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Company Annual Report Website: http://www.coplus.com.tw

COPLUS INC.

2024 Annual Report

Published on April 24, 2025

(1) Names, titles, contact numbers and emails of the spokesperson and acting spokesperson:
Spokesperson: Jin-duo Xiong
Title: Vice President of Administration Management Department
Tel: 0965-386-657
Email address: IR@coplus.com.tw

Name of Deputy Spokesperson: Hsiu-Fen Wei
Title: Manager of Finance Department
Tel: 0965-386-657
Email address: IR@coplus.com.tw

(2) Address and telephone of the head office, branch office and factory:
Headquarters address: No. 50, Keji 2nd Rd., Annan Dist., Tainan City
Telephone: (06) 384-0179
Address of Branch Office and Factory: No. 7, Xinping Road, South District, Tainan City
Telephone: (06) 265-5599

(3) Name, address, website, and telephone number of stock transfer agency:
Name: Grand Fortune Securities Co., Ltd
Address: 6F, No. 6, Section 1, Zhongxiao West Road, Zhongzheng District, Taipei City
Website: https://www.gfortune.com.tw
Telephone: (02) 2383-6888

(4) Name, name, address, website, and telephone number of the CPA in the financial statements of the most recent year:
CPA Name: Yen-Da Su, Chen-Lung Hsu
CPA firm: KPMG Taiwan
Address: 68F, No. 7, Xinyi Road, Section 5, Xinyi District, Taipei City
Website: https://www.kpmg.com.tw
Telephone: (02) 8101-6666

(5) Names of overseas exchanges where the Company's securities are traded, and methods for inquiring information about the overseas securities: None.

(6) Company website:
https://www.coplus.com.tw

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I. Report to Shareholders

Good day, ladies and gentlemen,

On behalf of the Company and its subsidiaries, I would like to express my deepest gratitude to all of you for your support and encouragement. The Company's and its subsidiaries' 2024 operations and future prospects are reported as follows:

(1) 2024 Operating results

(a) Implementation results of the 2024 business plan

For fiscal year 2024, our consolidated net operating revenue, net loss after tax, and loss per share were NT$632,839 thousand, (NT$67,491 thousand), and (NT$1.06), respectively. Compared to fiscal year 2023, which had net operating revenue, net loss after tax, and loss per share of NT$549,661 thousand, (NT$47,558 thousand), and (NT$0.78), respectively, the changes represent increases/decreases of 15.13%, (41.91%), and (35.90%), respectively. The increase in operating revenue was primarily due to moderate global economic growth. However, the increase in net loss was attributable to several factors: an additional NT$25,631 thousand in expected credit impairment losses calculated based on the expected roll rate of overdue accounts; higher depreciation expenses resulting from the operation of our new factory in the Science Park and increased mold development projects; and increased personnel costs due to organizational expansion and restructuring, which led to higher salary and benefit expenses. Looking ahead to 2025, we expect the global economy to recover steadily. The company will continue to develop new products based on market demand, promote product advantages across various advertising platforms, and participate in international exhibitions to enhance product visibility. In addition to strengthening service and business relationships with existing customers, we aim to secure orders from new customers, thereby generating better business performance and operational results for the company.

Unit: NT$ Thousand; %

Item	2024	2023	Change %
Operating revenue	632,839	549,661	15.13%
Gross profit from operations	166,117	156,465	6.17%
Operating Net Loss	(76,520)	(40,285)	(89.95)%
Net Loss Before Tax	(84,869)	(59,157)	(43.46)%
Net Loss for the Period	(67,491)	(47,558)	(41.91)%

(b) Budget implementation

The Company did not announce the financial forecast for 2024, so it is not applicable.

(c) Analysis of financial income, expenditure and profitability

Analysis Items		2024	2023
Financial structure	Liabilities to assets ratio (%)	52.00%	58.73%
	Long-term capital to fixed assets ratio (%)	122.72%	101.32%
Profitability	Return on assets (%)	(1.94)%	(1.17)%

	Return on shareholders' equity (%)	(6.27)%	(5.43)%
	Pre-tax profit to paid-in capital ratio (%)	(13.28)%	(9.26)%
	Net profit margin (%)	(10.66)%	(8.65)%
	Loss Per Share (NT$)	(1.06)	(0.78)

(d) Research and development

1. R&D expenses in the last two years:

Year	Research expenses (NT$ thousand)	Proportion to the net operating revenue of the year (%)
2024	99,202	15.68%
2023	87,507	15.92%

2. Total R&D results:
   1) Continue to develop different models, including commercial truck lights LED head-lights and radiator covers
   2) Development of intelligent visual assistance system
   3) Research and development of intelligent wheels
   4) Development of shock absorbers and intelligent shock absorbers
   5) Optimization of various fuel tank and water tank cover products
   6) Smart Home Care Assistant

(2) Summary of 2025 business plan

(a) Business policy in 2025

1. Continue to develop new customers and optimize existing customers to drive the Company's growth momentum.
2. Strive to secure stable sources of materials and processing companies to meet the goals of the long-term development plan.
3. Actively develop various types of vehicle lamps, accelerate the development speed of new products, effectively shorten the time to market for new products, increase the yield rate, and ensure the leading position of product technology.
4. Create high-quality, novel and practical products to deeply cultivate the field of auto modified parts for business diversification.
5. Strengthen the functions of operation and management and improve the ability of employees in an all-round way.

(b) Expected sales volume and basis

1. Expected Sales Volume: The sales volume in 2025 will be affected by the global economy and the interest rate hike in the United States.
2. Basis: The plan is based on the estimated demand in the domestic and foreign markets.

(3) Future development strategies of the Company

Since its establishment, the Company has always adhered to a proactive and stable management policy, and gradually recruited outstanding talents in various related fields to create maximum profits for the Company's shareholders and employees. In addition to its own requirements for the speed of product development and production quality, Externally, we continue to maintain stable and good cooperative relations with existing customers, and expand the sales channels of the Company's products through reinvestment, or increase the diversity of the Company's products, all of which are striving to achieve the goal of stable profit growth every year. We will report the results back to our shareholders to create the best return on investment for each shareholder.

(4) Impacts from the external competitive environment, regulatory environment and overall business environment

The Company has always been in response to changes in the external competitive environment, laws and regulations and changes in the overall business environment, through a sound and effective internal control system, stably through each economic cycle. Only with systematic management can we lead the Company towards sustainable development. In addition, the Company has also continued to recruit outstanding talents in various fields, strengthen the Company's human resources, and flexibly adjust the Company's development pace in response to rapidly changing external factors, so as to move to-ward the established goals.

1. Maintaining a Comprehensive Supply System: The Company, its subsidiaries and suppliers have formed a complete supply network, which gives the Company production flexibility and sufficient ability to deal with changes in market demand in the face of cyclical fluctuations in the economy.
2. Strengthening Research and Development Capabilities: The Company and its subsidiaries focus on product development and R&D talent training, actively strengthen the Company's R&D capabilities, improve production processes and product quality, and actively develop related products in a diversified manner with the pulse of the market, in order to reach the technical threshold. The development of higher niche products increases the Company's product breadth and mitigates the impact of economic cycles on the Company's operations.
3. Strengthening Customer Relationships and Actively Expanding New Customer Base: In addition to actively strengthening customer relations, the Company and its subsidiaries continue to open up new markets. This can increase the sales visibility of the Company's products and reduce the impact on the Company's operations caused by fluctuations in individual regional economies or operational risks generated by individual sales customers.
4. Strengthening Financial Structure: In the face of the impact of global inflation and interest rate hikes, the Company and its subsidiaries maintain good relationships with major partner banks to obtain more favorable interest rates and reduce interest expenses, and use the capital market resources to strengthen the Company's financial structure.
5. Talent Cultivation and Development: Strengthen the education and training of the Company's employees, actively cultivate

professional talent, and provide relevant welfare measures, strengthen employee cohesion, and strengthen the Company's ability to respond to economic changes.

Finally, I would like to thank all shareholders, ladies and gentlemen, and employees for your long-term support and encouragement to the Company. I would like to express my best regards to you all!

We wish you good health and all the best

Chairman: Po-Hua Wu	Managerial Officer: Po-Hua Wu	Accounting Manager: Yu-Chen Tsai

II. Corporate Governance Report

(1) Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

(a) Information of directors and supervisors

1. Names, education backgrounds, and nature of shares held by directors and independent directors:

March 14, 2025; Unit: Shares, %

<table>
<tr><th rowspan="2">Job Title</th><th rowspan="2">Nationality or place of registration</th><th rowspan="2">Name</th><th rowspan="2">Gender and age</th><th rowspan="2">Date of initial election</th><th rowspan="2">Date elected</th><th rowspan="2">Term of office</th><th colspan="2">Shares Held at the Time of Election</th><th colspan="2">Current shareholding</th><th colspan="2">Shares held by spouse and underage children</th><th colspan="2">Shares held in other's name</th><th rowspan="2">Main experience (academic)</th><th rowspan="2">Positions in the Company and other companies</th><th colspan="3">Other supervisors, directors, or supervisors who are spouses or relatives within 2nd degree kinship</th><th rowspan="2">Note</th></tr>
<tr><th>Shares (In thousands)</th><th>Percentage of ownership (%)</th><th>Shares (In thousands)</th><th>Percentage of ownership (%)</th><th>Shares (In thousands)</th><th>Percentage of ownership (%)</th><th>Shares (In thousands)</th><th>Percentage of ownership (%)</th><th>Job Title</th><th>Name</th><th>Relationship</th></tr>
<tr><td rowspan="3">Chairman</td><td>Republic of China</td><td>Tesra Investment Co., Ltd.</td><td>–</td><td>2020.10.12</td><td>2024.05.30</td><td>3 years</td><td>21,789,648</td><td>34.10%</td><td>21,287,648</td><td>33.31%</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>None</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td rowspan="2">Republic of China</td><td rowspan="2">Representative: Po-Hua Wu</td><td rowspan="2">Male Aged 61-70</td><td rowspan="2">2020.10.12</td><td rowspan="2">2024.05.30</td><td rowspan="2">3 years</td><td rowspan="2">1,919,856</td><td rowspan="2">3.00%</td><td rowspan="2">1,919,856</td><td rowspan="2">3.00%</td><td rowspan="2">3,906,479</td><td rowspan="2">6.11%</td><td rowspan="2">39,447,141</td><td rowspan="2">61.73%</td><td rowspan="2">Department of Electrical Engineering, Southern Taiwan University of Science and Technology
Chairman, COPLUS INC.
Chairman, GIN SENG INDUSTRIAL CO., LTD.</td><td rowspan="2">Chairman of the Company
NJStar Holding Ltd. Director
GALAXY INVESTMENT VENTURE INC. Director
TRIUMPHAL INC. Director
Director, Tesra Investment Co., Ltd.
Chairman, Moso View Inc.
Chairman, JBT Inc.
Chairman, Inetwork Inc.
Chairman, Takomore Inc.
Director, Sheng Ying Investment Co., Ltd.</td><td>Representative of Institutional Director</td><td>Hsuan-Ting Hsu</td><td>Spouse</td><td rowspan="2">None</td></tr>
<tr><td>Director</td><td>Chih-Pin Wu</td><td>Brother</td></tr>
<tr><td rowspan="2">Director</td><td>Republic of China</td><td>Tesra Investment Co., Ltd.</td><td>–</td><td>2020.10.12</td><td>2024.05.30</td><td>3 years</td><td>21,789,648</td><td>34.10%</td><td>21,287,648</td><td>33.31%</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>None</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Republic of China</td><td>Representative: Hui-Ya Lin</td><td>Female Aged 41-50</td><td>2021.10.13</td><td>2024.05.30</td><td>3 years</td><td>–</td><td>–</td><td>1,000</td><td>0.00%</td><td>–</td><td>–</td><td>–</td><td>–</td><td>Department of Applied Foreign Languages, Tainan University of Technology
Administrative Management of CMI Credit LTD.</td><td>Director of He Yao Enterprise Co., Ltd.</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Director</td><td>Republic of China</td><td>Cosmo Inc.</td><td>–</td><td>2021.10.13</td><td>2024.05.30</td><td>3 years</td><td>6,159,493</td><td>9.64%</td><td>6,159,493</td><td>9.64%</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>None</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
</table>

Job Title	Nationality or place of registration	Name	Gender and age	Date of initial election	Date elected	Term of office	Shares Held at the Time of Election		Current shareholding		Shares held by spouse and underage children		Shares held in other's name		Main experience (academic)	Positions in the Company and other companies	Other supervisors, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Note
							Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)			Job Title	Name	Relationship	
	Republic of China	Representative : Hsuan-Ting Hsu	Female Aged 51-60	2021.10.13	2024.05.30	3 years	3,906,479	6.11%	3,906,479	6.11%	1,919,856	3.00%	39,447,141	61.73%	Department of Fashion Design, Taichung Municipal Taichung Home Economics and Commercial High School Director of CMI Credit LTD.	Director of CMI Credit LTD.	Chairman Director	Po-Hua Wu Chih-Pin Wu	Spouse Brother-in-law	None
Director	Republic of China	Chih-Pin Wu	Male Aged 61-70	2013.09.14	2024.05.30	3 years	11,040	0.02%	11,040	0.02%	15,456	0.02%	1,756,464	2.75%	Master of Electrical Engineering, USC Department of Information Engineering, Feng Chia University Manager of Administration Department, CMI Credit LTD. Manager of Administration Department, GIN SENG INDUSTRIAL CO., LTD.	Director of YESUN INVESTMENT Limited	Chairman Representative of nstitutional Director	Po-Hua Wu Hsuan-Ting Hsu	Brother Sister-in-law	None
Director	Republic of China	Hsi-Yao Chen	Male Aged 71-80	2022.09.16	2024.05.30	3 years	123,000	0.19%	113,000	0.17%	–	–	–	–	Master of Business Administration, Da-Yeh University Vice Chairman, E-LEAD ELECTRONIC CO., LTD. Director, OKAY Enterprise Co., Ltd. Chairman, E-LEAD ELECTRONIC CO., LTD. Chairman, E-LEAD ELECTRONIC (Jiangsu) Co., Ltd. Chairman, UTMOST SPEED CO., LTD Chairman of HUGE PROFIT CO., LTD E-LEAD TECHNOLOGY CO., LTD (BVI) Chairman	Director, OKAY Enterprise Co., Ltd.	None	None	None	None

Job Title	Nationality or place of registration	Name	Gender and age	Date of initial election	Date elected	Term of office	Shares Held at the Time of Election		Current shareholding		Shares held by spouse and underage children		Shares held in other's name		Main experience (academic)	Positions in the Company and other companies	Other supervisors, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Note
							Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)			Job Title	Name	Relationship	
Director	Republic of China	Chih-Chieh Liang	Male Aged 61-70	2022.09.16	2024.05.30	3 years	–	–	–	–	–	–	–	–	Master of Business Administration, Da-Yeh University Chairman, HURNG DING ENTERPRISE CO., LTD. Chairman, JON-WHUA PRINTING ENTERPRISE CO., LTD. 7th Changhua County Public Welfare Channel Foundation Director Chairman, All-China Development & Investment Association Advisor, Executive Yuan Director, International Business Research Institute of Changhua County Lecturer, Zhongzhou University of Science and Technology	Chairman, 3S System Technology Inc. Chairman, HOMTON INVESTMENTS LTD. Chairman, HURNG DING ENTERPRISE CO., LTD. Chairman, JON-WHUA PRINTING ENTERPRISE CO., LTD. President, HCIC INFORMATION CONSULTANT CO., LTD.	None	None	None	None
Independent Director	Republic of China	Chao-Peng Chou	Male Aged 61-70	2021.10.13	2024.05.30	3 years	–	–	–	–	–	–	–	–	Master of Business Administration, National Taiwan University of Science and Technology (formerly known as the Industrial Management Program, Engineering Technology Research Institute, National Taiwan University of Science and Technology) Master of Law, National Chengchi University (in-service and part-time) Department of Accounting, Fu Jen Catholic University CFO, Financial Supervisor, Accounting Supervisor, Spokesperson of Kuen Chaang Uppertech Corp. CPA, Cheng Xin United Accounting Firm HOTRON PRECISION ELECTRONIC INDUSTRIAL CO.LTD CFO, Chief Auditor Capital Market Division of PK Securities Wealth Management Department, CAPITAL SECURITIES CORP. Assistant Vice President, Underwriting Department, Shin Kong Securities Assistant Vice President, Underwriting Department, MasterLink Securities Corp. Lecturer, Takming Institute of Technology (part-time) Shin Kong Life Insurance Auditing officer, Deloitte Taiwan	None	None	None	None	None

Job Title	Nationality or place of registration	Name	Gender and age	Date of initial election	Date elected	Term of office	Shares Held at the Time of Election		Current shareholding		Shares held by spouse and underage children		Shares held in other's name		Main experience (academic)	Positions in the Company and other companies	Other supervisors, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Note
							Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)			Job Title	Name	Relationship	
Independent Director	Republic of China	Hung-Chang Lin	Male Aged 51-60	2021.10.13	2024.05.30	3 years	–	–	–	–	–	–	–	–	Department of State-owned Enterprise, EMBA, National Taiwan University Institute of Finance, The George Washington University Department of Mechanical Engineering, National Cheng Kung University Independent Director, Nishoku Technology Inc. Independent Director, TAIWAN FERTILIZER CO., LTD. Representative of Juristic Person Director, Provision Information Co., Ltd. Senao International Co., Ltd. Finance Assistant Vice President and Spokesperson	Chief Strategy Officer, Pharmigene, Inc. Director of GREENYN BIOTECHNOLOGY CO., LTD Independent Director, Nishoku Technology Inc. Independent Director, TOPLUS GLOBAL CO., LTD. Representative of Juristic Person Director, Provision Information Co., Ltd.	None	None	None	None
Independent Director	Republic of China	Zhen-Fu Jiang	Male Aged 41-50	2021.10.13	2024.05.30	3 years	–	–	–	–	–	–	–	–	Master of Accounting, National Taipei University Department of Accounting, National Taiwan University CPA Taiwan, Inc. Partner and Certified Public Accountant Independent Director, Long Time Technology Co., Ltd. Independent Director, Zhong Yang Technology Co., Ltd TPEx Listing Review Department, Taipei Exchange Senior specialist Assistant Manager, Fu Hwa Securities Co., Ltd. Investigator, Deloitte Taiwan	CPA Taiwan, Inc. Partner and Certified Public Accountant Independent Director, Long Time Technology Co., Ltd. Independent Director, Zhong Yang Technology Co., Ltd	None	None	None	None

2. Major shareholders of corporate shareholders:

March 15, 2025

Name of corporate shareholder	Major shareholders of corporate shareholders
Tesra Investment Co., Ltd.	NJStar Holding Ltd. (100%)
Cosmo Inc.	Hung-Ting Hsu (100%)

3. If the dominant shareholder of the corporate shareholder is a corporation, the dominant shareholder:

March 15, 2025

Name of institution	Major shareholders of corporate entities
NJStar Holding Ltd.	Po-Hua Wu; 100%

4. Disclosure of Directors' Professional Qualifications and Independence of Independent Directors:

Condition / Name	Professional qualifications and experience (Note 1)	Compliance with independence criteria (Note 2)	Number of independent directors in other public companies
Tesra Investment Co., Ltd. Representative: Po-Hua Wu	At present, Chairman of the Company, NJ Star Holding Ltd. Director, GALAXY INVESTMENT VENTURE INC. Director, TRIUMPHAL INC. Director, Tesra Investment Co., Ltd., and Moricos Investment Co., Ltd.; Previously served as Chairman of GIN SENG INDUSTRIAL CO., LTD. Not subject to the provisions of Article 30 of the Company Act	–	–
Tesra Investment Co., Ltd. Representative: Hui-Ya Lin	Director of the Company and He Yao Enterprise Co., Ltd. Not subject to the provisions of Article 30 of the Company Act	–	–
Cosmo Inc. Representative: Hsuan-Ting Hsu	Director of the Company, and Director of Cosmo Inc. Not subject to the provisions of Article 30 of the Company Act	–	–
Chih-Pin Wu	Director and President of the Company, Director of YESUN INVESTMENT Limited, Former Manager of BIPLUS INC. and GIN SENG INDUSTRIAL CO., LTD. Not subject to the provisions of Article 30 of the Company Act	–	–
Hsi-Yao Chen	Currently serves as Director of OKAY ENTERPRISE CO., LTD.; Previously served as Chairman and Vice Chairman of E-Lead Electronic Co., Ltd., Chairman of E-Lead Electronic Technology (Jiangsu) Co., Ltd., Chairman of UTMOST SPEED CO., LTD, Chairman of HUGE PROFIT CO., LTD, and Chairman of E-LEAD TECHNOLOGY CO., LTD (B.V.I.) Not subject to the provisions of Article 30 of the Company Act	–	–

Condition / Name	Professional qualifications and experience (Note 1)	Compliance with independence criteria (Note 2)	Number of independent directors in other public companies
Chih-Chieh Liang	Chairman of 3S System Technology Inc., Chairman of Hung Tai Investment Co., Ltd., Chairman of Hung Ding Enterprise Co., Ltd., Chairman of JON-WHUA PRINTING ENTERPRISE CO., LTD., and President of Hongchuang Construction Co., Ltd. Former National Industry and Commerce Development Director-General Association of Taiwan Investment Strategy Association; Consultant of Executive Yuan; Director of International Business Research Institute of Changhua County; Lecturer of Chung Chou University of Science and Technology Not subject to the provisions of Article 30 of the Company Act	–	–
Chao-Peng Chou	Master's degree from the Graduate Institute of Management, National Taiwan University of Science and Technology (formerly the Industrial Management Program of the Institute of Engineering Technology, Taiwan Institute of Technology); Master's degree from the College of Law, National Chengchi University (Executive Program); Bachelor's degree in Accounting from Fu Jen Catholic University; CPA, Cheng-Xin United Accounting Firm; Chief Financial Officer, Kuen Chaang Uppertech Corp.; Group Chief Auditor and Chief Auditor, HOTRON PRECISION ELECTRONIC INDUSTRIAL CO.LTD Not subject to the provisions of Article 30 of the Company Act	In accordance with the Company's Articles of Incorporation and the "Corporate Governance Best Practice Principles", directors are elected under a candidate nomination system. The Company has obtained written statements, work experience, current position to verify the independence of the Company, himself/herself, his/her spouse and his/her relatives within three degrees of kinship from the Company. The company has verified that the three independent directors listed below have met the qualification criteria set forth by the Financial Supervisory Commission's "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act during the two years prior to their appointment and throughout their tenure. Furthermore, the independent directors have been granted the right to fully participate in decision-making and express their opinions in accordance with Article 14-3 of the Securities and Exchange Act, thereby exercising their independent duties.	–
Hung-Chang Lin	EMBA, National Taiwan University; Graduate Institute of Finance, The George Washington University; Department of Mechanical Engineering, National Cheng Kung University Chief Strategy Officer, Pharmigene, Inc.; Spokesperson, Vice President of Finance, Senao International Co., Ltd. Not subject to the provisions of Article 30 of the Company Act		2
Zhen-Fu Jiang	Master of Accounting, National Taipei University; Department of Accounting, National Taiwan University Partner and Certified Public Accountant of LI-CHAN & CO. CPAS., Member of TPEx Listing Review Department, Taipei Exchange, Yuanta Securities Co. Ltd., Deloitte Taiwan Not subject to the provisions of Article 30 of the Company Act		2

5. Diversity and independence of the Board of Directors:

1) Diversity of the Board of Directors:

According to Article 20 of the Company's "Corporate Governance Best-Practice Principles", the composition of the board of directors shall take diversity into account Applicable standards:

A. Basic conditions and values: gender, age, nationality and culture, etc.

B. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The nomination and selection of the Company's board members complies with the Articles of Incorporation and adopts a candidate nomination system. In addition to evaluating the academic qualifications of each candidate, the reputation of honesty and integrity of the director candidates is also considered, and the Company promises to devote sufficient time to supervision of the Company's business. Also has the ability to assist in business management.

The Company's board of directors consists of 9 directors, including 6 directors and 3 independent directors, with independent directors accounting for 33.33%; the existing board members are all leaders in the industry, with expertise in manufacturing, brand distribution, technology research, finance and banking, information and Experience in diverse and complementary industries such as technology. The Company has always paid attention to the gender equality of the Board of Directors. Currently, there are 2 female directors out of the 9 directors, and the female director ratio is 22.22%, which is in line with the policy and management goal of the diversity of the Board of Directors.

According to the Company's "Corporate Governance Best-Practice Principles", board members should generally possess the knowledge, skills, and competency necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the implementation of diversity in the board of directors of the company is as follows:

Diversified Core Items / Director	Basic composition							Ability							
	Nationality	Gender	Serving as an employee of the Company concurrently	Age				Operational judgment	Accounting and financial analysis	Operation and management	Crisis management	Industry knowledge	International market view	Leadership	Decision making
				51 years old Below	51-60 years old	61-70 years old	71 years old and above								
Representative, Tesra Investment Co., Ltd.: Po-Hua Wu	Republic of China	Male	✓			✓		✓	✓	✓	✓	✓	✓	✓	✓
Representative, Tesra Investment Co., Ltd.: Hui-Ya Lin	Republic of China	Female		✓				✓		✓		✓	✓		✓
Representative, Cosmo Inc.: Hsuan-Ting Hsu	Republic of China	Female			✓			✓		✓	✓	✓	✓	✓	✓
Chih-Pin Wu	Republic of China	Male	✓			✓		✓	✓	✓	✓	✓	✓	✓	✓

Diversified Core Items / Director	Basic composition							Ability							
	Nationality	Gender	Serving as an employee of the Company concurrently	Age: 51 years old Below	Age: 51-60 years old	Age: 61-70 years old	Age: 71 years old and above	Operational judgment	Accounting and financial analysis	Operation and management	Crisis management	Industry knowledge	International market view	Leadership	Decision making
Hsi-Yao Chen	Republic of China	Male					✓	✓	✓	✓	✓	✓	✓	✓	✓
Chih-Chieh Liang	Republic of China	Male				✓		✓		✓	✓	✓	✓	✓	✓
Chao-Peng Chou	Republic of China	Male				✓		✓	✓	✓	✓		✓	✓	✓
Hung-Chang Lin	Republic of China	Male			✓			✓	✓	✓	✓		✓	✓	✓
Zhen-Fu Jiang	Republic of China	Male		✓				✓	✓	✓	✓		✓	✓	✓

2) Independence of the Board of Directors:

The number of independent directors is 3, accounting for 33.33% of all directors. The board of directors is independent and does not have the conditions specified in Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act. Independent directors are not spouses, 2nd degree of kinship, or relatives.

(b) President, vice presidents, assistant vice presidents, and super-visors of various departments and branches

March 14, 2025; Unit: Share

Job Title	Nationality	Name	Gender	Date of inauguration	Number of shares held		Shares held by spouse and underage children		Shares held in other's name		Main experience/education	Positions in other companies	Managers who are a spouse or a relative within the second degree of kinship			Managerial officers' acquisition of employee stock warrants	Note
					Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)			Job Title	Name	Relationship		
President (Note 1)	Republic of China	Chih-Pin Wu	Male	2023.04.20	11,040	0.02%	15,456	0.02%	1,756,464	2.75%	Master of Electrical Engineering, USC Department of Information Engineering, Feng Chia University General Manager of COPLUS INC. Manager of Administration Department, CMI Credit LTD. Manager of Administration Department, GIN SENG INDUSTRIAL CO., LTD.	Director of YESUN INVESTMENT Limited	None	None	None	None	None
President (Note 2)	Republic of China	Cheng-Wei Lu	Male	2024.05.28	–	–	–	–	–	–	Master's degree from the Management Research Institute, University of Liverpool, UK Industrial FoxConn Technology Group Director Special Assistant to the Board of Directors' Comprehensive Planning Center, TECO Group	Director, CHUNG YO MATERIALS CO., LTD.	None	None	None	None	None
Vice President	Republic of China	Ren-Ying Hu	Male	2017.09.15	62,858	0.10%	9,000	0.01%-	–	–	Department of Business Administration, Far Eastern University Manager of R&D Department, EAGLE EYES TRAFFIC IND.	None	None	None	None	None	None

Job Title	Nationality	Name	Gender	Date of inauguration	Number of shares held		Shares held by spouse and underage children		Shares held in other's name		Main experience/education	Positions in other companies	Managers who are a spouse or a relative within the second degree of kinship			Managerial officers' acquisition of employee stock warrants	Note
					Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)			Job Title	Name	Relationship		
Vice President and Head of Accounting (Note 3)	Republic of China	Chien-Chang Hsin	Male	2020.12.08	68,384	0.11%	–	–	–	–	Master's degree from the Institute of Business Management, Feng Chia University Bachelor's degree in Accounting, Chinese Culture University Vice President of the Finance Department, this Company Vice Minister, Headquarters, DYMA ADVANCE TECHNOLOGY CORP. Senior Auditor, KPMG Taiwan	None	None	None	None	None	None
Vice President	Republic of China	Jin-duo Xiong	Male	2023.12.18	1,000	0.00%	1,000	0.00%	–	–	Master's degree from the Institute of Management Science, National Chiao Tung University Bachelor, Department of Aeronautics and Astronautics, National Cheng Kung University Assistant Vice President, YULON NISSAN MOTOR CO., LTD. Senior Manager, Administrative Planning Department, Luxgen Motor Co., Ltd. Assistant Manager, Administration Department, YULON MOTOR CO., LTD	None	None	None	None	None	None
Vice President (Note 4)	Republic of China	Ming-Chuan Huang	Male	2024.05.28	–	–	–	–	–	–	Master's degree in Information Management, Yuan Ze University President, Next-Cube Corporation Assistant Vice President, Hon Hai Precision Industry Co., Ltd.	None	None	None	None	None	None

Job Title	Nationality	Name	Gender	Date of inauguration	Number of shares held		Shares held by spouse and underage children		Shares held in other's name		Main experience/education	Positions in other companies	Managers who are a spouse or a relative within the second degree of kinship			Managerial officers' acquisition of employee stock warrants	Note
					Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)			Job Title	Name	Relationship		
Head of finance and corporate governance	Republic of China	Xiu-Fen Wei	Female	2017.10.02	22,676	0.07%	11,000	0.02%	–	–	Bachelor of Accounting, Kunshan University of Science and Technology Chief Accountant, Chun Hwa Co., Ltd. Acting Chief of Finance Department, AVISION INC.	None	None	None	None	None	None
Accounting Manager (Note 3)	Republic of China	Yu-Chen Tsai	Female	2024.08.05	1,000	0.00%	1,000	0.00%	–	–	Bachelor of Accounting, Fu Jen Catholic University Assistant Manager/Accounting Supervisor, FineMat Applied Materials Co., Ltd. Assistant Manager of Finance Department, CHENG MEI MATERIALS TECHNOLOGY CORPORATION	None	None	None	None	None	None
Assistant Vice President (Note 5)	Republic of China	Ming-Chang Su	Male	2024.11.14	–	–	–	–	–	–	Bachelor's degree in Electrical Engineering, National Sun Yat-sen University Associate Manager of the System Control Department, concurrently serving in the Automation Technology Department and Second Innovation Department, Tongchuangjiuding Investment Management Group Co., Ltd. Special Assistant to the President, Contrel Technology Co., Ltd.	None	None	None	None	None	None

Note 1: To support future business development planning and overall operational strategy, the company appointed Cheng-Wei Lu as President of the Company on May 28, 2024, which was retroactively approved by the Board of Directors on August 5, 2024.
Note 2: Cheng-Wei Lu resigned from the position of President on January 24, 2025 due to personal career planning.
Note 3: On August 5, 2024, the Board of Directors approved a position change, replacing Chien-Chang Hsin with Yu-Chen Tsai as the Accounting Manager.
Note 4: Mr. Ming-Chuan Huang served as Vice President of the Company from May 28, 2024, and resigned on August 21, 2024, due to personal career planning.
Note 5: Mr. Ming-Chang Su was appointed as Associate Vice President of the Company on November 14, 2024, and this appointment was ratified by the Board of Directors on December 20, 2024.

(c) Remunerations paid to directors, supervisors, president, and vice presidents in the most recent year

1. Remuneration to directors in the most recent year (2024)

Unit: NT$ thousand

Job Title	Name	Remuneration to directors: Remuneration (A) – The Company	Remuneration (A) – All companies included in the financial report	Severance pay and pension (B) – The Company	Severance pay and pension (B) – All companies included in the financial report	Remuneration to directors (C) – The Company	Remuneration to directors (C) – All companies included in the financial report	Business execution expenses (D) – The Company	Business execution expenses (D) – All companies included in the financial report	The sum of A, B, C and D as a percentage of net income after tax – The Company	The sum of A, B, C and D as a percentage of net income after tax – All companies included in the financial report	Remuneration for concurrently serving as an employee: Salaries, bonuses and allowances (E) – The Company	Salaries, bonuses and allowances (E) – All companies included in the financial report	Severance pay and pension (F) – The Company	Severance pay and pension (F) – All companies included in the financial report	Employee remuneration (G) – The Company – Cash amount	Employee remuneration (G) – The Company – Amount of shares	Employee remuneration (G) – All companies included in the financial report – Cash amount	Employee remuneration (G) – All companies included in the financial report – Amount of shares	The sum of A, B, C, D, E, F and G as a percentage of net income after tax – The Company	The sum of A, B, C, D, E, F and G as a percentage of net income after tax – All companies included in the financial report	Received remuneration from reinvested businesses other than subsidiaries or the parent company
Chairman	Tesra Investment Co., Ltd.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Representative: Po-Hua Wu (Note 1)	–	–	–	–	–	–	–	–	–	–	843	843	–	–	–	–	–	–	843 (1.25)%	843 (1.25)%	–
Director	Tesra Investment Co., Ltd.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-	–
	Representative: Hui-Ya Lin	–	–	–	–	–	–	45	45	45 (0.07)%	45 (0.07)%	–	–	–	–	–	–	–	–	45 (0.07)%	45 (0.07)%	–
Director	Cosmo Inc.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-	–
	Representative: Hsuan-Ting Hsu	–	–	–	–	–	–	45	45	45 (0.07)%	45 (0.07)%	–	–	–	–	–	–	–	–	45 (0.07)%	45 (0.07)%	–
Director	Chih-Pin Wu (Note 2)	–	–	–	–	–	–	–	–	–	–	2,532	2,532	45	45	–	–	–	–	2,577 (3.82)%	2,577 (3.82)%	–
Director	Hsi-Yao Chen	–	–	–	–	–	–	45	45	45 (0.07)%	45 (0.07)%	–	–	–	–	–	–	–	–	45 (0.07)%	45 (0.07)%	–
Director	Chih-Chieh Liang	–	–	–	–	–	–	45	45	45 (0.07)%	45 (0.07)%	–	–	–	–	–	–	–	–	45 (0.07)%	45 (0.07)%	–
Independent Director	Chao-Peng Chou	–	–	–	–	600	600	45	45	645 (0.96)%	645 (0.96)%	–	–	–	–	–	–	–	–	645 (0.96)%	645 (0.96)%	–
Independent Director	Hung-Chang Lin	–	–	–	–	600	600	40	40	640 (0.95)%	640 (0.95)%	–	–	–	–	–	–	–	–	640 (0.95)%	640 (0.95)%	–
Independent Director	Zhen-Fu Jiang	–	–	–	–	600	600	40	40	640 (0.95)%	640 (0.95)%	–	–	–	–	–	–	–	–	640 (0.95)%	640 (0.95)%	–

1. Please state the policy, system, standard and structure of the remuneration to independent directors, and the correlation to the amount of remuneration based on the responsibilities, risks, time invested and other factor Not applicable.
2. Other than the disclosure in the above table, remunerations received by directors for providing services (such as consultants who are not employees) for all companies included in the financial statements in the most recent year: None.

Note 1: Chairman Po-Hua Wu has concurrently served as Vice President of Business Operations from September 16, 2022, to the present.

Note 2: Chih-Pin Wu was promoted to President from April 20, 2023 to May 28, 2024.

