was due on December 12, 2022; repayments of NT\$4,250 thousand is to be made every three months; the remaining principal will be repaid in a lump sum when due.
E.SUN Bank	91,667	2.0100	From September 13, 2022 to September 13, 2027; the first repayment was due on October 13, 2024; repayments of NT\$2,778 thousand is to be made every three months; the remaining principal will be repaid in a lump sum when due.

Creditors	2024.12.31	Interest rate (%)	Repayment period and method
Mega International Commercial Bank - Neihu	43,639	2.1050	1. From December 7, 2017 to December 7, 2032, starting from January 7, 2018, the first installment will be repaid over 180 installments. 2. In September 2021, an application was made to extend the principal repayment period for one year. From October 2021 to September 2022 (periods 46 to 57), no principal repayment will be made. For periods 58 to 180, the remaining principal will be evenly distributed and repaid, with interest paid monthly.
Far Eastern International Bank	35,000	2.2200	From June 24, 2024 to June 24, 2027, starting from July 24, 2025, the first installment will be repaid over 24 installments.
UBS Switzerland AG	9,059	1.5000	Originally due for repayment from April 2020 to March 2025. The repayment period has been changed from April 17, 2020 to September 30, 2027, with the first installment payment starting from March 31, 2022, to be paid in 12 installments.
CIC AGENCE ENTREPRISE NANCY	11,987	0.7000	From April 20, 2021 to April 20, 2026, starting from May 20, 2021, the first installment will be repaid over 60 installments.
"	341	1.2000	From December 15, 2021 to December 15, 2026, the first installment will be repaid starting from January 15, 2022, over 60 installments.
"	2,788	2.8000	From October 15, 2022 to October 15, 2027, the first installment will be repaid in 60 installments starting from November 15, 2022.
"	1,528	3.9000	From June 19, 2023 to June 15, 2027, starting from July 15, 2023, the first installment will be repaid over 48 installments.
"	998	4.1500	From July 5, 2023 to July 5, 2027, the first installment will be repaid starting from August 5, 2023 in 48 installments.
"	825	4.1900	From July 5, 2023 to July 5, 2027, the first installment will be repaid starting from August 5, 2023 in 48 installments.
"	1,085	4.9500	From January 5, 2024 to January 5, 2029, the first installment will be repaid starting from February 5, 2024 in 60 installments.
"	1,619	4.9500	From January 5, 2024 to January 5, 2029, the first installment will be repaid starting from February 5, 2024 in 60 installments.
"	843	4.2500	From February 12, 2024 to January 15, 2029, the first installment will be repaid in 60 installments starting from February 15, 2024.
"	861	4.2500	From February 12, 2024 to January 15, 2027, the first installment will be repaid in 60 installments starting from February 15, 2024.
"	820	4.3500	From February 23, 2024 to February 15, 2029, the first installment will be repaid starting from March 15, 2024 in 60 installments.
"	891	4.2500	From May 6, 2024 to April 25, 2029, the first installment will be repaid in 60 installments starting from May 25, 2024.
"	1,014	3.9500	From November 22, 2024 to November 15, 2028, the first installment will be repaid in 48 installments starting from December 15, 2024.
INFIMED SASU	6,889	3.3441	From December 14, 2021 to November 14, 2026, the first installment will be repaid in 60 installments starting from December 14, 2021.
"	7,923	3.4123	From April 28, 2022 to April 27, 2027, starting from April 30, 2022, the first installment will be repaid in 61 installments.
"	4,285	4.1317	From August 1, 2022 to August 5, 2027, starting from August 5, 2022, repay the first installment in 61 installments.
"	9,267	6.2789	From November 17, 2022 to November 30, 2027, starting from November 23, 2022, repayment of the first installment for 61 installments.
Total	\$507,247		
Less: Long-term loans due within one year	(150,244)		
Net amount	\$357,003		

Creditors	2023.12.31	Interest rate (%)	Repayment period and method
Bank of Taiwan	\$98,009	1.8605	From June 19, 2018 to September 20, 2031; the first repayment was due on December 20, 2018; repayments of NT\$2,085 thousand is to be made every three months for 52 times; the remaining principal will be repaid in a lump sum when due.
"	150,000	1.7850	From September 13, 2022 to September 13, 2027; the first repayment was due on September 13, 2024; repayments of NT\$12,500 thousand is to be made every three months; the remaining principal will be repaid in a lump sum when due.
CTBC Bank Co., Ltd.	63,750	2.0300	From September 12, 2022 to September 10, 2027; the first repayment was due on December 12, 2022; repayments of NT\$4,250 thousand is to be made every three months; the remaining principal will be repaid in a lump sum when due.
E.SUN Bank	100,000	1.8900	From September 13, 2022 to September 13, 2027; the first repayment was due on October 13, 2024; repayments of NT\$2,778 thousand is to be made every three months; the remaining principal will be repaid in a lump sum when due.
Mega International Commercial Bank – Neihu	49,094	1.9800	1. From December 7, 2017 to December 7, 2032, starting from January 7, 2018, the first installment will be repaid over 180 installments. 2. In September 2021, an application was made to extend the principal repayment period for one year. From October 2021 to September 2022 (periods 46 to 57), no principal repayment will be made. For periods 58 to 180, the remaining principal will be evenly distributed and repaid, with interest paid monthly.
UBS Switzerland AG	12,157	1.5000	Originally due for repayment from April 2020 to March 2025. The repayment period has been changed from April 17, 2020 to September 30, 2027, with the first installment payment starting from March 31, 2022, to be paid in 12 installments.
CIC AGENCE ENTREPRISE NANCY	20,806	0.7000	From April 20, 2021 to April 20, 2026, starting from May 20, 2021, the first installment will be repaid over 60 installments.
"	505	1.2000	From December 15, 2021 to December 15, 2026, the first installment will be repaid starting from January 15, 2022, over 60 installments.
"	3,703	2.8000	From October 15, 2022 to October 15, 2027, the first installment will be repaid in 60 installments starting from November 15, 2022.
"	2,089	3.9000	From June 19, 2023 to June 15, 2027, starting from July 15, 2023, the first installment will be repaid over 48 installments.
"	1,351	4.1500	From July 5, 2023 to July 5, 2027, the first installment will be repaid starting from August 5, 2023 in 48 installments.
"	1,116	4.1900	From July 5, 2023 to July 5, 2027, the first installment will be repaid starting from August 5, 2023 in 48 installments.
INFIMED SASU	10,264	3.3441	From December 14, 2021 to November 14, 2026, the first installment will be repaid in 60 installments starting from December 14, 2021.
"	11,090	3.4123	From April 28, 2022 to April 27, 2027, starting from April 30, 2022, the first installment will be repaid in 61 installments.
"	5,791	4.1317	From August 1, 2022 to August 5, 2027, starting from August 5, 2022, repay the first installment in 61 installments.
"	12,038	6.2789	From November 17, 2022 to November 30, 2027, starting from November 23, 2022, repayment of the first installment for 61 installments.
Total	\$541,763		
Less: Long-term loans due within one year	(76,814)		
Net amount	<u>\$464,949</u>		

The secured loans with Bank of Taiwan, Mega International Commercial Bank and CTBC Bank Co., Ltd. have lands, buildings and machinery and equipment, etc. pledged with first priority entitlement. For more details, please refer to Note 8.

The Group signed a financing loan with INFIMED SASU for the sale and leaseback of other equipment, with the other equipment pledged as collateral. The lease term is 5 years, after which the relevant other equipment will belong to the Group. As of December 31, 2024 and 2023, the outstanding loan balances were EUR 831 thousand and EUR 1,153 thousand, respectively. Please refer to Note 8 for details on the collateral.

(17) Post-Retirement Benefit Plan

Defined contribution plans

The post-employment regulations in accordance with "Labor Pension Act" of the company belong to the defined contribution plan. According to the Act, the Company and its domestic subsidiaries' monthly contribution rate for employees' pension shall not be lower than 6% of employees' monthly salary. The Company and its domestic subsidiaries has complied with the post-employment regulations stipulated in accordance with the Act, and on a monthly basis contributed 6% of employees' monthly salary to the individual pension accounts under the supervision of the Bureau of Labor Insurance.

The Group's other foreign subsidiaries contribute retirement funds to relevant retirement fund management companies in accordance with local laws and regulations.

The Group's expenses under the defined contribution plan for the years ended December 31, 2024 and 2023 are NT\$71,647 thousand and NT\$64,372 thousand, respectively.

Defined benefits plan

The Company's post-employment regulations stipulated in accordance with the "Labor Standards Act" belong to the defined benefits plan. The payout of employees' pension is calculated based on the years of service and approved monthly average wage upon retirement. For service duration of 15 years or less, two base points shall be assigned for every year. Once the duration exceeds 15 years, one base point shall be assigned for each year thereafter. The maximum base points are 45. In accordance with the "Labor Standards Act," the Corporation contributes 2% of total salaries as the pension fund on a monthly basis, which is deposited in the special account of Bank of Taiwan, in the name of the Supervisory Committee of Labor Pension Reserve. Also, the Company would assess the balance in the aforementioned labor pension reserve account at the end of each year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

The Ministry of Labor manages assets allocation in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund." The investment of funds is conducted through the self-operation and commissioned operation, as well as the adoption of the mid and long-term investment strategy under active and passive management models. In considerations of risks such as market, credit and liquidity, the Ministry of Labor defines the cap for fund risks and control plans to ensure sufficient flexibility without excessive risks in achieving the targeted returns. The minimum return from the utilization of fund shall not be less than the interest rate of a two-year fixed time deposit of local banks. If there is any shortage, upon approvals from the competent authority, supplement can be made from the national treasury. Since the Company is not entitled to participate in the operation and management of the fund, it is unable to disclose the classification of planned assets' fair value as per Paragraph 142 of IAS 19. As of December 31, 2024, the Company's defined benefits plan has been estimated to contribute NT\$0 thousand in the following year.

For the years ended on December 31, 2024 and 2023, the Company's defined benefits plans are expected to due in 2032.

The table below summarizes the defined benefits plan recognized in costs of profit or loss:

	2024	2023
Service costs for the current period	\$64	\$59
Net interest of net defined benefit liability	(97)	(110)
Total	<u><u>\$(33)</u></u>	<u><u>\$(51)</u></u>

The reconciliation of the present value of defined benefit obligations and the fair value of the plan assets are as follows:

	2024.12.31	2023.12.31	2023.1.1
Present value of defined benefit obligation	\$33,411	\$41,232	\$40,357
Fair value of plan assets	(47,256)	(49,209)	(48,670)
Net defined benefit (asset) liabilities on the book	<u><u>\$(13,845)</u></u>	<u><u>\$(7,977)</u></u>	<u><u>\$(8,313)</u></u>

Reconciliation of net defined benefit (asset) liabilities:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
2023.1.1	\$40,357	\$(48,670)	\$(8,313)
Service costs for the current period	59	-	59
Interest expenses (income)	537	(647)	(110)
Previous service cost and settlement gains or losses	-	-	-
Subtotal	40,953	(49,317)	(8,364)
Re-measurements of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	441	-	441
Experience adjustment	356	-	356
Re-measurements of defined benefit assets	-	(215)	(215)
Subtotal	41,750	(49,532)	(7,782)
Benefits paid	(518)	518	-
Employer contributions	-	(195)	(195)
2023.12.31	41,232	(49,209)	(7,977)
Service costs for the current period	64	-	64
Interest expenses (income)	498	(595)	(97)
Previous service cost and settlement gains or losses	-	-	-
Subtotal	41,794	(49,804)	(8,010)
Re-measurements of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	(1,151)	-	(1,151)
Experience adjustment	(263)	-	(263)
Re-measurements of defined benefit assets	-	(4,357)	(4,357)
Subtotal	40,380	(54,161)	(13,781)
Benefits paid	(6,969)	6,969	-
Employer contributions	-	(64)	(64)
2024.12.31	\$33,411	\$(47,256)	\$(13,845)

Following assumptions are used to determine the Company's defined benefit plan:

	2024.12.31	2023.12.31
Discount rate	1.61%	1.21%
Expected salary increase rate	3.00%	3.00%

Sensitivity analysis of each significant actuarial assumption:

	2024		2023	
	Increase of defined benefit obligation	Decrease of defined benefit obligation	Increase of defined benefit obligation	Decrease of defined benefit obligation
Discount rate increases by 0.5%	\$-	\$1,365	\$-	\$1,794
Discount rate decreases by 0.5%	1,448	-	1,910	-
Expected salary increases by 0.5%	1,420	-	1,867	-
Expected salary decreases by 0.5%	-	1,354	-	1,772

The aforementioned sensitivity analysis is conducted to analyze the possible impact on defined benefit obligations under the assumption that there are reasonable changes to a single actuarial assumption (e.g., discount rate or expected salary) while all other assumptions remain constant. Since some actuarial assumptions are in connection with each other, it is rare to see changes on a single actuarial assumption in practice. Hence, this analysis has its own limitations.

The method and assumptions of the sensitivity analysis in the current period are the same as the previous period.

(18) Equity

1. Capital Stock

As of January 1, 2024 and 2023, the Group's authorized share capital was both NT\$1,500,000 thousand, and had issued share capital of common stock in the amount of NT\$877,379 thousand and NT\$781,316 thousand, respectively. The share capital of preferred shares issued were NT\$3,737 thousand and NT\$99,800 thousand, respectively. The par value of the common stock is NT\$10 per share, and 87,738 thousand shares and 78,132 thousand shares have been issued, respectively. Preference shares were issued at a par value of NT\$10, dividing into 374 thousand shares and 9,980 thousand shares, respectively.

As of December 31, 2024, the Company's convertible bonds had applied for conversion in the amount of NT\$500,000 thousand, and applied for the issuance of ordinary share capital of NT\$83,751 thousand, with a par value of NT\$10 per share, divided into 8,375 thousand shares. As of December 31, 2024, the change registration was completed.

Preference Shares

On September 17, 2019, the board of directors resolved that the Company launch a capital increase to issue type A preference share in a total amount of NT\$520,000

thousand, with a par value of NT\$10 per share and a total of 10,000 thousand shares, and the issue price per share was NT\$52. This cash capital increase case was reported and registered with FSC, which issued Financial Supervisory Commission Official Letter No.1080325924 on August 26, 2019 as a confirmation, and the base date of capital increase was set at October 18, 2019. The relevant legal registration procedures have been completed and classified under equity. An excerpt of relevant rights and obligations is as follows:

- (1) The annual rate of preferred stocks is 4.5% (5-year interest rate swap (IRS) rate of 0.7162% + fixed rate of 3.7838%) and calculated at the issue price per share. The five-year IRS rate will be reset on the next business day after the fifth year from the issue date and every five years thereafter. The pricing base date of interest rate reset is two business days of Taipei Exchange prior to the date of interest rate reset, and the five-year IRS rate is the arithmetic mean of the prices of Reuter's "PYTWDFIX" and "COSMOS3" of the five-year IRS at 11:00 a.m. on the pricing base date of interest rate reset (also a business day of Taipei Exchange). If the aforesaid offer prices are unavailable on the record date of the reset, the five-year IRS rate shall be determined by the Company based on the principle of good faith and reasonable market conditions.
- (2) If the company's annual settlement of accounts shows a surplus, it shall, after paying taxes in accordance with the law, make up for the losses of previous years and set aside legal reserve funds in accordance with the laws and regulations. After setting aside or reversing the special reserve in accordance with the provisions of the Articles of Incorporation, if there is still a balance after adding the accumulated undistributed earnings, the dividends that can be distributed for preference shares for the current year may be distributed first.
- (3) The Company has discretion over the distribution of preference share dividends. If the Company did not generate any or sufficient profits during the year for the distribution of preference share dividends, it may resolve not to pay out the dividends and preferred shareholders have no rights to object. The preference shares issued are non-cumulative; that is, the undistributed dividends or shortages in dividends distributed shall not be accumulated and paid in subsequent years when profits are generated.
- (4) The preference share dividends are fully distributed in cash every year. After the financial statements are adopted in an annual shareholders' meeting, the board of directors shall set the record date for paying the preference share dividends of the previous year. The number of dividends issued in the year of issue and in the year of redemption is calculated based on the actual number of days of issue in the current year. Distributed dividends will be recognized in the dividend statement.
- (5) Shareholders of preference shares shall not participate in the distribution of surplus and capital surplus in cash or for capitalization related to ordinary shares, except for receiving dividends as specified above.

- (6) Shareholders of preference share have no right to request the Company to redeem their preference shares; however, preference shares may be redeemed in whole or in part at issue price anytime after five years of issuance at the option of the Company, provided the "Notice of Redemption of Preferred Shares" with a period of 30 days has been announced or sent to the shareholders of preference share. Preference shares not yet redeemed shall continue to be subject to the rights and obligations of issuance terms prescribed above. In the year of redeeming preferred the stocks, if the Company's shareholders' meeting makes the resolution to distribute dividends, the distributable dividends up to the date of redemption shall be calculated according to the actual issuance days of the current year.
- (7) Preferred stockholders have a higher claim to the Company's residual properties than common stockholders. Different types of preference share issued by the Company grant holders the same rights to claims, and preferred stockholders stay subordinate to general creditors. The amount preferred stockholders are entitled to is capped at the product of number of outstanding preference shares at the time of distribution and issuance price.
- (8) The shareholders of preference shares have neither voted nor election rights. However, they may be elected as directors, and they have voting rights in extraordinary shareholders' meetings or with respect to agendas associated with the rights and obligations of shareholders of preference shares in shareholders' meetings.
- (9) The preference shares cannot be converted within one year from the date of issuance (October 18, 2019). From the day after the expiration of one year (October 19, 2020), the shareholders of the preference shares may apply for conversion of part or all of the preference shares held by them to ordinary shares with one preference share in exchange for one ordinary share (the conversion ratio is 1:1) during the conversion period. After conversion of the preference shares into common stocks, their rights and obligations are the same with the latter. The payment of the annual dividends for the convertible preference shares shall be calculated based on the actual issuing days in proportion to the days of that total year. Should any shares be converted into the common stocks before the record date of distribution of dividends, the holders shall not have the right to the distribution of the dividends of preferred shares in the current year but may participate in the distribution of common stocks surplus and capital surplus.
- (10) For cash offering of new shares, the preferred stockholders have the same preemptive rights as the common stockholders.

The aforesaid special shares were converted into 324 thousand ordinary shares and 9,606 thousand ordinary shares for the years ended December 31, 2024 and 2023, respectively. The above-mentioned preferred shares can be redeemed early on the day following the expiration of five years from issuance. After considering the issuance

conditions, the Company redeemed the preferred shares. As of December 31, 2024, all of the Company's preferred shares have been fully converted or redeemed.

As of December 31, 2024 and 2023, the Company's authorized share capital was both NT\$1,500,000 thousand, and had issued share capital of ordinary share in the amount of NT\$964,367 thousand and NT\$877,379 thousand, respectively. The share capital of preference shares issued were NT\$0 thousand and NT\$3,737 thousand, respectively. The par value of the common stock is NT\$10 per share, and 96,437 thousand shares and 87,738 thousand shares have been issued, respectively. Preference shares were issued at a par value of NT\$10, dividing into 0 thousand shares and 374 thousand shares, respectively.

2. Capital surplus

	2024.12.31	2023.12.31
Share premium	\$1,979,662	\$1,770,932
Share options – convertible corporate bonds	-	24,880
Difference between the actual acquisition or disposal price of a subsidiary's equity and its book value	164,332	164,332
Others	79,885	63,092
Total	<u>\$2,223,879</u>	<u>\$2,023,236</u>

According to the laws, the capital reserve shall not be used except to offset the deficit of the company. When the company incurs no loss, the capital surplus generated from the excess obtained from issuing shares above par value and from receiving donations may be capitalized each year up to a certain ratio of the paid-in capital. The aforementioned capital surplus may also be distributed in cash to shareholders in proportion to their original shareholdings.

Please refer to Note 6(9) and 6(27) for more information about the difference between the proceeds received from acquisition or disposal of a subsidiary and its carrying amount.

3. Earnings distribution and dividend policy

According to the Company's Articles of Association, current year's earnings, if any, shall be distributed in the following order:

- (1) Payment of all taxes and dues.
- (2) Deficit compensation.
- (3) Appropriate 10% to be the legal reserve.
- (4) Other provisions or reversed special reserve in accordance with laws and regulations or regulatory authorities.

- (5) The board of directors shall draft an earning distribution proposal according to the dividend policy, and report it to the shareholders' meeting.

The Company's dividend policy shall consider the Company's current and future investment environment, capital demands, domestic and foreign competition situations and capital budgets, in order to safeguard the shareholders' interests and find a balance between dividends and the Company's long-term financial plan. On an annual basis, the board of directors will formulate a distribution plan, and report it to the shareholders' meeting. Dividends distributable to shareholders shall be 50%~100% of current year's distributable earnings, among which, at least 50% shall be in the form of cash.

According to the Company Act, the legal surplus reserve should be appropriated until the total amount reaches the paid-in capital. The legal reserve may be used to offset deficit. When the Company has no deficit, legal reserve in excess of 25% of paid-in capital may be distributed in the form of stock or cash dividends to its shareholders in proportion to the number of shares being held by each of them.