Remuneration brackets table

Breakdown of remuneration to directors of the Company	Name of Director			
	Sum of the first four remunerations (A+B+C+D)		Sum of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial report	The Company	All companies included in the financial report
Less than NT$ 1,000,000	Representative, Tesra Investment Co., Ltd.: Po-Hua Wu; Representative, Tesra Investment Co., Ltd.: Hui-Ya Lin; Representative, Cosmo Inc.: Hsuan-Ting Hsu, Chih-Pin Wu, Hsi-Yao Chen, Chih-Chieh Liang, Chao-Peng Chou, Hung-Chang Lin, Zhen-Fu Jiang	Representative, Tesra Investment Co., Ltd.: Po-Hua Wu; Representative, Tesra Investment Co., Ltd.: Hui-Ya Lin; Representative, Cosmo Inc.: Hsuan-Ting Hsu, Chih-Pin Wu, Hsi-Yao Chen, Chih-Chieh Liang, Chao-Peng Chou, Hung-Chang Lin, Zhen-Fu Jiang	Representative, Tesra Investment Co., Ltd.: Po-Hua Wu; Representative, Tesra Investment Co., Ltd.: Hui-Ya Lin; Representative, Cosmo Inc.: Hsuan-Ting Hsu, Hsi-Yao Chen, Chih-Chieh Liang, Chao-Peng Chou, Hung-Chang Lin, Zhen-Fu Jiang	Representative, Tesra Investment Co., Ltd.: Po-Hua Wu; Representative, Tesra Investment Co., Ltd.: Hui-Ya Lin; Representative, Cosmo Inc.: Hsuan-Ting Hsu, Hsi-Yao Chen, Chih-Chieh Liang, Chao-Peng Chou, Hung-Chang Lin, Zhen-Fu Jiang
NT$ 1,000,000 (inclusive) - NT$ 2,000,000 (exclusive)	–	–	–	–
NT$ 2,000,000 (inclusive) - NT$ 3,500,000 (exclusive)	–	–	Chih-Pin Wu	Chih-Pin Wu
NT$ 3,500,000 (inclusive) - NT$ 5,000,000 (exclusive)	–	–	–	–
NT$ 5,000,000 (inclusive) - NT$ 10,000,000 (exclusive)	–	–	–	–
NT$ 10,000,000 (inclusive) - NT$ 15,000,000 (exclusive)	–	–	–	–
NT$ 15,000,000 (inclusive) - NT$ 30,000,000 (exclusive)	–	–	–	–
NT$ 30,000,000 (inclusive) - NT$ 50,000,000 (exclusive)	–	–	–	–
NT$ 50,000,000 (inclusive) - NT$ 100,000,000 (exclusive)	–	–	–	–
Over NT$ 100,000,000	–	–	–	–
Total	9 people	9 people	9 people	9 people

2. Remunerations paid to supervisors in the most recent year (2024): The Company established an Audit Committee on October 13, 2021 to replace supervisors.

3. Remuneration to the President and Vice Presidents in the most recent year (2024)

Unit: NT$ thousand

Job Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Employees' remuneration (D)				The sum of A, B, C and D as a percentage of net income after tax (%)		Received remuneration from reinvested businesses other than subsidiaries or the parent company
								The Company		All companies included in the financial report				
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	Cash amount	Amount of shares	Cash amount	Amount of shares	The Company	All companies included in the financial report	
President	Chih-Pin Wu (Note 1)	1,242	1,242	44	44	367	367	–	–	–	–	1,653 (2.45)%	1,653 (2.45)%	–
President	Cheng-Wei Lu (Note 2)	1,788	1,788	64	64	105	105	–	–	–	–	1,957 (2.90)%	1,957 (2.90)%	–
Vice President	Po-Hua Wu (Note 3)	–	–	–	–	843	843	–	–	–	–	843 (1.25)%	843 (1.25)%	–
Vice President	Ren-Ying Hu	1,421	1,421	87	87	491	491	–	–	–	–	1,999 (2.96)%	1,999 (2.96)%	–
Vice President	Chien-Chang Hsin (Note 4)	3,055	3,055	102	102	250	250	–	–	–	–	3,407 (5.05)%	3,407 (5.05)%	–
Vice President	Jin-duo Xiong	1,587	1,587	95	95	558	558	–	–	–	–	2,240 (3.32)%	2,240 (3.32)%	–
Vice President	Ming-Chuan Huang (Note 5)	562	562	21	21	33	33	–	–	–	–	616 (0.91)%	616 (0.91)%	–

Note 1: Chih-Pin Wu served as President from April 20, 2023 to May 28, 2024.
Note 2: Cheng-Wei Lu served as President from May 28, 2024 to January 24, 2025.
Note 3: Po-Hua Wu has served as Chairman and concurrently as Vice President of Business Operations from September 16, 2022 to present.
Note 4: Chien-Chang Hsin served as Vice President of Finance from January 1, 2024 to December 20, 2024.
Note 5: Ming-Chuan Huang served as Vice President from May 28, 2024 to August 5, 2024.

Remuneration brackets table

Breakdown of remuneration to the President and Vice Presidents of the Company	Name of President and Vice Presidents	
	The Company	All companies included in the financial report
Less than NT$ 1,000,000	Po-Hua Wu, Ming-Chuan Huang	Po-Hua Wu, Ming-Chuan Huang
NT$ 1,000,000 (inclusive) - NT$ 2,000,000 (exclusive)	Chih-Pin Wu, Ren-Ying Hu, Jin-duo Xiong	Chih-Pin Wu, Ren-Ying Hu, Jin-duo Xiong
NT$ 2,000,000 (inclusive) - NT$ 3,500,000 (exclusive)	Cheng-Wei Lu, Chien-Chang Hsin	Cheng-Wei Lu, Chien-Chang Hsin
NT$ 3,500,000 (inclusive) - NT$ 5,000,000 (exclusive)	–	–
NT$ 5,000,000 (inclusive) - NT$ 10,000,000 (exclusive)	–	–
NT$ 10,000,000 (inclusive) - NT$ 15,000,000 (exclusive)	–	–
NT$ 15,000,000 (inclusive) - NT$ 30,000,000 (exclusive)	–	–
NT$ 30,000,000 (inclusive) - NT$ 50,000,000 (exclusive)	–	–
NT$ 50,000,000 (inclusive) - NT$ 100,000,000 (exclusive)	–	–
Over NT$ 100,000,000	–	–
Total	7 people	7 people

4. Compensation for the Five Highest-Paid Executives

Unit: NT$ thousand

Job Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Employees' remuneration (D)				The sum of A, B, C and D as a percentage of net income after tax (%)		Received remuneration from reinvested businesses other than subsidiaries or the parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Cash amount	Amount of shares	Cash amount	Amount of shares			
Vice President	Chien-Chang Hsin	3,055	3,05	102	10	25	25	–	–	–	–	3,407 (5.05)%	3,407 (5.05)%	–
President	Cheng-Wei Lu	1,788	1,788	64	64	105	105	–	–	–	–	1,957 (2.90)%	1,957 (2.90)%	–
Vice President	Jin-duo Xiong	1,587	1,587	95	95	558	558	–	–	–	–	2,240 (3.32)%	2,240 (3.32)%	–
Vice President	Ren-Ying Hu	1,421	1,421	87	87	491	491	–	–	–	–	1,999 (2.96)%	1,999 (2.96)%	–
President	Chih-Pin Wu	1,242	1,242	44	44	367	367	–	–	–	–	1,653 (2.45)%	1,653 (2.45)%	–

5. Names of managers receiving employee remuneration for the most recent year (2024), and distribution status

Unit: NT$ thousands; %

	Job Title	Name	Amount of shares	Cash amount	Total	Total as a percentage of net income after tax (%)
Managerial Officer	President	Chih-Pin Wu (Note 1)	—	—	—	—
	President	Cheng-Wei Lu (Note 2)				
	Vice President	Po-Hua Wu (Note 3)				
	Vice President	Ren-Ying Hu				
	Vice President	Chien-Chang Hsin (Note 4)				
	Vice President	Jin-duo Xiong				
	Vice President	Ming-Chuan Huang (Note 5)				
	Head of finance and corporate governance	Xiu-Fen Wei				
	Accounting Manager	Yu-Chen Tsai (Note 6)				
	Assistant Vice President	Ming-Chang Su (Note 7)				

Note 1: Chih-Pin Wu served as President from April 20, 2023 to May 28, 2024.
Note 2: Cheng-Wei Lu served as President from May 28, 2024 to January 24, 2025.
Note 3: Po-Hua Wu has served as Chairman and concurrently as Vice President of Business Operations from September 16, 2022 to present.
Note 4: Chien-Chang Hsin served as Vice President of Finance from January 1, 2024 to December 20, 2024.
Note 5: Ming-Chuan Huang served as Vice President from May 28, 2024 to August 5, 2024.
Note 6: Tsai Yu-Chen has served as Accounting Manager from August 5, 2024 to present.
Note 7: Ming-Chang Su has served as Assistant Vice President from November 14, 2024 to present.

6. Compare and describe the total remuneration paid to the Company's directors, supervisors, general managers, and deputy general managers in the most recent two years by the Company and all companies included in the consolidated financial statements as a percentage of the net income after tax in the standalone or individual financial reports, and explain the remuneration paid related policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and

future risks

1) Total remuneration paid to directors, supervisors, presidents, and vice presidents in the last two years as a percentage of net income after tax in the parent company only or individual financial statements

Unit: NT$ thousands; %

Year / Item	2024		2023	
	Total remunerations as a percentage of net income after tax (%)		Total remunerations as a percentage of net income after tax (%)	
	The Company	All companies included in the financial report	The Company	All companies included in the financial report
Director	(8.21)	(8.21)	(10.36)	(10.36)
President, Vice President	(18.84)	(18.84)	(11.85)	(11.85)

Note 1: The total remuneration of directors includes the related remuneration received by the concurrently held employees. Therefore, there is overlap in the calculation of the total remuneration of the President.

Note 2: Due to the net loss after tax, the ratio is expressed as a negative number.

2) Policies, standards and packages for the payment of remuneration to directors, supervisors, presidents and vice presidents, the procedure for determining remuneration, and its association with business performance and future risks

A. Directors: The remuneration of directors and independent directors is determined by the Board of Directors as authorized in the Articles of Incorporation. According to the Articles of Incorporation, if the company generates a profit, no more than 3% shall be allocated as directors’ compensation.

B. President and Vice President: Remuneration includes salary, bonuses and employee compensation. Salary levels are determined based on the position held, responsibilities assumed, and contributions made to the company, with reference to industry standards. The standards for distributing employee compensation follow the Articles of Incorporation and are implemented after approval by the Board of Directors and resolution by the shareholders’ meeting.

The procedure for determining remuneration, in addition to the overall operational performance of the company, also takes into account the individual's performance achievement rate and contribution to the company's performance, and gives reasonable remuneration. In addition to the above, the Company will minimize the possibility of future operational risks, and review the remuneration system from time to time depending on the actual operating conditions and relevant laws and regulations, in order to seek a balance between the Company's sustainable operation and risk control. In conclusion, the Company's policy of paying remuneration to directors, supervisors, president, and vice presidents and the procedures for setting remuneration are positively correlated with operating performance.

(2) Corporate governance

(a) Information on the operation of the Board of Directors

The Board of Directors met 8(A) times in the most recent year (2024) in total, with director attendance as follows:

Job Title	Name	Number of attendances in person (B)	Frequency of attendance by proxy	Actual attendance rate (%) (B/A)	Note
Chairman	Representative, Tesra Investment Co., Ltd.: Po-Hua Wu	8	—	100.00%	
Director	Representative, Tesra Investment Co., Ltd.: Hui-Ya Lin	8	—	100.00%	
Director	Representative, Cosmo Inc.: Hsuan-Ting Hsu	8	—	100.00%	
Director	Chih-Pin Wu	8	—	100.00%	
Director	Hsi-Yao Chen	8	—	100.00%	
Director	Chih-Chieh Liang	8	—	100.00%	
Independent Director	Chao-Peng Chou	8	—	100.00%	
Independent Director	Hung-Chang Lin	7	1	87.50%	
Independent Director	Zhen-Fu Jiang	8	—	100.00%	

Other information to be disclosed:

(1) If the operation of the board of directors is under any of the following circumstances, the date and session of the board of directors, the contents of the motions, the opinions of all independent directors, and the Company's handling of the opinions of the independent directors should be stated

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

Date of Board Meeting (Term)	Proposal Content	Opinions of all independent directors	The Company's handling of independent directors' opinions
2024.03.12 (21st meeting of the 4th Term)	1. The Company's 2023 financial statements and business report 2. Appropriation of the Company's profit or loss in 2023 3. The 2023 "Internal Control System	No opinion	Not applicable

		Effectiveness Review" and "Internal Control System Statement" of the Company 4. Case for Revising the Company's Approval Authority Management Regulations 5. The Company appointed CPA Yen-Da Su and CPA Chun-Hsiu Guan from KPMG to audit and certify the Company's 2023 financial reports. The appointed CPAs did not violate any relevant regulations regarding independence under the Certified Public Accountant Act and met the suitability conditions. 6. The Company appointed CPA Yen-Da Su and CPA Chun-Hsiu Guan from KPMG to continue the audit and certification work for the Company's 2024 financial reports. 7. Complete re-election of directors and review of director candidate nominations 8. Removal of non-compete restrictions for newly elected directors 9. Convening the 2024 Shareholders' Meeting 10. Company Organizational Changes 11. Change of Corporate Governance Officer 12. Adjustment of Managerial Officers' Salaries 13. Authorization of year-end bonuses 14. Planning of special bonus system			
	2024.04.12 (22nd meeting of the 4th Term)	1. Reclassification of the Xinping Factory as investment property 2. Adjustment of Managerial Officers' Salaries	No opinion	Not applicable	
	2024.05.09 (23rd meeting of the 4th Term)	1. The Company's financial statements for the first quarter of 2024 2. Declaration of Internal Control System for Special Internal Control Review 3. Leasing of the Company's Xinping Factory 4. Amendment to certain provisions of the "Performance Evaluation Management Regulations" 5. The budget update proposal for 2024	No opinion	Not applicable	
	2024.05.30 (1st meeting of the 5th Term)	1. Election of the Chairman of the Board 2. Appointment of members to the Remuneration Committee 3. Appointment of members to the Audit Committee	No opinion	Not applicable	

2024.08.05 (2nd meeting of the 5th Term)	1. Change of CPAs due to internal adjustments at KPMG 2. Establishing the accounting treatment for employee gifts in the company's "Accounting Policy" 3. Change of the Company's Accounting Manager 4. Company Organizational Changes 5. Establishment of Remuneration Management Regulations 6. Establishment of Promotion Management Regulations 7. Appointment of Senior Managers 8. Remuneration for Senior Managers 9. Removal of non-compete restrictions for Senior Managers	No opinion	Not applicable
2024.08.13 (3rd meeting of the 5th Term)	1. The Company's financial statements for the second quarter of 2024 2. Application for credit facilities and renewal of credit limits with financial institutions	No opinion	Not applicable
2024.11.12 (4th meeting of the 5th Term)	1. The Company's financial statements for the third quarter of 2024 2. 2024 Annual business plan update 3. 2025 Business Plan 4. Proposed amendment to the general principles of the Company's pre-approved non-assurance services policy 5. Proposed establishment of Reward and Punishment Management Regulations	No opinion	Not applicable
2024.12.20 (5th meeting of the 5th Term)	1. Proposed new establishment and amendment of the company's internal control system 2. 2025 Internal audit plan 3. Mold commissioning management and disposal contract 4. Proposed Reporting on Credit Line Increase Case for Chailease Finance Co., Ltd. 5. 2025 Minimum wage increase 6. Appointment and remuneration for senior managers 7. Personnel changes for managerial officers and spokesperson	No opinion	Not applicable

(2) Implementation of a director's recusal due to a conflict of interest, the name of the director, the content of the proposal, the reason for recusal, and the participation in voting:

Date of Board Meeting	Name of Director	Proposal Content	Reason for recusal	Participation in voting

2024.05.30	Chao-Peng Chou, Hung-Chang Lin, Zhen-Fu Jiang	Appointment of Remuneration Committee Members Case	Involving self-interests, should be avoided in accordance with the law, did not participate in the discussion and voting	For this case, independent directors Chao-Peng Chou, Hung-Chang Lin, and Zhen-Fu Jiang legally recused themselves individually from the discussion and voting. The remaining directors present approved the case without objection.
2024.05.30	Chao-Peng Chou, Hung-Chang Lin, Zhen-Fu Jiang	Appointment of Remuneration Committee Members Case	Involving self-interests, should be avoided in accordance with the law, did not participate in the discussion and voting	For this case, independent directors Chao-Peng Chou, Hung-Chang Lin, and Zhen-Fu Jiang legally recused themselves individually from the discussion and voting. The remaining directors present approved the case without objection.
2024.12.20	Po-Hua Wu, Hui-Ya Lin, Hsuan-Ting Hsu, Chih-Pin Wu,	Mold commissioning management and disposal contract	Involving self-interests, should be avoided in accordance with the law, did not participate in the discussion and voting	Directors Po-Hua Wu, Hui-Ya Lin, Hsuan-Ting Hsu, Chih-Pin Wu sidestepped from the discussion and voting of this proposal. The proposal was approved unanimously by other attending directors.

(b) Other than the aforementioned matters, other resolutions of the Board of Directors that are not opposed or qualified by independent directors and are recorded or declared in writing: None.

(3) TWSE/GTSM listed companies shall disclose the evaluation cycle and duration, evaluation scope, method and evaluation content of the self-evaluation (or peer evaluation) of the board of directors; the implementation of the evaluation of the board of directors

Evaluation Cycle	Assessment period	Scope of Assessment	Evaluation Method	Evaluation Content	Evaluation results
Annually	2024/01/01 to 2024/12/31	Board of Directors	Self-evaluation of the Board of Directors	A total of 11 indicators are measured from five major aspects: participation in the company's operations, improvement of the board's decision-making quality, composition and structure of the board, election of directors, continuing education, and internal	98 points

				control.	
Annually	2024/01/01 to 2024/12/31	Individual Board Member	Self-evaluation of board members	A total of 18 indicators are measured in 6 major aspects: mastery of company goals and missions, directors' awareness of responsibilities, participation in company operations, internal relationship management and communication, directors' professionalism and continuing education, and internal control.	98 points
Annually	2024/01/01 to 2024/12/31	Functional committees	Committee members' self-evaluation	A total of 10 indicators are measured from five major aspects: participation in the company's operations, awareness of functional committees' responsibilities, improvement of functional commit-tee decision-making quality, composition of functional committees and election of members, and internal control.	99 points

(a) The Company has completed the performance self-evaluation of the Board of Directors in 2024 and submitted the evaluation results to the Board of Directors in December 2024 to report to the Board for review and improvement.

(b) The evaluation result is divided into "better than standard" (score of 90 or more), "above standard" (score of 80-89), "up to standard" (score of 70-79), "Not up to standard" (score between 60 and 69) and "needs improvement" (score less than 60).

(c) The self-assessment result of the Board of Directors is "better than standard"; the result of individual board member's self-assessment is "better than standard"; the result of self-assessment of functional committee is "better than standard".

(4) Objectives to strengthen the functions of the board of directors in the current year and the most recent year (e.g. setting up an audit committee, improving information transparency, etc.), and evaluation of their implementation:

(a) The Company arranges regular continuing education courses for directors every year. The scope of continuing education covers corporate governance-related topics such as finance, risk management, business, commerce, legal affairs, accounting, internal control system, financial reporting responsibilities, and corporate social responsibility. Continue to participate in the courses related to corporate governance topics during the new or the tenure, so that the board members have different professional functions and implement the board diversity policy.

(b) The Company is committed to improving information transparency. In addition to the designated spokesperson and acting spokesperson, and the personnel are responsible for public information disclosure and other related matters, the Company's website has an investor section to keep the Company's information updated, etc., and the investors can immediately Obtain relevant information of the Company.

(b) Implementation of the evaluation of the Board of Directors:

Please refer to (a) Other information to be disclosed (3) TWSE/GTSM listed companies shall disclose the evaluation cycle and duration, evaluation scope, method and evaluation content of the self-evaluation (or peer evaluation) of the board of directors; the implementation of the evaluation of the board of directors.

(c) Information on the operation of the Audit Committee:

In the most recent year (2024), the Audit Committee has met 8(A) times, and the attendance of independent directors is as follows:

Job Title	Name	Number of attendances in person (B)	Frequency of attendance by proxy	Actual attendance rate (%) (B/A)	Note
Independent Director	Chao-Peng Chou	8	—	100.00%	Convener
Independent Director	Hung-Chang Lin	7	1	87.50%	
Independent Director	Zhen-Fu Jiang	8	—	100.00%	

Other information to be disclosed:

(1) In the event that the operation of the Audit Committee is under any of the following circumstances, the meeting date of the Audit Committee meeting, the term of the meeting, the contents of the motions, the independent directors' dissenting opinions, qualified opinions, or major recommendations, the Audit Committee's resolutions, and the Company's Handling of opinions.

(a) The matters listed in Article 14-5 of the Securities and Exchange Act:

Date of the Audit Committee (Term)	Proposal Content	Resolution of the Audit Committee	The Company's handling of the Audit Committee's opinions
2024.03.12 (18th meeting of the 1st Term)	1. The Company's 2023 financial statements and business report 2. Appropriation of the Company's profit or loss in 2023 3. The 2023 "Internal Control System Effectiveness Review" and "Internal Control System Statement" of the Company 4. Case for Revising the Company's Approval Authority Management Regulations 5. The Company appointed CPA Yen-Da Su and CPA Chun-Hsiu Guan from KPMG to audit and certify the Company's 2023 financial reports. The appointed CPAs did not violate any relevant regulations regarding independence under the Certified Public Accountant Act and met the suitability conditions. 6. The Company appointed CPA Yen-Da Su and CPA Chun-Hsiu Guan from	Proposal was approved as proposed	Not applicable

		KPMG to continue the audit and certification work for the Company's 2024 financial reports.			
	2024.04.12 (19th meeting of the 1st Term)	1. Reclassification of the Xinping Factory as investment property	Proposal was approved as proposed	Not applicable	
	2024.05.09 (20th meeting of the 1st Term)	1. The Company's financial statements for the first quarter of 2024 2. Declaration of Internal Control System for Special Internal Control Review 3. Leasing of the Company's Xinping Factory 4. The budget update proposal for 2024	Proposal was approved as proposed	Not applicable	
	2024.05.30 (1st meeting of the 2nd Term)	1. Proposal to elect the convener of the Company’s second Audit Committee	Proposal was approved as proposed	Not applicable	
	2024.08.05 (2nd meeting of the 2nd Term)	1. Change of CPAs due to internal adjustments at KPMG 2. Establishing the accounting treatment for employee gifts in the company’s “Accounting Policy” 3. Change of the Company’s Accounting Manager 4. Company Organizational Changes 5. Establishment of Remuneration Management Regulations 6. Establishment of Promotion Management Regulations	Proposal was approved as proposed	Not applicable	
	2024.08.13 (3rd meeting of the 2nd Term)	1. The Company's financial statements for the second quarter of 2024 2. Application for credit facilities and renewal of credit limits with financial institutions	Proposal was approved as proposed	Not applicable	
	2024.11.12 (4th meeting of the 2nd Term)	1. The Company's financial statements for the third quarter of 2024 2. 2024 Annual business plan update 3. 2025 Business Plan 4. Proposed amendment to the general principles of the Company’s pre-approved non-assurance services policy 5. Proposed establishment of Reward and Punishment Management Regulations	Proposal was approved as proposed	Not applicable	
	2024.12.20 (5th meeting of the 2nd Term)	1. Proposal to elect the Company’s representative for matters under Articles 213, 214, and 223 of the Company Act 2. Proposed new establishment and amendment of the company’s internal control system 3. 2025 Internal audit plan	Proposal was approved as proposed	Not applicable	

	4. Mold commissioning management and disposal contract 5. Proposed Reporting on Credit Line Increase Case for Chailease Finance Co., Ltd.		

(b) Other than the aforesaid matters, any resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None.

(2) Implementation of an independent director's recusal due to a conflict of interest, the name of the director, the content of the proposal, the reason for recusal, and the participation in voting: None.

(3) Communication between independent directors, chief internal auditor, and CPAs (including major issues, methods, and results of communication on the Company's financial and business status):
Before the end of each month, the internal audit officer submits the audit report and defect follow-up report of the previous month, and submit the independent directors' review on the implementation of the Company's annual audit plan and the follow-up and improvement of internal control deficiencies, and attend the board of directors' meetings. The independent directors may communicate with the accountants if they deem it necessary.

(d) The implementation of corporate governance and the deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor:

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(1) Has the Company established and disclosed its corporate governance best-practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Com-panies?	✓		The Company has "Corporate Governance Best Practice Principles" in place to protect shareholders' rights and interests, strengthen the functions of the Board of Directors, respect the rights and interests of stakeholders, and enhance information transparency. For the Company's "Corporate Governance Best Practice Principles", please visit the Company's official website.	No significant difference
(2) The Company's shareholding structure and shareholders' rights and interests				No significant

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies difference
	Yes	No	Summary description	
(a) Does the Company have internal operating procedures to handle shareholders' suggestions, doubts, disputes and litigation matters, and have they implemented them in accordance with the procedures?	✓		In addition to appointing a full-time shareholders service agency to handle shareholders' related affairs, the Company has formulated the "Procedures for Handling Internal Material Information" and has dedicated personnel to handle shareholders' suggestions or disputes.	
(b) Does the Company keep track of the list of major shareholders who actually control the Company and the ultimate controllers of such major shareholders?	✓		The Company has entrusted a stock agency to be responsible for keeping track of the list of major shareholders who actually control the Company and the ultimate shareholders of the major share-holders. Changes in shareholding.	
(c) Has the Company established and implemented risk control and firewall mechanisms with its affiliates?	✓		The Company has established the "Regulatsions Governing Trans-actions with Related Parties, Specific Companies and Group Enterprises", "Regulations Governing Supervision and Management of Subsidiaries", "Procedures for Endorsement and Guarantee", "Procedures for Loaning Funds to Others", and "Procedures for Procedures for Disposal of Assets" and other internal policies to establish appropriate risk control mechanisms and firewalls.	
(d) Does the Company establish internal regulations to prohibit insiders from trading securities using undisclosed information in the market?	✓		The Company has established the "Insider Trading Prevention Management Regulations" and the key points of control, which prohibits insiders from using undisclosed information in the	

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			market to trade securities to prevent the occurrence of insider trading.	
(3) Composition and duties of the Board of Directors (a) Does the board of directors have a diversity policy, concrete management goals, and implementation?	✓		The Company has established the "Corporate Governance Best Practice Principles" and the "Regulations Governing the Election of Directors" to formulate the policy of diversity of the board of directors and implement the candidate nomination system for the Company's directors (including independent directors). The Company pays attention to gender equality in the composition of the Board of Directors. Currently, there are 2 female directors among the 9 directors, with a ratio of 22.22%.	No significant difference
(b) In addition to the Remuneration Committee and the Audit Committee, has the Company established other functional committees voluntarily?		✓	The Company has established an Audit Committee and a Remuneration Committee. Other functional committees will be established based on future needs.	
(c) Does the Company establish the regulations and methods for evaluating the performance of the Board of Directors, and conduct the performance evaluation regularly every year, and submit the results of the performance evaluation to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination?	✓		The Company has established the "Procedures for Performance Evaluation of the Board of Directors" to conduct annual performance evaluations and evaluate the performance of directors in accordance with the regulations, including the following aspects: 1. Participation in the	

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(d) Does the Company evaluate the independence of CPAs on a regular basis?	✓		Company's operations 2. Improving the quality of the board's decision making 3. Composition and structure of the Board of Directors 4. Election and continuing education of directors 5. Internal control The Company's board of directors regularly assesses the independence of the CPAs every year. When the Board of Directors discusses the appointment and in-dependence of CPAs, it is necessary to submit the CVs and independence declarations (Not in violation of the Bulletin of Code of Ethics for Professionals No. 10) for the Board of Directors to dis-cuss their independence. The CPAs reviewed by the Board of Directors on February 25, 2025 all met the Company's independence evaluation standards.	
(4) Whether the listed company appoints competent and appropriate corporate governance personnel, and appoints a corporate governance officer to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information needed to perform their duties, assisting directors and supervisors in compliance laws, handling matters related to the Board of Directors and	✓		On February 23, 2024, due to job position changes, the Company reassigned Wei Hsiu-Fen, Manager of the Finance Department, as the corporate governance officer. This was retroactively approved by the Board of Directors on March 12, 2024, as the highest-ranking executive responsible for corporate governance-related affairs, to promote corporate	No significant difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
Shareholders' Meetings in accordance with the law, and preparing minutes of the Board of Directors and Shareholders' meetings)?			governance and effectively exercise the functions of the Board of Directors. The scope of authority and key business execution points for the year are as follows: 1. Handle matters related to the Board of Directors and Shareholders' Meeting in accordance with the law. 2. Preparation of minutes of board meetings and shareholders' meetings. 3. Assist the directors with continuing education. 4. Provide the information required by the directors to carry out their duties. 5. Assist directors in complying with laws and regulations.	
(5) Does the Company create channels for communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a stakeholder section on the Company's website, and appropriately respond to important corporate social concerns of stakeholders Responsibility issues?	✓		The Company's official website has set up a stakeholder section and provided contact information for stakeholders, in order to respond to important corporate social responsibility issues of concern to stakeholders.	No significant difference
(6) Does the Company appoint a professional shareholder service agency to handle shareholders' meeting affairs?	✓		The Company appoints a stock service agent, "Grand Fortune Securities Co., Ltd Stock Agency Dept". to handle the shareholders' meeting affairs.	No significant difference
(7) Information Disclosure (a) Does the Company set up a website to disclose financial, business and corporate governance information?	✓		The Company's official website discloses financial, business and corporate governance	No significant difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			information under the "Investor" section	
(b) Has the Company adopted other means of information disclosure (e.g. setting up an English website, appointing dedicated personnel to collect and disclose information on the Company, implementing a spokesperson system, posting the process of investor conference on the Company's website, etc.)?	✓		The Company has implemented a spokesperson system, and disclosed the Company's operating information in accordance with the information disclosure regulations, and has set up an English website, and information related to shareholder meetings is regularly updated on the Company's website.	
(c) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the financial statements for the first, second, and third quarters and the operating status of each month before the prescribed deadline?	✓		The Company has announced and reported the financial report and the operating status of each month before the prescribed deadline. In the future, the Company will announce and report annual financial reports in advance depending on the Company's operating conditions and relevant laws and regulations.	
(8) Does the Company have other important information that is helpful to understand the implementation of corporate governance (including but not limited to employees' rights and interests, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education status, The implementation of risk management policies and risk measurement standards, the implementation of customer policies, and the purchase of liability insurance for directors and supervisors)?	✓		1. Employee rights: In addition to the Labor Standards Act and related laws and regulations, the Company has established the Employee Welfare Committee to appropriate employee welfare funds and employee pensions in accordance with the law. 2. Employee care: The Company regularly implements employee health examinations and provides medical consultations to maintain the physical and	No significant difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			mental health of employees, and continues to improve the working environment of employees to meet the needs of international regulations. Therefore, all employees are able to perform the work agreed upon by the Company according to their wishes without physical or psychological coercion, and they are not discriminated against based on any race, gender, age, religion or political affiliation. 3. Investor relations: The Company has a share affairs unit and a spokesperson to handle share service matters and shareholders' suggestions and disputes. 4. Supplier relations: The Company maintains fair and good relations with its suppliers. 5. The rights of stakeholders: The Company has a spokesperson. Stakeholders may contact the Company through the Company's exclusive window and the Company's contact information published on the Company's web-site to protect the rights and interests of the stakeholders. 6. Continuing education of directors and supervisors:	

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			The Company's directors have the relevant professional knowledge and continue to take relevant courses for the number of hours per year as required by laws and regulations. 7. Implementation of risk management policies and risk measurement standards: At present, the Company's internal control risk management system and important management rules and regulations are subject to the approval of the Board of Directors. 8. Implementation of customer policies: The Company maintains good relationship with its customers. 9. The purchase of liability insurance for directors: The Company has purchased liability insurance for directors to coordinate with corporate governance and strengthen the protection of shareholders' equity.	
(9) Please describe the improvements made based on the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year, and propose enhancement measures and priority measures for the matters that have not yet been improved: Not applicable.				

(e) Information on the operation of the Remuneration Committee:

1. The Company's Remuneration Committee consists of 3 members, all of whom are independent directors. For information on the members, please refer to (1) Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches (a) Information

of directors and supervisors.

2. Current term of committee members: May 30, 2024 to May 29, 2027. The Remuneration Committee held 6(A) meetings in the most recent fiscal year (2024), with committee qualifications and attendance as follows:

Job Title	Name	Number of attendances in person (B)	Frequency of attendance by proxy	Actual attendance rate (%) (B/A)	Note
Independent Director	Chao-Peng Chou	6	—	100.00%	Convener
Independent Director	Hung-Chang Lin	5	1	83.33%	
Independent Director	Zhen-Fu Jiang	6	—	100.00%	

Other information to be disclosed:

(1) If the Board of Directors does not adopt or amend the suggestions of the Remuneration Committee, the date and term of the Board meeting, the contents of the motions, the resolutions of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions should be disclosed (e.g. the reasons for the discrepancies should be stated): None.

(2) If a member has a dissenting opinion or qualified opinion on a resolution on the resolution of the Remuneration Committee and it is on record or stated in a written statement, the date and session of the resolution, the content of the motion, the opinions of all members, and the handling of the opinions of the members should be stated: None.