When distributing distributable earnings, the Company shall appropriate a special reserve in the amount equal to the difference between the balance of special reserves appropriated at the first-time adoption of IFRSs and the net debit balance of other equity items. Subsequently, when the net deduction to other equity interests is reversed, the Company must revert the special surplus and distribute the earnings based on the reversal of the net deduction to other equity interests.

The Corporation complies with FSC's Order No. Financial-Supervisory-Securities-Corporate-1090150022 issued on March 31, 2021: upon the first-time adoption of IFRS, for any unrealized revaluation surplus and cumulative translation adjustment gains that the Corporation elects to transfer to retained earnings by application of the exemption under IFRS 1, "First-time Adoption of IFRS", the Corporation shall set aside special reserves. Where the Company's relevant assets are subsequently used, disposed of or reclassified, the original proportion of special reserve may be reversed for the distribution of earnings.

However, as the Company's retained earnings from the first-time adoption of IFRS was a negative number, the special reserves did not have to be appropriated. In addition, as the Company did not use, dispose, or reclassify relevant assets for the years ended December 31, 2024 and 2023, there is no reversal of special reserve to unappropriated earnings.

Details of the 2024 and 2023 earnings appropriation and distribution and dividends per share as approved by the board of directors meeting and the annual general meeting of shareholders on March 13, 2025 and June 18, 2024, respectively, are as follows:

	Earnings Distribution Proposal and Capital Surplus Cash Distribution Proposal		Dividends per share (NT\$)	
	2024	2023	2024	2023
<u>Distribution of earnings</u>				
Legal reserve	\$46,220	\$38,357		
Provision (reversal) for special reserve	(37,698)	3,669		
Cash dividends of ordinary share	385,747	384,281	\$4.00	\$3.99
Cash dividends of preference share	119	553	2.38	2.34
<u>Cash Distribution from Capital Surplus</u>				
Capital Surplus	\$-	\$1,113	\$-	\$0.01

At the annual shareholders' meeting on June 18, 2024, the Company declared a cash dividend of NT\$553 thousand on preference shares. However, as some shareholders had converted their preference shares into ordinary shares before the ex-dividend date, the actual cash dividend paid by the Company on preference shares on August 16, 2024 was NT\$473 thousand.

Please refer to Note 6(22) for further details on the estimation and recognition foundation of employees' compensation and remuneration to directors and supervisors.

4. Non-Controlling Interests

	2024	2023
Beginning balance	\$96,400	\$95,173
Net profit for the period attributable to non-controlling interests	3,953	4,108
Other comprehensive income attributable to non-controlling interests:		
Exchange differences on translation of financial statements of foreign operations	(15)	78
Unrealized valuation losses from financial assets at fair value through other comprehensive income	465	297
Changes in ownership interests in subsidiaries	-	125
Cash dividends paid by subsidiaries	(3,381)	(3,381)
Ending balance	\$97,422	\$96,400

(19) Operating revenue

	2024	2023
Income from sales of goods	\$4,653,130	\$3,929,887

Revenue from the sale of goods was generated by a single segment and recognized at a point of time.

Contract balance

Contract liabilities - current

	2024.12.31	2023.12.31
Sales of goods	\$861	\$1,993

The significant changes in the balance of contract liabilities of the Group from January 1 to December 31, 2024 and 2023 are as follows:

	2024	2023
Beginning balance recognized as revenue in the current period	\$(1,411)	\$(9,227)
Increase in advance payments received in the current period (after deduction of revenue generated and recognized in the current period)	279	815

(20) Expected credit impairment losses

	2024	2023
Operating expenses – expected credit impairment losses (reversal of gains)		
Notes receivable	\$-	\$-
Accounts receivable	15,227	8,436
Receivables under finance leases	-	-
Total	\$15,227	\$8,436

For information on credit risk, please refer to Note 12.

The Group's financial assets and long-term receivables (accounted for in other non-current assets) at amortization cost were assessed on December 31, 2024 and 2023 as those with low credit risk, so the loss allowance is measured based on 12-month expected credit losses (loss rate of 0%).

For the Group's receivables (including notes receivable, accounts receivable, and receivables under finance leases), the loss allowance is measured at the lifetime expected credit loss amount. The explanation of the assessment of the loss allowance as of December 31, 2024 and 2023 is as follows:

Accounts receivable are grouped based on factors such as counterparty credit ratings, regions, and industries, and the loss allowance is measured using a provision matrix. Relevant information is as follows:

2024.12.31

Group One	Not past due (Note)	Number of days overdue				Total
		Within 120 days	121 to 150 days	151 to 180 days	181 days or above	
Total carrying amount	\$1,063,889	\$107,163	\$15,131	\$4,686	\$34,108	\$1,224,977
Loss ratio	0% ~ 3%	1% ~ 28%	14% ~ 40%	19% ~ 46%	19% ~ 53%	
Lifetime expected credit losses	2,976	7,023	2,819	1192	10,871	24,881
Subtotal	1,060,913	100,140	12,312	3,494	23,237	1,200,096

Group Two	Not past due (Note)	Number of days overdue				Total
		Within 120 days	121 to 150 days	151 to 180 days	181 days or above	
Total carrying amount	\$-	\$964	\$-	\$-	\$7,504	\$8,468
Loss ratio	100%	100%	100%	100%	100%	
Lifetime expected credit losses	-	964	-	-	7,504	8,468
Subtotal	-	-	-	-	-	-
Carrying amount						<u>\$1,200,096</u>

2023.12.31

Group One	Not past due (Note)	Number of days overdue				Total
		Within 120 days	121 to 150 days	151 to 180 days	181 days or above	
Total carrying amount	\$913,976	\$159,711	\$11,799	\$3,971	\$19,961	\$1,109,418
Loss ratio	0% ~ 2%	1% ~ 22%	14% ~ 23%	16% ~ 28%	17% ~ 30%	
Lifetime expected credit losses	1,649	7,737	2,304	852	5,039	17,581
Subtotal	912,327	151,974	9,495	3,119	14,922	1,091,837

Group Two	Not past due (Note)	Number of days overdue				Total
		Within 120 days	121 to 150 days	151 to 180 days	181 days or above	
Total carrying amount	\$-	\$-	\$-	\$-	\$-	\$-
Loss ratio	100%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Carrying amount						<u>\$1,091,837</u>

Note: None of the Group's notes receivable is past due.

The changes in the loss allowance for the Group's notes receivable, accounts receivable, and receivables under finance leases in 2024 and 2023 are as follows:

	Notes receivable	Accounts receivable	Receivables under finance leases
2024.1.1	\$-	\$17,581	\$-
Amount increase in the current period	-	15,227	-
Write off due to inability to recover	-	(37)	-
Effect of exchange rate changes	-	578	-
2024.12.31	\$-	\$33,349	\$-
2023.1.1	\$-	\$9,484	\$-
Amount increase in the current period	-	8,436	-
Write off due to inability to recover	-	(778)	-
Effect of exchange rate changes	-	439	-
2023.12.31	\$-	\$17,581	\$-

(21) Leases

1. The Group as a lessee

The Group leases a number of different assets, including real estate (land, housing, and buildings) and transportation equipment. The lease period of each contract ranges from 2 years to 49 years.

The following is a description of the leases' impacts on the Group's financial position, financial performance, and cash flow:

(1) Amount recognized in the balance sheet

A. Right-of-use assets

Carrying amount of right-of-use assets

	2024.12.31	2023.12.31
Land	\$128,687	\$132,474
Housing and buildings	39,244	41,194
Transportation Equipment	7,678	11,294
Office Equipment	3,267	1,210
Total	\$178,876	\$186,172

In 2024 and 2023, the Group added NT\$29,289 thousand and NT\$11,170 thousand, respectively, to the category of right-of-use assets.

B. Lease liabilities

	2024.12.31	2023.12.31
Lease liabilities	\$186,440	\$193,461
Current	\$28,900	\$29,101
Non-current	\$157,540	\$164,360

Please refer to Note 6(23)(4) for the interest expenses of the Group's 2024 and 2023 lease liabilities; please refer to Note 12.(5) "Liquidity Risk Management" for detailed information on finance costs and analysis of the maturity of lease liabilities as of December 31, 2024 and 2023.

(2) Amount recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2024	2023
Land	\$8,411	\$8,309
Housing and buildings	17,197	16,492
Transportation Equipment	4,255	4,672
Office Equipment	3,072	407
Total	\$32,935	\$29,880

(3) Revenues and expenses related to the lessee and lease activities

	2024	2023
Short-term lease expense	\$4,221	\$3,642
Lease expenses on low-value assets (excluding short-term lease expenses of low-value assets)	8,618	3,949
Revenue from sublease of right-of-use assets	1,263	1,303

As of December 31, 2024 and 2023, the Company had no committed short-term lease arrangements.

(4) Cash outflows related to the lessee and lease activities

The Group's total cash outflow amounts of leases in 2024 and 2023 were NT\$49,328 thousand and NT\$39,943 thousand, respectively.

2. The Group as a lessor

For the relevant disclosures of the Group's own property, plant and equipment, please refer to Note 6(10). Properties, plants and equipment owned are classified as operating leases since substantially all the risks and rewards incidental to ownership of the underlying assets are not transferred.

The Group has entered into lease agreements for some other equipment - surgical instruments with lease terms ranging from 1.5 to 5 years. Since substantially all the risks and rewards incidental to ownership of the underlying assets have been transferred, these leases are classified as finance leases.

	2024	2023
Operating lease rental income		
Income relating to fixed lease payments and variable lease payments that depend on an index or rate	\$17,172	\$13,441
Subtotal	17,172	13,441
Lease income recognized from finance leases		
Net financing income from net investment in leases	6,597	2,591
Subtotal	6,597	2,591
Total	\$23,769	\$16,032

(22) Summary statement of employee benefits, depreciation and amortization expense by function:

Function Property	2024			2023		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses						
Salary expenses	\$336,077	\$644,181	\$980,258	\$345,999	\$594,806	\$940,805
Labor and health insurance premiums	33,366	34,602	67,968	30,927	30,097	61,024
Pension expenses	14,154	57,460	71,614	13,540	50,781	64,321
Other employee benefit expenses	13,005	9,048	22,053	12,178	8,055	20,233
Depreciation expenses	79,387	319,941	399,328	81,253	263,151	344,404
Amortization expenses	32,925	27,667	60,592	30,543	21,524	52,067

The Company's Articles of Incorporation provide that if there is profit in the year, 12% of profit shall be allocated for employee remuneration, and no more than 3% shall be allocated for compensations of the directors and members of the supervisory board. However, the Company's accumulated losses shall first be offset. The aforementioned employee compensation shall be paid only in cash, and shall be carried out by a resolution of the board of directors with the attendance of more than two-thirds of the directors and the approval of more than half of the directors present, and reported to the shareholders' meeting. Information on employee compensation and directors' and supervisors' remuneration approved by the board of directors of the Company is available at the Market Observation Post System (MOPS).

In 2024, the Company estimated employee compensation and directors' and supervisors' remuneration at 12% and 3%, respectively, based on the profit for the year, and recognized employee compensation and directors' and supervisors' remuneration of NT\$77,105 thousand and NT\$19,276 thousand, respectively, which were recorded under salary expenses.

On March 7, 2025, the board of directors of the Company resolved to cash out the remuneration of employees and the remuneration of directors and supervisors for the year 2024 in the amount of NT\$77,105 thousand and NT\$19,276 thousand, respectively, which is not significantly different from the amount of expenses recorded in the financial report of the Company in 2024.

On March 13, 2024, the board of directors of the Company resolved to cash out the remuneration of employees and the remuneration of directors and supervisors for the year 2023 in the amount of NT\$66,892 thousand and NT\$16,723 thousand, respectively, which is not significantly different from the amount of expenses recorded in the financial statements of the Company in 2023.

In 2023, the actual employee compensation and directors' and supervisors' remuneration distributed were NT\$66,892 thousand and NT\$16,723 thousand, respectively, which did not differ materially from the amounts expensed in the 2023 financial statements.

(23) Non-operating revenues and expenses

1. Interest revenue

	2024	2023
Interest on bank deposits	\$4,203	\$3,844
Other interest income	6,614	3,257
Total	<u>\$10,817</u>	<u>\$7,101</u>

2. Other revenue

	2024	2023
Rental revenue	\$1,263	\$1,303
Subsidy income	4,132	5,024
Dividend of preference shares	1,900	1,900
Royalty Income	7,605	4,465
Other income – others	28,496	33,028
Total	<u>\$43,396</u>	<u>\$45,720</u>

3. Other gains and losses

	2024	2023
Loss on disposal of property, plant, and equipment	\$1,655	\$(179)
Net foreign exchange gains	32,367	33,643
Gains (losses) on financial assets and financial liabilities at fair value through profit or loss (Note)	2,054	1,257
Other gains	(491)	45
Expenditure	(9,197)	(1,072)
Total	<u>\$26,388</u>	<u>\$33,694</u>

Note: It was generated because financial assets and financial liabilities were mandatorily at fair value through profit or loss.

4. Finance costs

	2024	2023
Interest on bank loans	\$(39,969)	\$(35,078)
Interest on bonds payable	-	(5,716)
Interest on lease liabilities	(3,221)	(3,348)
Total	\$(43,190)	\$(44,142)

(24) Components of other comprehensive income

Components of other comprehensive income for the year ended December 31, 2024 are as follows:

	Arising during the period	Current reclassification adjustments	Other comprehensive income	Income tax benefits (expenses)	After-tax amount
Items not reclassified to profit or loss:					
Re-measurements of defined benefit plans	\$5,771	\$-	\$5,771	\$-	\$5,771
Unrealized gains (losses) from investment in equity instrument at fair value through other comprehensive income	1,955	-	1,955	-	1,955
Items that may be subsequently reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	23,544	-	23,544	-	23,544
Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	12,649	-	12,649	-	12,649
Total	\$43,919	\$-	\$43,919	\$-	\$43,919

Components of other comprehensive income for the year ended December 31, 2023 are as follows:

	Arising during the period	Current reclassification adjustments	Other comprehensive income	Income tax benefits (expenses)	After-tax amount
Items not reclassified to profit or loss:					
Re-measurements of defined benefit plans	\$(582)	\$-	\$(582)	\$-	\$(582)
Unrealized gains (losses) from investment in equity instrument at fair value through other comprehensive income	2,502	-	2,502	-	2,502
Items that may be subsequently reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	2,383	-	2,383	-	2,383
Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(8,178)	-	(8,178)	-	(8,178)
Total	\$(3,875)	\$-	\$(3,875)	\$-	\$(3,875)

(25) Income Tax

The major components of income tax expense for the years ended December 31, 2024 and 2023 are as follows:

Income tax recognized in profit or loss

	2024	2023
Current income tax expense:		
Current income tax payable	\$125,551	\$124,919
Adjustments on current income tax of prior periods	(491)	5,044
Deferred income tax benefits:		
Deferred tax benefits related to its original generation and reversal of temporary differences	(10,337)	(9,046)
Income Tax Expenses	<u>\$114,723</u>	<u>\$120,917</u>

Income tax recognized in other comprehensive income

	2024	2023
Deferred income tax expense:		
Unrealized gains (losses) from investment in equity instrument at fair value through other comprehensive income	\$-	\$-
Exchange differences on translation of financial statements of foreign operations	-	-
Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	-	-
Income tax related to other components of comprehensive income	<u>\$-</u>	<u>\$-</u>

Reconciliation between income tax expense and the product of accounting profit multiplied by applicable income tax rates is as follows:

	2024	2023
Profit before tax from continuing operations	<u>\$575,104</u>	<u>\$509,226</u>
Tax at the domestic tax rates applicable of profits in the country of main operation	\$156,727	\$127,216
Tax effect of revenues exempt from taxation	(455)	(1,636)
Income tax impact arising from non-deductible expenses for tax purposes	-	(5)
Income tax effect of deferred income tax assets/liabilities	(41,058)	(10,961)
5% income tax on unappropriated earnings	-	1,259
Adjustments on current income tax of prior periods	(491)	5,044
Total income tax expense (benefit) recognized in profit or loss	<u>\$114,723</u>	<u>\$120,917</u>

Balance of deferred income tax assets (liabilities) related to the following items:

2024

	Beginning balance	Recognized in profit or loss	Recognized in others Comprehensive income	Exchange difference	Ending balance
Temporary differences					
Unrealized transactions between entities of the Group	\$87,996	\$8,051	\$-	\$-	\$96,047
Unrealized exchange gains (losses) - parent company	(20)	262	-	-	242
Unrealized exchange gains – subsidiary	133	(199)	-	-	(66)
Unrealized exchange losses – subsidiary	(434)	434	-	-	-
Long-term deferred revenue	11,674	(1,466)	-	-	10,208
Losses on valuation of financial assets at fair value through profit or loss	222	(23)	-	-	199
Gains on valuation of financial assets at fair value through profit or loss	(217)	(26)	-	-	(243)
Allowance loss for market price decline and obsolete and slow-moving inventories	12,062	4,463	-	130	16,655
Unrealized unpaid vacation bonus	172	974	-	31	1,177
Fair value adjustments arising from business combinations	(10,093)	1,224	-	-	(8,869)
Re-measurements of the net defined benefit plan	(69)	(20)	-	-	(89)
Depreciation expense of right-of-use assets corresponding to decommissioning liabilities	104	22	-	-	126
Unrealized Commission Expense	-	4,178	-	137	4,315
Advance Receipts from Customers	-	(66)	-	(2)	(68)
Expected credit impairment losses	-	3,206	-	105	3,311
Unrealized Taxable Losses	-	23,102	-	758	23,860
Fixed Asset Accelerated Depreciation	-	(37,224)	-	(1,220)	(38,444)
Others	-	3,445	-	112	3,557
Deferred income tax benefits/(expenses)		<u>\$10,337</u>	<u>\$-</u>	<u>\$51</u>	
Net deferred income tax assets/(liabilities)	<u>\$101,530</u>				<u>\$111,918</u>
Information on the balance sheet is expressed as follows:					
Deferred income tax assets	<u>\$112,363</u>				<u>\$159,697</u>
Deferred income tax liabilities	<u>\$(10,833)</u>				<u>\$(47,779)</u>

	Beginning balance	Recognized in profit or loss	Recognized in others Comprehensive income	Exchange difference	Ending balance
Temporary differences					
Unrealized transactions between entities of the Group	\$78,098	\$9,898	\$-	\$-	\$87,996
Unrealized exchange gains (losses) - parent company	762	(782)	-	-	(20)
Unrealized exchange gains – subsidiary	(74)	207	-	-	133
Unrealized exchange losses – subsidiary	-	(428)	-	(6)	(434)
Long-term deferred revenue	13,139	(1,465)	-	-	11,674
Losses on valuation of financial assets at fair value through profit or loss	320	(98)	-	-	222
Gains on valuation of financial assets at fair value through profit or loss	-	(217)	-	-	(217)
Allowance loss for market price decline and obsolete and slow-moving inventories	11,372	690	-	-	12,062
Unrealized unpaid vacation bonus	182	(10)	-	-	172
Fair value adjustments arising from business combinations	(11,317)	1,224	-	-	(10,093)
Re-measurements of the net defined benefit plan	(73)	4	-	-	(69)
Depreciation expense of right-of-use assets corresponding to decommissioning liabilities	81	23	-	-	104
Deferred income tax benefits/(expenses)		<u>\$9,046</u>	<u>\$-</u>	<u>\$ (6)</u>	
Net deferred income tax assets/(liabilities)	<u>\$92,490</u>				<u>\$101,530</u>
Information on the balance sheet is expressed as follows:					
Deferred income tax assets	<u>\$103,954</u>				<u>\$112,363</u>
Deferred income tax liabilities	<u>\$(11,464)</u>				<u>\$(10,833)</u>

Unrecognized deferred income tax assets

As of December 31, 2024 and 2023, the unrecognized deferred income tax assets of the Group amounted to NT\$56,992 thousand and NT\$75,177 thousand, respectively.

The profit-seeking enterprise income tax assessment of the Group is as follows:

	2024.12.31	
	Income tax return and assessment status for profit-seeking enterprises	Notes
The Company: United Orthopedic Corporation	Approved until the year 2022	-
Subsidiary: A-SPINE Asia Co., Ltd.	Approved until the year 2022	-

(26) Earnings per share

Basic earnings per share is calculated by dividing the net profit of parent company ordinary shares holders by weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net income attributable to ordinary share holders of the parent company (after adjusted for interests on convertible bonds) by weighted average number of common stocks outstanding of the period, plus weighted

average number of ordinary shares to be issued when all dilutive potential ordinary shares are converted into ordinary shares.