(3) The Remuneration Committee's meeting proposals and resolutions in the most recent year, and the Company's handling of the members' opinions:

Date (Session) of the Remuneration Committee	Proposal Content	Resolution of the Remuneration Committee	The Company's handling of members' opinions
2024.03.12 (14th meeting of the 1st Board)	1. Company Organizational Changes 2. Change of Corporate Governance Officer 3. Adjustment of Managerial Officers' Salaries 4. Authorization of year-end bonuses 5. Planning of special bonus system	Proposal was approved as proposed	Not applicable
2024.04.12 (15th meeting of the 1st Board)	1. Adjustment of Managerial Officers' Salaries	Proposal was approved as proposed	Not applicable
2024.05.09 (16th meeting of the 1st Board)	1. Amendment to certain provisions of the "Performance Evaluation Management Regulations"	Proposal was approved as proposed	Not applicable
2024.05.30 (1st meeting of the 2nd Term)	1. Proposed selection of the convener for the Company's second Remuneration Committee	Proposal was approved as proposed	Not applicable
2024.08.05 (2nd meeting of the 2nd Term)	1. Appointment of Senior Managers 2. Remuneration for Senior Managers 3. Removal of non-compete restrictions for Senior Managers	Proposal was approved as proposed	Not applicable

	2024.12.20 (3rd meeting of the 2nd Term)	1. 2025 Minimum wage increase 2. Appointment and remuneration for senior managers 3. Personnel changes for managerial officers and spokesperson	Proposal was approved as proposed	Not applicable	

(f) Promotion of sustainable development and deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx-listed Companies and the reasons therefor:

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
(1) Does the Company establish a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit to promote sustainable development, with senior management authorized by the board of directors to handle, and how is the supervision of the board of directors?	✓		The Company has established a Sustainability Development Task Force to promote and strengthen corporate sustainability policies, annual plans, and strategies. We periodically review, track, and revise the implementation and effectiveness of sustainability initiatives to achieve our corporate sustainability goals and enhance sustainable governance. Regular reports are made to the Board of Directors, which provides recommendations and supervision through these regular updates.	No significant difference
(2) Does the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies?	✓		The Company has established "Sustainable Development Practice Principles." The boundary of risk assessment primarily focuses on our company and includes subsidiaries. While pursuing sustainable operations and profitability, we also emphasize the balance between environmental protection, social responsibility, and corporate governance. These considerations have been	No significant difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
			incorporated into our management approach and daily operational activities. We actively participate in promoting social welfare and enhancing corporate social responsibility information disclosure.	
(3) Environmental Issues (a) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	✓		Due to the nature of our industry, our company does not face environmental pollution issues. However, based on our corporate social responsibility toward environmental management, we successfully obtained ISO 14001 international certification in 2023. We are committed to implementing environmental protection, waste reduction, minimization, pollution prevention, and zero workplace safety incidents.	No significant difference
(b) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		In addition to setting up recycling bins in the buildings where the Company is located, the Company also strives to promote the social responsibility of resource recycling.	
(c) Has the Company assessed the potential risks and opportunities posed by climate change to the Company at present and in the future, and taken relevant countermeasures?	✓		The Company will fully support the environmental protection policies of energy saving and carbon reduction advocated by the government, and pay close attention to the impact of climate change on operating activities.	
(d) Does the Company keep statistics on the amount of greenhouse gas emission, water consumption and total		✓	The Company actively supports various energy-saving and carbon reduction environmental policies	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
weight of waste in the past two years, and establish policies for greenhouse gas reduction, reduction of water consumption or management of other wastes?			promoted by the government. In 2023, we introduced the ISO 14064-1 greenhouse gas management system for the first time, and calculated emission intensity (total greenhouse gas emissions/ annual revenue) for the past two years. The emission intensity was 1.322 tonnes Co2e/million NT$ in 2023 and 1.222 tonnes Co2e/million NT$ in 2024, showing a significant reduction in carbon emission intensity, which demonstrates the company's performance in energy conservation and emissions reduction. Additionally, we continue to promote paperless operations to reduce annual paper consumption.	
(4) Social Issues (a) Does the Company establish relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	✓		The Company recognizes and voluntarily abides by internationally recognized human rights standards such as the "United Nations Universal Declaration of Human Rights", "United Nations Global Compact", "United Nations Guiding Principles on Business and Human Rights", and "United Nations International Labor Organization", and abides by labor laws and regulations to formulate work rules , the Employee Handbook, and other related personnel regulations to ensure the legitimate rights and	No significant difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
			interests of employees.	
(b) Does the Company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits), and appropriately reflect the business performance or results in the employee remuneration?	✓		The Company has work rules and related personnel management regulations in place, which cover basic wages, working hours, leave, pension benefits, labor and health insurance benefits, and compensation for occupational accidents for workers employed by the Company in compliance with the relevant provisions of the Labor Standards Act. The Employee Welfare Committee is established to handle various welfare matters through the operation of the Welfare Committee elected by the employees; the Company's remuneration policy is based on individual ability, and there is a positive correlation between the contribution to the Company and performance and operating performance.	No significant difference
(c) Does the Company provide employees with a safe and healthy work environment, and provide employees with safety and health education on a regular basis?	✓		In accordance with the regulations, the Company will issue warnings or distribute protective equipment in environments or facilities where there are concerns about safety or occupational hazards, and conduct regular health examinations for employees. There were zero occupational accidents (including disability accidents, fatal accidents, and fire accidents) during the year. Additionally, no fire incidents	No significant difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
			occurred during the year.	
(d) Has the Company established an effective career development training program for its employees?	✓		The Company plans and implements career development programs based on the professionalism and ability of employees.	No significant difference
(e) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant policies and complaint procedures to protect consumers' or customers' rights and interests?	✓		The products provided by the Company are customized products, so the specifications and production conditions required by customers are executed in accordance with the contract and kept confidential. The Company maintains good communication channels with customers and provides transparent and effective procedures for handling customer complaints about products and services. The content of the complaints is provided to the relevant internal units to formulate effective countermeasures.	No significant difference
(f) Does the Company establish a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights, and the implementation status thereof?		✓	The Company has established supplier management procedures to ensure the stability of the materials used, and conducts supplier evaluations on an annual basis.	The Company has not assessed whether suppliers have affected the environment and society in the past

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
(5) Does the Company prepare reports disclosing the Company's non-financial information, such as the Sustainability Report, with reference to international reporting standards or guidelines? Has the said reports been certified or guaranteed by a third-party verification unit?		✓	In 2024, the company completed the preparation of a sustainability report in accordance with internationally recognized reporting standards and in compliance with the timeline requirements of the “New Corporate Governance Blueprint.”	No significant difference
(6) If the Company has established its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the current practices and any deviations from the Principles: None.				
(7) Other important information helpful to understand the status of implementation of sustainable development: Based on respect for employees, the Company emphasizes no discrimination in the workplace or forcing them to work overtime, and requires its officers not to discriminate or harass employees in any way.				

(g) Climate-related information

Evaluation Items	Status of Operation
(1) Implementation of climate-related information:	
(a) Board of Directors and management oversight and governance regarding climate-related risks and opportunities.	The Board of Directors serves as the highest governance body for climate change management, responsible for guiding the company’s climate change responses and decisions. Under the Chairman’s leadership, a Sustainability Development Task Force has been established, which reports regularly to the Board of Directors each year on the implementation results of the Sustainability Development Committee, including climate change-related matters, to ensure the promotion and implementation of corporate sustainability initiatives.
(b) We identify how climate risks and opportunities affect our business, strategy, and finances in the short, medium, and long term.	Following the four core elements of the Task Force on Climate-related Financial Disclosures (TCFD) framework - governance, strategy, risk management, and metrics and targets - we disclose our assessment and management of climate-related risks and opportunities. In evaluating strategies and financial planning, our assessment criteria include three impact dimensions:

Evaluation Items	Status of Operation
	operational, financial, and social. Related risks and opportunities are categorized into short, medium, and long-term timeframes, with corresponding response strategies developed for each category.

Risk assessment	Description of risk impacts	Potential financial impact	Responsive measures	Timeframe
Physical risks	Extreme climate causing supply chain disruption	Reduced production, decreased revenue	• Establish secondary sources • Develop suppliers in other regions	Short-term
	Rising average temperatures	Increased electricity usage in facilities, increased operating costs	• Track electricity consumption through energy management systems • Procurement of energy-efficient equipment	Long-term
Transition Risks	Carbon Fees	Payment of carbon fees, increased operating costs	• Continue implementing greenhouse gas reduction actions	Short-term
	Rising raw material costs	Decreased price competitiveness, increased financial pressure, resulting in increased operating costs	• Seek sustainable material supplies, reduce dependency on high-cost resources	Short-term
	Changes in customer behavior	Customer preference for low-carbon, sustainable products, reduced product demand, affecting revenue	• Promote corporate sustainability transformation, develop low-carbon green products to meet market demand	Medium-term
Opportu-nities	Improved energy efficiency	Reduced energy consumption lowers operating costs, increasing profit margins	• Strengthen energy-saving operational education, promote company-wide participation in energy conservation activities	Medium-term
	Enhanced corporate reputation	Good reputation attracts more customers and partners, increasing revenue	• Actively promote ESG activities and sustainable development plans, establish a responsible corporate image	Long-term

Evaluation Items	Status of Operation
(c) Description of Financial Impact of Extreme Climate Events and Transition Actions.	The financial impacts of disasters caused by extreme weather events and extreme climate are detailed in the explanation in section 2 above.
(d) Description of Integration of Climate Risk Identification,	Climate-related risks are coordinated and planned by the Sustainability Development Task Force, which raises awareness of climate change issues across departments. Through cross-

Evaluation Items	Status of Operation
Assessment, and Management Processes into Overall Risk Management Systems.	departmental mechanisms, relevant policies are implemented, gradually incorporating climate change into corporate sustainability policies and risk management policies.
(e) If scenario analysis is used to evaluate resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts should be explained.	Please refer to our company's Sustainability report for details.
(f) If there are transition plans to manage climate-related risks, the content of the plan and the indicators and targets used to identify and manage physical and transition risks are explained as follows:	Our company, in response to the global trend toward net-zero emissions by 2050 and corporate sustainability, as well as to comply with relevant carbon emission regulations, implements carbon emission inventory and reduction operations in accordance with the government's greenhouse gas management policies. We plan to gradually reduce total carbon emissions and ultimately achieve net-zero emissions through various energy-saving and carbon-reduction measures, including: Continuous development of low-carbon products, improving equipment energy efficiency, increasing the proportion of renewable energy use, and implementation of supply chain carbon reduction target management. Starting from 2023, the Company has implemented ISO 14064-1 to conduct greenhouse gas emissions inventory operations for the Company and its subsidiaries. This includes Category 1, Category 2, and Category 3 inventory items, such as employee commuting and fuel and energy-related activities. Through standardized and systematic management, the Company aims to inventory direct and indirect greenhouse gas emissions within the enterprise and gradually achieve the goal of becoming a low-carbon enterprise.
(g) If internal carbon pricing is used as a planning tool, the basis for pricing should be explained.	The Company has not yet established an internal carbon pricing mechanism.
(h) If climate-related targets are set, information should be provided regarding covered activities, greenhouse gas emission scopes, planning timeline, and annual progress. If carbon offsets or Renewable Energy	The Company effectively manages its energy usage, prevents waste of resources, and improves energy efficiency in a timely manner, while conducting annual greenhouse gas inventories.

<table>
<tr><th>Evaluation Items</th><th>Status of Operation</th></tr>
<tr><td>Certificates (RECs) are used to achieve related targets, the source and quantity of offset carbon reduction or the quantity of RECs should be explained.
(i) Greenhouse Gas Inventory and Verification Status with Reduction Targets, Strategies, and Specific Action Plans.</td><td>The greenhouse gas inventory and verification status is shown in the table below.</td></tr>
<tr><td>(2) Greenhouse Gas Inventory for the Past Two Years:
(a) Greenhouse Gas Inventory Information Description of greenhouse gas emissions for the past two years (metric tons Co2e), intensity (metric tons Co2e/million NT$), and data coverage scope.</td><td>The Company’s greenhouse gas inventory data for the past two years is as follows:
<table><tr><th>Greenhouse Gas Categories</th><th>2023</th><th>2024</th></tr><tr><td>Scope 1</td><td>62.798</td><td>56.055</td></tr><tr><td>Scope 2</td><td>471.276</td><td>508.781</td></tr><tr><td>Scope 3</td><td>192.658</td><td>207.584</td></tr><tr><td>Total CO2 emissions</td><td>726.732</td><td>772.419</td></tr><tr><td>Greenhouse gas emissions intensity: metric tons CO2e/million dollars</td><td>1.322</td><td>1.222</td></tr></table></td></tr>
<tr><td>(b) Greenhouse Gas Assurance Information</td><td>The Company has a capital of less than NT$5 billion and has not yet reached the timeline required for assurance under regulations.</td></tr>
<tr><td>(c) Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans
A description of the base year for greenhouse gas reduction and its data, reduction targets, strategies and specific action plans, and the achievement status of reduction targets.</td><td>The Company’s primary source of greenhouse gas emissions is purchased electricity, which accounts for over 65% of total emissions across Scope 1, Scope 2, and Scope 3 categories. Therefore, the core strategic focus lies in reducing indirect emissions through energy conservation (such as improving energy efficiency and replacing equipment and components with energy-saving alternatives) and increasing the use of renewable energy. Through the Sustainability Development Task Force, the Company integrates energy-saving and carbon reduction strategies and initiatives across departments to implement various emission reduction plans. In 2024 (Year 113), the Company’s greenhouse gas emissions intensity was 1.222 metric tons of CO_2e per NT$1 million, a notable decrease from 1.322 metric tons of CO_2e per NT$1 million in 2023 (Year 112), clearly demonstrating the effectiveness of our energy-saving and carbon-reduction efforts.</td></tr>
</table>

(h) Status of ethical corporate management and deviations from the Ethical

Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor:

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
(1) Establishment of ethical corporate management policies and plans (a) Has the Company formulated the ethical management policies approved by the board of directors, and stated in the articles of association and external documents the policies and practices of operating in good faith, and the commitment of the board of directors and senior management to actively implement business policies?	✓		The Company has established the "Ethical Corporate Management Best-Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct" and disclosed them on the Company's website. Also, the commitment of the Board of Directors and the management to actively implement business policies.	No significant difference
(b) Whether the Company has established an assessment mechanism for the risk of unethical conducts, regularly analyzes and assesses the business activities with higher risks of unethical conducts within the business scope, and formulates prevention programs accordingly, "Ethical Corporate Management Best Practice Principles", paragraph 2, Article 7	✓		In order to prevent unethical behaviors, the Company has strengthened relevant preventive measures in its regulations and external documents for business activities with a higher risk of unethical behaviors. In addition, the Company will educate and promote the employees so that they fully understand the Company's determination and philosophy for ethical corporate management and the consequences of violations. The content complies with at least paragraph 2, Article 7 to help employees know the rules that they should abide by, and thereby reduce the occurrence of unethical behaviors.	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
(c) Does the Company have the operational procedures, behavior guidelines, punishment and complaint systems clearly defined in the program to prevent unethical conduct, and implemented, and the program is regularly reviewed and amended?	✓		The Company has established the "Ethical Corporate Management Best-Practice Principles", the "Operational Procedures and Con-duct Guidelines for Ethical Management" and the "Code of Ethical Conduct" as the basis for the implementation of ethical management, and specifically regulate the relevant matters that employees shall pay attention to when performing business. If there are any suspected violations of laws or regulations or the regulations, the Company has also established a reporting mechanism and regulations on disciplinary action, and implemented and reviewed it.	
(2) Implementing ethical corporate management (a) Does the Company evaluate the ethical records of its trading counterparts, and specify the ethical conduct clauses in the con-tracts signed with its trading counterparts?	✓		When the Company enters into a contract with a third party, the content should include compliance with the ethical management policy. If either party is involved in unethical conducts in business activities, the other party may unconditionally terminate or cancel the contract at any time.	No significant difference
(b) Has the Company set up a dedicated unit under the Board of Directors to promote corporate ethical management, and has it re-ported to the Board of Directors regularly (at	✓		The Company's Finance Department is responsible for the formulation of the ethical corporate management policy. In case of unethical behavior, the	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
least once a year) on the implementation of ethical management policies and prevention of unethical conducts, and the supervision of such units?			handling measures and subsequent review and improvement measures shall be reported to the Board of Directors.	
(c) Has the Company established policies to prevent conflicts of interest, provided appropriate channels of expression, and substantiated the policies?	✓		The "Code of Ethical Conduct" has been established to provide an appropriate channel for directors and managers to voluntarily explain whether there is a potential conflict of interest between them and the Company.	
(d) Whether the Company has established an effective accounting system and internal control system to implement ethical management, and has the internal audit unit formulate relevant audit plans based on the assessment results of the risks of unethical conduct, and audit the prevention programs against unethical conducts accordingly; compliance, or appoint a CPA to perform the audit?	✓		The Company has established the "Accounting System" and "Internal Control System" for the management and employees to comply with, and has also formulated operating procedures to prevent insider trading to ensure the implementation of the ethical corporate management policy. The internal auditors conduct irregular inspections on compliance with laws and regulations. If a report is received, appropriate disposal or legal procedures shall be taken immediately upon verification to ensure that the design and implementation of the system continue to be effective.	
(e) Does the Company organize internal and external training on ethical corporate management on a regular basis?	✓		The Company's executives provide education and promotion for employees, and also promote internal regulations and laws and regulations for new employees.	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
(3) The operation of the Company's whistle-blowing system				No significant difference
(a) Does the Company establish a specific whistle-blowing and reward system, establish a convenient channel for reporting, and assign appropriate dedicated personnel to handle the reported subjects?	✓		Employees: The Management Department of the Company is responsible for establishing channels for collecting employees' opinions and reporting and handling matters related to violations of ethical corporate management. External parties: The Company has set up a stakeholder complaint mailbox on the Company's website. The independent directors and audit officers are responsible for receiving suggestions and complaints from stakeholders.	
(b) Does the Company establish standard operating procedures for the investigation of whistle-blowing matters, the follow-up measures to be taken after the investigation is completed, and the related confidentiality mechanism?	✓		The Company has established the relevant confidentiality mechanisms and investigation standard operating procedures for the accepted matters in the "Procedures for Ethical Management and Guidelines for Conduct". When employees suspect or discover any violations of laws and regulations, ethical management, and ethical conduct guidelines, they may report to the appropriate personnel, such as independent directors, managerial officers, internal audit supervisors, and whistle-blowing.	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
(c) Has the Company taken measures to protect the whistleblower from improper treatment due to their whistleblowing?	✓		The Company will handle reporting and whistle-blowing cases in a confidential manner, and will spare no efforts to protect the safety of the informants from reprisals or improper treatment.	
(4) Strengthening information disclosure Does the company disclose the content of the ethical corporate management principles established by the Company on its website and the Market Observation Post System, and the effectiveness of its implementation?	✓		The Company has disclosed the above on MOPS and the Company's official website (https://www.coplus.com.tw).	No significant difference
(5) If the Company has established its own ethical corporate management best-practice principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies", please describe the current practices and any deviations from the Best-Practice Principles: None.				
(6) Other important information helpful to understand the Company's ethical corporate management operations: (e.g., the circumstance in which the Company is reviewing and amending its ethical corporate management best practice principles, etc.) (a) In order to implement ethical corporate management, the Company shall abide by the Company Act, the Securities and Exchange Act, and the laws and regulations that should be complied with by companies listed on TWSE/TPEx. (b) In order to improve the effectiveness of corporate governance, the Company has amended the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct" with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and the "Sample Template of Code of Ethical Conduct for TWSE Listed and TPEx Listed Companies", and to educate directors, supervisors, management, and all employees. (c) The Company's "Management Procedures for Prevention of Insider Trading" has relevant regulations for the "Procedures for Handling Material Information", which are summarized as follows: 1. The internal and material information processing and disclosure shall be handled in accordance with the relevant laws, orders and the provisions of these procedures. 2. Directors, managers and employees shall exercise the due care of a good				

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
			administrator and the duty of loyalty, uphold the principle of good faith in carrying out their business, and sign confidentiality agreements, and shall not divulge any insider information that they know of to others, nor shall they share any insider information they know of to others. Information personnel inquiring or collecting undisclosed internal material information not related to personal duties shall not disclose to others any undisclosed internal material information that is not made public without the execution of business. 3. Institutions or personnel outside the Company shall sign a confidentiality agreement due to their participation in mergers and acquisitions, important memorandums of understanding, strategic alliances, other business cooperation projects, or important contracts, and shall not divulge any internal and material information they know to others. 4. The following principles shall be adhered to when disclosing material internal information: (1) The information disclosure shall be accurate, complete and timely. (2) There should be a basis for information disclosure. (3) Information should be disclosed fairly. 5. Unless otherwise specified by laws or regulations, the disclosure of material internal information should be handled by a spokesperson or a deputy spokesperson, and the order of presentation should be confirmed. 6. The content of the speeches of the spokesperson and the deputy spokesperson shall be limited to the scope of the Company's authorization, and except for the person-in-charge, the spokesperson and the deputy spokesperson, other personnel shall not disclose internal and material information to the outside without authorization. 7. If the content reported by the media is inconsistent with the content disclosed by the Company, the Company shall immediately clarify on the Market Observation Post System and request the media to make correction.	

(i) If the Company has established the Corporate Governance Best Practice Principles and related regulations, the methods to access them are:

In addition to disclosing the Company's regulations on the Market Observation Post System (MOPS) as required by the competent authority, the Company has also set up a corporate governance section on the Company's website to fully disclose the Company's regulations.

(j) Other important information that is helpful to understand the Company's corporate governance: None.

(k) Implementation of the internal control system

1. Declaration of Internal Control: Please refer to Page 101 for details.
2. If the internal control system is reviewed by a CPA on a project-by-project basis, the CPA's review report shall be disclosed: Please refer to page 102for details.

(l) The punishment on the Company and its internal personnel according to law, the punishment on the Company's internal personnel for violating the provisions of the internal control system in the most recent year up to the publication date of the annual report, and the main deficiencies and improvements: None.

(m) Important resolutions of the shareholders' meeting and the board of directors in the most recent year and up to the date of publication of the annual report

1. Important resolutions of shareholders' meetings and their implementation:

Meeting date	Important resolution	Status of implementation
2024.05.30 (regular session)	1. Proposal for complete re-election of directors. 2. Proposal to lift the non-competition restrictions for newly elected directors.	Resolutions on the left column were completed.

2. Important resolutions of the board of directors:

Meeting	Date	Important resolution matters
Board of Directors	2024.03.12	1. The Company's 2023 financial statements and business report 2. Appropriation of the Company's profit or loss in 2023 3. The 2023 "Internal Control System Effectiveness Review" and "Internal Control System Statement" of the Company 4. Case for Revising the Company's Approval Authority Management Regulations 5. The Company appointed CPA Yen-Da Su and CPA Chun-Hsiu Guan from KPMG to audit and certify the Company's 2023 financial reports. The appointed CPAs did not violate any relevant regulations regarding independence under the Certified Public Accountant Act and met the suitability conditions. 6. The Company appointed CPA Yen-Da Su and CPA Chun-Hsiu Guan from KPMG to continue the audit and certification work for the Company's 2024 financial reports. 7. Complete re-election of directors and review of director candidate nominations 8. Removal of non-compete restrictions for newly elected directors 9. Convening the 2024 Shareholders' Meeting 10. Company Organizational Changes 11. Change of Corporate Governance Officer 12. Adjustment of Managerial Officers' Salaries 13. Authorization of year-end bonuses 14. Planning of special bonus system
Board of Directors	2024.04.12	1. Reclassification of the Xinping Factory as investment property 2. Adjustment of Managerial Officers' Salaries
Board of Directors	2024.05.09	1. The Company's financial statements for the first quarter of 2024 2. Declaration of Internal Control System for Special Internal Control Review 3. Leasing of the Company's Xinping Factory 4. Amendment to certain provisions of the "Performance Evaluation Management Regulations"

Meeting	Date	Important resolution matters
		5. The budget update proposal for 2024
Board of Directors	2024.05.30	1. Election of the Chairman of the Board 2. Appointment of members to the Remuneration Committee 3. Appointment of members to the Audit Committee
Board of Directors	2024.08.05	1. Change of CPAs due to internal adjustments at KPMG 2. Establishing the accounting treatment for employee gifts in the company's "Accounting Policy" 3. Change of the Company's Accounting Manager 4. Company Organizational Changes 5. Establishment of Remuneration Management Regulations 6. Establishment of Promotion Management Regulations 7. Appointment of Senior Managers 8. Remuneration for Senior Managers 9. Removal of non-compete restrictions for Senior Managers
Board of Directors	2024.08.13	1. The Company's financial statements for the second quarter of 2024 2. Application for credit facilities and renewal of credit limits with financial institutions
Board of Directors	2024.11.12	1. The Company's financial statements for the third quarter of 2024 2. 2024 Annual business plan update 3. 2025 Business Plan 4. Proposed amendment to the general principles of the Company's pre-approved non-assurance services policy 5. Proposed establishment of Reward and Punishment Management Regulations
Board of Directors	2024.12.20	1. Proposed new establishment and amendment of the company's internal control system 2. 2025 Internal audit plan 3. Mold commissioning management and disposal contract 4. Proposed Reporting on Credit Line Increase Case for Chailease Finance Co., Ltd. 5. 2025 Minimum wage increase 6. Appointment and remuneration for senior managers 7. Personnel changes for managerial officers and spokesperson
Board of Directors	2025.02.25	1. Proposal for 2024 manager year-end bonuses. 2. The Company's 2024 financial statements and business report 3. Appropriation of the Company's profit or loss in 2024 4. The 2024 "Internal Control System Effectiveness Review" and "Internal Control System Statement" of the Company 5. The Company appointed CPA Yen-Da Su and CPA Chen-Lung Hsu from KPMG to audit and certify the Company's 2024 financial reports. The appointed CPAs did not violate any relevant regulations regarding independence under the Certified Public Accountant Act and met the suitability conditions. 6. Proposal to appoint CPA Yen-Da Su and CPA Chen-Lung Hsu from KPMG to continue the audit and certification work for the Company's 2025 financial reports. 7. Proposal to amend certain provisions of the Company's "Articles of Incorporation" 8. Proposal for 2025 organizational chart revision. 9. Proposal to convene the Company's 2025 Shareholders' Meeting

Meeting	Date	Important resolution matters
Board of Directors	2025.03.31	1. Proposal for the Appointment of Senior Executives 2. Proposal for the Revision of the Organizational Chart 3. Proposal for the Statement of Internal Control System Reviewed by the Internal Control Special Audit Committee 4. Proposal for the Update of the Agenda Items for the 2025 Annual General Shareholders' Meeting

(n) If a director or supervisor has expressed a dissenting opinion with respect to the resolutions passed by the board of directors in the most recent year and up to the date of publication of the annual report, and said dissenting opinion has been recorded or prepared as a written declaration, the main content thereof: None

(o) A summary of the resignation and dismissal of the Company's chairman, general manager, accounting supervisor, financial supervisor, internal auditor, corporate governance supervisor, and R&D supervisor in the most recent year and up to the date of publication of the annual report:

Job Title	Name	Inauguration date	Date of resignation	Reasons for resignation or dismissal
President	Chih-Pin Wu	2023/04/20	2024/05/28	In response to the Company's future business development plans and overall operating strategies
President	Cheng-Wei Lu	2024/05/28	2025/01/24	Personal Career Planning
Accounting Manager	Chien-Chang Hsin	2020/12/08	2024/08/05	In response to the Company's future business development plans and overall operating strategies

(3) CPA fees

(a) Fee Information

Units: NT$ thousand

Name of CPA Firm	Certified Public Accountant Name	Audit period	Audit Public expense	Non-audit Public expense (Note)	Total	Note
KPMG Taiwan	Chun-Hsiu Guan	2024.01.01~2024.03.31	2,270	1,297	3,567	
	Yen-Da Su	2024.01.01~2024.12.31				
	Chen-Lung Hsu	2024.04.01~2024.12.31				

Note: Non-audit Public expense primarily include tax certification, internal control special review, verification of salary information for full-time employees not serving in managerial positions, registration change fees, and disbursements.

(b) The company shall disclose the following matters if any of the following circumstances exist:

1. If the company changes accounting firms and the audit fees paid for the year of the change are less than those paid for the previous year, the company shall disclose the amount of the decrease in audit fees, the

percentage decrease, and the reason: None.

2. If the audit fees decrease by 10% or more compared to the previous year, the company shall disclose the amount of the decrease in audit fees, the percentage, and the reason: None.

(4) Information Regarding Change of CPA:

(a) Regarding the Former CPA

<table>
<tr><td>Date of Change</td><td colspan="4">Approved by the Board of Directors on August 5, 2024, to change from the second quarter of 2024</td></tr>
<tr><td>Reason for and Explanation of the Change</td><td colspan="4">Due to internal rotation within KPMG</td></tr>
<tr><td rowspan="3">Explanation of whether the client or the CPA terminated or did not accept the appointment</td><td colspan="2">Party concerned / Circumstances</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="2">Actively Terminated the Appointment</td><td colspan="2" rowspan="2">Not applicable</td></tr>
<tr><td colspan="2">No Longer Accepts (Continues) the Appointment</td></tr>
<tr><td>Audit Reports with Opinions Other Than Unqualified Issued in the Last Two Years and Reasons</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Whether There Were Disagreements with the Issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting Principles or Practices</td></tr>
<tr><td></td><td colspan="2">Financial Report Disclosures</td></tr>
<tr><td></td><td colspan="2">Audit Scope or Procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other Disclosure Matters (Items that should be disclosed according to Article 10, Paragraph 6, Subparagraph 1, Items 4 to 7 of these Standards)</td><td colspan="4">None</td></tr>
</table>

(b) Regarding the Successor CPA

Firm Name	KPMG Taiwan
CPA Name	Chen-Lung Hsu
Date of Appointment	Approved by the Board of Directors on August 5, 2024, to change from the second quarter of 2024
Consultation matters and results regarding specific transaction accounting methods or accounting principles and potential opinions to be issued on financial reports before appointment	Not applicable

Written opinion of the successor accountant on matters of disagreement with the predecessor accountant	Not applicable

(c) Response from the predecessor accountant regarding Article 10, Paragraph 6, Subparagraph 1, and Item 3 of Subparagraph 2 of the "Regulations Governing Information to be Published in Annual Reports of Public Companies": Not applicable.

(5) Any of the Company's Chairman, President, or managers responsible for financial or accounting affairs being employed by the auditor's firm or any of its affiliated company in the last year, including their names, job titles, and whereabouts of the accounting firm During the term of office or its affiliates: None.

(6) Transfer of equity interests and change in equity pledge by a director, supervisor, managerial officer, or shareholder with a stake of more than 10% in the most recent year and up to the date of publication of the annual report:

(a) Changes in shareholdings

<table>
<tr><th rowspan="2">Job Title</th><th rowspan="2">Name</th><th colspan="2">2024</th><th colspan="2">As of March 15, 2025</th></tr>
<tr><th>Increase (decrease) of shares held</th><th>Increase (decrease) in shares pledged</th><th>Increase (decrease) of shares held</th><th>Increase (decrease) in shares pledged</th></tr>
<tr><td rowspan="2">Chairman and 5% shareholder</td><td>Tesra Investment Co., Ltd.</td><td>(302,000)</td><td>2,990,000</td><td>(200,000)</td><td>2,990,000</td></tr>
<tr><td>Representative: Po-Hua Wu</td><td>-</td><td>470,000</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Director and 5% shareholder</td><td>Tesra Investment Co., Ltd.</td><td>(302,000)</td><td>2,990,000</td><td>(200,000)</td><td>2,990,000</td></tr>
<tr><td>Representative: Hui-Ya Lin</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Director and 5% shareholder</td><td>Cosmo Inc.</td><td>(15,000)</td><td>210,000</td><td>-</td><td>(210,000)</td></tr>
<tr><td>Representative: Hsuan-Ting Hsu</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Director and President (Note 1)</td><td>Chih-Pin Wu</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Director</td><td>Hsi-Yao Chen</td><td>(10,000)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Director</td><td>Chih-Chieh Liang</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Independent Director</td><td>Chao-Peng Chou</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Independent Director</td><td>Hung-Chang Lin</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Independent Director</td><td>Zhen-Fu Jiang</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Shareholder of more than 5%</td><td>GALAXY INVESTMENT VENTURE INC.</td><td>(757,392)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Shareholder of more than 5%</td><td>Moricos Investment Co., Ltd.</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>President (Note 2)</td><td>Cheng-Wei Lu</td><td></td><td></td><td></td><td></td></tr>
</table>

Job Title	Name	2024		As of March 15, 2025	
		Increase (decrease) of shares held	Increase (decrease) in shares pledged	Increase (decrease) of shares held	Increase (decrease) in shares pledged
Vice President and R&D Supervisor	Ren-Ying Hu	(10,000)	-	-	-
Vice President and Head of Accounting (Note 3)	Chien-Chang Hsin	-	-	-	-
Vice President	Jin-duo Xiong	1,000	-	-	-
Financial Supervisor	Xiu-Fen Wei	(20,000)	-	-	-
Accounting Manager	Yu-Chen Tsai	1,000	-	-	-
Assistant Vice President	Ming-Chang Su	-	-	-	-

Note 1: Chih-Pin Wu served as President from April 20, 2023 to May 28, 2024.
Note 2: Cheng-Wei Lu served as President from May 28, 2024 to January 24, 2025.
Note 3: Po-Hua Wu has served as Chairman and concurrently as Vice President of Business Operations from September 16, 2022 to present.

(b) Information on Share Transfers (where the counterparty is a related party): The counterparties in share transfers are not related parties, therefore not applicable.
(c) Information on pledge of shares: There is no pledge of shares by directors, supervisors, managers and major shareholders of the Company.

(7) Spouses or relatives within the second degree of kinship of another among the top ten shareholders:

March 15, 2025; Unit: Shares; %

Name	Shares held by the owner		Shares held by spouse and underage children		Total Shares Held in the Name of Others		The names and relationships of the top ten shareholders who are related parties, spouses, or relatives within the second degree of kinship		Note
	Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)	Name	Relationship	
Tesra Investment Co., Ltd.	18,287,648	28.62	–	–	–	–	Galaxy Investment Venture Inc. GALAXY INVESTMENT VENTURE INC.	The chairman of the board of directors is the same person	–

Name	Shares held by the owner		Shares held by spouse and underage children		Total Shares Held in the Name of Others		The names and relationships of the top ten shareholders who are related parties, spouses, or relatives within the second degree of kinship		Note
	Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)	Shares (In thousands)	Percentage of ownership (%)	Name	Relationship	
							Po-Hua Wu	Chairman of the company	–
Representative: Po-Hua Wu	1,919,856	3.00	3,906,479	6.11	39,447,414	61.73	GALAXY INVESTMENT VENTURE INC.	Chairman	–
							Tesra Investment Co., Ltd.	Chairman	–
							Hsuan-Ting Hsu	Spouse	–
							Chih-Pin Wu	Brother	–
GALAXY INVESTMENT VENTURE INC.	15,000,000	23.47	–	–	–	–	Tesra Investment Co., Ltd.	The chairman of the board of directors is the same person	–
							Po-Hua Wu	Chairman of the company	–
Representative: Po-Hua Wu	1,919,856	3.00	3,906,479	6.11	39,447,414	61.73	GALAXY INVESTMENT VENTURE INC.	Chairman	–
							Tesra Investment Co., Ltd.	Chairman	–
							Hsuan-Ting Hsu	Spouse	–
							Chih-Pin Wu	Brother	–
Cosmo Inc.	6,159,493	9.64	–	–	–	–	Hsuan-Ting Hsu	Chairman of the company	–
Representative: Hsuan-Ting Hsu	3,906,479	6.11	1,919,856	3.00	39,447,414	61.73	Cosmo Inc.	Chairman	–
							Po-Hua Wu	Spouse	–
							Chih-Pin Wu	Younger brother of spouse	–
Moricos Investment Co., Ltd.	4,937,880	7.73	–	–	–	–	None	None	–
Representative: Hui-Fang Chang	–	–	–	–	–	–	None	None	–
Hsuan-Ting Hsu	3,906,479	6.11	1,919,856	3.00	39,447,414	61.73	Cosmo Inc.	Chairman	–
							Po-Hua Wu	Spouse	–
							Chih-Pin Wu	Younger brother of spouse	–

<table>
<tr><th rowspan="2">Name</th><th colspan="2">Shares held by the owner</th><th colspan="2">Shares held by spouse and underage children</th><th colspan="2">Total Shares Held in the Name of Others</th><th colspan="2">The names and relationships of the top ten shareholders who are related parties, spouses, or relatives within the second degree of kinship</th><th rowspan="2">Note</th></tr>
<tr><th>Shares (In thousands)</th><th>Percentage of ownership (%)</th><th>Shares (In thousands)</th><th>Percentage of ownership (%)</th><th>Shares (In thousands)</th><th>Percentage of ownership (%)</th><th>Name</th><th>Relationship</th></tr>
<tr><td>Far Eastern International Bank - Entrusted Trust Property Account</td><td>3,000,000</td><td>4.69</td><td>–</td><td>–</td><td>–</td><td>–</td><td>None</td><td>None</td><td>–</td></tr>
<tr><td>Fong-Yih Asset Management Co., Ltd.</td><td>2,076,000</td><td>3.25</td><td>–</td><td>–</td><td>–</td><td>–</td><td>None</td><td>None</td><td>–</td></tr>
<tr><td>Representative: Ching-Long Lin</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>None</td><td>None</td><td>–</td></tr>
<tr><td rowspan="4">Po-Hua Wu</td><td rowspan="4">1,919,856</td><td rowspan="4">3.00</td><td rowspan="4">3,906,479</td><td rowspan="4">6.11</td><td rowspan="4">39,447,414</td><td rowspan="4">61.73</td><td>Tesra Investment Co., Ltd.</td><td>Chairman</td><td>–</td></tr>
<tr><td>GALAXY INVESTMENT VENTURE INC.</td><td>Chairman</td><td>–</td></tr>
<tr><td>Hsuan-Ting Hsu</td><td>Spouse</td><td>–</td></tr>
<tr><td>Chih-Pin Wu</td><td>Brother</td><td>–</td></tr>
<tr><td>Chi-Yao Management Consulting Co., Ltd.</td><td>1,809,000</td><td>2.83</td><td>–</td><td>–</td><td>–</td><td>–</td><td>None</td><td>None</td><td>–</td></tr>
<tr><td>Representative: Chung-Sheng Chang</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>None</td><td>None</td><td>–</td></tr>
<tr><td>YESUN INVESTMENT Limited</td><td>1,756,464</td><td>2.75</td><td>–</td><td>–</td><td>–</td><td>–</td><td>Chih-Pin Wu</td><td>Chairman of the company</td><td>–</td></tr>
<tr><td rowspan="3">Representative: Chih-Pin Wu</td><td rowspan="3">11,040</td><td rowspan="3">0.02</td><td rowspan="3">15,456</td><td rowspan="3">0.02</td><td rowspan="3">1,756,464</td><td rowspan="3">2.75</td><td>YESUN INVESTMENT Limited</td><td>Chairman</td><td>–</td></tr>
<tr><td>Po-Hua Wu</td><td>Brother</td><td>–</td></tr>
<tr><td>Hsuan-Ting Hsu</td><td>Spouse of brother</td><td>–</td></tr>
</table>

(8) The number of shares held by the Company, its directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company in the same investee, and its consolidated shareholding ratio:

April 24, 2025; Unit: Shares; %

Invested business	The Company's investment		Directors, Supervisors, Managers, and Directly or Indirectly Controlling Businesses		Comprehensive investment	
	Shares	Percentage	Shares	Percentage	Shares	Percentage

	(In thousands)		(In thousands)		(In thousands)	
JBT Inc.	300,000	100%	-	-	300,000	100%
Inetwork Inc.	300,000	100%	-	-	300,000	100%
Takomore Inc.	300,000	100%	-	-	300,000	100%
Moso View Inc.	300,000	100%	-	-	300,000	100%

III. Fundraising

(1) Capital and shares

(a) Formation of share capital

Unit: NT$ thousand; Thousand shares

Year/Month	Issue price (NT$)	Authorized share capital		Paid-in capital stock		Note		
		Shares (In thousands)	Amount	Shares (In thousands)	Amount	Source of share capital	Property other than cash as payment for share payment	Others
2013.09	10	4,800	48,000	4,800	48,000	Established with share capital of NT$ 48,000 thousand	None	Note 1
2014.07	10	11,800	118,000	11,800	118,000	Capital increase in cash by NT$ 70,000 thousand	None	Note 2
2015.04	10	14,300	143,000	14,300	143,000	Capital increase in cash by NT$ 25,000 thousand	None	Note 3
2021.07	10	100,000	1,000,000	26,535	265,350	Capital increase upon recapitalization of earnings by NT$ 121,550 thousand Capital increase by remuneration to employees NT$ 800 thousand	None	Note 4
2021.12	10	100,000	1,000,000	27,335	273,350	Capital increase in cash by NT$ 8,000 thousand	None	Note 5
2022.08	10	100,000	1,000,000	50,296	502,964	Capital increase upon recapitalization of earnings by NT$ 202,279 thousand Capitalization of capital reserves by NT$ 27,335 thousand	None	Note 6
2022.11	10	100,000	1,000,000	60,356	603,557	Capital increase upon recapitalization of earnings by NT$ 100,593 thousand	None	Note 7
2023.11	10	168,000	1,680,000	63,908	639,077	Capital increase in cash by NT$ 35,520 thousand	None	Note 8

Note 1: Approved by Letter Bei-Fu-Jing-Si-Zi No. 1025058491 on September 14, 2013
Note 2: Approved by Letter Bei-Fu Jing-Si-Zi No. 1035163627 on July 14, 2014
Note 3: Approved by Xin-Bei-Fu Jing-Si-Zi No. 1045141810 on April 17, 2015
Note 4: Approved by Xin-Bei-Fu-Jing-Si-Zi Letter No. 1108047659 on July 16, 2021
Note 5: Approved by Xin-Bei-Fu-Jing-Si-Zi Letter No. 1108092014 on December 23, 2021
Note 6: Approved by Jing-Shou-Shang-Zi No. 11101152020 on August 12, 2022
Note 7: Approved by Letter Jing-Shou-Shang-Zi No. 11101213920 on November 10, 2022
Note 8: Approved by Letter Jing-Shou-Shang-Zi No. 11230206870 on November 22, 2023

March 14, 2025; Unit: Share

Stock Types	Authorized share capital			Note
	Outstanding Shares	Unissued Shares	Total	
Registered Common Shares	63,907,680	104,092,320	168,000,000	Shares of TWSE-listed companies

(b) List of major shareholders

March 14, 2025; Unit: Share

Shareholder's Name \ Shareholding	Shares	Shareholding ratio %
Tesra Investment Co., Ltd.	18,287,648	28.62
GALAXY INVESTMENT VENTURE INC.	15,000,000	23.47
Cosmo Inc.	6,159,493	9.64
Moricos Investment Co., Ltd.	4,937,880	7.73
Hsuan-Ting Hsu	3,906,479	6.11
Far Eastern International Bank - Entrusted Trust Property Account	3,000,000	4.69
Fong-Yih Asset Management Co., Ltd.	2,076,000	3.25
Po-Hua Wu	1,919,856	3.00
Chi-Yao Management Consulting Co., Ltd	1,809,000	2.83
YESUN INVESTMENT Limited	1,756,464	2.75

(c) The Company's dividend policy and implementation

1. Dividend policy stipulated in the Articles of Incorporation:

In accordance with the Company's Articles of Incorporation, if there is a profit in the annual final accounting, it shall first pay tax, make up for accumulated losses, and then appropriate 10% of the legal reserve. However, the time when the legal reserve has reached the amount of the Company's paid-in capital shall not apply. this limit. If there is any surplus, after setting aside or reversing a special reserve in accordance with the relevant laws and regulations, and the undistributed earnings at the beginning of the same period as the accumulated earnings for shareholders, the Board of Directors shall prepare a proposal for distribution of the earnings and submit it to the shareholders' meeting for resolution. dividends of less than 10% of the net income of the current year, but cash dividends shall not be less than 10% of the total dividends. If the surplus distributed is in the form of cash, the Company shall be authorized to pay as dividends or bonus in whole in accordance with paragraph 5, Article 240 of the Company Act, with a resolution adopted by a majority vote of the directors in attendance at the board meeting with at least two-thirds of the total number of directors present. or a portion thereof, shall be distributed in cash and shall be reported to the shareholders' meeting; if the shares shall be distributed in the form of new shares, it shall be submitted to the shareholders' meeting for resolution and then distributed.

2. Proposed (negotiated) dividend distribution for the current year:

According to the resolution of the Board of Directors on February 25, 2025, the Company does not plan to distribute dividends to shareholders in 2024.

3. Explanation of Expected Major Changes: None.

(d) Effect of the proposed stock grants this year on the Company's operating performance and earnings per share Response: None.

(e) Remuneration to employees, directors and supervisors Labor:

1. Percentages or ranges with respect to employees'/directors'/supervisors' remuneration as stated in the Articles of Incorporation:

If the Company makes a profit in the year, it shall allocate 3% to 15% as remuneration to employees and no more than 3% as remuneration to directors and supervisors. However, if there is still an accumulated loss, the Company shall reserve an amount to offset it in advance. Employees' remuneration in shares or cash may be distributed to employees of subsidiaries of the Company who meet certain criteria.

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

The Company's remuneration to employees and directors/supervisors is estimated each year based on the percentages specified in the Articles of Incorporation. If there is a discrepancy between the actual distributed amount and the estimated figure in the following year, it shall be treated as a change in accounting estimates and recognized as profit or loss of the following year. If the board of directors resolves to pay employees' remuneration in shares, the number of shares to be paid shall be calculated based on the closing price of the common stock on the day before the resolution of the board of directors.

3. The distribution of remuneration approved by the Board of Directors:

1) Employees' remuneration and directors'/supervisors' remuneration distributed in cash or shares. If there is any discrepancy between the amount and the estimated amount of the expense recognized, the discrepancy, cause and treatment shall be disclosed:

According to the resolution of the Board of Directors on February 25, 2025, the Company does not plan to distribute dividends to shareholders in 2024.

2) The ratio of the amount of employee remuneration distributed in stock to the sum of net income after tax and total employee remuneration:

There was no employee remuneration distributed in shares in the current period.

4. Actual distribution of employees' and directors' remuneration in the previous year:

The Company did not distribute employee and director compensation in 2023 due to losses.

5. Shares repurchased by the Company: None

(2) Issuance of corporate bonds: None.

(3) Preference shares: None.

(4) Overseas depository receipts: None.

(5) Employee stock options: None.

(6) Issuance of new restricted employee shares: None.

(7) Issuance of New Shares for Mergers and Acquisitions or Acceptance of Shares of Other Companies: None.

(8) Execution of the Plan for Utilization of Funds: None.

IV. Operational overview

(1) Business contents

(a) Business scope

1. Principal business activities:

The Company specializes in the R&D, production and sales of customized automotive lamps, spare parts and plastic decorative parts for the refit parts market; the product system covers a variety of specifications to fully meet customers' needs for the uniqueness and personalized design of automotive accessories.

2. Proportion of business activities

Unit: NT$ thousands; %

By product	2023		2024	
	Amount	%	Amount	%
Full LED car light	493,878	89.85	554,751	87.66
Auto parts	55,783	10.15	78,088	12.34
Total	549,661	100.00	632,839	100.00

3. The Company's current products (services)

Product item	Description
Full LED car light	The Company's main automotive lighting products are used in automotive lighting of various brands
Auto parts	Plastic decorative parts, water tank cover, black oil cover and water tank cover, etc.

4. New products (services) planned to be developed

A. Continue to develop different models, including commercial truck lights LED headlights, radiator covers

B. Development of shock absorbers

C. Development of intelligent visual assistance system

D. Research and development of intelligent wheels

E. Development of various locks and covers for vehicles

F. Research and Development of Smart Home Care Assistant

(b) Industry overview

1. Current status and development of the industry

1) Status of the industry

Automobiles are made up of thousands of parts and components, and lamp is one of the important parts of a vehicle. Most of the components of the OEMs are supplied by their satellite factories. Therefore, the OEMs have contact with hundreds of other and components and satellite factories to form a tight supply and production system.

The auto parts industry can be roughly divided into the original equipment market (referred to as the OEM market for OEM market) by the sales channels and the aftermarket (referred to as the AM market for the after-sales maintenance and repair), etc. There are two major categories. The AM market is further divided into after-sales maintenance parts and remodeled parts. The Company's remodeled parts in the AM market are the main market. The Company is involved in the remodeled parts market because the OEM market is in which a vehicle manufacturer licenses parts to the parts factory for manufacturing, and retains the intellectual property rights. The AM and second-brand parts market is different from general parts and components. For auto brand manufacturers, it is offered to repair shops or retailers to give consumers a choice. The price is relatively low and there is not much creativity required. Many AM and second-tier brands just have to copy existing products However, there are quality certification and infringement issues for AM and second-brand products. To sum up, the Company is committed to building a brand image without the OEM factory mentality, making product differentiation, and obtaining multinational Multiple patents to create market segments.

Automotive component manufacturers, limited by the domestic market, engage in a high proportion of global component exports and occupy a considerable proportion in the global aftermarket (AM). According to customs import and export statistics, the growth rate in 2022 was approximately 14.58%, with sales reaching a historical high of NT$253 billion. However, in 2023, due to economic downturn and high inventory levels, the annual export amount reached NT$225.4 billion, a decline of 10.91%. From January to March 2024, export value reached NT$54.7 billion, showing signs of economic rebound from the bottom.

Unit: NT$ 100 million

Year	2020	2021	2022	2023	2024Q1
Amount	1,927	2,208	2,530	2,254	547
Growth rate	-10.26%	14.58%	14.58%	-10.91%	6.00%

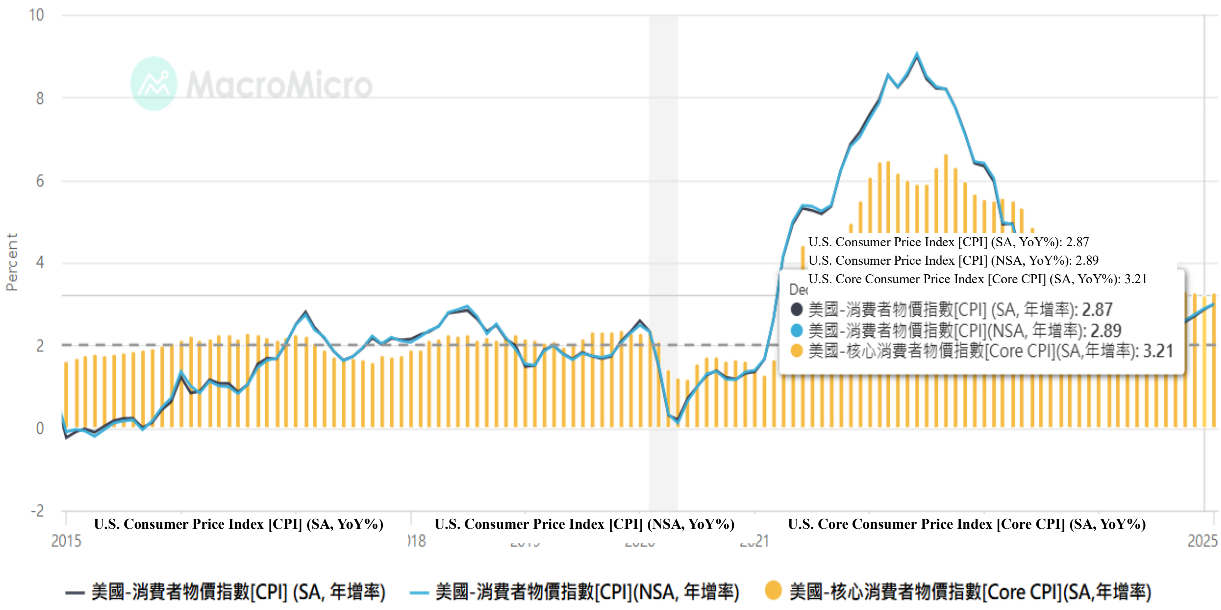
Source: Customs statistics on imports and exports, Taiwan Transportation Vehicle Manufacturers Association.

According to Precedence Research, the global automotive aftermarket will grow to US$950.1 billion by 2027, with an average annual compound growth rate of about 4.61%. There are many key trends that are driving the global automotive aftermarket, including the more popular online consumption habits, the development of information media, and the upgrade of the information and communication industries, all of which will boost the online sales of automotive components and consumer. The frequency of purchase has also become more frequent. In addition, according to the Amazon top-selling products report, most of the U.S. consumers purchase outdoor products including auto accessories. The Company's main sales customers are mainly e-commerce This is changing people's consumption patterns from physical channels to online channels (e-commerce). In the U.S., self-modification of car body parts is very popular. American consumers are accustomed to buying car parts online to replace them. Therefore, the rise of online shopping habits in the aftermarket is a market trend worth noting.

The Company's products are automotive refitted lights, spare parts, etc., which are not consumer necessities. Traditional after-sales maintenance parts are mostly passive replacement products. Generally, automotive parts and components are repaired or replaced due to wear and tear; remodeled parts are active. Replacement products are usually used to replace the performance and appearance of the vehicle. As consumer discretionary products generally perform better in the economic growth cycle, the demand may drop significantly during the economic downturn. The ups and downs of the economy have affected consumers' purchasing needs.

Regarding the Consumer Price Index (CPI), this indicator measures the changes in the cost of "the daily life-related goods and services purchased by ordinary households" over a period of time. CPI is an important indicator to measure the inflation rate (i.e. the annual rate of change of CPI). Continued increase in the CPI annual rate of increase means that inflation is heating up. However, the purchasing power of the same income level will decrease due to the increase of prices. Recently, international energy prices have fallen, and inflation rates in the US and Europe have declined from their 2022 peaks, continuing the downward trend throughout 2023. In March 2024, the US Consumer Price Index (CPI) annual growth rate temporarily rose to 3.47%. Although showing slight improvement, it has continued to decline subsequently, indicating that inflation remains a serious concern. The economic outlook remains sluggish, with consumers continuing to reduce non-essential spending, and end-user consumption remaining conservative and weak.

US inflation rate



Source: Macro Micro

According to S&P Global Market Intelligence, global real GDP growth rate in 2024 will decrease from 2.7% in 2023 to 2.3%, with annual growth rates slowing across major regions compared to 2023. However, the relatively strong performance of the Asia-Pacific region is helping to prevent a hard landing for the global economy. Inflation rates have been declining since mid-2023, and this trend is expected to continue into 2024 as supply and demand rebalance.

Looking ahead to 2025, policy uncertainty will dominate the economic outlook, with downside risks to global and regional economic performance, inflation, and monetary policy prospects. The US economy is expected to achieve a soft landing, but labor shortages and potential tariff increases add downside risks. The Federal Reserve may pause its easing cycle in mid-2025, and consumer spending willingness is expected to moderate.

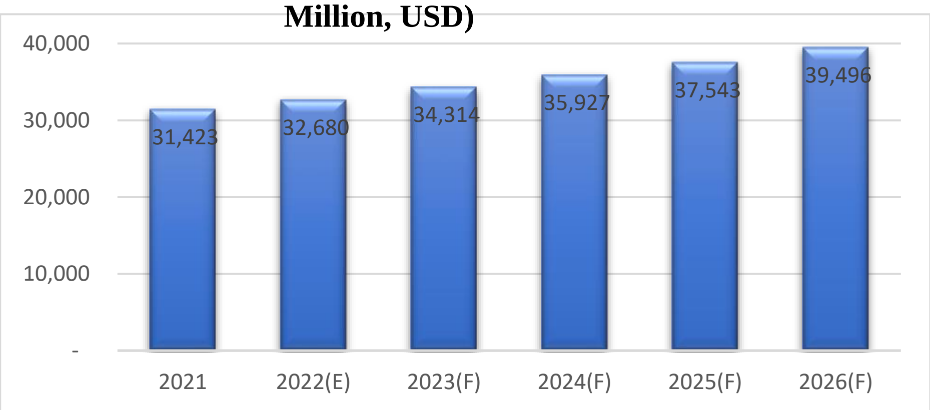
2) Future Growth and Development Trends of the Industry

a. Application of LED Lighting and Automotive Lighting

LEDs are widely used in automotive headlights, taillights, fog lights, direction lights, brake lights and daytime running lights due to their advantages of high luminous efficiency, low power consumption, low heat resistance, shock resistance and long service life. components. With the advancement of LED technology, automobile manufacturers are gradually replacing traditional light sources such as incandescent lamps, halogen lamps and xenon lamps with LEDs. The penetration rate of LEDs in automobile lamps is growing rapidly, accelerating the demand for LED lighting in automobiles. We also provide LED light sources Opportunities for product sales growth.

According to a TrendForce survey, the global penetration rate of LED headlights in passenger cars has reached 72% in 2023, and the penetration rate of LED headlights for electric vehicles is as high as 94%. It is expected to be increased to 75% and 96%, respectively, in 2024. According to TrendForce research, despite unfavorable factors in 2024 such as market competition and cost reduction pressures impacting consumer spending power, automotive manufacturers are actively moving toward advanced technologies as high value-added products for marketing purposes. These include: Adaptive Driving Beam (ADB) Headlights, Mini LED Taillights, Full-Width Taillights, Grille Lamps, Full-Width Front Light Strips, (Smart) Ambient Lighting, Mini LED Backlit Displays, etc. These innovations are driving steady growth in the automotive lighting/automotive LED market demand in 2024, reaching US$37.395 billion and US$3.445 billion respectively. The market penetration rate for adaptive headlights is expected to reach 13.2% by 2026, driving the overall automotive lighting market value to US$39.496 billion, with a compound annual growth rate (CAGR) of 4.7% from 2021 to 2026.

Global Automotive Lighting Market Value (2021~2026) (Unit: Million, USD)



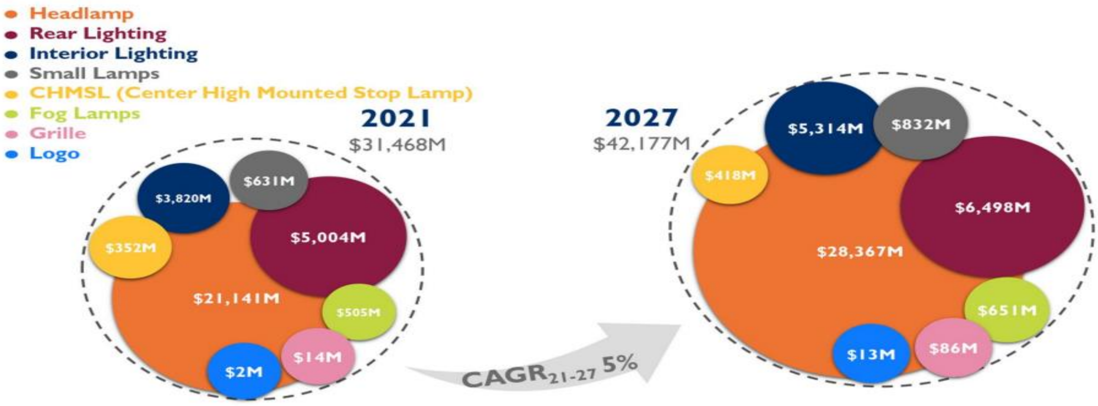
Source: TrendForce

b. Auto parts and components market

According to the Research and Markets report, the global auto parts market will reach US$529.25 billion in 2028, and the compound annual growth rate from 2021 to 2028 will be 3.8%. This is mainly due to consumers' pursuit of vehicle speed, performance and appearance, which will continue to drive the growth of the auto parts market; and the acceptance of semi-autonomous, electric, hybrid and autonomous vehicles in the future will increase, which will also drive the demand for new parts and components increase. In terms of automotive lighting, according to Yole data, the market scale of automotive lamps in automotive components will also grow at an average annual compound growth rate of about 5.00% in 2027. The market scale of main head and tail lamps is expected to grow from that of 2021. from USD 26.1 billion to USD 34.9 billion, with an annual compound growth rate of 4.90%.

Comparison of Automotive Lighting in 2021 - 2027

Unit: Million, USD



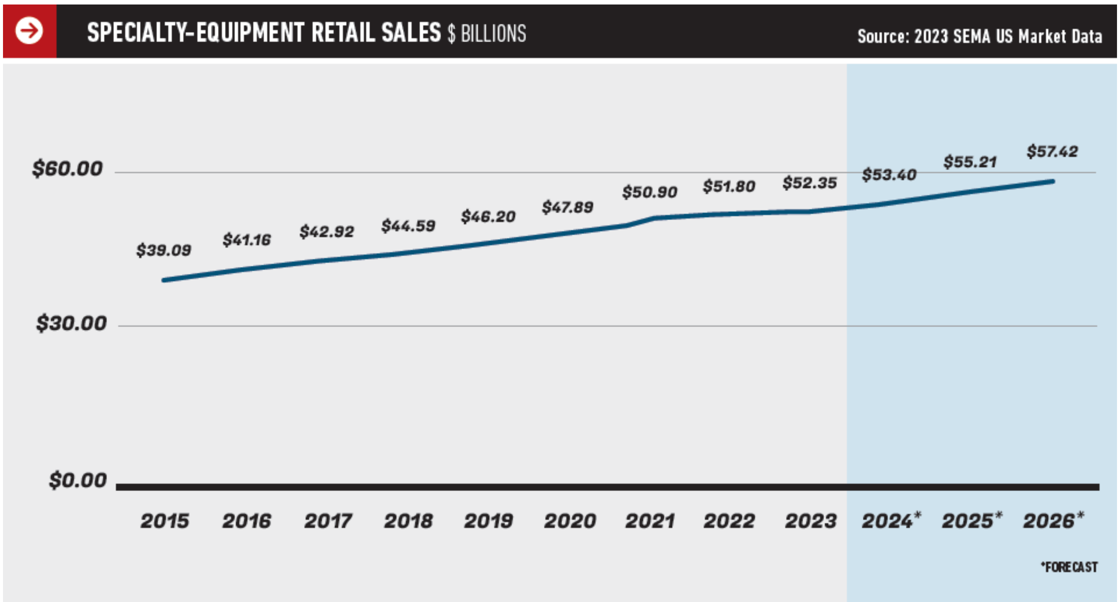
Source: Yole

c. Automotive modification market

The United States currently represents the world's largest market for vehicle ownership. Combined with the prevalent culture of vehicle component customization, the U.S. aftermarket presents significant opportunities. According to the SEMA Market Report, the U.S. automotive aftermarket reached US$52.35 billion in 2023, growing over 1% compared to 2022. Of this total, exterior lighting modifications - including headlights, taillights, and external decorative lighting - accounted for approximately US$2.741 billion, representing 5.24% of the U.S. aftermarket. This sector is projected to reach US$57.42 billion by 2026. There are a lot of things to look at from the appearance of the vehicle, such as lights, spoilers, rearview mirrors, etc. Among them, the lights are the favorite of the modified family, because they are the most eye-catching external components of the vehicle, which can be said to be the focus of car modification. This is also the Company's main product, which shows strong market development potential in the future.

Scale of the retail market of automotive modified parts in the U.S.

Unit: US$ billion



Source: 2024 SEMA Market Report

2. Interrelations between up-stream, mid-stream and down-stream of the industry

pstream

- Plastics industry
- Iron and steel industry
- LED industry
- Electrical machinery industry
- Electronics industry

→

idstream

- Automotive lights and components

→

ownstream

- Auto parts repairman
- Trader of automotive parts and components
- Distributors of automotive components
- Distributor of automotive components

3. Development trends of products

A lamp is a very important part of a vehicle's accessories. In addition to its basic lighting function, it can also improve the driving safety of the driver and serve as a key design for the uniqueness of the vehicle's appearance. The importance of the lamp is self-evident. With the improvement of LED efficiency and reduction of cost, almost all new car headlights, running lights and brake lights are LED. LEDs also have the advantages of power saving and versatile shapes, which reduce the power consumption of automotive lamps and lanterns. In the future, with the continuous improvement of LED lighting technology and the reduction of manufacturing costs, as well as the restrictions of energy-saving and environmental protection regulations that are becoming more and more restricted by car manufacturers, it is expected that LED vehicle lights will attract more attention in the automotive lighting field in the future. With the advancement of industry and lighting technology, the future trend of the automotive lighting industry is as follows:

A. Progress of intelligent lighting technology

As automotive intelligent technologies advance, vehicle lighting product applications continue to evolve. Vehicle lighting has progressively transitioned from traditional functional products toward smart lighting solutions. Adaptive Driving Beam (ADB) Headlights and Adaptive Front-Lighting Systems (AFS Headlights) exemplify this technological integration. ADB headlights can detect vehicles, pedestrians, and other objects ahead through imaging technology. Based on detection results, these systems control segmented high-beam illumination to prevent dazzling oncoming drivers and pedestrians. AFS headlights adjust lighting angles according to vehicle acceleration, braking, and steering, ensuring continuous illumination coverage of areas requiring driver observation. Therefore, ADB headlights and AFS headlights are mainly used for driving assistance and automatic control of automobiles. They can automatically adjust the brightness, direction, angle and projection range of the light according to driving behaviors and road conditions, and can also be combined with changes in the current driving environment. and shielding the light source to improve the driving safety of the vehicle. The Company has also developed the first ADB headlamp sample in 2021.

B. Mini/Micro LED technology application

Mini/Micro LED mainly uses Micro LED Pixel Array to introduce self-adaptive headlights, which can integrate sensing components to detect objects while driving, and make smart system judgments to improve the development of self-driving technology. The independent digital control pixel points are improved. The more LED pixels are, the more flexible the illumination area can be adjusted to increase driving safety. At the same time, the glare-free high beam can also effectively reduce the Discomfort caused by the illumination of the headlights of oncoming cars. However, due to the small size, tight arrangement and high cost of Mini/Micro LED, its introduction into automotive lighting products will increase the difficulty of arranging panels and shock-resistant technology. The Company has also started to develop Mini/Micro LED automotive lighting products. Assess the feasibility of research and development.

C. Application of laser lighting technology

Laser headlights feature distinct advantages including energy efficiency, compact size, and higher brightness, while offering environmental and safety benefits. This technology allows for innovative design breakthroughs in vehicle front-end styling. Laser headlights are a type of LED lighting system that works by directing laser light from LED modules toward a phosphor-coated lens containing yellow phosphorus. The laser energy is focused onto this phosphor-filled lens, causing the phosphor to emit intense white light, projecting a bright white beam. Compared with traditional LED headlights, the luminous efficiency of laser headlights is increased by about 70%. In addition to being more energy-efficient and brighter, the illumination distance can reach more than 600 meters, which is more than twice that of traditional LED headlights. The benefits of long-distance driving are even greater. The volume of the laser light assembly is more compact, which also gives a greater design leap in the shape of the vehicle. However, the manufacturing of laser headlights requires various complicated processes and the price is quite high, making it difficult for ordinary consumers to afford. Currently, only a few car manufacturers on the market have adopted them and equipped them in top-end cars. In addition, laser headlights can be irradiated far away. In the future development of autonomous driving and other systems, the vehicle control system will have a longer response time in response to the road conditions ahead, which is helpful for the development of autonomous driving. At this stage, because the luminous intensity of laser headlights is much higher than that of traditional LEDs, it is easier to dazzle oncoming cars and passersby, and it is also the focus of consideration and improvement for user safety.

4. Product competition

For vehicles, providing excellent nighttime illumination enhances driving safety, making the stability and reliability of lighting products primary considerations. Major automotive manufacturers are dedicated to developing lighting systems with improved illumination efficiency and higher visibility. The evolution has progressed from early halogen lamps, tungsten filaments, and xenon lights to LED headlights, and now to the latest laser lighting technology. In the future, through applications of LED or laser lighting technologies, vehicle lighting will trend toward higher brightness, longer projection distance, greater energy efficiency, and smarter headlight capabilities. Additionally, future lighting development will move toward integration with software and electronic detection systems. By automatically detecting and selectively switching specific bulbs, these systems will reduce uncomfortable glare effects from vehicle lights on drivers of oncoming or preceding vehicles, thereby improving overall road safety. In addition, due to the high price of laser lights, the higher technology required has not yet been universalized, and because LED lights have the advantages of high LED luminous efficiency, low power consumption, not easy to heat, shock resistance and long service life, Therefore, the probability that LED vehicle lights can be replaced by other products in the market is still low.

On the other hand, the Company's products focus on the modified car market. There are many products for the appearance of vehicles, such as lights, spoilers, rearview mirrors, etc., among which the lights are the favorite of the modded customers, because they are the most important part of the vehicle. The eye-catching exterior parts and components can be said to be the focus of vehicle modification. The Company is actively involved in the appearance of vehicle lamps and come up with novel and unique designs. Unlike the OEM/OES market, and even the sub-factory parts and components in the AM market, which are mainly subject to the warranty, repair and replacement of the vehicle manufacturer, there is little overlap between the product markets.

(c) Technology and R&D overview

1. Technical level of the business

Due to the increasing popularity of LED in various vehicle lamp designs, it has become the mainstream of advanced vehicle lamp design. Under the continuous improvement of high-power LED brightness, LED light sources tend to be diversified and mature, and the technology of LED vehicle lamps has moved towards more sophisticated Technology development and how to introduce low-cost, miniaturized, and modular vehicle lamp design are the focuses of future research. In addition to providing novel and unique designs for vehicle lamps, the Company also focuses on the research and development of LED optical applications, and the research and development of key optical components from lamp design, thermal design, materials, simulation analysis, mold design and development and Production technology, etc., have invested considerable resources in research and development. Adding the visual simulation function to the optical design can increase the advantage of the development of light guide components. With the improvement of LED brightness, the headlamp lens is also designed in a miniaturized and multiple manner. Therefore, the use of more precision processing technology in mold technology can make the product better meet the design and design more competitive LED lamps, therefore, a considerable manpower has also been added to the production, and more sophisticated production technology and production efficiency have been studied.

2. R&D personnel and their educational backgrounds

The R&D team of the Company has a college degree or above and a wealth of work experience. This shows that the Company attaches great importance to the quality and experience of the R&D team.

Academic background \ Year	2023		2024		As of April 24, 2025	
	Number of people	Weight (%)	Number of people	Weight (%)	Number of people	Weight (%)
Doctoral and Master's Degree	4	14.29	9	22.50	11	28.21
Bachelor's Degree	21	75.00	28	70.00	25	64.10
Senior High School	3	10.71	3	7.50	3	7.69
Total	28	100.00	40	100.00	39	100.00

3. R&D expenses invested and successfully developed technologies or products in each of the last five years

1) R&D expenses in the last 5 years

Unit: NT$ thousand

Item \ Year	2020	2021	2022	2023	2024
R&D expenses	75,474	73,874	68,180	87,507	99,202
Net operating revenue	712,995	1,159,550	928,668	549,661	632,839
R&D expenses as a percentage of net operating revenues	10.59%	6.37%	7.34%	15.92%	15.68%

2) Successfully developed technologies or products

A. Application of LED in the product design of various vehicle lights.
B. LED array dynamic direction light.
C. Intelligent welcome function for near and high lights.
D. Tunnel light
E. Letter-shaped headlights
F. Double-light module

(d) Long-term and short-term business development plans

1. Management strategies

1) Short-term plans

A. Organizational integration

Actively carry out organizational integration to strengthen the sense of honor and responsibility of all senior executives.

B. Sound financial structure

In line with the Company's operational development, maintain a sound financial structure and stable capital operations to maximize operational benefits.

C. Improvement of manufacturing process

Continue to make process improvements for products to reduce costs, improve production efficiency and equipment availability through simplification of processes and flexible deployment of production line orders, strengthen product competitiveness and increase product profits, and create operating performance.

2) Long-term plans

A. Organizational integration

Integrate the Company's management resources, simplify procedures to improve the efficiency of each department, and provide the management with real-time decision-making information through the information system, improve response capabilities, and set future business development directions.

B. Talent cultivation

Through personnel training and maintaining an excellent corporate culture, we nurture technical and trade talents, and cultivate all employees to have an honest, responsible, and positive attitude. To increase competitiveness through experience inheritance and knowledge management, in order to meet the Company's goal of diversified operations.

2. Marketing strategies

1) Short-term plans

Continue to expand the existing North American market. The North American market is highly mature compared to other markets, and all products require certification, so it is more difficult to enter the market. However, as long as the technology and cost are properly controlled, it will be of great help to the Company's business growth benefits. The Company has been making breakthroughs and pursuing self-transcendence.

In addition to expanding the existing North American market, the Company has also continued to actively participate in the world's major auto show to expand the Company's reputation and visibility, and has gradually expanded into Europe, China, Central and South America, Australia and other markets. In the original North American market, experience and customer feedback To improve the Company's profitability, we will copy its successful experience to other markets in the world.

2) Long-term plans

The Company actively develops shock absorbers, electronic mirrors and many other exterior modified auto parts and components with integrated and innovative thinking to create a broader market for auto parts modification, and establishes the Internet of Vehicles for automobile exterior parts to provide customers with one-stop service Purchase sufficient services.

3. Product strategy

1) Short-term plans

a. Shock Absorbers: Through specification adjustments to enhance driving performance, cornering stability, and comfort.

b. Electronic Rearview Mirrors: Replacing traditional mirror surfaces by integrating electronic components to increase driving field of vision angles.

c. Lighting and Radiator Grille Components:

Continue to develop lights and radiator covers for different models and add new shapes and special functions.

d. Children's ATV Beach Vehicles: Children's ATVs designed with luxury sports car concepts as inspiration.

e. Achieving integrated service for one-stop purchasing of automotive exterior modification components.

2) Long-term plans

a. Intelligent shock absorber:

The electronic sensing system is combined to detect and transmit signal road conditions, so that the shock absorbers can automatically adjust the lifting height to increase riding comfort.

b. Smart Illuminated Wheel Rims: Integration of tire pressure monitoring systems that enable wheel rims to emit warning signals to drivers and other road users.

c. Smart Spoilers: Utilizing sensor systems to automatically deploy or lower spoilers to improve vehicle stability.

d. Construction of the Internet of Vehicles for automotive exterior parts.

4. Production strategy

1) Short-term plans

A. Expansion of production equipment and venues to upgrade existing production capacity and supply capacity.

B. Training management manpower and strengthening the rationalization of work to improve productivity and reduce production costs.

2) Long-term plans

Cultivate outsourcing partners and integrate parts partners to form a central and satellite system to more smoothly and effectively use resources to supply the Company's production needs and expand market share.

5. R&D strategies

1) Short-term plans

A. Strengthen product development capabilities

The Company is committed to the development of technology upgrade with new optics, so the innovative and unique optical design capability is the key to the Company's development technology.

B. Shortening the development schedule

In order to meet the consumers' pursuit of novel and personalized products in the refitting market, the Company will continue to introduce mold processing equipment to improve product appearance, quality, and work efficiency, thereby shortening the development schedule.