	2024	2023
(1) Basic earnings per share		
Net profit attributable to ordinary shareholders of the parent company (NT\$ thousand)	\$456,428	\$384,201
Preference dividends (NT\$ thousand) (Note)	(473)	(4,580)
Net income used in calculating basic earnings per share (NT\$ thousand)	\$455,955	\$379,621
Weighted average number of ordinary shares for basic earnings per share (thousand shares)	96,097	84,320
Basic earnings per share (NT\$)	\$4.74	\$4.50
(2) Diluted earnings per share		
Net income used in calculating basic earnings per share (NT\$ thousand)	\$455,955	\$379,621
Convert preference dividends (NT\$ thousand)	-	4,580
Convert interest on corporate bonds (NT\$ thousand)	-	4,573
Net income attributable to ordinary shareholders of the parent company after adjusting for dilution effects (NT\$ thousand)	\$455,955	\$388,774
Weighted average number of ordinary shares for basic earnings per share (thousand shares)	96,097	84,320
Dilution effect:		
Convertible preference shares (thousand shares)	-	4,164
Convertible corporate bonds (thousand shares)	-	4,538
Weighted average number of ordinary shares after dilution effect adjustment (thousand shares)	96,097	93,022
Diluted earnings per share (NT\$)	\$4.74	\$4.18

Note: The preference share dividends for the period for the year ended December 31, 2024 were calculated based on the number of preference shares outstanding on the ex-dividend date.

For other transactions involving ordinary shares or potential ordinary shares after the reporting period and before the financial statements are approved for issuance, please refer to Note 11.

(27) Changes in ownership interests in subsidiaries

Not subscribing to the newly issued shares of a subsidiary in proportion to the shareholding ratio

United Orthopedic Japan Inc. issued new shares on April 14, 2023. As a result, the Group's ownership increased to 96%. Cash acquired by the Group from capital increase was JPY 80,001 thousand (NT\$18,320 thousand), and the carrying amount of United Orthopedic Japan Inc.'s net assets (originally acquired without goodwill) was JPY 265,469 thousand (NT\$60,739 thousand). Adjustments relevant to the increase of the Company's interest in United Orthopedic Japan Inc. is as follows:

	2023
Cash capital increase acquired by the subsidiary	\$-
Increase in non-controlling interests	(125)
Difference in amounts recognized in capital surplus and retained earnings under equity	\$(125)

7. Related Party Transactions

The related parties who have had transactions with the Group during the financial reporting period are as follows:

Name of related-party and relationship

Related Party	Relationship with the Group
Shinva United Orthopedic Corporation	Associates of the Group
United Medical Co., Ltd.	Associates of the Group
United Medical Instrument (Shanghai) Co., Ltd.	Associates of the Group
Shanghai Lianyi Biotechnology Co., Ltd.	Associates of the Group
Sin Lian Medical Supplies Inc.	Associates of the Group
Changgu Biotech Corporation	The Group is a shareholder of this company
Paonan Biotech co. ltd.	Subsidiaries of which are associates

Major transactions with related parties

(1) Sales (Sales Returns and Allowances)

	2024	2023
Associates of the Group		
Shinva United Orthopedic Corporation	\$1,824	\$1,431
United Medical Co., Ltd.	904	693
United Medical Instrument (Shanghai) Co., Ltd.	136,516	116,869
Shanghai Lianyi Biotechnology Co., Ltd.	(1,562)	13,432
Sin Lian Medical Supplies Inc.	1,051	-
The Group is a shareholder of this company		
Changgu Biotech Corporation	1,615	5,717
Total	\$140,348	\$138,142

The sales price offered by the Group to related parties is marked up at the cost, and the collection term in principle has no significant differences from ones to general exporting customers. However, the Group may offer a longer credit period in consideration of the related parties' funding conditions.

(2) Purchase of goods

	2024	2023
Associates of the Group		
Shinva United Orthopedic Corporation	\$30,899	\$147
United Medical Co., Ltd.	190,851	167,197
United Medical Instrument (Shanghai) Co., Ltd.	2,381	557
Shanghai Lianyi Biotechnology Co., Ltd.	5,930	11,654
Total	<u>\$230,061</u>	<u>\$179,555</u>

The purchase price offered by the Group to related parties is marked up at the cost, and the payment term is to pay on a monthly basis.

(3) Accounts receivable – related parties

	2024.12.31	2023.12.31
Associates of the Group		
Shinva United Orthopedic Corporation	\$1,833	\$1,339
United Medical Co., Ltd.	532	58
United Medical Instrument (Shanghai) Co., Ltd.	139,902	114,954
Shanghai Lianyi Biotechnology Co., Ltd.	1,309	4,895
Sin Lian Medical Supplies Inc.	326	-
The Group is a shareholder of this company		
Changgu Biotech Corporation	2,672	3,004
Total	<u>\$146,574</u>	<u>\$124,250</u>

(4) Other receivables – related parties

	2024.12.31	2023.12.31
Associates of the Group		
Shinva United Orthopedic Corporation	<u>\$7,644</u>	<u>\$4,410</u>

(5) Prepayments

	2024.12.31	2023.12.31
Associates of the Group		
Shinva United Orthopedic Corporation	<u>\$-</u>	<u>\$1,027</u>

(6) Property transactions – acquisition of intangible assets

	<u>2024.12.31</u>	<u>2023.12.31</u>
Associates of the Group		
United Medical Instrument (Shanghai) Co., Ltd.	<u>\$2,239</u>	<u>\$2,160</u>

(7) Accounts payable – related parties

	<u>2024.12.31</u>	<u>2023.12.31</u>
Associates of the Group		
Shinva United Orthopedic Corporation	\$26,618	\$876
United Medical Co., Ltd.	1,239	12,506
Subsidiaries of which are associates		
Paonan Biotech co. ltd.	-	308
Total	<u>\$27,857</u>	<u>\$13,690</u>

(8) Other payables - related parties

	<u>2024.12.31</u>	<u>2023.12.31</u>
Associates of the Group		
Shinva United Orthopedic Corporation	\$7	\$-
United Medical Instrument (Shanghai) Co., Ltd.	2,385	-
Shanghai Lianyi Biotechnology Co., Ltd.	3,094	-
Total	<u>\$5,486</u>	<u>\$-</u>

(9) Other current liabilities

	<u>2024.12.31</u>	<u>2023.12.31</u>
Associates of the Group		
Shinva United Orthopedic Corporation	<u>\$1,566</u>	<u>\$1,566</u>

The Company expects to collect the registration fee and notarization fee on behalf of the affiliated enterprise Shinva United Orthopedic Corporation by applying for the sales license. As of December 31, 2024 and 2023, the Company has collected NT\$1,566 thousand (RMB 360 thousand), which is recorded as other current liabilities.

(10) Capital loans

For details on loans provided by the Company to subsidiaries, please refer to Table 1.

(11) Endorsement guarantees

For details on the Company's endorsement guarantees due to subsidiaries' bank loans, please refer to Table 2.

(12) Remuneration for the Group's key management

	2024	2023
Short-term employee benefits	\$65,526	\$58,348

(13) Manufacturing overheads

	2024	2023
Associates of the Group		
Shinva United Orthopedic Corporation	\$2,098	\$1,687
United Medical Co., Ltd.	-	34
Total	\$2,098	\$1,721

(14) Operating Expenses

	2024	2023
Associates of the Group		
Shinva United Orthopedic Corporation	\$3,343	\$1,027
United Medical Co., Ltd.	432	38
United Medical Instrument (Shanghai) Co., Ltd.	716	706
Shanghai Lianyi Biotechnology Co., Ltd.	179	-
Sin Lian Medical Supplies Inc.	182	-
Total	\$4,852	\$1,771

(15) Other revenue

	2024	2023
Associates of the Group		
Shinva United Orthopedic Corporation	\$15,094	\$15,553
Shanghai Lianyi Biotechnology Co., Ltd.	-	633
Total	\$15,094	\$16,186

The Group invests the long-term deferred income of related enterprises in a technology-based manner, except for the deferred income previously attributable to non-controlling interests, which is amortized on an average basis for three years from the start of the provision of labor services, and the remaining amortized on an average basis for ten years after the completion of the establishment of Shinva United Orthopedic Corporation. In September 2021 and the successive acquisition of product registration certificates for each product, and is transferred to other income from the deferred income.

According to the joint venture agreement signed between the Company and the other investors of the associate, Shinva United Orthopedics Corporation, the associate agreed to pay the Company a technology usage fee equal to 5% of the net sales revenue from the self-produced joint products for five consecutive years starting from the year when the self-produced joint products commence sales (recorded as other income - royalty income).

8. Assets Pledged as Security

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

Item	Carrying amount		Secured liabilities
	2024.12.31	2023.12.31	
Financial assets at amortized cost – non-current	\$10,916	\$9,853	Performance bond and import tariff guarantee
Property, plant and equipment – land and building	507,056	518,815	Comprehensive credit line
Property, plant, and equipment – machinery	3,901	4,093	Comprehensive credit line
Property, plant, and equipment – other equipment	21,548	31,300	Asset-backed loans
Total	<u>\$543,421</u>	<u>\$564,061</u>	

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events After the Balance Sheet Date

None.

12. Others

(1) Types of Financial Instruments

Financial assets

	2024.12.31	2023.12.31
Financial assets at fair value through profit or loss:		
At fair value through profit or loss	\$17,189	\$17,346
Financial assets at fair value through other comprehensive income	56,808	54,853
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	610,389	448,734
Financial assets at amortized cost	10,916	9,853
Notes receivable	3,552	3,379
Accounts receivable (including related parties)	1,178,225	1,079,330
Net receivables under finance leases	18,319	9,128
Other receivables (including related parties)	30,472	29,663
Refundable deposits	54,664	50,635
Long-term net receivables under finance leases	26,306	18,430
Subtotal	<u>1,932,843</u>	<u>1,649,152</u>
Total	<u>\$2,006,840</u>	<u>\$1,721,351</u>

Financial liabilities

	2024.12.31	2023.12.31
Financial liabilities at fair value through profit or loss:		
At fair value through profit or loss	\$-	\$1,762
Financial liabilities at amortized cost:		
Short-term loans	1,167,533	667,742
Receivables (including related parties)	988,945	983,080
Bonds payable (including bonds due within one year)	-	226,264
Long-term loans (including loans due within one year)	507,247	541,763
Lease liabilities	186,440	193,461
Guarantee deposits received	4,594	4,616
Subtotal	2,854,759	2,616,926
Total	\$2,854,759	\$2,618,688

(2) Financial Risk Management Objectives and Policies

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

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

(3) Market Risk

The market risk of the Group is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risks comprise currency risk, interest rate risk, and other price risk (such as equity instruments).

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

Foreign exchange risk

The Group's foreign exchange risk mainly relates to operating activities (when the currency used for revenue or expenses differs from the Group's functional currency) and net investments in foreign operations.

The Group has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables; therefore, natural hedge is achieved. The

Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as the said nature hedge and forward contracts do not qualify for hedge accounting criteria;

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

When the NT dollar appreciates/depreciates against the US dollar by 1%, the Company's profit or loss for the years ended December 31, 2024 and 2023 will increase/decrease by NT\$6,875 thousand and NT\$1,559 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risk arises primarily from fixed-rate borrowings and floating-rate borrowings.

The Group manages its interest rate risk by applying a balanced portfolio of fixed and variable interest rates and entering into interest rate swaps. As those transactions do not qualify for hedge accounting, hedge account is not adopted.

The sensitivity analysis of interest rate risk is primarily for the exposed items at the end of the reporting period, including floating rate investments, floating rate borrowings, and interest rate swap contracts. It is assumed that they are held for one accounting year. When the interest rate rises/falls by 10 basis points, the Group's profit or loss for January 1 to December 31, 2024 and 2023 would decrease/increase by NT\$1,064 thousand and NT\$757 thousand, respectively.

Equity price risk

The Group holds unlisted equity securities whose fair values would be influenced by the uncertainties of the future values of those investments. The unlisted equity securities held by the Group are included in the category of financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on equity portfolio are submitted to the Group's senior management on a regular basis. The board of directors shall review all equity investment decisions and approve where appropriate.

For listed stocks in equity instrument investment measured at fair value through other comprehensive income, when the prices of these equity securities increased/decreased by 1%, there was no significant impact on the Group's interests for the years ended December 31, 2024 and 2023.

(4) Credit Risk Management

Credit risk refers to the risk of financial loss arising from a counterparty's failure to meet the obligations specified in a contract. The Group's credit risk arises from operating activities (primarily contract assets, accounts and notes receivable, and lease receivables) and financing activities (primarily bank deposits and various financial instruments).

The Group manages its credit risk in accordance with its credit risk policies, procedures and controls. Credit risk of all counterparties is assessed by considering their financial position, rating from credit rating agencies, past experience, current economic environment and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by the Group by using credit enhancement tools, such as prepayments or insurances, to reduce their credit risk.

As of December 31, 2024 and December 31, 2023, the contract assets and receivables from the Group's top ten customers accounted for 26% and 24% of the Group's total contract assets and receivables, respectively. The remaining contract assets and receivables are not subject to significant credit concentration risk.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. Since the Group's counterparties are determined through internal control procedures and are credit-worthy banks and financial institutions with investment grades, corporate organizations and government agencies, there is no significant credit risk.

(5) Liquidity Risk Management

The Group maintains financial flexibility through cash and cash equivalents, highly liquid securities, bank borrowings, convertible bonds, and lease contracts. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest amounts of cash flows from interest paid at floating rates are derived from the yield curve at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	5 years or above	Total
2024.12.31					
Loans	\$1,321,923	\$268,909	\$30,250	\$65,626	\$1,686,708
Accounts payable	988,945	-	-	-	988,945
Lease liabilities	31,728	37,367	18,028	138,741	225,864
2023.12.31					
Loans	\$747,589	\$280,535	\$114,735	\$79,602	\$1,222,461
Accounts payable	983,080	-	-	-	983,080
Convertible bonds	-	236,300	-	-	236,300
Lease liabilities	32,037	46,837	18,214	135,860	232,948

(6) Reconciliation of Liabilities From Financing Activities

Reconciliation of liabilities for the year ended December 31, 2024:

	Short-term loans	Long-term loans	Corporate bonds payable	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
2024.1.1	\$667,742	\$541,763	\$226,264	\$4,616	\$193,461	\$1,633,846
Cash Flows	488,861	(34,573)	-	(22)	(36,489)	417,777
Non-cash changes	-	-	(226,264)	-	28,755	(197,509)
Changes in exchange rates	10,930	57	-	-	713	11,700
2024.12.31	<u>\$1,167,533</u>	<u>\$507,247</u>	<u>\$-</u>	<u>\$4,594</u>	<u>\$186,440</u>	<u>\$1,865,814</u>

Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term loans	Long-term loans	Corporate bonds payable	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
2023.1.1	\$773,029	\$587,524	\$-	\$669	\$210,369	\$1,571,591
Cash Flows	(105,384)	(50,968)	532,846	3,947	(32,352)	348,089
Non-cash changes	-	-	(306,582)	-	13,769	(292,813)
Changes in exchange rates	97	5,207	-	-	1,675	6,979
2023.12.31	<u>\$667,742</u>	<u>\$541,763</u>	<u>\$226,264</u>	<u>\$4,616</u>	<u>\$193,461</u>	<u>\$1,633,846</u>

(7) Fair Values of Financial Instruments

1. The valuation techniques and assumptions applied in determining the fair values

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

- (1) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to short maturity terms.
- (2) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. listed equity securities, beneficiary certificates, bonds and futures).
- (3) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company

equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (e.g., factors affecting discount for lack of liquidity, the price-to-earning (P/E) ratio of similar entities and the price-to-book (P/B) ratio of similar entities).

- (4) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses the discounted cash flow (DCF) method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange and average interest rates for Commercial Paper published by Reuters and credit risk, etc.)
- (5) The fair value of derivatives which are not options and without market quotations, is determined based on the counter party prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counter party prices or appropriate option pricing model (e.g., Black-Scholes model) or other valuation method (e.g., Monte Carlo Simulation).

2. Fair value of financial instruments at amortized cost

Except for cash and cash equivalents, accounts receivable, short-term loans, accounts payable, other current liabilities, long-term loans, and lease liabilities whose carrying amount approximate their fair value, the fair value of the Group's financial assets and financial liabilities at amortized cost is listed in the table below:

	Carrying amount		Fair value	
	2024.12.31	2023.12.31	2024.12.31	2023.12.31
Financial assets				
Financial assets at amortized cost	\$10,916	\$9,853	\$10,916	\$9,853
Financial liabilities				
Corporate bonds payable	-	226,264	-	226,264

3. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(9) for the fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative

As of December 31, 2024 and 2023, the Group's derivative financial instruments (including embedded derivatives) that were not eligible for hedge accounting and were outstanding are listed as follows:

Embedded derivatives

The embedded derivatives that the Company has identified because of the issuance of the convertible corporate bonds were already detached from the main contract, and were measured at fair value through profit or loss. Please refer to Note 6(14) and Note 6(15) for the contract information involved in this transaction.

The counterparties to the aforementioned derivative transactions are well-known domestic and foreign banks with good credit ratings, so the credit risk is low.

For forward exchange contracts, the main purpose is to hedge the foreign currency risk of net assets or liabilities denominated in foreign currencies. As there will be corresponding cash inflows or outflows upon expiration and the Company has sufficient operation funds, no significant cash flow risk is expected.

(9) Fair Value Level

1. Definition of Fair Value Hierarchy

For assets and liabilities measured or disclosed in fair values, they are categorized in the level of the lowest level input that is significant to the entire measurement. Inputs of each level are as follows:

Level 1: Quoted (unadjusted) prices of identical assets or liabilities obtainable in active markets on the measurement date

Level 2: The observable input of the asset or liability, directly or indirectly, except for the quotation included in Level 1.

Level 3: Non-observable input of the asset or liability.

For assets and liabilities measured at a recurring basis, their categories shall be re-evaluated at the end of each reporting period to determine if there is any transfer between different levels of fair value hierarchy.

2. Hierarchy of Fair Value Measurement

The Group does not have assets that are measured at fair value on a non-recurring basis. The fair value hierarchy of assets and liabilities measured at a recurring basis is disclosed as follows:

December 31, 2024:

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Financial assets at fair value through profit or loss				
Funds	\$9,005	\$-	\$-	\$9,005
Simple Agreement for Future Equity (SAFE)	8,184	-	-	8,184
At fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income	49,050	-	7,758	56,808

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Financial assets at fair value through profit or loss				
Funds	\$8,887	\$-	\$-	\$8,887
Simple Agreement for Future Equity (SAFE)	8,010	-	-	8,010
Convertible corporate bonds with embedded derivative financial instruments	-	449	-	449
At fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income	48,950	-	5,903	54,853
Liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Convertible corporate bonds with embedded derivative financial instruments	-	1,762	-	1,762

Transfers between Level 1 and Level 2 fair value hierarchy

For the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value hierarchy for the Group's assets and liabilities at fair value on a recurring basis.

Details on changes in repetitive Level 3 fair value hierarchy

For those of the Group's assets and liabilities at fair value on a recurring basis that were categorized as Level 3, adjustments from beginning to ending balance are as follows:

	At fair value through other comprehensive income
	Stock
2024.1.1	\$5,903
Total profits recognized for 2024:	
Recognized in other comprehensive income (listed under "Unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income")	1,854
2024.12.31	\$7,758
	At fair value through other comprehensive income
	Stock
2023.1.1	\$3,401
Total profits recognized for 2023:	
Recognized in other comprehensive income (listed under "Unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income")	2,502
2023.12.31	\$5,903

Information on material unobservable input of Level 3 fair value hierarchy

For the Group's assets measured at repetitive fair value and categorized as Level 3 fair value hierarchy, the material unobservable input used toward fair value measurement is as follows:

December 31, 2024:

	Valuation technique	Significant unobservable input value	Quantitative information	Relationship between input and fair value	Value relationship between input and fair value through sensitivity analysis
Financial assets:					
At fair value through other comprehensive income					
Stock	Market approach	Discount for the lack of liquidity	30%	The higher the degree of lack of liquidity, the lower the fair value estimate	When the percentage of lack of liquidity increases (decreases) by 10%, the equity in the Company will decrease by NT\$1,092 thousand (increase by NT\$1,092 thousand)

December 31, 2023:

	Valuation technique	Significant unobservable input value	Quantitative information	Relationship between input and fair value	Value relationship between input and fair value through sensitivity analysis
Financial assets:					
At fair value through other comprehensive income					
Stock	Market approach	Discount for the lack of liquidity	30%	The higher the degree of lack of liquidity, the lower the fair value estimate	When the percentage of lack of liquidity increases (decreases) by 10%, the equity in the Company will decrease by NT\$840 thousand (increase by NT\$840 thousand)

3. (Fair Value Hierarchy Disclosures of Items not at Fair Value

December 31, 2024:

None.

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Liabilities not at fair value but for which the fair value is disclosed:				
Corporate bonds payable	\$-	\$226,264	\$-	\$226,264

(10) Information on foreign currency financial assets and liabilities with significant impact

Information regarding the Group's foreign currency financial assets and liabilities with significant impact is as below:

Unit: NT\$1000

	2024.12.31			2023.12.31		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
Financial assets						
Monetary items:						
USD	\$22,640	32.7350	\$741,135	\$7,277	30.6550	\$223,073
EUR	14,405	33.9400	488,900	5,623	33.7800	189,958
RMB	38,475	4.4530	171,330	29,688	4.3020	127,716
Financial liabilities						
Monetary items:						
USD	\$1,635	32.8350	\$53,677	\$2,183	30.7550	\$67,130
EUR	1,841	34.3400	63,214	2,466	34.1800	84,295
RMB	7,501	4.5030	33,777	3,249	4.3520	14,141

As the Group has functional currencies of various types, the foreign exchange gains and losses of monetary financial assets and liabilities cannot be disclosed by foreign currencies of significant influence. The Group's foreign currency exchange profit from January 1 to December 31, 2024 and 2023 was NT\$32,367 thousand and NT\$33,643 thousand, respectively.