C. Improve the ability to design in-house optics

In order to cope with the business expansion into the North American market and emerging markets, the Company will continue to strive to obtain various regulatory certifications for new products to meet the high quality requirements of customers.

2) Long-term plans

Due to the continuous breakthrough in mold development technology, personnel training and technology improvement are the Company's future R&D efforts.

6. Financial strategy

1) Short-term plans

A. Raise funds through the open market to reduce capital costs.

B. Sound financial structure and proper use of financing channels.

C. The Company uses its own funds to finance the required working capital and R&D, marketing and other related expenditures, and has established good relationships with banks to obtain appropriate financing with excellent credit conditions.

2) Long-term plans

A. Establish good financing channels and effectively use a variety of tools in the capital market to obtain sufficient funds to expand the Company's scale.

B. Strengthen financial planning capabilities, reduce operational risks and improve competitive advantages.

C. To meet the needs for plant expansion, seek long-term project financing loans from banks.

(2) Overview of the market, production and sales

(a) Market analysis

1. Sales regions of main products (services)

Unit: NT$ thousands; %

Year / Item	2023		2024	
	Amount	%	Amount	%
Domestic sales	13,513	2.46	7,338	1.16
Export sales	536,148	97.54	625,501	98.84
Total	549,661	100.00	632,839	100.00

2. Market share

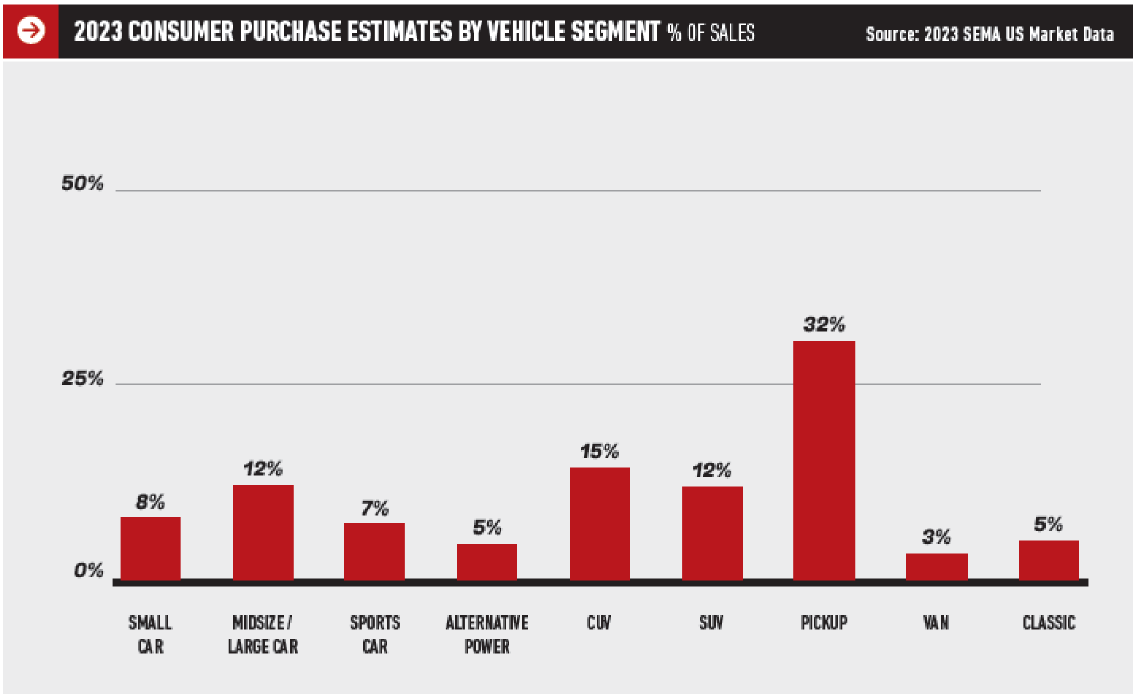
The Company is mainly engaged in the design, development, manufacturing and sales of LED headlights, taillights, components, plastic trims, radiator covers, radiator covers and black oil caps, which are used in the modification of non-original automotive parts and appearances, and sold to distributors through ODMs or own brands, mainly in North America. At present, among the main products of the Company, automotive lamps account for more than 85% of the revenue, and the market for modified parts is the mainstay.

The United States maintains the world's highest vehicle ownership rate, with car culture being an integral part of American life. Based on the unique automotive culture, legal regulations, and traffic conditions specific to the U.S., the automotive aftermarket has developed into a mature industry. According to the SEMA Market Report, the U.S. aftermarket reached $52.35 billion in 2023, with exterior lighting modifications—including headlights, taillights, and external decorative lighting—accounting for approximately $2.741 billion, representing 5.24% of the total aftermarket. Our company's main products are LED automotive headlights, taillights, and other vehicle components for the aftermarket sector. With the United States being the world's largest market for vehicle ownership, combined with the prevalent culture of vehicle component customization, our company has established the U.S. as its primary sales market. In 2024, our sales of automotive lighting and grille lighting in the U.S. market totaled NT$632,839 thousand, representing approximately 0.7% of the U.S. automotive lighting modification market. This indicates substantial room for growth in market share. Unlike the OEM market, the aftermarket sector is less constrained by automaker supply chain controls. In the aftermarket, market share is influenced by lighting design and functional patent innovations, speed of mold development, product delivery time, and quality. The sector is characterized by low-volume, high-variety production aimed at attracting and satisfying customization enthusiasts who seek unique, trendy, and innovative replacement lighting components. We believe that Taiwan-produced products have the opportunity to secure a significant position in the global market.

3. Market Future Supply-Demand Conditions and Growth Potential

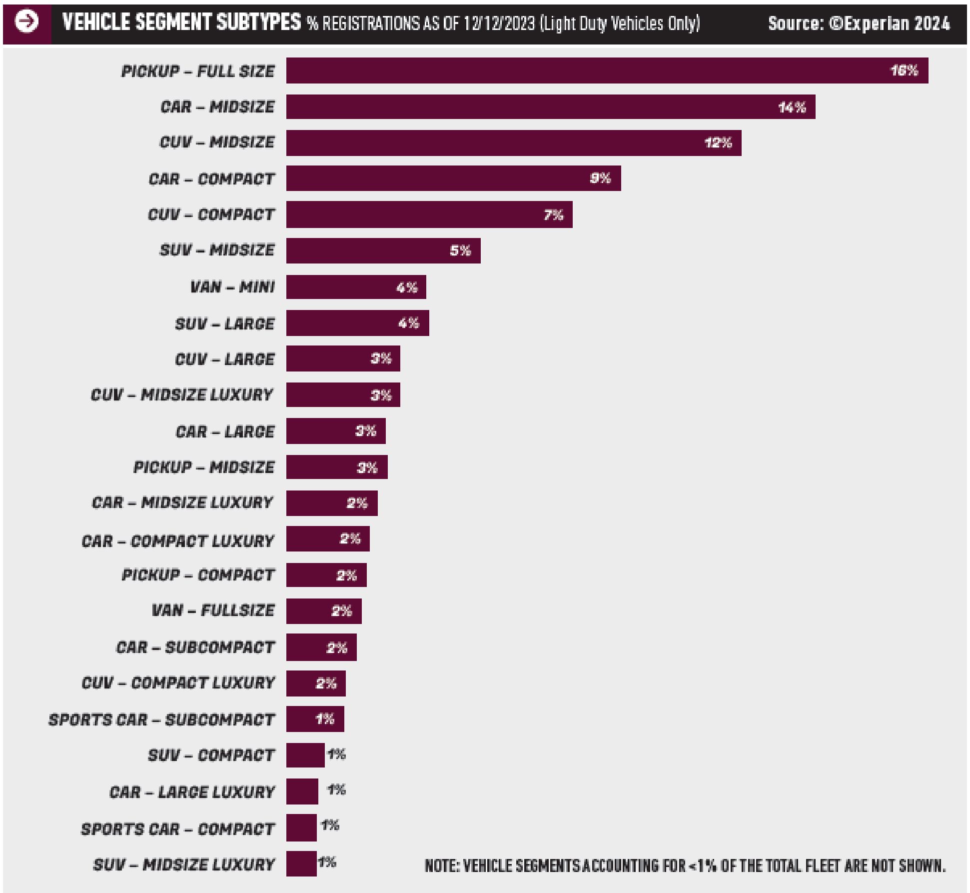
Our company produces and develops full LED vehicle lighting products, actively obtaining patents and international certifications. Our primary sales region is North America. According to the SEMA Market Report, pickup trucks were the best-selling vehicle type in the United States in 2023, accounting for 32% of vehicle sales by category. In 2021, pickup trucks represented 21% of the U.S. vehicle ownership, second only to crossover utility vehicles (CUVs) which accounted for approximately 27%. The top three best-selling models of the SEMA Vehicle Landscape Report are all pickup trucks, and it is expected that the sales volume of the top three best-selling pickup trucks from 2021 to 2028 will reach 18.20 million units. The most popular car model in the United States is also the main market group for automotive modified parts and components. It is also the Company's best-selling car model, which shows strong development potential in the future. According to S&P Global Market Intelligence, the inflation rate of major economies is expected to decline in 2024, which will bring about an improvement in the economy and increase the willingness of consumers to consume. The sales value of auto parts and components is expected to continue to rise, and the market growth is expected to be just around the corner.

Weights of vehicle models purchased by U.S. consumers



Source: 2024 SEMA Market Report

Car ownership by model in the U.S.



Source: 2024 SEMA Market Report

Number of Popular Car Models in the U.S. and Expected Sales Volume

Vehicle Make / Model *(All Model Years)*	Vehicles in Operation	Accessorization Rate	Projected Sales (2021-2028)
GM Full-Size Pickup*	18.1M	30%	6.6M
Ford F-Series	16.1M	30%	6.7M
Ram Pickup	8.2M	29%	4.9M
Jeep Wrangler	3.2M	39%	1.6M
Ford Mustang*	2.1M	34%	538K
Chevrolet Tahoe / GMC Yukon	4.0M	28%	1.4M
Chevrolet Camaro*	1.3M	38%	224K
Dodge Challenger*	594K	39%	160K
Chevrolet Corvette	824K	30%	14K
Toyota 4Runner	2.0M	33%	1.2M

**Some models include rebadged variants and other similar models. See index.*

Source: 2021 SEMA Vehicle Landscape Report

4. Competitive niche

1) Actively obtain various patents and certifications, and have rich technical experience

In order to ensure that the safety of automotive lamp products comply with the regulatory requirements of Europe, the United States and other countries, the Company actively obtains various international certifications, such as the Department of Transportation (DOT) in the United States and the E-mark in Europe (certification mark approved by the Economic Commission for Europe [ECE]), Japanese Industrial Standards (JIS), and China Compulsory Certification (CCC) standards. By establishing a brand image, we plan products according to market needs, give full play to the unique advantages of product design, increase profit margins, and strive for market leadership machine. Additionally, to avoid potential patent infringement concerns, our company filed 54 patent applications in Taiwan in 2023 and 57 applications in 2024. As of the printing date of this annual report, our company currently holds 419 effective domestic patents and 728 international patents. We also have 29 domestic and 159 international patent applications pending. Besides, we engage a patent law firm to regularly or irregularly assess whether new products launched on the market have designs that are suspected of infringement, and issue warnings and deterrent letters to peers as soon as possible, in order to maintain the Company's product patents.

2) The market entry barrier is high, and the supply chain is in a leading position in the competition

The electronic lamp industry is a relatively new industry, it needs to obtain various international certifications and a large amount of capital must be invested in the production of molds in the initial stage, which will result in a longer return on investment. Since its establishment, the Company has accumulated with a wide range of car models with a complete product line, and by holding a number of design patents, in response to the small and diverse needs of the car modification market, we continue to develop new automotive lamp molds and products in line with current popular car models every year. The entry threshold for product manufacturers is high.

3) Rapid development

In order to meet the consumers' pursuit of novel and personalized products in the aftermarket market, the company has accumulated a large number of molds and a complete product line for each model. In addition, after each R&D creative design is proposed, the company provides a product development technology simulation service with an internationally renowned automotive engineering service company to shorten the design process and increase the probability of product success, thereby improving work efficiency and facilitating the development of the schedule which was shortened accordingly to achieve high-efficiency production technology.

4) Unique and innovative product design

The Company believes that only continuous innovation and unique design can lead to continuous breakthroughs in creative technology. Therefore, the Company is committed to improving the efficacy of LED through development technology, design creativity, new optics, focus, etc., and to develop innovative products that subvert traditional shapes and functions. The innovative and unique optical design ability is the key to the Company's improvement of development technology.

5. Favorable Factors, Unfavorable Factors, and Response Strategies of Future Development Outlook

1) Favorable factors

a. The market scale continues to expand

With continued global population growth and established daily transportation patterns, the global automotive market features a diverse range of vehicle types. Beyond existing models, new vehicles continue to be introduced annually. Although 2024 continues to be affected by supply chain challenges, inflation, and economic uncertainties, automotive sales are gradually recovering and consumer spending continues to grow. According to the SEMA Market Report, the U.S. aftermarket reached $52.35 billion in 2023 and is projected to grow to $57.42 billion by 2026. Beyond the U.S. market, automotive customization demand is also rising in European, Chinese, and emerging regional markets. This trend positively impacts our company's business development and benefits the sales growth of Taiwan's automotive parts industry.

b. High-quality R&D team

Our company specializes in the research, development, manufacturing, and sales of aftermarket vehicle lighting and other automotive components. Since our founding, we have accumulated numerous molds for production, featuring an extensive quantity of molds and comprehensive product lines for various vehicle models. We possess rich experience and proven achievements in this field. Our company's quality R&D team is dedicated to developing and producing personalized, distinctive vehicle lighting and other aftermarket automotive components that integrate sensory elements, aesthetics, and innovative design. We strive to break free from OEM factory thinking by creating product differentiation, which serves as one of our competitive advantages in the industry. In addition, most of the company's main R&D personnel have worked in the company or related industries for many years, and their extensive relevant qualifications are the cornerstone of the company's competition.

2) Unfavorable factors

a. Impacts of patent infringement

In the OEM market, car makers license parts to the parts factories to manufacture, and the intellectual property rights are in the hands of the car makers. The AM sub-brand parts market is different from the general parts and components market. Manufacturers do not distribute finished goods to the car manufacturers through the supply chain. The products on the market only need to be copied based on the existing products. As a result, the traditional AM manufacturers wanting to enter the modified parts market lack the design capacity, and there is a risk of infringement if they are not careful. The Company is now the leader in the domestic modified parts market may result in the risk of product imitation.

Responsive measures:

All of our full LED vehicle lighting products are derived from our independently developed and designed patents. We actively obtain patents and international certifications while constantly monitoring technological changes and developments relevant to our industry. This approach allows us to quickly grasp industry dynamics and continuously develop new technologies and products. Before developing new products, we conduct patent infringement analyses, identifying and avoiding potentially problematic patents to ensure our shipped products are free from patent concerns before applying for patent protection. In addition to actively applying for patents, we also engage a patent law firm to regularly or irregularly evaluate whether new products launched on the market are suspected of infringing designs, and issue warnings and deterrent letters to industry players as soon as possible, in order to maintain the Company's product patents.

b. Increased competition as automobile manufacturers establish their own aftermarket companies/brands

As OEMs have established their own aftermarket brands, such as Volkswagen's ABT Sportsline, Benz's AMG, Lorinser, Brabus, BMW's AC Schnitzer, and Porsche's 9FF, among others, to provide the car manufacturers with the opportunity to perform conversions before selling them to build brand awareness. In addition, the Company also provides a guarantee for the quality and performance of the original modified parts. Therefore, the manufacturers of modified automotive parts are faced with the challenge of competitors.

Responsive measures:

The Company has undergone rigorous market research and evaluation before product development. In response to the needs of consumer groups, we have developed a variety of vehicle manufacturers' unique and attractive appearance lamps, and have also actively developed a number of different product lines, from the retrofit lamp market to cross The Company offers integrated services for modifying car accessories such as inlet tank covers, plastic plate trims, and rear-view mirrors. Special designs have been added to satisfy customers' needs for the uniqueness and individuality of car accessories. Develop high-quality products to widen the difference from the competitors in the market.

c. Vulnerability to economic fluctuations

Different from the traditional after-sales maintenance parts, most of the modified parts are passively replaced products, which are usually repaired or replaced due to the wear and tear of the vehicle. Therefore, the industry is still closely related to the changes in the overall auto market, and the sales situation is easily affected by the ups and downs of the economic environment that affect the purchase demand and purchasing power of consumers.

Responsive measures:

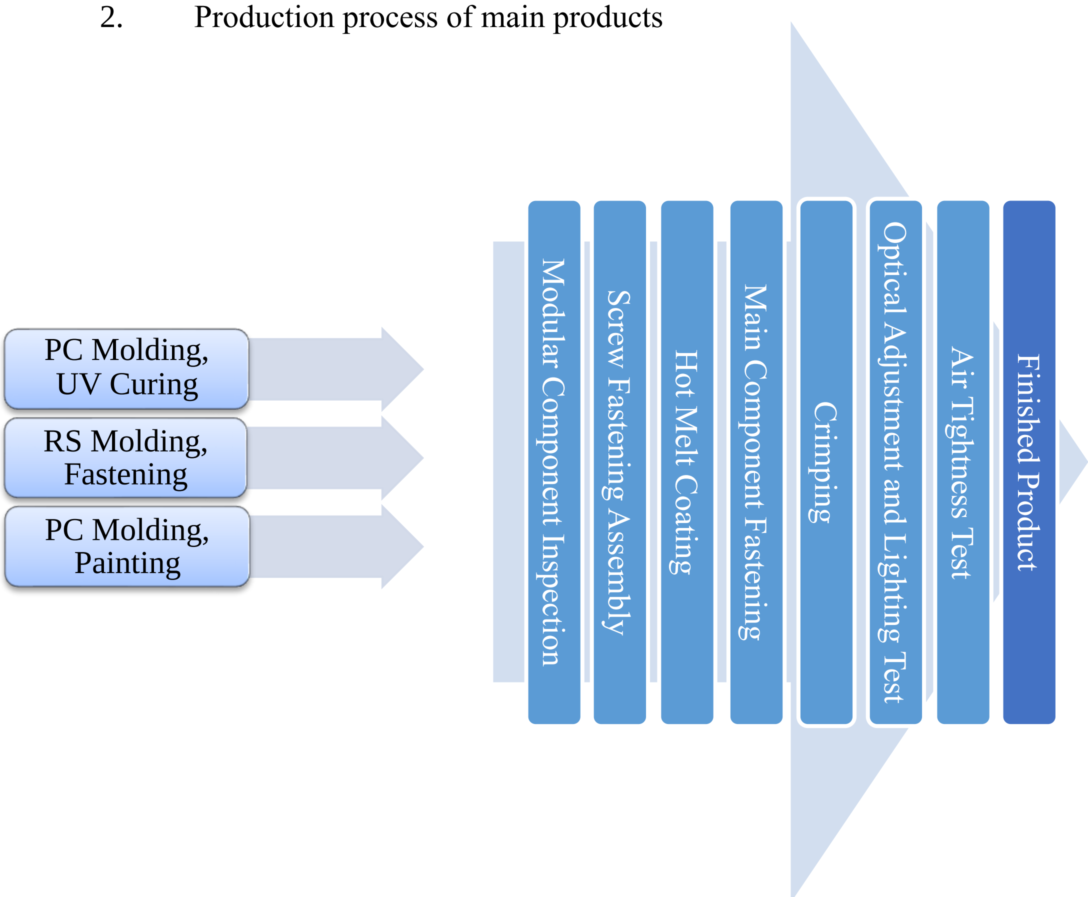
Our company has diversified by developing multiple vehicle models and brands. Beyond creating lighting products with unique and attractive appearances that target consumer needs, we actively develop lighting products across various price points, specifications, and vehicle types. These include high-end sports car and luxury vehicle series, as well as other exterior component product lines, providing consumers with more diverse choices. We have established long-term relationships with upstream and downstream partners while actively accumulating design and technical capabilities. Even when facing economic cycles in the future, we can quickly grasp market trends and implement contingency measures to minimize impact.

(b) Important uses and production processes of major products

1. Important uses of the main products

Product item	Important purpose
Car lights	In addition to the basic lighting functions, it can also be used as a unique key design for the driver to improve driving safety and the appearance of the vehicle.
Automobile department stores and parts	Provide beautiful decoration and related products for auxiliary automobile use

2. Production process of main products



3. Supply of main raw materials

Raw material name	Status of supply
Lens modules	Good
Plastic injection products	Good
Cable assembly	Good
Control substrate	Good
LED	Good

The main raw materials for the automobile lights produced by the Company are lens modules, plastic injection products, cable assemblies, control substrates and LEDs. As the main raw materials are maintained at at least 2 suppliers, and the long-term relationship with major suppliers is good Therefore, the quality of the supplied raw materials is stable, and the source of the supply of raw materials should be safe.

4. List of major customers

1) List of suppliers who have accounted for more than 10% of the total purchase in any of the last two years, and the reasons for the change:

Unit: NT$ thousands; %

	2023				2024			
Item	Name	Amount	Proportion to net purchase of the year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchase of the year (%)	Relationship with the issuer
1	A	81,150	30.97	None	A	76,575	27.76	None
2	B	34,154	13.04	None	C	30,514	11.06	None
3	C	23,393	8.93	None	B	29,490	10.69	None
4	Others	123,309	47.06		Others	139,224	50.49	
	Net purchase	262,006	100.00		Net purchase	275,803	100.00	

Explanation of Changes in Revenue: The Company’s main raw material purchases include lens modules, plastic injection molded parts, wire harnesses, control circuit boards, and LEDs. Due to the increase in operating revenue in 2024 compared to 2023, the amount of raw materials purchased from suppliers has also increased proportionally. However, there have been no significant changes in suppliers over the past two years, and no major variations have occurred.

2) The list of customers accounting for more than 10% of the total sales in any of the last two years and the reasons for the changes:

Unit: NT$ thousands; %

	2023				2024			
Item	Name	Amount	Proportion to net sales of the whole year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of the whole year (%)	Relationship with the issuer
1	A	403,870	73.48	None	A	446,843	70.61	None
2	Others	145,791	26.52		Others	185,996	29.39	
	Net sales	549,661	100.00		Net sales	632,839	100.00	

Explanation of Changes in Revenue: The Company’s main sales revenue comes from automotive lighting, automotive components, and radiator grilles. The operating revenue for 2024 increased compared to 2023, primarily due to moderate global economic growth. However, there have been no significant changes in our customer base over the past two years.

(3) Information on employees in the last two years and up to the date of publication of the annual report

Year		2023	2024	As of April 24, 2025
Number of employees (persons)	Managerial Officer	5	8	7
	General staff	110	113	100
	Technology and R&D personnel	27	40	39
	Total	142	151	146
Average age (years)		38.70	41.78	42.04
Average years of service (years)		3.03	3.61	3.91
Education distribution ratio (%)	Doctoral Degree	-	-	-
	Master's Degree	15	26	26
	College	79	84	78
	High school and below	48	40	42
	Total	142	151	146

(4) Information on environmental protection expenditures

(a) According to laws and regulations, if a permit for installation of pollution facilities or a permit for pollution discharge is applied, or a fee for pollution prevention and control is required to be paid, or a dedicated dedicated unit for environmental protection is required to be established, the description of the application, payment or establishment: Not applicable.

(b) List the Company's investment in major equipment for environmental pollution prevention and control, as well as the intended use and possible benefits: Not applicable.

(c) The process of improving environmental pollution in the most recent two years and up to the date of publication of the annual report; if there is a pollution dispute, the process of handling it shall be explained: None.

(d) Explain the Company's losses incurred due to environmental pollution in the last two years and up to the date of publication of the annual report (including compensation and violations of environmental regulations identified during environmental protection inspections, which should specify the date of disposition, disposition reference number, violated regulation provisions, content of violation, and disposition details), and disclose the estimated amount of current and future possible occurrences and countermeasures. If it cannot be reasonably estimated, the facts of the inability to make a reasonable estimate shall be stated: None.

(e) A description of the current pollution situation and the impact of its improvement on the Company's earnings, competitive position, and capital expenditures, as well as the estimated major environmental protection capital expenditures in the next two years: None.

(5) Labor-Management Relations

(a) The Company's employee welfare measures, continuing education, training, retirement system and their implementation, as well as the agreements between labor and management, and various measures to protect the rights and interests of employees

1. Employee welfare measures, continuing education and training and their implementation status

The Company always believes that only satisfied employees can make happy customers. We hope that by taking good care of our employees' physical and mental health, we can enable them to concentrate and enjoy their work. In addition, the Company has formed an Employee Welfare Committee composed of employees to be responsible for all aspects of employee welfare The Company's current welfare is as follows:

1) Year-end bonus
2) Annual salary adjustment based on performance
3) Labor insurance, health insurance, labor pension and group insurance
4) Gold coupons for the three major festivals and birthday

2. Retirement system and its implementation

In accordance with the Labor Pension Act (New retirement system), the Company contributes 6% of each month's wages to the employees' individual pension accounts. When the employees meet the retirement requirements, they may apply to the competent authority for receiving the pension. The Company's employee retirement policies are stipulated in accordance with the Labor Standards Act and related regulations.

3. Agreements between labor and management and measures to protect the rights and interests of employees

The Company attaches great importance to internal communication. In addition to holding labor meetings, there are various communication channels within the Company. The management and employees respect each other and provide suggestions for improvement, so that we can work together for the Company's growth. To date, labor-management relations have been harmonious, trusting and interactive.

The Company's various requirements are stipulated in accordance with the laws and regulations of the government, and the Company has established a comprehensive system that contains various management guidelines, and specifies the rights and obligations of employees and welfare items. The content of the system is regularly reviewed and revised to protect the rights and interests of all employees.

In order to care for the Company's employees, to take care of employees immediately and to maintain a smooth channel for employee opinions, the Company hopes to actively identify problems through various interview mechanisms and unobstructed communication channels, and regularly review various management measures and room for improvement, establish An environment where employees are happy to work.

(b) Losses suffered by the company due to labor disputes in the most recent two years and up to the publication date of the annual report (including the violation of the Labor Standards Act found in labor inspections) Any amount that may be incurred at present or in the future and countermeasures should be disclosed. If it cannot be reasonably estimated, the reason why it cannot be estimated shall be stated: None.

(6) Information communication security management

(a) Describe the information communication security risk management framework, information communication security policy, specific management plan, and resources invested in information communication security management:

1. Cyber security risk management framework:
   1) The Company's information unit is responsible for information security policy management and planning, as well as the handling and reporting of information security related incidents.
   2) Regularly compile and report to the President on the anti-virus, anti-disaster, anti-hack, and anti-leakage mechanism of information security.
2. Information Security Policy: We have established information security management regulations to ensure the confidentiality and security of the Company's information assets and legal compliance. We have also developed incident response procedures to minimize potential impacts.
3. Specific management plans:
   1) Endpoint Device Protection and Control: We implement antivirus software installation, maintain operating system updates, and require all network-connected facilities or facilities maintained by information service providers to undergo technical security assessment procedures and obtain approval from responsible supervisors before use.
   2) Central External Control: We have established network security planning operations and network service management, built next-generation Firewalls, Mail Gateways, and other security protection platforms.
   3) Data Protection: Important data is preserved through multiple backups on offsite and heterogeneous platforms. Confidential and sensitive data or documents must not be stored in publicly accessible information systems.
   4) Use of New Information Technology: The introduction and implementation of new information technologies (such as software, hardware, communication, and management measures) must undergo security assessment beforehand to understand the security protection measures and standards of the new information technology. These must be approved by responsible supervisors through administrative procedures before implementation.
   5) The Company regularly conducts information security promotion for colleagues to strengthen information security awareness and strengthen information security protection.
4. The current IT Department consists of 5 members. Annual information security budget allocation continues to be invested according to protection requirements.

(b) Losses Due to Major Information Security Incidents in the Most Recent Year and up to the Printing Date of the Annual Report: Despite frequent information security incidents in recent years, under the company's information security policy protection, there have been no losses due to information security incidents in the past two years and up to the printing date of the annual report.

(7) Important contracts

Nature of the contract	Party concerned	Start/end date of contract	Main Content	Restrictive clauses
Credit contract	Chang Hwa Commercial Bank	2015/10/05-2030/10/05	Long-term secured loans	Land and plant mortgage guarantee
Credit contract	Chang Hwa Commercial Bank	2022/12/20-2025/12/20	Medium-term secured loans	Land and plant mortgage guarantee
Credit contract	Chang Hwa Commercial Bank	2023/12/28-2025/12/28	Medium-term secured loans	Land and plant mortgage guarantee
Credit contract	Chang Hwa Commercial Bank	2024/01/31-2026/01/31	Medium-term secured loans	Land and plant mortgage guarantee
Credit contract	Chang Hwa Commercial Bank	2024/04/25-2026/04/25	Medium-term secured loans	Land and plant mortgage guarantee
Credit contract	Chang Hwa Commercial Bank	2024/09/27-2026/09/27	Medium-term secured loans	Land and plant mortgage guarantee
Credit contract	Chang Hwa Commercial Bank	2024/09/27-2026/03/27	Short-term loans	—
Credit contract	Bank of Panhsin	2023/03/25-2026/03/25	Medium-term loan	—
Credit contract	First Commercial Bank	2021/08/24-2028/08/24	Medium-term secured loans	Land and plant mortgage guarantee
Credit contract	First Commercial Bank	2023/01/13-2025/01/13	Medium-term loan	—
Credit contract	First Commercial Bank	2023/02/14-2025/02/14	Medium-term loan	—
Credit contract	First Commercial Bank	2023/03/14-2025/03/14	Medium-term loan	—
Credit contract	First Commercial Bank	2023/04/14-2025/04/14	Medium-term loan	—
Credit contract	First Commercial Bank	2023/05/12-2025/05/12	Medium-term loan	—
Credit contract	First Commercial Bank	2023/06/14-2025/06/14	Medium-term loan	—
Credit contract	First Commercial Bank	2023/07/14-2025/07/14	Medium-term loan	—
Credit contract	First Commercial Bank	2023/08/14-2025/08/14	Medium-term loan	—
Credit contract	First Commercial Bank	2023/09/14-2023/09/14	Medium-term loan	—
Credit contract	First Commercial Bank	2023/10/13-2025/10/13	Medium-term loan	—
Credit contract	First Commercial Bank	2024/10/25-2025/04/25	Short-term loans	—
Credit contract	First Commercial Bank	2024/10/25-2025/04/25	Short-term loans	—
Credit contract	First Commercial Bank	2024/10/25-2025/04/25	Short-term loans	—
Credit contract	Chang Hwa Commercial Bank	2025/03/27-2025/09/27	Short-term loans	—

V. Review and Analysis of Financial Status, Financial Performance, and Risk Factors

(1) Financial status

Unit: NT$ thousand

Item \ Year	2023	2024	Difference	
			Amount	%
Current assets	542,321	341,757	(200,564)	(36.98)
Property, plant and equipment	1,716,086	1,432,722	(283,364)	(16.51)
Intangible assets	9,700	8,475	(1,225)	(12.63)
Other assets	132,839	637,756	504,917	380.10
Total assets	2,400,946	2,420,710	19,764	0.82
Current liabilities	662,135	662,479	344	0.05
Non-current liabilities	747,906	596,383	(151,523)	(20.26)
Total Liabilities	1,410,041	1,258,862	(151,179)	(10.72)
Share capital	639,077	639,077	0	0.00
Capital Surplus	340,824	343,598	2,774	0.81
Attributable to owners of parent	10,450	(57,041)	(67,491)	(645.85)
Other equity	554	236,214	235,660	42,537.91
Total Equity	990,905	1,161,848	170,943	17.25

I. Explanation of Major Changes (For differences amounting to NT$10,000 thousand or more and with a change ratio of 20% or more):
1. Current Assets: Decreased compared to the same period last year due to the repayment of bank loans and payment for equipment, resulting in a reduction in cash.
2. Other Assets: Increased compared to the same period last year due to the reclassification of leased self-owned assets to investment properties measured at fair value amounting to NT$485,580 thousand, and an increase in deferred tax assets of NT$17,786 thousand.
3. Non-current liabilities: Decreased compared to the same period last year due to the repayment of long-term loans and lease principal.
4. Retained earnings: Due to a net loss of NT$67,491 thousand for the current period.
5. Other Equity: Increased compared to the same period last year due to the leasing of the self-owned Anping plant, which was reclassified as investment property measured at fair value, resulting in the recognition of property revaluation surplus.

II. Future countermeasures for those with significant impact: The above changes have no significant adverse impact on the Company, and there is no significant abnormality in the Company's overall performance, so it should not be necessary to formulate a response plan.

(2) Financial performance

(a) Comparison and analysis of financial performance

Unit: NT$ thousand

Item \ Year	2023	2024	Increase (decrease) amount	Percentage of change (%)
Net operating revenue	549,661	632,839	83,178	15.13
Operating costs	393,196	466,722	73,526	18.70
Gross profit from operations	156,465	166,117	9,652	6.17
Operating expenses	196,750	242,637	45,887	23.32
Operating profit	(40,285)	(76,520)	(36,235)	(89.95)
Non-operating income and expenses	(18,872)	(8,349)	10,523	55.76
Net income before tax	(59,157)	(84,869)	(25,712)	(43.46)
Income tax expense	(11,599)	(17,378)	(5,779)	(49.82)
Profit (loss) for the period	(47,558)	(67,491)	(19,933)	(41.91)
Other comprehensive income, net of income tax	426	235,660	235,234	55,219.25
Total comprehensive income (loss) for the period	(47,132)	168,169	215,301	456.80

Explanation of Major Changes (For differences amounting to NT$10,000 thousand or more and with a change ratio of 20% or more):

1. Gross Profit: Increased compared to the same period last year due to moderate global economic growth, which led to an increase in operating revenue, resulting in higher gross profit.
2. Operating Expenses: Increased compared to the same period last year due to additional expected credit loss provisions of NT$25,631 thousand calculated based on expected rolling rates for overdue accounts, higher depreciation and amortization resulting from the activation of the new plant in the Science Park and increased mold development projects, and expanded organizational personnel and adjustments, leading to increased personnel salary and benefit expenses.
3. Non-operating Income and Expenses: Increased compared to the same period last year despite the absence of the previous year's NT$5,992 thousand in other income from temporary receipts over two years, and an increase in interest expenses of NT$367 thousand. However, the current period saw rental income increase by NT$4,247 thousand from leasing the Anping plant, fair value adjustment gains on investment properties increase by NT$4,700 thousand, foreign exchange gains increase by NT$7,876 thousand, and interest expenses increase by NT$9,256 thousand.
4. Operating Income, Pre-tax Net Income, Net Income for the Period, and Comprehensive Income for the Period: All decreased compared to the same period last year due to increased operating expenses, resulting in reduced operating income, pre-tax net income, and net income for the period.
5. Income Tax Expense: Decreased compared to the same period last year due to increased operating expenses, resulting in increased pre-tax losses, and the recognition of deferred tax assets from loss carryforwards, leading to increased income tax benefits.
6. Other Comprehensive Income for the Period and Total Comprehensive Income for the Period: Increased compared to the same period last year due to the leasing of the self-owned Anping plant, which was reclassified as investment property measured at fair value, resulting in the recognition of property revaluation surplus.

(3) Cash flow

(a) Analysis of cash flow changes in the most recent year

Unit: NT$ thousands; %

Year / Item	2023	2024	Changed amount	Percentage of change
Operating activities	2,147	12,339	10,192	474.71
Investment activities	(276,702)	(117,360)	159,342	57.59
Financing activities	390,643	(109,794)	(500,437)	128.11

Analysis of cash flow changes:

1. Operating Activities: Net cash inflow increased compared to the same period last year due to increases in accounts payable and other payables.
2. Investing Activities: Net cash outflow decreased compared to the same period last year due to a reduction in the acquisition of property, plant, and equipment by NT$158,185 thousand.
3. Financing Activities: Net cash outflow increased compared to the same period last year. Although cash dividends of NT$20,521 thousand were distributed last year, there was also a cash capital increase of NT$292,303 thousand, which did not occur in the current period. Despite an increase in security deposits of NT$2,000 thousand and a decrease in lease principal repayments of NT$2,740 thousand compared to the same period last year, bank borrowings decreased by NT$233,395 thousand compared to the same period last year.