The above information is disclosed based on the carrying amount of foreign currency (already converted to the functional currency).

(11) Capital Management

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

13. Supplemental Disclosures

(1) Information on Significant Transactions

1. Capital financing to others: Please refer to Table 1.
2. Endorsements/Guarantees for others: Please refer to Table 2.
3. Marketable securities held at the end of period (excluding investments in subsidiaries, associates and joint ventures): Please refer to Table 3.
4. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the period: None.
5. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the period: None.
6. Disposal of real estate at price of at least NT\$300 million or 20% of the paid-in capital: None.
7. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the period: Please refer to Table 4.
8. Accounts receivable from related parties of at least NT\$100 million or 20 percent of the paid-in capital at the end of the period: Please refer to Table 5.
9. Engage in trading of derivative products: Please refer to Note 6(14), Note.6(15) and Note 12.
10. Others: The business relationship and significant transactions between parent and subsidiary companies and the amounts are detailed in Table 6 attached.

- (2) Information on investees: Please refer to Table 7.
- (3) Information on investments in Mainland China: Please refer to Table 8.
- (4) Information on major shareholders: Please refer to Table 9.

14. Segment Information

- (1) The Group's main revenue comes from the sale of artificial hip joints, artificial knee joints, artificial spines, trauma products, and OEM products. The management has determined that the Group belongs to a single operating segment.

- (2) Regional information

Revenue from external customers:

	2024	2023
Taiwan region	\$1,400,941	\$1,218,501
Asian region	579,504	512,032
The Americas	1,117,025	842,015
Europe region	1,445,296	1,254,225
Africa region	76,491	79,530
Oceania region	33,873	23,584
Total	\$4,653,130	\$3,929,887

Non-current assets:

	2024.12.31	2023.12.31
Taiwan region	\$2,242,595	\$2,235,260
The Americas	345,212	230,927
Europe region	538,797	492,421
Japan region	88,833	74,474
Australia region	1,646	-
Total	\$3,217,083	\$3,033,082

- (3) Important Customer Information

For this period, there were no revenues from a single customer that amounted to 10% or more of the Group's total revenue.

(Amounts expressed in thousands of New Taiwan Dollars, unless stated otherwise)

Table 1 Capital financing to others as of December 31, 2024:

Unit: NT\$1,000

No.	Lending company	Borrower	Account item	Related party or not	Current maximum amount	Ending balance (Board of Directors approved amount)	Actual disbursement amount	Interest rate range	Nature for Financing	Amount of business transactions	Reasons for the necessity of short-term financing	Provision for doubtful accounts	Collateral		Limit on loans provided to a single party	Total Limit on Loans Provided
													Name	Value		
0	United Orthopedic Corporation	UOC USA ,Inc.	Accounts receivable – related parties	Yes	\$65,570	\$65,570	\$-	1.9950%	Business nature	\$264,327	None	\$-	None	\$-	\$264,327	\$289,310
0	United Orthopedic Corporation	United Orthopedic Corporation (Suisse) SA	Long-term receivables – related parties	Yes	108,795	108,795	75,681	1.9950%	Business nature	692,417	None	-	None	-	289,310	289,310
1	United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (Belgium) SA	Accounts receivable – related parties	Yes	17,770	17,770	-	1.9950%	Business nature	-	None	-	None	-	-	76,157
1	United Orthopedic Corporation (Suisse) SA	United Orthopedics Limited	Accounts receivable – related parties	Yes	32,639	32,639	-	1.9950%	Business nature	-	None	-	None	-	-	76,157

Note 1: The Company's cap of financing and borrowings shall not exceed 30% of the Company's paid-in capital.
Note 2: Financing to an individual party shall be limited with the bilateral business transaction amount over the past fiscal year.
Note 3: The subsidiary's cap on financing and borrowings shall not exceed 15% of the company's paid-in capital.

(Amounts expressed in thousands of New Taiwan Dollars, unless stated otherwise)

Table 2 Endorsements/Guarantees for others as of December 31, 2024:

Unit: NT\$1,000

No.	Endorser/ Guarantor	Endorsee/Guarantee		Endorsement/ guarantee limit for a single entity	Current maximum endorsement/ guarantee amount	Ending endorsement/ guarantee balance	Actual disbursement amount	Amount of endorsements/ guarantees collateralized by property	Ratio of accumulated endorsements/ guarantees to net worth per latest financial statements	Endorsement guarantee ceiling	Endorsements/ Guarantees Provided by Parent company for Subsidiary	Endorsements/ Guarantees Provided by Subsidiary for Parent company	Endorsements/ guarantees provided for subsidiaries in mainland China
		Name of company	Relationship										
0	United Orthopedic Corporation	UOC USA, Inc.	100% controlled subsidiary	\$289,310	\$262,280	\$262,280	\$147,533	\$-	6.85%	\$482,184	Y	N	N

Note 1: The Company's total sum of endorsements/guarantees shall not exceed 50% of the Company's paid-in capital; to an individual enterprise, the endorsement or guarantee shall not exceed 30% of the company's paid-in capital.

Table 3 Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures) as of December 31, 2024:

Unit: NT\$1,000

Securities holding company	Types and names of securities (Note 1)	Relationship with issuer of securities (Note 2)	Ledger account	At the end of the period				Remarks (Note 4)
				No. of shares/unit	Carrying amount (Note 3)	Percentage of ownership	Fair value	
United Orthopedic Corporation	Stock Changgu Biotech Corporation	The Company is a shareholder of this company	Investments in equity instruments at fair value through other comprehensive income - non-current	477,568	\$4,131	16.09%	\$4,131	None
United Orthopedic Corporation	Chailease Finance Co., Ltd.	The Company is a shareholder of this company	Investments in equity instruments at fair value through other comprehensive income - non-current	500,000	49,050	0.03%	49,050	"
United Orthopedic Corporation	Bond funds Capital Global Financial Bond Fund	-	Financial assets at fair value through profit or loss - current	1,105,987	9,005	*	9,005	"
United Orthopedic Corporation	Simple Agreement for Future Equity (SAFE) Redifine Surgery Inc.	-	Financial assets at fair value through profit or loss – non-current	(Note 5)	8,184	(Note 5)	8,184	"
A-SPINE Asia Co., Ltd.	Stock SURGLASSES Inc.	The subsidiary is a shareholder of the company	Investments in equity instruments at fair value through other comprehensive income - non-current	235,040	3,627	2.99%	3,627	"

*The ones whose shareholding ratio is less than 0.01%.

Note 1: The term "marketable securities" as used in this table refers to stocks, bonds, beneficiary certificates, and securities specified in IFRS 9.

Note 2: If the issuer is not a related party, this field is not required.

Note 3: For accounts measured at fair value, please fill in the carrying amount after adjustment to fair value and deduct the accumulated impairment off the book value. If the account is not measured at fair value, please fill in the carrying amount after initial acquisition cost or amortization cost deduction of accumulated impairment.

Note 4: If the securities listed are restricted by the provision of guarantees, the pledge of loans or other regulations, the number of shares guaranteed or pledged and the usage and restrictions of the loan shall be specified in the Remark column.

Note 5: Redifine Surgery Inc. is a Simple Agreement for Future Equity (SAFE), so no shares have been issued yet.

Table 4 Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital:

Unit: NT\$1,000

Companies that imports (sells) goods	Counterparties	Relationship	Transaction situation				Unusual transaction terms and reasons		Notes and accounts receivable (Payable)		Notes
			Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Credit period	Unit price	Credit period	Balance	Percentage of total receivables (payables) (%)	
United Orthopedic Corporation	UOC USA, Inc.	Parent/Subsidiary	Sales	\$(264,327)	(9.34%)	270 days	Note	Note	\$244,045	12.65%	
United Orthopedic Corporation	United Orthopedic Japan Inc.	Parent/Subsidiary	Sales	\$(182,766)	(6.46%)	360 days	Note	Note	\$218,902	11.35%	
United Orthopedic Corporation	United Orthopedic Corporation (Suisse) SA	Parent/Sub-subsidiary	Sales	\$(692,417)	(24.47%)	120 days	Note	Note	\$903,053	46.82%	
United Orthopedic Corporation	United Medical Instrument (Shanghai) Co., Ltd.	Associates	Sales	\$(136,516)	(4.82%)	90 days	Note	Note	\$139,902	7.25%	
United Orthopedic Corporation	United Medical Co., Ltd.	Associates	Purchase of goods	\$190,591	23.23%	90 days	Note	Note	\$(1,239)	(1.06%)	
United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (France)	Sub-sub-subsidiary	Sales	\$(512,898)	(68.27%)	90 days	Note	Note	\$436,562	84.51%	

Note: The payment term in principle has no significant differences from general clients; however, the Company shall offer a longer credit period in consideration of the related parties' funding conditions.

(Amounts expressed in thousands of New Taiwan Dollars, unless stated otherwise)

Table 5 Accounts receivable from related parties of at least NT\$100 million or 20% of the paid-in capital as of December 31, 2024:

Unit: NT\$1,000

Companies recorded as accounts receivable	Name of transacting party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue accounts receivable from related parties		Amounts collected from related parties after the period	Provision for doubtful accounts
					Amount	Handling method		
United Orthopedic Corporation	UOC USA, Inc.	Parent/Subsidiary	\$244,045	1.15	\$-	-	\$33,451	\$-
United Orthopedic Corporation	United Orthopedic Japan Inc.	Parent/Subsidiary	218,902	0.95	-	-	19,236	-
United Orthopedic Corporation	United Orthopedic Corporation (Suisse) SA	Parent/Sub-subsidiary	903,053	0.86	-	-	107,061	-
United Orthopedic Corporation	United Medical Instrument (Shanghai) Co., Ltd.	Associates	139,902	1.07	-	-	18,808	-
United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (France)	Sub-sub-subsidiary	436,562	1.31	-	-	59,408	-

Table 6 Business Relationships and Important Transactions between Parent and Subsidiary Companies:

No. (Note 1)	Name of transacting party	Counterparties	Relationship with the transacting party (Note 2)	Transaction situation			
				Ledger account	Amount	Terms of trade	Ratio of combined operating revenue combined total assets (Note 3)
2024							
0	United Orthopedic Corporation	United Orthopedic Corporation (Suisse) SA	4	Sales revenue	\$692,417	Note 4	14.60%
0	United Orthopedic Corporation	United Orthopedic Corporation (Suisse) SA	4	Accounts receivable	903,053	-	12.83%
0	United Orthopedic Corporation	United Orthopedic Japan Inc.	1	Sales revenue	182,766	Note 4	3.85%
0	United Orthopedic Corporation	United Orthopedic Japan Inc.	1	Accounts receivable	218,902	-	3.11%
0	United Orthopedic Corporation	UOC USA, Inc.	1	Sales revenue	264,327	Note 4	5.57%
0	United Orthopedic Corporation	UOC USA, Inc.	1	Accounts receivable	244,045	-	3.47%
0	United Orthopedic Corporation	United Orthopedic (Australia) Pty Ltd	1	Sales revenue	2,953	Note 4	0.06%
0	United Orthopedic Corporation	United Orthopedic (Australia) Pty Ltd	1	Accounts receivable	2,515	-	0.04%
1	United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (France)	6	Sales revenue	512,898	Note 4	10.81%
1	United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (France)	6	Accounts receivable	436,562	-	6.20%
1	United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (Belgium) SA	6	Sales returns	(22,725)	Note 4	(0.48%)
1	United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (Belgium) SA	6	Accounts receivable	595	-	0.01%
1	United Orthopedic Corporation (Suisse) SA	United Orthopedics Limited	6	Sales returns	(26,422)	Note 4	(0.56%)
1	United Orthopedic Corporation (Suisse) SA	United Orthopedics Limited	6	Accounts receivable	5,237	-	0.07%
2	United Orthopedic Corporation (France)	United Orthopedic Corporation (Suisse) SA	6	Sales revenue	265	Note 4	0.01%
2	United Orthopedic Corporation (France)	United Orthopedics Limited	6	Sales revenue	107	Note 4	0.00%

Note 1: Information on business dealings between the parent company and its subsidiaries should be noted separately in the number column. The method for filling in the numbers is as follows:

1. For the parent company, fill in 0.
2. Subsidiaries are numbered sequentially starting from Arabic numeral 1 for each company.

Note 2: There are seven types of relationships with transaction parties, just indicate the type:

1. Parent company to subsidiary
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.
4. Parent company to sub-subsidiary
5. Subsidiary to sub-subsidiary
6. Sub-subsidiary to sub-subsidiary

Note 3: The ratio of transaction amount to consolidated total revenue or total assets shall be calculated as the ratio of ending balance to consolidated total assets for those belongs to balance sheet item. If it belongs to profit and loss accounts, it is calculated by the method of cumulative amount during the period divided by the consolidated total revenue.

Note 4: The terms and conditions of operating revenue and payment periods for the aforementioned related parties were not materially different from those of general export customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES (CONT.)

(Amounts expressed in thousands of New Taiwan Dollars, unless stated otherwise)

Table 7 Information on investees:

Unit: NT\$1000 / US\$1000 / CHF 1000 / EUR 1000 / JPY 1000 / GBP 1000 / AUD 1000 / TRY 1000

Name of investor	Name of investee	Locations	Main business and product	Initial investment amount		Ending balance			Current profit (loss) of investees	Current recognized investment profit (loss)	Notes
				Current ending balance	End of previous year	Shares	Ratio	Carrying amount			
United Orthopedic Corporation	UOC Europe Holding SA	Switzerland	Holding company	\$420,142	\$420,142	13,500	96%	\$175,797	\$67,693	\$64,985	Subsidiary
United Orthopedic Corporation	United Orthopedic Japan Inc.	Japan	Trading, wholesale	(CHF 13,500) 122,924	(CHF 13,500) 122,924	(Note 2) 125,022	96%	1,944	15,852	15,218	Subsidiary
United Orthopedic Corporation	A-SPINE Asia Co., Ltd.	Taiwan	Trading, wholesale, manufacturing	(JPY 419,725) 386,481	(JPY 419,725) 386,481	(Note 4) 10,089,696	75%	528,147	8,411	6,300	Subsidiary
United Orthopedic Corporation	UOC USA, Inc.	The United States	Trading, wholesale	332,533	283,905	(Note 5) 15,361,016	100%	279,527	86,761	(Note 9) 86,761	Subsidiary
United Orthopedic Corporation	United Orthopedic (Australia) Pty Ltd	Australia	Trading, wholesale	(USD 10,860) 27,143	(USD 9,360) 16,494	(Note 1) 1,300,001	100%	13,293	(6,168)	(6,168)	Subsidiary
UOC Europe Holding SA	United Orthopedic Corporation (Suisse) SA	Switzerland	Trading, wholesale	(AUD 1,300) 49,987	(AUD 800) 49,987	(Note 7) 1,550	100%	249,115	69,443	69,443	Sub-subsubsidiary
UOC Europe Holding SA	United Orthopedic Corporation (France)	France	Trading, wholesale	(CHF 1,550) 310,304	(CHF 1,550) 310,304	(Note 2) 8,782	100%	318,102	7,243	7,243	Sub-subsubsidiary
UOC Europe Holding SA	United Orthopedic Corporation (Belgium) SA	Belgium	Trading, wholesale	(EUR 8,782) 30,154	(EUR 8,782) 30,154	(Note 3) 900	100%	3,088	8,224	8,224	Sub-subsubsidiary
UOC Europe Holding SA	United Orthopedics Limited	United Kingdom	Trading, wholesale	(EUR 900) 20,840	(EUR 900) 20,840	(Note 3) 540	100%	25,603	9,846	9,592	Sub-subsubsidiary
United Orthopedic Corporation (Suisse) SA	U2 ORTHO ORTOPEDİK ÜRÜNLER TİCARETİ ANONİM ŞİRKETİ	Turkey	Trading, wholesale	(GBP 540) 59	(GBP 540) 59	(Note 6) 50	100%	(386)	(460)	(460)	Sub-sub-subsubsidiary
				(TRY 50)	(TRY 50)	(Note 8)					

Note 1: The face value per share is USD 0.68.

Note 2: The face value per share is CHF 1,000.

Note 3: The face value per share is EUR 1,000.

Note 4: The face value per share is JPY 2,045.

Note 5: The face value per share is TWD 10.

Note 6: The face value per share is GBP 1,000.

Note 7: The face value per share is AUD 1.

Note 8: The face value per share is TRY 1,000.

Note 9: The amortization effect of the share of the intangible assets arising from the acquisition of A-SPINE Asia Co., Ltd. by the Company in proportion to its shareholding was not deducted from NT\$4,474 thousand.

(Amounts expressed in thousands of New Taiwan Dollars, unless stated otherwise)

Table 8 Information on investments in mainland China:

Unit: NT\$1,000/ RMB 1,000

investees in mainland China Name of company	Main business and product	Paid-in capital	Method of investments	Accumulated amount of investments remitted from Taiwan at beginning of period	Amount of investments remitted or repatriated for the period		Accumulated amount of investments remitted from Taiwan at end of period	Current profit (loss) of investees	Shareholding ratio directly or indirectly invested by the Company	Current profit and loss	Investments at end of period Book value	Accumulated investment income repatriated at end of period
					Remitted	Repatriated						
Shinva United Orthopedic Corporation	Implants, artificial joint Production and sales	\$1,635,324 (CNY 345,000,000)	(Note 1)	\$704,464 (CNY 147,000,000)	\$-	\$-	\$704,464 (CNY 147,000,000) (Note 2)	\$(165,284)	43%	\$(71,295)	\$330,603	\$-

Accumulated amount of investments remitted from Taiwan to mainland China at end of period	Amount of investments authorized by Department of Investment Review, MOEA.	Ceiling on amount of investments in mainland China stipulated by Department of Investment Review, MOEA
\$704,464 (CNY 147,000,000)	\$704,464 (CNY 147,000,000)	\$2,369,975

Note 1: Direct investment in mainland China.
Note 2: Including technical value of CNY 30,000 thousand.

Table 8-1 The significant transactions between the Group, either directly or indirectly through third-area businesses and investees in Mainland China, are as follows:

(1) Purchase amounts and percentages, and ending balances and percentages of related payables:

Unit: NT\$1,000

Year	Name of transacting party	Name of company	Cost of goods purchased	Percentage (%) of the Company's purchases	Ending balance of accounts payable	Percentage (%)
2024	United Orthopedic Corporation	Shinva United Orthopedic Corporation	\$30,899	3.77%	\$26,618	22.82%
2024	United Orthopedic Corporation	United Medical Co., Ltd.	190,591	23.23%	1,239	1.06%
2024	United Orthopedic Corporation	United Medical Instrument (Shanghai) Co., Ltd.	2,381	0.29%	-	0.00%
2024	United Orthopedic Corporation	Shanghai Lianyi Biotechnology Co., Ltd.	5,930	0.72%	-	0.00%
2024	A-SPINE Asia Co., Ltd.	United Medical Co., Ltd.	260	0.56%	-	0.00%

(2) Sale amounts and percentages, and ending balances and percentages of related receivables:

Year	Name of transacting party	Name of company	Amount of sales	Percentage (%) of the Company's sales	Ending balance of accounts receivable	Percentage (%)
2024	United Orthopedic Corporation	Shinva United Orthopedic Corporation	\$1,824	0.06%	\$1,833	0.10%
2024	United Orthopedic Corporation	United Medical Co., Ltd.	904	0.03%	532	0.03%
2024	United Orthopedic Corporation	United Medical Instrument (Shanghai) Co., Ltd.	136,516	4.82%	139,902	7.25%
2024	United Orthopedic Corporation	Shanghai Lianyi Biotechnology Co., Ltd.	(3,073)	(0.11%)	-	0.00%
2024	A-SPINE Asia Co., Ltd.	Shanghai Lianyi Biotechnology Co., Ltd.	1,511	0.39%	1,309	1.56%
2024	A-SPINE Asia Co., Ltd.	Sin Lian Medical Supplies Inc.	1,051	0.27%	326	0.39%

(2) Ending balance of notes endorsement, guarantees, or collateral provided and its purposes:

None.

(3) Maximum balance, ending balance, interest rate range and total current interest during the period for financing:

None.

(4) Other transactions that had a material effect on current profit or loss or financial position:

None.

Table 9 Disclosure of information on major shareholders:

<div><div></div><div>Shares</div></div> <div>Name of major shareholders</div>	Number of shares held	Percentage of ownership
YI FA CO., LTD.	8,419,000	8.73%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the common and preferred shares that have completed delivery of non-physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation (TDCC). As for the share capital recorded in the Company's financial reports and the Company's actual number of shares delivered registration of non-physical securities, there may be differences between the two due to differences in the basis of the calculation.

Note 2: If the aforementioned information concerns shareholders registering their shareholding as insider holding more than 10 percent of the shares in accordance with the Securities and Exchange Act, including the shares held by themselves plus the shares they have entrusted to the trust institutions and have the right to use the trust property. Please refer to the Market Observation Post System (MOPS) for information on insider equity registration.