(b) Improvement plan for insufficient liquidity

Although the Company experienced net cash outflows from investing activities in both 2024 and 2023, and from financing activities in 2024, there is still sufficient cash on hand to meet operational needs. The Company's response strategy is to continue developing new products based on market demand, promote product advantages on various advertising platforms, and participate in international exhibitions to enhance product recognition. While strengthening close service and business transactions with existing customers, the Company also expects to secure orders from new customers to increase sales revenue and reduce operating costs to enhance future cash flows. However, if there are still shortfalls, financing will be provided by banks. Therefore, there is no liquidity risk due to inability to raise funds.

(c) Cash flow analysis for the coming year

Unit: NT$ thousand

Cash at beginning of period Balance (1)	Net cash flow from operating activities for the year (2)	Net cash flow from investing activities for the year (3)	Net cash flow from financing activities for the year (4)	Cash Surplus (Deficit) Amount (1)+(2)+(3)+(4)	Remedies for Cash Shortage	
					Investment plan	Financial plan
98,771	290,523	(45,115)	109,517	453,696	—	—

Analysis of cash flow changes:

1. Operating Activities: Primarily expecting stable revenue and profitability, resulting in net cash inflow from operating activities.

2. Investing Activities: Primarily planning to construct new plants and purchase equipment.
3. Financing Activities: Primarily planning to repay loans and distribute cash dividends.

(4) The impact of material capital expenditures in the most recent year on financial operations:

Up to now, the major capital expenditures have been for the expansion of plants and the purchase of equipment in response to future revenue growth. The source of funds is from the self-owned working capital and bank loans. Therefore, the possible risks of expansion of the plants and the purchase of equipment are limited.

(5) Recent Investment Policy, Major Profit/Loss Factors, Improvement Plans, and Investment Plans for the Coming Year:

(a) Investment policy in the most recent year

The Company's re-investment policy is based on the needs of sustainable operation and operational growth or diversified management considerations, and in accordance with the "Regulations Governing the Acquisition and Disposal of Assets of Public Companies" stipulated by the competent authority, the "Procedures for Acquisition or Disposal of Assets" has been established As a basis for the Company to invest in, in order to control the relevant business and financial status; in addition, in order to improve the supervision and management of the investees, the Company has formulated the measures for the supervision and management of subsidiaries in the internal control system. The Company's management and decision-making authorities make follow-up assessments of the financial and business performance of the investees.

(b) The main reasons for the profit or loss of reinvestment, and the improvement plan

Description / Item	Main business and products	Investment Gains/Losses Recognized in 2024	Shareholding ratio (%)	Main reason for profit or loss	Improvement plan	Other investment plans in the future
JBT Inc.	Trading of aluminum alloy wheels	(118)	100.00	It is a newly established company in November 2021. In the initial stage of operation, basic fixed expenses such as rent lead to a loss in the current period	Continue to expand business to increase sales volume	None
Takomore Inc.	Trading of commercial vehicle lamps	(25)	100.00	It is a newly established company in November 2021. In the initial stage of operation, basic fixed expenses such as rent lead to a loss in the current period	Continue to expand business to increase sales volume	None
Inetwork Inc.	Trading of radiator covers	(198)	100.00	Mainly due to sales of products, resulting in profit	Continue to expand business to	None

				for the year	increase sales volume	
Moso View Inc.	Trading of electronic rear-view mirrors	(40)	100.00	It is a newly established company in November 2021. In the initial stage of operation, basic fixed expenses such as rent lead to a loss in the current period	Continue to expand business to increase sales volume	None

(c) Investment plan for the next year

The Company will follow the needs of operational development and execute the investment plan. In the future, the Company will make appropriate announcements as the investment progresses in accordance with the laws and regulations.

(6) Risk matters and assessment in the most recent year and up to the publication date of this annual report

(a) Impacts of changes in interest rates, exchange rates and inflation in the most recent year on the Company's profit and loss, and future countermeasures:

1. Effect of changes in interest rates:

Unit: NT$ thousand

Item	2023		2024	
	Amount	As a percentage of net operating revenue	Amount	As a percentage of net operating revenue
Interest expense	26,435	4.81%	26,068	4.12%

Source: 2023 and 2024 audited reports by external auditors.

The Company's interest expenses as a percentage of net operating revenue were 4.81% and 4.12% for 2023 and 2024, respectively. These expenses primarily consisted of financial costs from borrowings from financial institutions. As these expenses had minimal impact on the Company's overall operations, the effect of interest rate fluctuations on the Company's profit and loss was limited. The Company continues to monitor the development of the financial market, pays attention to changes in interest rates, and maintains good relations with financial institutions in order to obtain better interest rates, and adopts flexible measures at any time to reduce the impact of interest rate changes on the Company's profit and loss.

2. Effects of exchange rate changes:

Unit: NT$ thousands; %

Item \ Year	2023	2024
	Amount	Amount
Foreign exchange gain (loss)	(1,572)	6,304
Operating revenue	549,661	632,839
Operating profit	(40,285)	(76,520)
Foreign exchange gain (loss)/operating revenue (%)	(0.29)	1.00

Foreign exchange gain (loss)/operating income (%)	3.90	(8.24)

Source: 2023 and 2024 audited reports by external auditors.

The Company recorded foreign exchange (losses) gains of NT$(1,572) thousand and NT$6,304 thousand for 2023 and 2024, respectively, representing (0.29)% and 1.00% of operating revenue, and 3.90% and (8.24)% of operating profit. The Company's product transactions are primarily export-oriented, with the US dollar being the foreign currency with the most significant impact. The ratio of foreign exchange (losses) gains to operating profit is less than 10%, indicating that exchange rate fluctuations do not yet pose a significant risk to the Company's profitability. The Company's finance department pays attention to exchange rate changes at all times, and with the exchange rate change analysis and consulting services provided by the bank, it is fully grasped the exchange rate trends and changes. In addition to retaining foreign currency assets appropriately to meet the foreign currency needs, the Company conducts foreign currency exchange whenever appropriate to meet the Company's capital needs Adjustment of foreign currency positions.

3. Impacts of inflation:

The Company's core business is the R&D, production and sales of customized automotive lamps and auto parts and components in the refit parts market. Traditional after-sales maintenance parts are mostly passive replacement products. modified parts. The demand may drop significantly, so it is vulnerable to the ups and downs of the inflationary economy that will affect the purchase demand of consumers. By developing a number of vehicle models and brands, the Company has developed more unique and attractive lights to meet the needs of consumer groups, and actively developed lights of different price points, specifications and models to provide consumers and groups with more Multiple options and development of different product lines for appearance parts, from the retrofitted lamp market to radiator covers, plastic sheet trims and rear view mirrors, etc., to provide integrated services for modified car appearance accessories, Quality products to widen the distance from market competitors, and even in the face of economic cycles in the future, we can quickly grasp market trends and take contingency measures to reduce the impact.

(b) Policies on high-risk and high-leverage investments, loans to others, endorsements/guarantees, and derivatives transactions in the most recent year, the main reasons for the profit or loss, and response measures in the future:

The Company has always focused on the development of its core business while operating the business based on the principle of pragmatism. The financial policy has also been prudent and conservative, and has not engaged in high-risk or high-leverage investments. The implementation of the "Procedures for Loaning Funds to Others", "Procedures for Endorsement and Guarantee" and "Procedures for Acquisition or Disposal of Assets" had no significant impact on the profit or loss of the financial statements.

(c) R&D plans for the most recent year, the current progress of unfinished R&D projects, further R&D expenses to be invested, expected time of completion of mass production, and main factors affecting the success of R&D in the future:

1. Future R&D plans

Development focus	Project goals

Development of LED lighting for passenger vehicles and commercial vehicles	Invest in automotive lighting of various brands to increase market share.
Development of LED water tank guard for passenger cars and commercial cars	Invest in car modification parts of various brands to increase market share.
Development of intelligent visual assistance system (electronic rear-view mirror)	
Development of intelligent wheels	
Optimization of various fuel tank and water tank cover products	
Development of shock absorbers and intelligent shock absorbers	
Development of Smart Home Care Assistant	

2. Estimated R&D expenses

The Company's R&D expenses are mainly for the development of new product R&D and design. R&D expenses account for about 10% of the revenue. The features of the products in the refit market are small and diverse. The pursuit and desire for novelty to shape the image of personal aesthetics and trendy tastes are an opportunity for ecological transformation rarely seen in the market in recent years, which can promote new competitiveness in the modification industry to ensure the Company's competitive advantages.

(d) Impacts of important domestic and foreign policies and legal changes on the Company's financial operations, and responsive measures:

The Company's daily operations are handled in accordance with relevant domestic and foreign laws and regulations, and it always pays attention to the development trends of domestic and foreign policies and changes in laws and regulations, in order to fully grasp and respond to changes in the market environment. The Company continues to pay attention to the development of the market that is affected by regulations and policies related to automotive safety, and actively deploys human and material resources to grasp potential business opportunities. In the most recent year and up to the date of publication of the annual report, there was no material and adverse impact on the financial business of the Company as a result of changes in domestic and foreign policies and laws.

(e) Impacts of technological changes on the Company's financial operations and responsive measures:

The Company pays attention to the technological changes and technological development and evolution related to the industry in which it operates at all times, in order to quickly grasp the dynamics of the industry, continue to develop new technologies, and, when necessary, will strategically cooperate with relevant research units to cooperate with the industry and academia. In addition to the Company's existing patents, various Innovation and research cooperation projects are ongoing. As of the publication date of the annual report, there has been no material adverse impact on the Company's financial operations due to changes in technology and industry.

(f) Impacts of changes in corporate image on corporate crisis management and countermeasures:

The Company is an automotive parts manufacturer. Since its establishment, the Company has been committed to maintaining a good corporate image and complying with various laws and regulations. As of the date of publication of the annual report, the Company has not had any risk management issues caused by the change of its corporate image. love affair.

(g) Expected benefits and possible risks of mergers and acquisitions, and countermeasures:

In the most recent year and as of the printing date of this annual report, the Company has no plans for mergers and acquisitions; if there are any plans for mergers and acquisitions in the future, the Company will carefully evaluate and consider the synergies of mergers and acquisitions to ensure the interests of the original shareholders.

(h) Expected benefits and possible risks associated with any plant expansion, and countermeasures:

In order to meet the future market and customer needs, the Company is in the process of plant expansion, and plans to expand the production capacity and increase the production scale to capture business opportunities. The fund for plant expansion will be financed by the Company's own working capital, bank loans or issuance of new shares for capital increase in cash. Therefore, the possible risk arising from the expansion of plant and equipment is still limited.

(i) Risks associated with any concentration of purchases or sales, and mitigation measures being or to be taken:

1. Purchase:

The Company operates in the "Automotive Parts Manufacturing Industry," primarily producing automotive LED headlights focused on the aftermarket sector. The main raw materials include LED lens modules, control circuit boards, and plastic materials. Among these, the optical efficiency of the headlights is primarily affected by the design and specifications of the lens modules, making them high-priced raw materials. As a result, lens module supplier Company B1 has become the largest procurement supplier across various fiscal years. In 2024, the Company's procurement from Company B1 accounted for over 30% of total procurement. In other years, no single supplier accounted for more than 30% of procurement. Since all major raw materials have at least two supply sources, and the Company maintains good cooperative relationships with all suppliers, there have been no instances of supply shortages, interruptions, or delays affecting production operations. Overall supply conditions remain stable, and there is no risk of excessive concentration in procurement.

2. Sales of goods:

The Company's sales to its top ten major customers accounted for 95.29% and 97.29% of total sales in 2023 and 2024, respectively. Among these, sales to the A1 Group (including Company A1 and Company A2) represented 73.48% and 70.61% of overall revenue in these respective years, indicating a concentration in sales distribution. The concentration of sales is mainly due to the characteristics of the industry and the Company's operating strategy. As the modified vehicle lamp is a niche market, the markets in various countries are small, vast and fragmented, and the consumer culture in different regions is greatly different. The Company's operating resources are limited Considering the characteristics of the product market, we focus on design and manufacturing, and our main sales market is North America, which is the largest refitting market in the world. In order to maintain the uniqueness of our products, we adopt an exclusive sales model. As consumers in the North American market are loyal to brands, A1 The Group owns the brand and management team for the image of professional automotive lamp components, and establishes close mutual trust with local consumers through the online marketing model. At the same time, we collect market feedback. The brand is well-known. In the North American market, the lamp models sold to the A1 Group include a number of popular pickup truck models in the North American modified car market. The rapid growth in sales volume and expansion of the market scale have caused the Company's sales to be concentrated in the A1 Group.

Responsive measures:

A. Continue to maintain a good cooperative relationship with the main customer A1 Group to reduce the risk of customers changing suppliers

In 2018, the Company began to cooperate with A2 Company in the sales of modified parts in North America. In the North American modified parts market, the Company will actively enhance its R&D and production capabilities by virtue of its advantages in all-LED automotive lighting technology and design. By integrating the electronic functions of the product structure, we have developed higher-end and diversified refitted parts and products, and maintained good interaction with A1 and A2 companies, and continued to launch trendy and high-quality LED refitted vehicle light products, in order to deepen the cooperative relationship between the two parties, in order to more stabilize the cooperative relationship between the two parties.

B. Develop other automotive products, establish self-owned brands, and expand into different channels and markets

The Company will continue to develop different modified auto parts products, such as radiator covers, electronic rear-view mirrors and commercial truck lights, etc., and establish its own brand Coplus Participate in the world's major auto exhibitions to understand the sales customers and regions, provide the Company's product catalog, and promote the Company's products in a timely manner to improve the cooperative relationship among existing customers, and to promote and expand the awareness of our own brand.

(j) Effects and risks to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

In the most recent year and as of the printing date of the annual report, there is no significant impact on the Company's operations due to the transfer or replacement of a large number of shares by directors, supervisors or major shareholders holding more than 10% of the shares.

(k) Impacts and risks to the Company due to change in management rights, and countermeasures:

During the most recent year and as of the printing date of the annual report, there was no change in the management rights.

(l) Litigation or non-litigation incidents that have been determined by the company and its directors, supervisors, general managers, substantive persons in charge, major shareholders holding more than 10% of the shares, and subordinate companies For litigation, non-litigation, or administrative disputes, where the outcome is likely to have a significant impact on shareholders' equity or securities prices, disclose the facts of the dispute, the amount of money at stake, the date of litigation commencement, the main parties involved, and the status of handling as of the printing date of the annual report:

In the most recent year and up to the date of publication of the annual report, there was no litigation or non-litigation incident.

(m) Information security risk assessment and analysis and countermeasures:

In order to implement information security management, the Company has established a computerized information system operation related to information security, and the Information Office is responsible for the establishment, risk assessment, management and maintenance of information security regulations. The auditing unit of the Company audits the operation of the computerized information system regularly or from time to time and reports to the Board of Directors. The focus of information security control operation inspection mainly includes whether the server is equipped with firewalls and anti-virus software to block external intrusions, whether the information and communication security inspection operations are properly planned, whether the relevant documents and evidences of the information and communication security inspection are properly kept, and whether the authority setting and authorization for the respective business scope

(n) Other important risks and countermeasures: None.

(7) Other important matters: None.

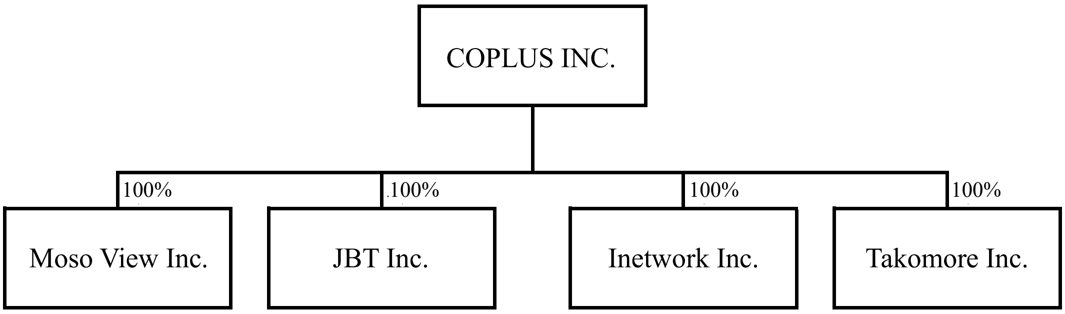
VI. Special Notes

(1) Information on affiliated companies

(a) Consolidated business report of affiliated enterprises

1. Overview of affiliates

1) Organizational chart of affiliates:



2) Basic information of affiliates

Company name	Date of establishment	Address	Paid-up capital	Main business and products
Moso View Inc.	2021.11.12	1F., No. 7, Xinping Road, South District, Tainan City	NT$ 3,000,000	Electronic rear view mirror
JBT Inc.	2021.11.12	1F., No. 7, Xinping Road, South District, Tainan City	NT$ 3,000,000	Aluminum alloy wheels
Inetwork Inc.	2021.11.15	1F., No. 7, Xinping Road, South District, Tainan City	NT$ 3,000,000	Grilles
Takomore Inc.	2021.11.15	1F., No. 7, Xinping Road, South District, Tainan City	NT$ 3,000,000	Commercial vehicle lights

3) Those presumed to have a controlling and subordinate relationship according to Article 369-3 of the Company Act: None.

4) The scope of business of all affiliates is as follows:
Mainly engaged in the manufacturing of automobiles and parts thereof.

5) Information on directors, supervisors, and presidents of affiliates:

Company name	Job Title	Name or Representative	Number of shares held	
			Shares	Percentage
Moso View Inc.	Chairman	Representative of COPLUS INC., Po-Hua Wu	300,000	100%
JBT Inc.	Chairman	Representative of COPLUS INC., Po-Hua Wu	300,000	100%
Inetwork Inc.	Chairman	Representative of COPLUS INC., Po-Hua Wu	300,000	100%
Takomore Inc.	Chairman	Representative of COPLUS INC., Po-Hua Wu	300,000	100%

2. Overview of the operation of affiliates:

Unit: NT$ thousand

Company name	Capitalization	Total asset value	Total Liabilities	Net worth	Operating revenue	Operating profit (loss)	Current profit and loss (after tax)	Earnings (losses) per share (NT$) (after tax)
Moso View Inc.	3,000	2,619	-	2,619	-	(57)	(40)	(0.13)
JBT Inc.	3,000	2,532	-	2,532	-	(136)	(118)	(0.39)

Inetwork Inc.	3,000	4,352	644	3,708	7,167	(180)	(198)	(0.66)
Takomore Inc.	3,000	2,613	-	2,613	-	(65)	(25)	(0.08)

(b) Consolidated financial statements of affiliated enterprises

In accordance with the "Criteria Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Affiliation Reports of Affiliated Enterprises" in 2024, the IFRS, IAS, interpretations, and interpretation announcements should be included in the preparation of the consolidated financial statements of the parent and subsidiaries by the same company, and the relevant information to be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of the parent and subsidiary companies. The Company did not separately prepare consolidated financial statements of affiliated companies.

(c) Affiliation Report: Not applicable.

(2) Private placement of securities in the last year up till the publication date of this annual report: None.

(3) The holding or disposal of the Company's shares by subsidiaries during the most recent year and up to the date of publication of the annual report: None.

(4) Other matters for supplementary information: None.

(5) Events Occurring in the Latest Fiscal Year and Up to the Publication Date of the Annual Report, which have a Significant Impact on Shareholder Equity or Securities Prices as defined in subparagraph 2, paragraph 3 of Article 36 of the Securities and Exchange Act: None.

VII. Attachments

VII. Attachments

(1) Statement of Internal Control System

COPLUS INC.

Statement of Internal Control System

Date: February 25, 2025

The Company has conducted a self-assessment of its internal control system in 2024 and made the following statement:

(1) The Company is fully aware that the establishment, implementation and maintenance of the internal control system is the responsibility of the Company's board of directors and managers, and the Company has established such a system. Its purpose is to provide reasonable information on the effect and efficiency of operations (including profitability, performance, and protection of asset security), the reliability, timeliness, and transparency of reporting, and compliance with relevant laws and regulations. guarantee.

(2) There are inherent limitations to the internal control system; no matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three goals; moreover, due to changes in the environment and situation, the effectiveness of the internal control system change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take corrective action.

(3) The Company judges the effectiveness of the design and implementation of the internal control system in accordance with the criteria for the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria for determining the internal control system adopted in the "Regulations" are based on the process of management control. The internal control system is divided into five elements: 1. Control environment; 2. Risk assessment; 3. Control operations; 4. Information and communication and 5. Supervision operations. Each component further includes several items. Please refer to the "Regulations" for details.

(4) The Company has adopted the abovementioned criteria to assess the effectiveness of the design and execution of its internal control system.

(5) Based on the aforementioned evaluation results, the Company believes that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2024, including the effect of understanding the operation and the achievement of efficiency targets the Company's internal control system; the reporting is reliable, timely, and transparent; the design and implementation of the internal control system are effective; they can reasonably ensure the achievement of the above objectives.

(6) This statement shall form an integral part of the Company's annual report and prospectus, and shall be disclosed to the public. Any unlawful act of falsehood or non-disclosure in the above-mentioned disclosure may result in legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

(7) This Statement was passed by the Board of Directors in their meeting held on February 25, 2025. Among the nine directors present at the meeting, zero director held any dissenting opinion. The remainder all affirmed the content of this statement.

COPLUS INC.

Chairman: Po-Hua Wu

President: Chih-Pin Wu

(2) Review of Internal Control System Independent Auditor's Reasonable Assurance Report

Review of Internal Control System Independent Auditor's Reasonable Assurance Report

To COPLUS INC.:

Attached herewith is the declaration of Giant Armor Precision Industrial Co., Ltd., dated March 31, Republic of China Year 2025, stating that after evaluating its internal control system related to external financial reporting and asset security, it was confirmed that the system was effectively designed and executed as of December 31, Republic of China Year 2024, upon the completion of reasonable assurance procedures conducted by our auditors.

Subject matter, subject matter information and applicable criteria

The subject matter and information of this assurance engagement pertain to the design and execution status of the internal control system of COPLUS INC. related to external financial reporting and asset security as of December 31, Republic of China Year 2024. Additionally, it includes the declaration issued by COPLUS INC. on March 31, Republic of China Year 2025, stating the effective design and execution of its internal control system related to external financial reporting and asset security (hereinafter collectively referred to as the assurance subject).

The applicable criteria used to measure or assess the assurance subject is the effectiveness assessment item of the "Regulations Governing the Establishment of Internal Control Systems of Public Companies."

Congenital restrictions

Since any internal control system has its inherent limitations, the above-mentioned internal control system of COPLUS INC. may still fail to prevent or detect the errors or frauds that have occurred. In addition, the environment may change in the future, and the degree of compliance with the internal control system may also be reduced. Therefore, the effective internal control system in the current period does not mean that it will be effective in the future.

Management's responsibilities

The management is responsible for establishing an internal control system in accordance with relevant laws and regulations, and reviewing it from time to time to maintain the continuous effectiveness of the design and implementation of the internal control system. After evaluating its effectiveness, a statement of internal control system is issued accordingly.

Accountant's responsibilities

The accountant's responsibilities are to obtain reasonable assurance in accordance with the "Regulations Governing the Establishment of Internal Control Systems of Public Companies" and Standard No. 3000 "Assurance Cases for Audits or Reviews of Non-historical Financial Information", and to affirm Verify that the subject matter complies with applicable standards in all material respects and fairly expresses the conclusion.

Independence and quality management practices

The accountant and the accounting firm affiliated to the accountant abide by the independence and other ethical requirements of the Norm of Professional Ethics for Accountants, which are based on the following principles: integrity, fairness and objectivity, professional ability and due care, confidentiality, and professional behavior. In addition, we maintain a sound quality management system in accordance with the Quality Management Guidelines for the Accounting Firms of the Company, including compliance with written policies and procedures related to professional ethics, professional standards, and applicable laws and regulations.

Summary of procedures implemented

The accountant plans and executes the necessary procedures based on professional judgment to obtain the evidence that is relevant to the subject of conviction. The procedures implemented include understanding the Company's internal control system, the process of evaluating the effectiveness of the overall internal control system from assessing the effectiveness of the overall internal control system, testing and assessing the effectiveness of the design and implementation of the internal control system in relation to external financial reporting and asset security, and Other review procedures as the accountant deems necessary. We believe that the review work can provide a reasonable basis for the conclusions expressed.

Assurance conclusion

Based on the opinion of our auditors and according to the effectiveness assessment item of the "Regulations Governing the Establishment of Internal Control Systems of Public Companies.," the internal control system of COPLUS INC. related to external financial reporting and asset security as of December 31, 2024, **is effectively maintained in all material respects.** Furthermore, the declaration issued by COPLUS INC. on March 31, 2025, stating the effective design and execution of its internal control system related to external financial reporting and asset security, confirms that the system **is appropriate in all material respects.**

KPMG Taiwan

Yan-Da Su

Accountants:

Chen-Lung Hsu

March 31, 2025

(3) Audit Committee’s Review Report

Audit Committee’s Review Report

The Board of Directors prepared the Company's 2024 financial statements, business report and loss off-setting proposal. The 2024 financial statements were audited by KPMG. The Audit Committee has reviewed the financial statements, business report, and loss allowance statement, and found no objectionable difference. We hereby submit this report in accordance with the Securities and Exchange Act and the Company Act.

Sincerely,

2025 Shareholders' Meeting of the Company

COPLUS INC.
Audit Committee Convener: Chao-Peng Chou

February 25, 2025

(4) Consolidated Financial Statements and Independent Auditor's Report

Stock Code: 2254

COPLUS INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditor's Report

For the Years Ended December 31, 2024 and 2023

Address: No. 50, Keji 2nd Road, Annan District, Tainan City
Telephone: 06-3840179

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

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Letter of Declaration

The entities that are required to be included in the consolidated financial statements of COPLUS Inc. as of and for the years ended December 31, 2024 under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, COPLUS Inc. and its subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours

Company Name: COPLUS Inc.

Chairman: Po-Hua Wu

Date: February 25, 2025

Independent Auditor's Report

To the Board of Directors of COPLUS Inc.:

Opinions

We have audited the accompanying consolidated balance sheets of COPLUS Inc. and its subsidiaries (the “consolidated company”) as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the COPLUS as of December 31, 2024 and 2023, and the consolidated financial performance and cash flows for the years ended December 31, 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 became effective by Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the consolidated company in accordance with the Professional Ethics for Certified Public Accountant and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit issues are those that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the years ended December 31, 2024. 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. The key audit matters that we determined should be communicated in the audit report are as follows:

(1) Revenue recognition

For the accounting policy of revenue recognition, please refer to Note (4)(o) of the consolidated financial statements; for the description of revenue recognition, please refer to Note (6)(s) of the consolidated financial statements.

Description of key audit matters:

COPLUS Inc. is a listed company involving public interests. Sales revenue is the main indicator for investors to evaluate its operating performance. Therefore, revenue recognition is one of the important matters for the accountants to perform the review of the consolidated company's consolidated financial report.

The corresponding audit procedures:

Our audit procedures for the above key audit matters include testing the effectiveness of the design and implementation of internal controls on the sales and collection operations cycle; performing trend analysis of the revenue from the top ten sales customers, including comparing changes between the current period and the same period last year to assess whether there are any major abnormalities; reviewing the sales transactions throughout the year to assess the authenticity of the sales transactions and the correctness of the revenue recognition amounts; reviewing the sales transactions for a period before and after the end of the year to assess the revenue recognition period accuracy.

(2) Assessment of Fair Value of Investment Properties

For the accounting policy regarding the assessment of fair value of investment properties, please refer to Note (4)(i) of the consolidated financial statements; for accounting estimates and assumptions uncertainty regarding the assessment of fair value of investment properties, please refer to Note (5)(b) of the consolidated financial statements; for relevant disclosures on investment properties, please refer to Note (6)(g) of the consolidated financial statements.

Description of key audit matters:

COPLUS adopts the fair value model for subsequent measurement of investment properties. The fair value of investment properties is based on real estate appraisal reports from external valuation experts. Since the assessment of fair value involves significant judgment and estimates, the assessment of the fair value of investment properties is one of the important assessment matters for our audit of COPLUS's consolidated financial statements.

The corresponding audit procedures:

Our main audit procedures for the above key audit matters include evaluating the professional competence, capabilities, and independence of the external valuation experts appointed by the company; appointing audit personnel valuation experts to review and assess the reasonableness of the selected valuation methods and related assumptions used in the real estate appraisal reports; and evaluating whether the company's disclosures regarding the assessment of fair value of investment properties are appropriate.

(3) Impairment Assessment of Property, Plant and Equipment

For the accounting policy regarding the impairment assessment of property, plant and equipment, please refer to Note (4)(m) of the consolidated financial statements; for accounting estimates and assumptions uncertainty regarding the impairment assessment of property, plant and equipment, please refer to Note (5)(c) of the consolidated financial statements; for disclosures on the impairment assessment of property, plant and equipment, please refer to Note (6)(e) of the consolidated financial statements.

Description of key audit matters:

COPLUS operates in an industry where business conditions are easily affected by the market environment. The impairment assessment of its property, plant and equipment is based on valuation reports from external valuation experts as the basis for recoverable amounts. Since the assessment of recoverable amounts involves significant judgment and estimates, the impairment assessment of property, plant and equipment is one of the important assessment matters for our audit of COPLUS's consolidated financial statements.

The corresponding audit procedures:

Our main audit procedures for the above key audit matters include evaluating the professional competence, capabilities, and independence of the external valuation experts appointed by the company; appointing third-party valuation experts to assist in reviewing and assessing the reasonableness of the selected valuation methods and related assumptions used in the valuation reports; and evaluating whether the company management's disclosures regarding the impairment assessment of property, plant and equipment are appropriate.

Other Matters

COPLUS Inc. has additionally prepared its parent company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the consolidated company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the corporate consolidated company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the consolidated company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated company's consolidated financial statements for the years ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are Yen-Ta Su and Chen-Lung Hsu.

KPMG
Taipei, Taiwan (Republic of China)
February 25, 2025

Notes to Readers

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

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

COPLUS Inc. and Subsidiaries

Consolidated Balance Sheet

For the Years Ended December 31, 2024 and 2023

Expressed in Thousands of New Taiwan Dollars

Code	Assets	2024.12.31 Amount	%	2023.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 147,647	6	361,114	15
1170	Notes and accounts receivable, net (Note (6)(c)(s) and (7))	55,857	2	31,645	1
1310	Inventory (Note (6)(d))	132,874	6	134,961	6
1476	Other current financial assets (Note (8))	-	-	400	-
1479	Prepayments and other current assets	5,379	-	14,201	1
	Total current assets	341,757	14	542,321	23
	Non-current assets:				
1520	Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	3,335	-	4,304	-
1600	Property, plant and equipment (Note (6)(e)(g)(j), (8) and (9))	1,432,722	59	1,716,086	72
1755	Right-of-use assets (Note (6)(f) and (k))	3,497	-	3,403	-
1760	Investment property, net (Note (6)(e)(g)(j) and (8))	485,580	20	-	-
1780	Intangible assets (Note (6)(h))	8,475	1	9,700	-
1840	Deferred tax assets (Note (6)(o))	35,546	2	17,760	1
1915	Prepayment for equipment (Note (6)(e) and (9))	104,636	4	100,945	4
1920	Refundable deposits	944	-	744	-
1980	Other non-current financial assets (Note (6)(j) and (8))	3,830	-	5,000	-
1990	Other non-current assets	388	-	683	-
	Total non-current assets	2,078,953	86	1,858,625	77
1xxx	**Total assets**	$ 2,420,710	100	2,400,946	100

Code	Financial liabilities and equity	2024.12.31 Amount	%	2023.12.31 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note (6)(i) and (7))	$ 250,000	11	211,000	9
2130	Current contract liabilities (Note (6)(s))	566	-	707	-
2150	Notes payable	43,572	2	112,105	5
2170	Accounts payable	25,930	1	9,753	-
2200	Other payables	41,395	2	43,246	2
2250	Provisions Current (Note (6)(d) and (l))	7,486	-	6,290	-
2280	Current lease liabilities (Note (6)(f) and (k))	1,858	-	1,979	-
2322	Long-term liabilities due within one year (Note (6)(e)(g)(j), (7) and (8))	287,707	12	275,184	12
2399	Other current liabilities	3,965	-	1,871	-
	Total current liabilities	662,479	28	662,135	28
	Non-current liabilities:				
2540	Long-term borrowings (Note (6)(e)(g)(j), (7) and (8))	585,452	24	746,381	31
2570	Deferred tax liabilities (Note (6)(o))	7,230	-	-	-
2580	Non-current lease liabilities (Note (6)(f) and (k))	1,701	-	1,525	-
2645	Guarantee deposits received	2,000	-	-	-
	Total non-current liabilities	596,383	24	747,906	31
2xxx	**Total liabilities**	1,258,862	52	1,410,041	59
	Equity attributable to owners of parent (Note (6)(e)(o)(p)(q)):				
3110	Ordinary shares	639,077	26	639,077	27
3200	Capital surplus	343,598	14	340,824	14
3300	Retained earnings:				
3310	Legal reserve	10,450	1	57,508	2
3350	Accumulated deficit	(67,491)	(3)	(47,058)	(2)
		(57,041)	(2)	10,450	-
3400	Other equity	236,214	10	554	-
3xxx	**Total equity**	1,161,848	48	990,905	41
2-3xx	**Total liabilities and equity**	$ 2,420,710	100	2,400,946	100

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Po-Hua Wu **Manager: Po-Hua Wu** **Accounting Manager: Yu-Chen Tsai**

COPLUS Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2024 and 2023

Expressed in: Thousands of New Taiwan Dollars

		2024		2023	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note (6)(s) and (7))**	$ 632,839	100	549,661	100
5000	**Operating cost (Note (6)(d)(e)(f)(l)(n)(q) and (12))**	466,722	74	393,196	72
5900	**Gross profit from operations**	166,117	26	156,465	28
6000	**Operating expenses (Note (6)(c)(e)(f)(h)(k)(n)(q)(t), (7) and (12)):**				
6100	Selling expenses	35,720	5	37,677	7
6200	Administrative expenses	82,084	13	71,566	13
6300	Research and development expenses	99,202	16	87,507	16
6450	Expected credit impairment loss	25,631	4	-	-
		242,637	38	196,750	36
6900	**Net Operating Loss**	(76,520)	(12)	(40,285)	(8)
7000	**Non-operating income and expenses (Notes (6)(k)(u)):**				
7100	Interest income	1,972	-	1,910	-
7010	Other income	5,327	1	7,752	2
7020	Other gains and losses	5,720	1	(2,099)	-
7050	Finance costs	(26,068)	(4)	(26,435)	(5)
7255	Fair value adjustment gain – Investment property	4,700	1	-	-
		(8,349)	(1)	(18,872)	(3)
7900	**Profit before tax (loss)**	(84,869)	(13)	(59,157)	(11)
7950	Less: Income tax expenses (Note (6)(o))	(17,378)	(3)	(11,599)	(2)
8200	**Profit (loss) for the period**	(67,491)	(10)	(47,558)	(9)
8300	**Other comprehensive income (Note (6)(e) and (o)):**				
8310	**Component of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8312	Revaluation gains of property	243,509	38	-	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(969)	-	426	-
8349	Less: Income tax related to items that will not be reclassified	6,880	1	-	-
8300	**Other comprehensive income, net of income tax**	235,660	37	426	-
8500	**Total comprehensive income**	**$ 168,169**	**27**	**(47,132)**	**(9)**
	Earnings (loss) per share (Unit: NT$) (Note (6)(r))				
9750	**Basic earnings per share**	**$**	**(1.06)**		**(0.78)**
9850	**Diluted earnings per share**	**$**	**(1.06)**		**(0.78)**

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Po-Hua Wu **Manager: Po-Hua Wu** **Accounting Manager: Yu-Chen Tsai**

COPLUS Inc. and Subsidiaries

Consolidated Statement of Changes in Equity

For the Years Ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other Components of Equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Undistributed surplus (loss to be made up)	Total	Through other comprehensive income Unrealized Gains (Losses) from Financial Assets Measured at Fair Value	Revaluation surplus of property	Total	Total equity
Balance at January 1, 2023	$ 603,557	78,309	56,861	187	21,481	78,529	128	-	128	760,523
Profit (loss) for the period	-	-	-	-	(47,558)	(47,558)	-	-	-	(47,558)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	426	-	426	426
Total comprehensive income (loss) for the period	-	-	-	-	(47,558)	(47,558)	426	-	426	(47,132)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	647	-	(647)	-	-	-	-	-
Special reserves appropriated	-	-	-	(187)	187	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(20,521)	(20,521)	-	-	-	(20,521)
Cash capital increase	35,520	256,783	-	-	-	-	-	-	-	292,303
Employee stock option compensation expense	-	5,732	-	-	-	-	-	-	-	5,732
Balance as of December 31, 2023	**639,077**	**340,824**	**57,508**	**-**	**(47,058)**	**10,450**	**554**	**-**	**554**	**990,905**
Profit (loss) for the period	-	-	-	-	(67,491)	(67,491)	-	-	-	(67,491)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(969)	236,629	235,660	235,660
Total comprehensive income (loss) for the period	-	-	-	-	(67,491)	(67,491)	(969)	236,629	235,660	168,169
Appropriation and distribution of retained earnings:										
Use of legal reserve to offset accumulated deficits	-	-	(47,058)	-	47,058	-	-	-	-	-
Share-based payment for remuneration	-	2,774	-	-	-	-	-	-	-	2,774
Balance as of December 31, 2024	**$ 639,077**	**343,598**	**10,450**	**-**	**(67,491)**	**(57,041)**	**(415)**	**236,629**	**236,214**	**1,161,848**

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Po-Hua Wu **Manager: Po-Hua Wu** **Accounting Manager: Yu-Chen Tsai**

COPLUS Inc. and Subsidiaries

Consolidated Statement of Cash Flows

For the Years Ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities:		
Profit before tax (loss)	$ (84,869)	(59,157)
Adjustments:		
Adjustments to reconcile profit that do not affect cash flow:		
Depreciation expense	130,114	108,640
Amortization expense	3,161	2,449
Expected credit impairment loss	25,631	-
Interest expense	26,068	26,435
Interest income	(1,972)	(1,910)
Dividend income	(61)	(87)
Loss on disposal of property, plant and equipment	36	-
Loss on disposal of intangible assets	27	27
Fair value adjustment gain on investment property	(4,700)	-
Share-based payment for remuneration	2,774	5,732
Gain on lease modifications	-	(62)
Unrealized foreign (gain) on exchange	(1,348)	1,454
Total adjustments to reconcile profit that do not affect cash flow	179,730	142,678
Changes in operating assets and liabilities:		
Net changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	(49,843)	4,589
Decrease (Increase) in other receivables	-	84
Decrease (increase) in inventory	2,087	(36,683)
Decrease (increase) in prepayments and other current assets	8,991	(6,178)
Total net change in assets related to operating activities	(38,765)	(38,188)
Net change in liabilities related to operating activities:		
Decrease in current contract liabilities	(141)	(2,855)
Increase (decrease) in notes payables	(49,247)	20,288
Increase (decrease) in accounts payable	16,177	(14,291)
Increase (decrease) in other accounts payables	10,296	(8,275)
Increase (decrease) in Provisions Current	1,196	(2,359)
Increase (decrease) in other current liabilities	2,094	(5,852)
Total net changes in operating liabilities	(19,625)	(13,344)
Total changes in operating assets and liabilities	(58,390)	(51,532)
Cash used in operating activities	36,471	31,989
Interest received	1,972	1,910
Dividends received	61	87
Interest paid	(25,938)	(25,309)
Income taxes paid	(227)	(6,530)
Net cash inflow from operating activities	12,339	2,147
Cash flows used in investing activities:		
Other current financial assets decrease (increase)	400	(200)
Acquisition of property, plant and equipment	(68,807)	(160,093)
Acquisition of intangible assets	(1,963)	(1,361)
Decrease (increase) in refundable deposits	(200)	4,581
Increase in prepayment for equipment	(48,255)	(115,155)
Decrease (increase) in other non-current financial assets	1,170	(5,000)
Decrease in other non-current assets	295	526
Net cash flows used in investing activities	(117,360)	(276,702)

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Po-Hua Wu **Manager: Po-Hua Wu** **Accounting Manager: Yu-Chen Tsai**

COPLUS Inc. and Subsidiaries

Consolidated Statement of Cash Flows (Continued)

For the Years Ended December 31, 2024 and 2023

Expressed in Thousands of New Taiwan Dollars

	2024	2023
Cash flows used in financing activities:		
Increase in short-term borrowings	180,000	221,000
Decrease in short-term borrowings	(141,000)	(130,000)
Proceeds from long-term borrowings	126,500	189,822
Repayments of long-term borrowings	(274,906)	(156,833)
Increase in guarantee deposits received	2,000	-
Payments of lease liabilities	(2,388)	(5,128)
Cash dividends paid	-	(20,521)
Cash capital increase	-	292,303
Net cash used in financing activities	(109,794)	390,643
Effect of exchange rate changes on cash and cash equivalents	1,348	(1,454)
Net increase (decrease) in cash and cash equivalents	(213,467)	114,634
Cash and cash equivalents at beginning of period	361,114	246,480
Cash and cash equivalents at end of period	**$ 147,647**	**361,114**

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Po-Hua Wu **Manager: Po-Hua Wu** **Accounting Manager: Yu-Chen Tsai**

(1) Company History

COPLUS Inc. (hereinafter referred to as the "Company") was established on September 14, 2013 with the approval of the Ministry of Economic Affairs. The registered address is No. 50, Keji 2nd Road, Annan District, Tainan City. The Company's shares have been listed on the Innovation Board of the Taiwan Stock Exchange since October 20, 2023. The Company and its subsidiaries (hereinafter referred to as the "consolidated company") are mainly engaged in the manufacturing, trading and international trading of automobile and motorcycle parts, accessories and hardware. Please refer to Note (14).

(2) Financial Statements Authorization Date and Authorization Process

The accompanying consolidated financial statements were authorized for issue by the Board of Directors (the "Board") on February 25, 2025.

(3) New Standards, Amendments and Interpretations Adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The consolidated company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024.

- Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendment to IAS 1 "Non-Current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(b) Impact of the newly released and amended IFRS recognized by the FSC not yet adopted by the Company.

The consolidated company assessed that the adoption of the following amended International Financial Reporting Standards starting January 1, 2025 will not have material impact on the consolidated financial reports.

- Amendment to IAS 21 -- "Lack of Exchangeability"

(c) New and revised standards and interpretations not yet approved by the FSC

The International Accounting Standards Board has issued and revised standards and interpretations that have not yet been endorsed by the Financial Supervisory Commission. Those that may be relevant to the consolidated company are as follows:

New or amended standards	Major amendments	Effective date of IASB's announcement
IFRS 18 "Presentation and Disclosures in Financial Statements"	The new standard introduces three categories of income and expenses, two subtotals on the statement of profit or loss, and a single note on management performance measures. These three amendments and enhancements to the guidance on how to disaggregate information in financial statements lay the foundation for providing better and more consistent information to users and will affect all companies.	January 1, 2027
IFRS 18 "Presentation and Disclosures in Financial Statements"	• More structured income statement: Under current standards, companies use different formats to present their operating results, making it difficult for investors to compare financial performance between different companies. The new standard adopts a more structured income statement, introduces a new definition of "operating profit" subtotal, and requires all income and expenses to be classified into three new different categories based on the company's main operating activities. • Management Performance Measures (MPMs): The new standard introduces the definition of management performance measures and requires companies to explain in a single note to the financial statements, for each measure, why it provides useful information, how it is calculated, and how it reconciles with amounts recognized in accordance with IFRS accounting standards. • Disaggregation of information: The new standard includes guidance on how companies should enhance the grouping of information in financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes.	January 1, 2027

The consolidated company is currently evaluating the impact of the above standards and interpretations on its financial position and operating results. The relevant impacts will be disclosed upon completion of the assessment.

The consolidated company does not expect the following new and amended standards that have not yet been endorsed to have a significant impact on its consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Standards
- Amendments to IFRS 9 and IFRS 7 "Nature-Dependent Power Contracts"

(4) Summary of Material Accounting Policies

(a) Compliance statement

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

(b) Basis of preparation

1. Basis of measurement

Except for financial assets at fair value through other comprehensive income and investment property measured at fair value, this consolidated financial report is prepared on a historical cost basis.

2. Functional and presentation currency

The functional currency of the consolidated company is the currency of the primary economic environment in which each entity operates. This consolidated financial report is presented in New Taiwan Dollars, the functional currency of the consolidated company. All financial information presented in New Taiwan Dollars is expressed in thousands of New Taiwan Dollars.

(c) Basis of consolidation

3. The basis for preparation of consolidated financial statements

The subject of this consolidated financial report includes the financial reports of the Company and entities controlled by the Company (i.e. subsidiaries). The Company’s control over its investees is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of subsidiaries begins from the date the consolidated company obtains control of the subsidiaries and ceases when the consolidated company loses control of the subsidiaries. The consolidated company transactions, balances and any unrealized gains or losses on transactions have been eliminated when preparing the consolidated financial statements.

Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the consolidated company.

Changes in the consolidated company's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions.

4. Subsidiaries included in the consolidated financial statements:

Name of the investors	Name of subsidiaries	Main Business Activity	Ownership (%) 2024.12.31	Ownership (%) 2023.12.31
The Company	JBT Inc. (JBT)	Manufacturing and trading of aluminum alloy wheels and frames	100%	100%
The Company	Takomore Inc. (Takomore)	Manufacturing and trading of lights for commercial vehicles	100%	100%
The Company	Inetwork Inc. (Inetwork)	Manufacturing and sale of grilles	100%	100%
The Company	Moso View Inc. (Moso View)	Manufacturing and trading of electronic rear-view mirrors	100%	100%

5. Subsidiaries not included in the consolidated financial report.

(d) Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency in accordance with the exchange rates prevailing on the transaction date. At the end of each subsequent reporting period (“the reporting date”), monetary items denominated in foreign currencies are translated into functional currencies using the exchange rate at that date. The non-monetary item denominated in foreign currency measured at fair value is converted into the functional currency in accordance with the exchange rate on the date the fair value is measured. The non-monetary item denominated in foreign currency measured at historical cost is converted in accordance with the exchange rate on the transaction date.

The foreign currency exchange difference arising from translation is usually recognized in profit or loss, but in other comprehensive income under the following circumstances:

(1) Equity instruments designated to be measured at fair value through other comprehensive income;
(2) The financial liabilities designated as hedges of the net investment in a foreign operation are within the effective hedge range; or
(3) Qualifying cash flow hedging is within the effective range of hedging.

(e) Classification of current and non-current items

The consolidated company’s assets that meet one of the following criteria are classified as current assets, and those that are not current assets are non-current assets:

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
2. The asset is held primarily for the purpose of trading.
3. The asset is expected to be realized within 12 months after the reporting period.
4. Cash or cash equivalents (as defined in IAS 7), except for restrictions on the assets exchanged or used to settle liabilities at least 12 months after the reporting period.

The consolidated company’s liabilities that meet one of the following criteria are classified as current liabilities, and those that are not current liabilities are non-current liabilities:

1. Liabilities that are expected to be paid off within the normal operating cycle.
2. The liability is held primarily for the purpose of trading.
3. Liabilities that are to be paid off within 12 months from the reporting date.

4. At the end of the reporting period, there is no right to defer settlement of the liability for at least 12 months after the reporting period.

(f) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to highly liquid investments near maturity that can be converted into fixed amounts of cash at any time, with insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations rather than investment or other purposes are classified as cash equivalents.

(g) Financial instruments

Accounts receivable and debt securities issued are initially recognized when incurred. All other financial assets and financial liabilities are initially recognized when the consolidated company becomes a party to the contractual provisions of the financial instrument. Financial assets (other than receivables that do not contain a significant financing component) or financial liabilities measured at fair value not through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue. Accounts receivable that do not contain significant financing components are initially measured at transaction prices.

1. Financial assets

On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

Financial assets at initial recognition are classified: Financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income. Financial assets are not reclassified subsequently to their initial recognition unless the consolidated company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(1) Financial assets measured at amortized cost

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

- The objective of the business model is achieved by collecting contractual cash flows.
- The assets' contractual cash flows solely represent payments of principal and interest.

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are subsequently measured at the initial recognized amount plus or minus the accumulated amortization calculated by the effective interest method, and any amortized cost of the allowance loss is adjusted. The gain or loss is recognized in profit or loss at derecognition.

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

The consolidated company can conduct an irrevocable election at the time of initial recognition to report the subsequent fair value changes of equity investments that are not held for trading in other comprehensive income. The aforementioned elections are made on an instrument-by-instrument basis.

Equity instruments are subsequently measured at fair value. Dividend income (unless obviously representing the recovery of part of the investment cost) is recognized in profit or loss. The remaining net profit or loss is recognized as other comprehensive income and is not reclassified to profit or loss.

Dividend income from equity investment is recognized on the date when the consolidated company is entitled to receive the dividend (usually the ex-dividend date).

(3) Evaluation of the business model

The consolidated company evaluates the purpose of the business model of holding financial assets at the portfolio level, which best reflects the management method and provides information to the management. The information includes:

- Investment portfolio policies and objectives, and the operation of such policies. Including whether the management's strategy focuses on earning contractual cash flows, maintaining a specific interest yield combination, matching the lifetime of financial assets with that of related liabilities or expected cash outflows, or realizing cash flows by selling financial assets;
- How to evaluate the performance of the business model and the financial assets held under the business model, and how to report to the key management personnel of the company
- Risks affecting the performance of the business model (and the financial assets held under the business model) and the management of such risks;
- The manner in which the remuneration to the managers of the business is determined, for example, the remuneration is based on the fair value of the assets under management or the contractual cash flows received; and
- The frequency, amount, and timing of the disposal of financial assets in previous periods, the reasons for the disposal, and expectations for future disposals.

Based on the above purposes, if the transaction of transferring a financial asset to a third party does not meet the conditions for derecognition, it is not a sale referred to above, which is consistent with the purpose that the consolidated company continues to recognize the asset.

Financial assets held for trading and managed and with performance evaluated at fair value basis are measured at fair value through profit or loss.

(4) Assess whether the contractual cash flows are fully for the principal and interest on the outstanding principal amount

Based on the purpose of evaluation, principal is the fair value of the financial asset at the time of initial recognition, and the interest consists of the following considerations: Time value of money, credit risk related to the outstanding principal amount during a specific period, other basic lending risks and costs, and margin of profit.

Assess whether the contractual cash flows are for the interest paid on the principal and the outstanding principal amount. The consolidated company considers the terms of the financial instrument contract, including assessing whether the financial assets include a contract term that changes the point or amount of the contractual cash flows, resulting in inconsistencies with these conditions. At the time of evaluation, the consolidated company considers:

- Any contingency that will change the timing or amount of the contractual cash flow;
- Terms that may adjust the contractual coupon rate, including the characteristics of the floating interest rate;
- Early repayment and extension; and
- The claim of the consolidated company is limited to the terms of the cash flow from a specific asset (such as non-recourse characteristics).

(5) Impairment of financial assets

The consolidated company recognizes loss allowance for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposit and other financial assets, etc.).

The loss allowance of the following financial assets are measured by the 12-month expected credit loss amount, and the rest are measured by the full lifetime expected credit loss:

- Debt securities determined to have a low credit risk on the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e., the risk of a default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The loss allowance for accounts receivable is measured based on the expected credit loss throughout the lifetime.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the expected credit losses that result from all possible default events of a financial instrument within 12 months after the reporting date (or a shorter period, if the expected life of the financial instrument is shorter than 12 months).

The maximum period over which expected credit losses should be measured is the maximum contractual period over which the consolidated company is exposed to credit risk.

When determining whether the credit risk has increased significantly after the initial recognition, the consolidated company considers reasonable and supportable information (obtainable without undue cost or investment), including qualitative and quantitative information, the consolidated company's historical experience, and analysis of credit ratings and forward-looking information.

If the contract payment is overdue for more than 30 days, the consolidated company assumes that the credit risk of the financial asset has increased significantly.

If the contract payment is overdue for more than 90 days, or that the borrower is unlikely to fulfill the credit obligations and pay the full amount to the consolidated company, we consider the financial asset to be in default.

The time deposit held by the consolidated company's counterparty is a financial institution with investment grade or above, and is therefore considered to have a low credit risk.

Expected credit loss is a probability-weighted estimate of credit loss over the expected life of a financial instrument. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows that are due to the consolidated company in accordance with the contract and the cash flows that the consolidated company expects to receive.

The consolidated company assesses whether financial assets measured at amortized cost are credit-impaired at each reporting date. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulties of the borrower or issuer;
- A breach of contract, such as a default or past due event for more than 90 days;
- We, for economic or contractual reasons relating to the borrower’s financial difficulty, have granted to the borrower a concession that we would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

- The disappearance of an active market for that financial asset because of financial difficulties.

Loss allowance for financial assets at amortized cost is deducted from the carrying amount of the assets.

When the consolidated company has no reasonable expectation of recovery of all or part of the financial assets, it will directly reduce the gross carrying amount of such financial assets. For corporate accounts, the consolidated company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The consolidated company expects that the written-off amount will not reverse significantly. However, the written-off financial assets can still be enforced to comply with the consolidated company's procedures for recovering overdue amounts.

(6) Derecognition of financial assets

The consolidated company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the consolidated company neither transfers nor retains all of the risks and rewards of ownership substantially, and it does not retain control of the financial asset.

When the consolidated company enters into a transaction to transfer a financial asset, if all or almost all of the risks and rewards of the transferred asset's ownership are retained, it will continue to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equities

The debt and equity instruments issued by the consolidated company are classified as financial liabilities or equity according to the substance of the contractual arrangement and the definitions of financial liabilities and equity instruments.

(2) Equity transactions

An equity instrument is any contract that evidences a residual interest in the assets of the consolidated company after deducting all of its liabilities. Equity instruments issued by the consolidated company are recognized at the amount after deducting direct issuance costs from the obtained proceeds.

(3) Financial liabilities

Financial liabilities are classified and measured at amortized cost.

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

(4) De-recognition of financial liabilities

The consolidated company derecognizes financial liabilities when the obligations specified in the contract are fulfilled, cancelled or expired. When the terms of a financial liability are modified and there is a significant difference in the cash flow of the liability after the modification, the original financial liability is derecognized, and a new financial liability at the fair value based on the modified terms is recognized.

When derecognizing a financial liability, 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 only when the consolidated company has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventory

Inventories are measured at the lower of cost or net realizable value. Costs include the acquisition, production or processing costs and other costs incurred to make them available for use, and are calculated in accordance with the weighted average method. The cost of inventories of finished goods and work-in-progress includes the manufacturing expenses amortized based on the normal production capacity in an appropriate proportion.

Net realizable value is the estimated selling price minus the estimated costs to complete and the estimated costs necessary to make the sale.

(i) Investment property

Investment property refers to property held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is initially measured at cost and subsequently measured at fair value, with any changes recognized in profit or loss.

The gain or loss from the disposal of investment property (calculated as the difference between the net disposal proceeds and the book value of the item) is recognized in profit or loss. If the investment property sold was previously classified as property, plant and equipment, any related "Other equity - Revaluation surplus" is transferred to retained earnings.

Rental income from investment property is recognized in non-operating income on a straight-line basis over the lease term. Lease incentives granted are recognized as part of rental income over the lease term.

(j) Property, plant and equipment

1. Recognition and measurement

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

Property, plant and equipment that are significant in terms of their useful lives are treated as a separate item (a major component) when their useful lives are different.

The gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only to the extent that they likely increase the future economic benefits.

3. Depreciation for the period

Depreciation is calculated at the cost of the asset less residual value and recognized in profit or loss using the straight-line method over the projected useful life of each component.

Land does not recognize depreciation.

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

(1) Houses and buildings: 3 to 50 years
(2) Machinery and equipment: 5 to 15 years
(3) Mold equipment: 5 years
(4) Office and other equipment: 3 to 15 years

The consolidated company reviews the depreciation method, useful life and residual value on the reporting date each year, and makes appropriate adjustments when necessary.

4. Reclassified to investment property

When the use of an owner-occupied property changes to an investment property, the property is reclassified as investment property at its fair value at the date of change in use.

Gains arising from remeasurement are recognized in profit or loss to the extent of the cumulative impairment of the property previously recognized, and the remaining difference is recognized in other comprehensive income and accumulated in "other equity - revaluation gains of property." Any loss is recognized in profit or loss, but if the decrease is within the amount of the revaluation surplus for that property, it is recognized in other comprehensive income and reduces the revaluation surplus in equity.

(k) Lease

The consolidated company assesses whether the contract is or contains a lease on the date of establishment of the contract. If the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration, the contract is or contains a lease.

1. Lessee

The consolidated company recognizes the right-of-use asset and lease liability on the lease inception date. The right-of-use asset is initially measured at cost, which includes the initial measurement of the lease liability, adjusting any lease payments made on or before the lease inception date, and adding all initial direct costs incurred and estimated costs of dismantling, removing and restoring the site or the underlying asset, less any lease incentives received.

The right-of-use asset recognized on a straight-line basis is depreciated from the inception date to the earlier of the end of the asset's service life or the end of lease term. In addition, we regularly assess whether the right-of-use asset is impaired and handle any impairment loss that has occurred, and adjust the right-of-use asset in response to the remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date. If the implicit interest rate of the lease is easy to determine, the discount rate will be the interest rate; if it is not easy to determine, the incremental borrowing rate will be used. Generally speaking, we use our incremental borrowing rate as the discount rate.

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

(1) Fixed payments, including in-substance fixed payments;
(2) Variable lease payments that depend on an index or rate, which uses the index or rate on the lease commencement date for the initial measurement;
(3) Amounts expected to be payable under residual value guarantees;
(4) The exercise price of a purchase option or lease termination option reasonably certain to be exercised or the payment for the termination penalty.

The lease liability subsequently accrues interest using the effective interest method, and its amount is remeasured when the following situations occur:

(1) Changes in the index or rate used to determine lease payments lead to changes in future lease payments;
(2) Changes in the amounts expected to be payable under residual value guarantees;
(3) Changes in the valuation of the underlying asset purchase option;
(4) Changes in the assessment of whether to exercise the extension or termination option, which changes the assessment of the lease period;
(5) Modification of the underlying asset, scope or other terms of the lease.

When the lease liability is remeasured due to the aforementioned changes in the index or rate used to determine the lease payment, changes in the residual value guarantee amount, and changes in the evaluation of the purchase, extension or termination options, the carrying amount of the right-of-use asset is adjusted accordingly, and when the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between this amount and the remeasurement amount of the lease liability is recognized in profit or loss.

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

If the agreement includes lease and non-lease components, the consolidated company allocates the consideration in the contract to the separate lease components on the basis of relative standalone prices. However, when leasing land and buildings, the consolidated company chooses not to distinguish between non-lease components and lease components, and instead treats them as a single lease component.

For short-term leases of office equipment, exhibition equipment, research and development equipment, and other equipment, as well as leases of low-value underlying assets, we choose not to recognize the right-of-use assets and lease liabilities, but recognizes the relevant lease payments as expenses during the lease period on a straight-line basis.

2. Lessor

The transaction in which the consolidated company is the lessor is to classify the lease contract on the date of establishment of the lease according to whether it transfers substantially all the risks and rewards attached to the ownership of the underlying asset. If so, it is classified as a finance lease, otherwise it is classified as an operating lease. We consider relevant specific indicators including whether the lease period covers the major part of the economic life of the underlying asset in our assessment.

(l) Intangible assets

1. Recognition and measurement

Other intangible assets with limited useful lives, such as patents, computer software, etc., acquired by the consolidated company are measured at the cost minus accumulated amortization and impairment.

2. Subsequent expenditure

Subsequent expenditures are capitalized only to the extent that they increase the future economic benefits of the related specific assets. All other expenditures are recognized in profit or loss as incurred, including internally developed goodwill and branding.

3. Amortization

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

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

(1) Patents	10 - 25 years
(2) Computer software	1~5 years

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

(m) Impairment of non-financial assets

The consolidated company assesses whether there is any indication that the book value of non-financial assets (except inventories and deferred income tax assets) may be impaired at each reporting date. If any of these indicators exist, estimate the asset's recoverable amount.

For the purpose of impairment testing, the consolidated company of assets whose cash inflow is mostly independent of other individual assets or asset consolidated company is recognized as the smallest identifiable asset consolidated company.

The recoverable amount is the fair value of an individual asset or cash-generating unit less the cost of disposal and its value in use, whichever is higher. When assessing value in use, the estimated future cash flows are converted to the present value using a pre-tax discount rate that reflects the current market's assessment of the time value of money and the specific risks of the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, it is recognized as impairment loss.

The impairment loss is immediately recognized in the current profit and loss, and the carrying amount of the amortized goodwill of the cash-generating unit is reduced first, and then the carrying amount of each asset is reduced in proportion to the carrying amount of other assets in the unit.

The non-financial assets other than goodwill are only reversed within the carrying amount (less depreciation or amortization) of the asset if no impairment loss was recognized in previous years.

(n) Provisions for liabilities

The provision shall be recognized when the consolidated company has a present obligation as a result of a past event, and it is probable that the consolidated company will require an outflow of economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably. The provision is discounted at the pre-tax discount rate that reflects the current market's assessment of the specific risk of the time value of money and liabilities; the amortization of the discount is recognized as interest expense.

The consolidated company's provisions for liabilities are mainly related to the sales of vehicle lighting and grilles. The provisions for liabilities are estimated based on the historical warranty data of similar products and services. The consolidated company expects that most of the liabilities will be incurred in the year after the sale.

(o) Revenue recognition

1. Revenue from contracts with customers

Revenue is measured based on the consideration that the Company is entitled to receive from the transfer. The consolidated company recognizes revenue when control of the goods is transferred to the customer and performance obligations are satisfied. The main income items of the consolidated company are described as follows:

(1) Selling goods

The consolidated company recognizes revenue when control of the goods is transferred to the customer. The transfer of control of the product means that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product, and there are no outstanding obligations that would affect the customer's acceptance of the product. Delivery occurs when products are delivered to a specified venue, the risks of obsolescence and losses are transferred to the customers, and customers have accepted products according to sales contracts, the acceptance terms have become invalid, or the consolidated company has objective evident recognizing that all acceptance conditions have been fulfilled.

The consolidated company recognizes accounts receivable when the goods are delivered, because the consolidated company has the unconditional right to the consideration at that point.

(2) Financial components

The consolidated company expects that the time interval between the time of transferring the goods to the customer and the time when the customer pays for the goods will not exceed one year, so the consolidated company has not adjusted the time value of money of the transaction price.

2. Cost of contracts with customers

(1) Incremental cost of obtaining a contract

If the consolidated company expects to recover the incremental costs of obtaining contracts with customers, such costs are recognized as assets. The incremental cost of obtaining a contract is the cost that is incurred in obtaining a contract with a customer that would not be incurred if the contract had not been obtained. The costs of obtaining a contract that will be incurred whether or not the contract is acquired are recognized as expenses when they occur, unless the costs can be clearly collected from the customer whether the contract has been acquired or not.

The consolidated company adopts the practical expedient of the standard. If the incremental cost of obtaining a contract is recognized as an asset and the amortization period of the asset is less than one year, the incremental cost of the contract will be recognized as an expense when it is incurred.

(2) Cost of fulfilling the contract

If the cost of performing a contract with customers is not within the scope of other standards (IAS 2 "Inventory", IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the consolidated company will only pay the cost if it is directly related to a contract, or identifiable expected contract, and will generate or strengthen resources that will be used to meet (or continue to meet) the performance obligation in the future. If it is expected to be recoverable, such costs are recognized as assets.

General and administrative costs; costs of raw materials, labor or other resources wasted to fulfill the contract but not reflected in the contract price; costs associated with fulfilled (or partially fulfilled) performance obligations; and the costs related to the obligations or fulfilled (or partially fulfilled) performance obligations are recognized as expenses when incurred.

(p) Employee benefits

1. Defined contribution plans

The contribution obligation of the defined contribution plan is recognized as an expense within the service tenure of the employee.

2. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when the services are provided. If the consolidated company has a current legal or constructive payment obligation due to the services rendered by an employee in the past and such obligation can be estimated reliably, the amount shall be recognized as liabilities.

(q) Share-based payment transactions

For the equity-settled share-based payment agreement, the fair value on the grant date is recognized as an expense and increased in relative equity during the vesting period. The recognized expenses are adjusted based on the expected number of rewards that meet the service conditions and non-vesting market value conditions; and the final recognized amount is measured based on the number of rewards that meet the service conditions and non-vesting market value conditions on the vesting date.

The non-vesting conditions regarding the share-based payment incentives are reflected in the measurement of the fair value of the share-based payment and the difference between the expected and actual results is not subject to verification adjustment.

The grant date of the consolidated company's share-based payment is the date on which the consolidated company notifies employees of the subscription price and the number of shares to be subscribed.

(r) Income tax

The tax expense for the period comprises current and deferred tax. Current and deferred tax is recognized as profit or loss for the period, except for those that are recognized directly in equity or other comprehensive income.

Current income tax includes estimated income tax payable or tax refund receivable calculated based on the taxable income (losses) of the year and any adjustment made to the income tax payable or tax refund receivable in prior years. The amount is measured at the statutory tax rate or tax rate substantially enacted on the reporting date, the best estimate of the amount expected to be paid or received.

Deferred income taxes arise due to temporary differences between the carrying amounts of assets and liabilities on the financial reporting date and their respective tax bases. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. Temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that (i) affects neither accounting nor taxable profits (losses) at the time of the transaction, and (ii) no equivalent taxable and deductible temporary differences is incurred at the time of the transaction.
2. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the consolidated company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. The taxable temporary difference arising from the initial recognition of goodwill.

Deferred income tax is measured at the tax rate at which the temporary difference is expected to be reversed, and based on the statutory tax rate or substantive tax rate at the reporting date.

The consolidated company will offset the deferred income tax assets and liabilities when all of the following conditions are met:

1. Has the legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxable entities levied by the same taxation authority:
   (1) The same taxable entity; or
   (2) Different taxable entities, but each entity intends to settle the current income tax liabilities and assets on a net basis, or realize both assets and settlement of liabilities.

Unused tax losses and tax credits and deductible temporary differences are recognized as deferred tax assets to the extent that future taxable income is likely to be available. The consolidated company shall reevaluate it at each reporting date, and adjust the relevant income tax benefits to the extent that it is not very likely to be realized; or to reverse the amount of reduction in the range where it is very likely that there will be sufficient taxable income.

(s) Earnings per share

The consolidated company expresses the basic and diluted earnings per share attributable to the owners of ordinary shares of the Company for the current period. The consolidated company's basic earnings per share is calculated by dividing the profit or loss attributable to the Company's common stock shareholders by the weighted average number of the outstanding common stock shares for the period. Diluted earnings per share is calculated by having the profit and loss attributable to the Company's common stock shareholders and the weighted average number of common stock shares outstanding adjusted for the effects of all potential diluted common stock shares, respectively. The consolidated company's potential diluted common stock is the employee remuneration that may be issued in the form of stock.

(t) Segment Information

Operating segments are a component of the consolidated company that engage in the operating activities that may generate income and incur expenses (including revenues and expenses arising from transactions with other components within the consolidated company). The operating results of all operating segments are regularly reviewed by the consolidated company's chief operating decision-maker, who make decisions on allocating resources to segments and evaluate the performance. Separate financial information is available for each operating segment.

(5) Significant Accounting Assumptions and Judgements, and Major Sources of Estimation Uncertainty

In preparing these consolidated financial statements, management must make judgments and estimates about the future (including climate-related risks and opportunities), which will affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from estimates.

The management continues to monitor the accounting estimates and assumptions, which are consistent with the consolidated company’s risk management and climate-related commitments. Any changes in estimates are deferred and recognized over the period of change and the affected future periods.

There is no information in the consolidated financial statements that involves critical judgments in the accounting policy, resulting in a significant impact on the recognized amount.

The following assumptions and estimation uncertainties have a significant risk of resulting in a material adjustment to the book value s of assets and liabilities within the next financial year. The relevant information is as follows:

(a) Inventory valuation

Since inventories need to be measured at the lower of cost or net realizable value, the consolidated company assesses the amount of inventory on the reporting date due to obsolescence, or no market sales value, and offsets the cost of inventories to the net realizable value. Inventory valuation may be subject to significant changes due to subsequent market supply and demand conditions. For subsequent measurement of inventory, please refer to Note (6)(d).

(b) Investment Property Valuation

The consolidated company adopts the fair value model for subsequent measurement of investment properties, remeasuring the fair value of investment properties at the reporting date. The fair value is based on appraisal reports from external experts, and changes in the assumptions and judgments used by external experts may cause significant adjustments in the future. For investment property valuation, please refer to Note (6)(g).

(c) Impairment Assessment of Property, Plant and Equipment

the process of asset impairment assessment, as of December 31, 2024, the consolidated company determined the recoverable amount of property, plant and equipment based on appraisal reports from external experts. Changes in the assumptions and judgments used by external experts may cause significant impairment in the future. For property, plant and equipment impairment assessment, please refer to Note (6)(e).

The consolidated company’s accounting policies and disclosures include the use of fair value measurements for financial and non-financial assets and liabilities. The consolidated company’s finance and accounting unit is responsible for fair value assessments, using market observable inputs to the extent possible during the assessment, and making necessary fair value adjustments to ensure the evaluation results are reasonable. Investment properties are appraised by external valuation experts appointed by the consolidated company.

The consolidated company uses the observable market data to evaluate its assets and liabilities. The level of fair value is based on the input used in the evaluation technique, and is classified as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If transfers between levels of the fair value hierarchy occur, the consolidated company recognizes the transfer at the reporting date. For information regarding the assumptions used to measure fair value, please refer to the following notes:

1. Note (6)(g), Investment property
2. Note (6)(v), Financial Instruments

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	2024.12.31	2023.12.31
Cash on hand	$ 53	354
Demand deposit	147,594	357,382
Time deposits	-	3,378
Cash and cash equivalent in the statement of cash flows	**$ 147,647**	**361,114**

For disclosure of the consolidated company's foreign exchange risk and sensitivity analysis of financial assets, please refer to Note (6)(v).

(b) Non-current financial assets at fair value through other comprehensive income

	2024.12.31	2023.12.31
Equity investments measured at fair value through other comprehensive income:		
Non-publicly traded stocks	**$ 3,335**	**4,304**

The investments in these equity instruments held by the consolidated company are long-term strategic investments and are not held for trading purposes, and therefore have been designated to be measured at fair value through other comprehensive income.

The consolidated company did not dispose of strategic investment in 2024 and 2023, and no transfer of accumulated gain or loss during the period was within equity.

Please refer to Note (6)(v) for credit risk and market risk information.

The consolidated company’s financial assets measured at fair value through other comprehensive income did not have them provided as collateral.

(c) Notes receivables and accounts receivable

	2024.12.31	2023.12.31
Notes receivables -- Arising from operating activities	$ -	329

Accounts receivable -- Measured at amortized cost	81,488	31,316
Less: loss allowance	(25,631)	-
	$ 55,857	31,645

The consolidated company estimates the expected credit loss using the simplified method for all notes and accounts receivable, that is, using the expected credit loss throughout its lifetime. The common credit risk characteristics of the ability to pay all amounts due in the contract terms are grouped and included in the forward-looking information. The expected credit loss analysis of the consolidated company's notes and accounts receivable is as follows:

	2024.12.31		
	Gross book value	**Weighted-average loss rate**	**Loss allowance**
Current	$ 52,742	0%	-
1 to 30 days past due	3,115	0%	-
Overdue for more than 91 days	25,631	100%	25,631
Total	$ 81,488		25,631

	2023.12.31		
	Gross book value	**Weighted-average loss rate**	**Loss allowance**
Current	$ 26,119	0%	-
1 to 30 days past due	5,526	0%	-
Total	$ 31,645		-

The movements in the allowance for losses of the consolidated company’s notes and accounts receivable are as follows:

	2024	**2023**
Opening balance	$ -	-
Recognized impairment loss	25,631	-
Ending balance	$ 25,631	-

The consolidated company's notes receivable and accounts receivable are not pledged as collateral for bans and borrowings.

(d) Inventory

	2024.12.31	**2023.12.31**
Raw materials	$ 68,712	69,723
Supplies	811	1,193
Work in progress	30,204	24,193
Finished goods	33,147	39,852
	$ 132,874	134,961

The operating cost of the consolidated company is detailed as follows:

		2024	2023
Transfer of inventories to sale	$	440,828	378,574
Loss on falling prices of inventory		10,183	1,415
Losses on scrapping of inventories		1,955	1,373
Reversal of warranty reserve		1,452	6,521
Loss (gain) on physical inventories, net		23	(146)
Unamortized manufacturing expenses		12,281	5,459
	$	466,722	393,196

The consolidated company's inventories were not pledged as collateral.

(e) Property, plant and equipment

The details of changes in the cost and accumulated depreciation of the consolidated company’s property, plant and equipment are as follows:

		Land	Buildings	Machinery and equipment	Mold equipment	Office and other equipment	Construction in progress and equipment awaiting examination	Total	
Cost or recognized cost:									
Balance at January 1, 2024	$	860,534	511,542	31,779	548,187	40,837	17,066	2,009,945	
Additions		-	6,832	484	18,029	2,687	9,212	37,244	
Revaluation surplus of property		243,509	-	-	-	-	-	243,509	
Transferred to investment property		(415,719)	(84,747)	-	-	-	-	(500,466)	
Reclassification		-	5,767	240	43,239	1,086	(5,768)	44,564	(Note)
Disposals		-	-	(98)	(68,290)	(1,080)	-	(69,468)	
Balance at December 31, 2024	$	688,324	439,394	32,405	541,165	43,530	20,510	1,765,328	
Balance at January 1, 2023	$	860,534	299,276	18,067	404,276	13,623	135,933	1,731,709	
Additions		-	44,952	1,975	41,795	11,666	40,013	140,401	
Reclassification		-	167,314	11,737	102,116	15,548	(158,880)	137,835	(Note)
Balance on December 31, 2023	$	860,534	511,542	31,779	548,187	40,837	17,066	2,009,945	
Accumulated depreciation:									
Balance at January 1, 2024	$	-	39,126	8,356	238,383	7,994	-	293,859	
Depreciation for the period		-	27,715	2,945	90,535	6,570	-	127,765	
Transferred to investment property		-	(19,586)	-	-	-	-	(19,586)	
Disposals		-	-	(62)	(68,290)	(1,080)	-	(69,432)	
Balance at December 31, 2024	$	-	47,255	11,239	260,628	13,484	-	332,606	
Balance at January 1, 2023	$	-	21,602	5,794	158,932	4,032	-	190,360	
Depreciation for the period		-	17,524	2,562	79,451	3,962	-	103,499	
Balance on December 31, 2023	$	-	39,126	8,356	238,383	7,994	-	293,859	

Book value:								
December 31, 2024	$	688,324	392,139	21,166	280,537	30,046	20,510	1,432,722
January 1, 2023	$	860,534	277,674	12,273	245,344	9,591	135,933	1,541,349
December 31, 2023	$	860,534	472,416	23,423	309,804	32,843	17,066	1,716,086

Note: Reclassified from prepayment for equipment.

In May 2024, the consolidated company leased its self-used plant to a third party and reclassified the property as investment property at its fair value at the date of change in use. The difference of NT$243,509 thousand between the book value of the property at the date of change in use and its fair value is recognized in other comprehensive income - revaluation surplus. The fair value valuation technique and significant non-observable input used by the consolidated company on the date of change in use of the property were consistent with those used by the investment property on the reporting date. Please refer to Note (6)(g).

Please refer to Note (8) for the details of the property, plant and equipment of the consolidated company as collateral for long-term borrowings and financing.

The consolidated company's property, plant and equipment showed signs of impairment as of December 31, 2024, and underwent impairment testing. As the recoverable amounts of property, plant and equipment were all higher than their carrying values, no impairment loss needed to be recognized.

(f) Right-of-use assets

The changes in cost and accumulated depreciation of the consolidated company's leased transportation equipment, office equipment, and buildings and structures are as follows:

		Vehicles	Office equipment	Buildings	Total
Right-of-use assets cost:					
Balance at January 1, 2024	$	8,037	852	-	8,889
Additions		557	172	1,714	2,443
Balance at December 31, 2024	$	8,594	1,024	1,714	11,332
Balance at January 1, 2023	$	16,859	162	-	17,021
Additions		1,377	690	-	2,067
Remeasurement of changes in the lease term		(9,759)	-	-	(9,759)
Reclassification upon expiration of the lease term		(440)	-	-	(440)
Balance on December 31, 2023	$	8,037	852	-	8,889
Accumulated right-of-use depreciation:					
Balance at January 1, 2024	$	5,253	233	-	5,486
Depreciation for the period		2,108	193	48	2,349
Balance at December 31, 2024	$	7,361	426	48	7,835
Balance at January 1, 2023	$	7,499	63	-	7,562
Depreciation for the period		4,971	170	-	5,141
Remeasurement of changes in the lease term		(6,777)	-	-	(6,777)
Reclassification upon expiration of the lease term		(440)	-	-	(440)

Balance on December 31, 2023	$	5,253	233	-	5,486
Book value:					
December 31, 2024	$	1,233	598	1,666	3,497
January 1, 2023	$	9,360	99	-	9,459
December 31, 2023	$	2,784	619	-	3,403

(g) Investment property

The investment property is a plant in the South District of Tainan City that the consolidated company leases to third parties under operating leases. The original lease term for the leased investment property is approximately 12 years, with the lease contract stipulating that the lessee has the right of first refusal for renewal upon expiration. The rental income is all fixed amounts.

The changes in the consolidate company's investment property are as follows:

	Self-owned assets
Cost or recognized cost:	
Balance at January 1, 2024	$ -
Transferred from property, plant, and equipment	480,880
Net gain arising from fair value adjustments	4,700
Balance at December 31, 2024	$ 485,580

The consolidated company's investment property is subsequently measured at fair value on a recurring basis, using Level 3 inputs for fair value measurement techniques. The reconciliation between the opening and closing balances of the Level 3 fair value is detailed in the above statement of changes. For transfers into Level 3 of the fair value hierarchy, please refer to Note (6)(e).

The following investment properties of the consolidated company are subsequently measured using the discounted cash flow analysis method under the income approach. The relevant key contractual terms and valuation information are as follows:

Target	Plant, Xinping Road, South District, Tainan City
Key contractual terms	1. Rent: - July 2024 to June 2027: NT$ 702 thousand/month - July 2027 to June 2029: NT$ 759 thousand/month - July 2029 to June 2031: NT$ 823 thousand/month - July 2031 to June 2033: NT$ 897 thousand/month - July 2033 to June 2036: NT$ 982 thousand/month 2. Lease term: 146 months (rent waived for the first two months) 3. Deposit: NT$ 2,000 thousand 4. The lessor bears annual taxes and fees totaling NT$901 thousand
Local rental market conditions	NT$ 650 thousand - NT$ 800 thousand/month
Rental rates of similar properties	Same as above
Current status	Normal use
Capitalization rate	1.67%
Discount rate	3.22%

Outsourced or internal valuation	Outsourced valuation
Appraisal Firm	Euro-Asia Property Evaluation Group
Name of Appraiser	Shi-Yuan Chou, Tsai-Jung Su
Date of Valuation	December 31, 2024
Fair value of outsourced appraisal	NT$ 485,580 thousand

According to Article 34 of the Real Estate Appraisal Technical Rules, the income approach valuation procedure includes estimating effective gross income, estimating total expenses, calculating net income, determining the discount rate, and calculating the income value. The estimation of the above parameters is based on collecting relevant data from the valuation subject and comparable subjects with the same or similar characteristics. After comprehensive judgment of their continuity, stability, and growth patterns, adjustments are made to confirm the usability and reasonableness of the data. The changes in income (cash inflows) and expenses (cash outflows) for future periods are determined based on the historical income and expenses (cash flows) of the valuation subject, income and expenses (cash flows) of the same industry or substitutable comparable subjects, vacancy or loss rates, and current or future possible planned income and expenses. The objective net income after deducting total expenses from total income is based on the objective net income of the valuation subject under its most effective use and is estimated with reference to the income of similar nearby properties under their most effective use.

The discount rate is determined using the risk premium method, which is based on a certain interest rate plus an estimate of the special characteristics of the investment property. The discount rate is based on Chunghwa Post Co., Ltd.'s two-year time deposit interest rate for small deposits plus three basis points (2.47%). As of December 31, 2024, adding a risk premium of 0.75%, the discount rate for the subject is determined to be 3.22%. The estimation of the capitalization rate is based on the aforementioned discount rate plus a risk premium of 1.25% and minus the expected future rental growth rate of 2.8%, resulting in a capitalization rate of 1.67%.

The description of the aforementioned fair value valuation techniques and significant unobservable inputs is as follows:

Fair value measurement techniques	Significant unobservable input	Relationship between significant unobservable inputs and fair value measurement
Management evaluates the income approach valuation technique and measures the impact of estimates used in each valuation technique. These estimates are judged by the consolidated company to be consistent with those adopted by market participants after evaluation. The income approach uses the discounted cash flow method, which should consider the present value of the estimated net	• The expected market rental growth rate as of December 31, 2024 is 2.8%. • The idle period as of December 31, 2024 is 1.2 months. • The capitalization rate as of December 31, 2024 is 1.67%. • The risk-adjusted discount rate as of December 31, 2024 is 3.22%.	The estimated fair value will increase (or decrease) if: • The expected market rental growth rate is expected to increase (decrease). • The idle period will be shortened (extended). • Increase (decrease) in the capitalization of gains. • The risk-adjusted discount rate will decrease (increase).

cash flows generated by the facility, calculated using a risk-adjusted discount rate. The discounted cash flow method should consider the net income for each period (effective gross income less total expenses) that the valuation subject can generate, expected rental growth rate, vacancy period, and capitalization rate. The net income for each period is calculated using a risk-adjusted discount rate, and the estimation of the discount rate should consider the quality and location of the building, the tenant's credit status, and the lease term.		

The consolidated company's no longer uses the plant on Xinping Road in the South District of Tainan City. In May 2024, the Board of Directors resolved to lease it out, and consequently transferred it from property, plant and equipment to investment property. Please refer to Note (6)(e) for details.

(h) Please refer to Note (8) for the details of the investment property of the consolidated company as collateral for long-term borrowings and financing. Intangible assets

		Patents	Computer software	Total
Cost:				
Balance at January 1, 2024	$	5,680	10,505	16,185
Separate acquisition		96	1,867	1,963
Disposals		(64)	(1,728)	(1,792)
Balance at December 31, 2024	**$**	**5,712**	**10,644**	**16,356**
Balance at January 1, 2023	$	5,582	9,290	14,872
Separate acquisition		146	1,215	1,361
Disposals		(48)	-	(48)
Balance on December 31, 2023	**$**	**5,680**	**10,505**	**16,185**
Amortization and impairment loss:				
Balance at January 1, 2024	$	1,732	4,753	6,485
Current amortization		415	2,746	3,161
Disposals		(37)	(1,728)	(1,765)
Balance at December 31, 2024	**$**	**2,110**	**5,771**	**7,881**
Balance at January 1, 2023	$	1,339	2,718	4,057
Current amortization		414	2,035	2,449
Disposals		(21)	-	(21)
Balance on December 31, 2023	**$**	**1,732**	**4,753**	**6,485**

Book value:				
December 31, 2024	$	3,602	4,873	8,475
December 31, 2023	$	3,948	5,752	9,700
January 1, 2023	$	4,243	6,572	10,815

(i) Short-term borrowings

	2024.12.31	2023.12.31
Unsecured bank loans	$ 250,000	211,000
Unused credit line	$ -	39,000
Interest rate	2.295%~2.455%	2.15%~2.33%

The consolidated company's short-term borrowing contracts do not contain covenants to maintain specific financial ratios.

(j) Long-term borrowings

The significant terms of the long-term borrowings were as follows:

	2024.12.31			
	Currency	Interest rate	Due year	Amount
Secured bank loans	NT$	2.225%~2.475%	114~119	$ 812,395
Unsecured bank loans	NT$	2.275%~2.47%	114~115	60,764
				873,159
Less: Mature within one year				287,707
Total				$ 585,452
Unused credit line				$ 15,167

	2023.12.31			
	Currency	Interest rate	Due year	Amount
Secured bank loans	NT$	2.1%~2.35%	114~119	$ 882,533
Unsecured bank loans	NT$	2.15%~2.4%	113~115	139,032
				1,021,565
Less: Mature within one year				275,184
Total				$ 746,381
Unused credit line				$ 81,667

Please refer to Note (8) for the consolidated company's assets pledged as collateral for bank loans.The consolidated company's long-term borrowing contracts do not contain covenants to maintain specific financial ratios.

(k) Lease liabilities

The consolidated company lease liabilities were as follows:

	2024.12.31	2023.12.31
Current	$ 1,858	1,979
Non-current	1,701	1,525

	$ 3,559	3,504

Please refer to Note (6)(v) Financial Instruments for maturity analysis.

The amounts recognized in profit or loss are as follows:

	2024	2023
Interests on lease liabilities	$ 118	260
Expenses of which the amount does not have a significant influence	47	-
Expenses relating to short-term leases	$ 431	649

The amounts recognized in the statement of cash flow for the consolidated company were as follows:

	2024	2023
Total cash outflow for leases	$ 2,984	6,037

1. Transportation equipment leases

The consolidated company leases transportation equipment for company vehicles, with expected lease terms of three to five years.

2. Leases of Buildings and Structures

The consolidated company leases buildings and structures for warehouse use, with an expected lease term of three years.

3. Other leases

The lease term for the office equipment leased by the Consolidated company is five years.

The consolidated company leases certain office equipment, exhibition equipment, research and development equipment, and other equipment that qualify as short-term leases or leases of low-value assets. The consolidated company has elected to apply the recognition exemption and does not recognize right-of-use assets and lease liabilities for these leases.

(l) Provisions for liabilities

	Warranty
Balance at January 1, 2024	$ 6,290
Provisions set aside for the current period	1,452
Provisions used for the period	(256)
Balance at December 31, 2024	$ 7,486
Balance at January 1, 2023	$ 8,649
Provisions set aside for the current period	6,521
Provisions used for the period	(8,880)
Balance at December 31, 2023	$ 6,290

The consolidated company's provisions for liabilities are mainly related to the sales of vehicle lighting and grilles. The provisions for liabilities are estimated based on the historical warranty data of similar products and services. The consolidated company expects that most of the liabilities will be incurred in the year after the sale.

(m) Operating lease

In May 2024, the consolidated company leased out its plant. As it did not transfer substantially all the risks and rewards incidental to ownership of the underlying asset, these lease contracts are classified as operating leases. Please refer to Note (6)(g).

The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, is as follows:

	2024.12.31
Less than 1 year	$ 8,429
1 to 2 years	8,429
2 to 3 years	8,766
3 to 4 years	9,103
4 to 5 years	9,490
Over 5 years	71,713
Total undiscounted lease payments	$ 115,930

(n) Employee benefits -- Defined contribution plan

The consolidated company's defined contribution plan complies with the Labor Pension Act. An amount equivalent to 6% of the employee's monthly salary is appropriated to the individual labor pension account with the Bureau of Labor Insurance. Under this plan, after appropriating a fixed amount to the Bureau of Labor Insurance, the Company has no legal or constructive obligation to make additional payments.

The consolidated company's pension expense under the 2024 and 2023 defined contribution plan was NT$ 4,700 thousand and NT$ 3,679 thousand, respectively. It has been appropriated to the Bureau of Labor Insurance.

(o) Income tax

1. Income tax expenses

The consolidated company's income tax expenses (benefits) are detailed as follows:

	2024	2023
Current tax expenses (benefits)		
Adjustment of the current income tax of the previous period	$ 58	(180)
Deferred income tax gains		
Origination and reversal of temporary differences	(17,436)	(11,419)
Income tax benefit	$ (17,378)	(11,599)

The details of income tax expense recognized in other comprehensive income by the consolidated company are as follows:

	2024	2023
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:		
Revaluation surplus of property	$ 6,880	-

The relationship between income tax expenses (profits) and net losses before tax of the consolidated company's is adjusted as follows:

	2024	2023

Profit before tax (loss)	$	(84,869)	(59,157)
Income tax calculated in accordance with the local tax rate in the place where the Company is located		(17,050)	(11,947)
Unrealized gains		(940)	-
Non-deductible expenses under the tax law		573	18
Dividend income tax-exempt income		(12)	(17)
Effects of expired employee stock options		-	388
Prior year income tax (over) under-estimate		58	(180)
Others		(7)	139
	$	**(17,378)**	**(11,599)**

2. Deferred income tax assets and assets

Changes in deferred income tax assets and liabilities:

		Loss deduction	Expected credit loss	Loss on falling prices of inventory and inventory obsolescence	Warranty reserve	Others	Total
Deferred income tax assets:							
January 1, 2024	$	10,012	-	4,937	1,258	1,553	17,760
Credit (debit) profit or loss		10,893	4,963	2,036	239	(345)	17,786
December 31, 2024	**$**	**20,905**	**4,963**	**6,973**	**1,497**	**1,208**	**35,546**
January 1, 2023	$	-	-	4,654	1,730	71	6,455
Credit (debit) profit or loss		10,012	-	283	(472)	1,482	11,305
December 31, 2023	**$**	**10,012**	**-**	**4,937**	**1,258**	**1,553**	**17,760**

		Investment property	Unrealized gains	Total
Deferred income tax liabilities:				
January 1, 2024	$	-	-	-
Debit profit or loss		82	268	350
Debit to other comprehensive income		6,880	-	6,880
December 31, 2024	**$**	**6,962**	**268**	**7,230**
January 1, 2023	$	-	114	114
Credit profit or loss		-	(114)	(114)
December 31, 2023	**$**	**-**	**-**	**-**

According to the Income Tax Act, the losses for the past ten years as assessed by the tax authorities may be deducted from the net income of the current year before the income tax is levied.

As of December 31, 2024, the deadline for the deduction of the tax losses recognized by the Company as deferred income tax assets is as follows:

Years of loss	Losses not yet deducted		Last year for deduction
2023 Tax Return Amount	$	50,060	2033
Expected filing amount in 2024		54,463	2034
	$	104,523	

3. Status of income tax assessments

The Company's income tax returns have been assessed and approved by the tax authority through 2022.

(p) Capital and other equity

1. Ordinary shares

As of December 31, 2024 and 2023, the Company's authorized capital was NT$1,680,000 thousand, with a par value of NT$10 per share and a total of 168,000 thousand authorized shares. The total authorized capital mentioned above are all common shares, with 63,908 thousand shares issued. All proceeds from shares issued have been collected.

The reconciliation of the Company’s outstanding shares for the years ended December 31, 2024 and 2023 is set out in the following table:

(expressed in thousand shares)

	Common stock	
	2024	2023
Opening balance on January 1	63,908	60,356
Cash capital increase	-	3,552
Ending balance on December 31	63,908	63,908

2. Issuance of common shares

On July 26, 2023, the board of directors resolved to issue 3,552 thousand shares of common stock at par value of NT$ 10 per share for cash capital increase, and 10% of the shares issued for capital increase was reserved in accordance with the Articles of Incorporation of the Company, so that 356 thousand shares shall be subscribed by the employees of the Company. If the employees forfeit the subscription right or the shares are insufficient, the Chairman is authorized to contact specific persons for subscription. This capital increase was approved by the competent authority on August 8, 2023, and October 18, 2023 was set as the record date for capital increase. The relevant statutory registration procedures were completed and the total payment received after deducting the share capital of NT$ 35,520 thousand, the difference of NT$ 256,783 thousand was recognized as capital surplus.

3. Capital surplus

The balance of the Company's capital surplus is as follows:

		2024.12.31	2023.12.31
Issue of shares at premium	$	338,310	338,310
Lapsed options		2,514	2,514
Employee stock options		2,774	-
	$	343,598	340,824

Pursuant to the Company Act, capital surplus shall be first used to make up for losses before issuing new shares or cash based on realized capital surplus based on the original shareholding ratio. The realized capital surplus mentioned in the preceding paragraph includes the premium of shares issued in excess of the par value and the income from gifts received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus for capitalization each year shall not exceed 10% of the paid-in capital.

4. Retained earnings

According to the Company's Articles of Incorporation, the Company's earnings or losses may be distributed at the end of each semi-fiscal year. If there is a surplus in the final accounts of each semi-fiscal year, the tax shall be paid first to cover the accumulated losses and retain remuneration for employees and directors, followed by appropriating 10% for legal reserve, provided that the legal reserve has reached the amount of the Company's paid-in capital. In addition, if there is any surplus after appropriating or reversing the special reserve in accordance with the relevant laws and regulations, the Board of Directors shall prepare a distribution plan based on the accumulated undistributed earnings of the previous period and the adjustment to the undistributed earnings of the current period by issuing new shares, which is proposed to the shareholder meeting for resolution on the distribution. If the abovementioned earnings distribution is made in cash, pursuant to Paragraph 5, Article 240 of the Company Act, the Company may authorize the board of directors to distribute dividends, profit-sharing, legal reserve and capital reserve (subject to compliance with Article 241 of The Company Act) wholly or partially in cash. Such decisions must be approved in a board meeting with at least two-thirds of directors present and supported by more than half of attending directors, and reported during a shareholder meeting afterwards.

The Company's Articles of Incorporation sets the dividend policy based on the Company's profitability, future business development and protection of shareholders' rights and interests, and takes into account the Company's capital stock, financial structure, operating conditions and earnings. The Company may distribute 10% of its remaining earnings as dividends to shareholders, which may be resolved by the shareholders' meeting for capitalization of earnings or cash dividends to achieve a balanced and stable dividend policy. However, the cash dividends shall not be lower than 10% of the total amount of dividends.

(1) Legal reserve

Pursuant to the Company Act, if the Company has no losses, the Company may, upon resolution of the shareholders' meeting, distribute new shares or cash out of the legal reserve, provided that such reserve exceeds 25% of the paid-in capital.

(2) Special reserve

According to the regulations of the FSC, when the Company distributes the distributable earnings, for the net amount debited to the other shareholders' equity in the current year, the net profit after tax of the current period plus the item other than the net profit of the current period is included in the undistributed earnings of the current period and the prior undistributed earnings are made into special reserve; if the other shareholders' equity deduction amount is accumulated in the prior period, the same amount of special reserve shall be appropriated from the prior undistributed earnings and shall not be distributed. If there is a subsequent reversal of the balance of other deducted items of equity, the profits may be distributed from the reversed portion.

(3) Earnings distribution or making up for losses.

The Company's financial results for the first half of 2024, as well as the first and second half of 2023 showed accumulated deficits.

On March 8, 2023, the Company's Board of Directors resolved to distribute cash dividends from the second half of 2022 earnings. The dividends distributed to owners are as follows:

	Second half of 2022	
	Stock dividend rate (NT$)	**Amount**
Dividends distributed to common stock shareholders:		
Cash	$ 0.34	20,521

On May 30, 2024, the Company's shareholders' meeting resolved to use the legal reserve of NT$47,058 thousand to offset accumulated deficits.

Information on earnings distribution and deficit compensation resolved by the Company's Board of Directors and shareholders' meetings can be found on the Market Observation Post System.

(q) Share-based payment

1. In May 2024, the Company established a stock grant plan for employees. The eligible recipients are limited to full-time employees of the Company who meet specific conditions. The shares to be granted will be provided by the Company's shareholders. If an employee resigns, is dismissed, sells, or transfers the granted shares before meeting the vesting conditions, they must return the cash equivalent of the shares' market value as stipulated in the stock grant plan.

Detailed information on the above share-based payment transactions is as follows:

	Employee stock grants
Grant date	113.5.24
Quantity granted (shares)	302,000
Contract period (year)	3
Vesting conditions	Service in the next three years

The fair value of the Company's stock grants to employees on the grant date is estimated to be NT$81.9, based on the Company's closing stock price on the grant date and adjusted for a discount for lack of marketability.

(1) The stock quantity information for the plan is as follows:

	2024
	Number of shares (shares)
Outstanding as of January 1	-
Number of shares granted during the period	302,000
Forfeited during the period	(31,000)
Outstanding as of December 31	271,000
Exercisable as of December 31	-

(2) Employee expenses

The Company recognized NT$2,774 thousand as remuneration expenses for employee stock grants in 2024, which was reported as operating costs and operating expenses for the period. There was no such transaction in 2023.

2. In 2023, the Company had share-based payment transactions related to a cash capital increase with shares reserved for employee subscription. Details are as follows:

	Cash capital increase reserved for employee subscription
Grant date	112.10.6
Quantity granted (shares)	356,000
Contract period (year)	0.0329
Grantees	All employees
Vesting conditions	Immediate vesting

(1) Measurement parameters of fair value on the grant date

The Company uses the Black-Scholes option-pricing model to estimate the fair value of the share-based payment on the grant date. The input values of the model are as follows:

	2023
	Cash capital increase reserved for employee subscription
Fair value on the grant date (NT$)	16.1012
Exercise price (NT$)	68.68
Lifetime of option (year)	0.0329
Expected dividend (%)	-
Risk-free interest rate (%)	0.94

(2) Detailed information on employee stock option plan:

	2023	
	Weighted average exercise price (NT$)	Quantity of stock options (shares)
Outstanding as of January 1	$ -	-
Number of shares granted during the period	16.1012	356,000
Forfeited during the period	16.1012	(235,500)
Overdue and expired quantity in the current period	16.1012	(120,500)
Outstanding as of December 31	-	-
Exercisable as of December 31	-	-

(3) Employee expenses

The Company's remuneration for the employee subscription due to the cash capital increase in 2023 was NT$ 5,732 thousand recognized and reported as operating costs and operating expenses in that period. There was no such transaction in 2024.

(r) Loss per share

The calculation of the consolidated company's basic and diluted loss per share is as follows:

	2024	2023
Profit (loss) for the period	$ (67,491)	(47,558)
Weighted average share outstanding (thousand shares)	63,908	61,086
Basic and diluted loss per share (NT$)	$ (1.06)	(0.78)

In calculating the loss per share for 2023, potential ordinary shares were excluded from the diluted loss per share calculation as their effect would have been anti-dilutive. There were no potential ordinary shares outstanding during the years ended December 31, 2024.

(s) Revenue from contracts with customers

1. Disaggregation of revenue:

	2024	2023
Primary geographical markets:		
USA	$ 588,770	505,283
Japan	16,478	28,094
Others	27,591	16,284
	$ 632,839	549,661
Main products:		
Car lamp	$ 554,751	493,878
Auto parts and components	75,964	48,998
Water tank cover	2,124	6,785
	$ 632,839	549,661

2. Contract balance

	2024.12.31	2023.12.31	2023.1.1
Notes and accounts receivable	$ 81,488	31,645	36,234
Less: loss allowance	25,631	-	-
Total	$ 55,857	31,645	36,234
Contract liabilities	$ 566	707	3,562

Please refer to Note (6)(c) for details on notes and accounts receivable and allowance for impairment.

The amounts of contract liabilities as of January 1, 2024 and 2023 recognized as revenue for the years ended December 31, 2024 and 2023 were NT$ 707 thousand and NT$ 3,562 thousand, respectively.

Changes in contract liabilities are primarily attributable to differences in the timing of fulfilling performance obligations by transferring goods from the consolidated company to the customers and the timing of payment by customers.

(t) Remuneration for employees and directors

According to the Company's Articles of Incorporation, if there is profit for the year, 0.1% to 15% of pre-tax profit shall be allocated as employee compensation and no more than 3% as directors' remuneration. The distribution shall be resolved by the Board of Directors and reported to the shareholders' meeting. However, if the Company still has accumulated losses (including the adjustment of the amount of undistributed earnings), the Company shall first reserve an amount to offset the accumulated losses, and then provide the employees' and directors' remuneration in accordance with the aforementioned percentages. The board resolution determines the distribution of employee remuneration in the form of stock or cash. The distribution includes employees who meet certain criteria in controlled or subordinate companies. The board is authorized to formulate the relevant criteria.

For the years ended December 31, 2024, and 2023, the consolidated company recorded accumulated deficits and therefore did not accrue for employee and director remuneration. In case of any discrepancy between the actual distributed amount and the estimated figure in the following year, it shall be treated as a change in accounting estimates and recognized as profit or loss of the following year. If the Board of Directors resolves to distribute employee compensation in shares, the share compensation is calculated based on the closing price of ordinary shares on the day before the Board's resolution.

There were no differences between the amounts to be distributed as remuneration to employees and directors in 2024 and 2023 and the amount recognized in the 2024 and 2023 consolidated financial reports. Relevant information would be available at the Market Observation Post System.

(u) Non-operating income and expenses

1. Other income

The details of other income are as follows:

		2024	2023
Dividend income	$	61	87
Overdue liabilities reclassified to income		-	5,992
Rental income		4,247	-
Other income		1,019	1,673
	$	5,327	7,752

2. Other gains and losses

The details of other gains and losses are as follows:

		2024	2023
Net foreign currency exchange gains (losses)	$	6,304	(1,572)
Loss on disposal of property, plant and equipment		(36)	-
Gain on lease modifications		-	62
Loss on disposal of intangible assets		(27)	(27)
Others		(521)	(562)
	$	5,720	(2,099)

3. Finance costs

The finance costs of the consolidated company is detailed as follows:

		2024	2023
Interest expense			
Bank loan	$	(25,907)	(26,118)
Lease liabilities		(118)	(260)

Others	(43)	(57)
	$ (26,068)	(26,435)

(v) Financial instruments

1. Credit risk

(1) Amount of maximum credit risk exposure

The book value of financial assets represents the maximum credit risk exposure amount.

(2) Concentration of credit risk

As of December 31, 2024, and December 31, 2023, 86% and 84% of the balance of notes receivable and accounts receivable were concentrated of three customers and two customers respectively.

(3) Credit risk of receivables

Please refer to Note (6)(c) for the credit risk exposure and provision for impairment of notes and accounts receivables.

2. Liquidity risk

The following table shows the contractual maturity date of financial liabilities, including estimated interest but excluding the impact of netting agreements.

	Book Value	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2024							
Non-derivative financial liabilities							
Non-interest-bearing liabilities							
Notes payable	$ 43,572	43,572	43,572	-	-	-	-
Accounts payable	25,930	25,930	25,930	-	-	-	-
Other payables	41,395	41,395	41,395	-	-	-	-
Subtotal	110,897	110,897	110,897	-	-	-	-
Lease liabilities	3,559	3,691	1,289	648	972	782	-
Floating-rate instruments							
Short-term borrowings	250,000	252,166	252,166	-	-	-	-
Long-term loan (including due in one year)	873,159	907,143	134,783	170,587	311,711	281,637	8,425
Subtotal	1,123,159	1,159,309	386,949	170,587	311,711	281,637	8,425
Guarantee deposits received	2,000	2,000	-	-	-	-	2,000
	$ 1,239,615	**1,275,897**	**499,135**	**171,235**	**312,683**	**282,419**	**10,425**
December 31, 2023							
Non-derivative financial liabilities							
Non-interest-bearing liabilities							
Notes payable	$ 112,105	112,105	112,105	-	-	-	-
Accounts payable	9,753	9,753	9,753	-	-	-	-
Other payables	43,246	43,246	43,246	-	-	-	-
Subtotal	165,104	165,104	165,104	-	-	-	-
Lease liabilities	3,504	3,641	1,158	920	1,080	483	-
Floating-rate instruments							
Short-term borrowings	211,000	212,233	212,233	-	-	-	-
Long-term loan (including due in one year)	1,021,565	1,068,850	148,253	146,484	301,494	453,892	18,727

Subtotal	1,232,565	1,281,083	360,486	146,484	301,494	453,892	18,727
	$ 1,401,173	1,449,828	526,748	147,404	302,574	454,375	18,727

The Company does not expect that the cash flow analyzed for the maturity date will be significantly earlier or the actual amount will be significantly different.

3. Exchange rate risk

(1) Exchange rate risk exposure

The consolidated company's significant exposure to foreign currency risks from its foreign currency denominated financial assets and liabilities was as follows:

	2024.12.31			2023.12.31		
	Foreign currencies	**Foreign exchange rate**	**New Taiwan dollar**	**Foreign currencies**	**Foreign exchange rate**	**New Taiwan dollar**
Financial assets						
Monetary items						
USD	4,954	32.785	162,416	2,886	30.705	88,626
Financial liabilities						
Monetary items						
USD	145	32.785	4,750	226	30.705	6,947

(2) Sensitivity analysis

The consolidated company's exchange rate risk mainly comes from foreign currency-denominated cash and cash equivalents, accounts receivable, accounts payable and other payables, with foreign currency exchange gains and losses generated during the translation. Assuming all other variables remain constant, a 5% depreciation or appreciation of the New Taiwan Dollar against the US Dollar as of December 31, 2024, and 2023 would have decreased or increased the net loss after tax for the years ended December 31, 2024, and 2023 by approximately NT$6,307 thousand and NT$3,267 thousand respectively. Both analyses were conducted on the same basis.

(3) Exchange gains and losses on monetary items

The information on the amount of exchange gains and losses (realized and unrealized) translated into the amount in functional currency of the consolidated company is as follows:

	2024		**2023**	
	Exchange gain or loss	**Average exchange rate**	**Exchange gain or loss**	**Average exchange rate**
NT$	**$ 6,304**	**1**	**(1,572)**	**1**

4. Interest rate risk

The consolidated company's exposure to the interest rate risk of financial liabilities is described in the liquidity risk management of this note.

The following sensitivity analysis is based on the interest rate risk exposure of the non-derivative instruments on the reporting date. The analysis of liabilities with floating interest rate is based on the assumption that the amount of liabilities outstanding on the reporting date has been outstanding throughout the year. The rate of change used in the consolidated company's internal reporting of interest rates to management is increased or decreased by 0.5%, which also represents the management's assessment of the reasonably possible fluctuations of interest rates.

With all other variables held constant, a 0.5% increase or decrease in interest rates would have increased or decreased the consolidated company's net loss after tax for the years ended December 31, 2024, and 2023 by NT$4,493 thousand and NT$4,930 thousand respectively, primarily due to the consolidated company's floating-rate borrowings.

5. Other price risks

If the equity security price rises or falls by 5% on the reporting date, the after-tax amount of other comprehensive income for 2024 and 2023 will increase or decrease by NT$ 168 thousand and NT$ 215 thousand, respectively. The analysis of the two periods adopts the same basis, assuming that other variables remain unchanged.

6. Fair value information

(1) Types and fair values of financial instruments

The Company's financial assets at fair value through profit or loss are measured at fair value on a recurring basis. The book value and fair value (including fair value measurement information, but if the book value of a financial instrument not measured at fair value is a reasonable approximation to fair value, as well as the lease liabilities, it is not required to disclose the fair value information according to regulations) of various financial assets and financial liabilities are shown as follows:

	2024.12.31				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Non-current financial assets at fair value through other comprehensive income					
Non-publicly traded stocks	**$ 3,335**	**-**	**-**	**3,335**	**3,335**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 147,647	-	-	-	-
Notes receivables and accounts receivable	55,857	-	-	-	-
Other financial assets	3,830	-	-	-	-
Refundable deposits	944	-	-	-	-
Subtotal	**$ 208,278**				
Financial assets measured at amortised cost					
Long- and short-term borrowings	$ 1,123,159	-	-	-	-
Accounts payable	110,897	-	-	-	-
Lease liabilities	3,559	-	-	-	-
Guarantee deposits received	2,000	-	-	-	-
Subtotal	**$ 1,239,615**				

	2023.12.31				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Non-current financial assets at fair value through other comprehensive income					
Non-publicly traded stocks	**$ 4,304**	**-**	**-**	**4,304**	**4,304**
Financial assets measured at amortized cost					

Cash and cash equivalents	$ 361,114	-	-	-	-
Notes receivables and accounts receivable	31,645	-	-	-	-
Other financial assets	5,400	-	-	-	-
Refundable deposits	744	-	-	-	-
Subtotal	$ 398,903				
Financial assets measured at amortised cost					
Long- and short-term borrowings	$ 1,232,565	-	-	-	-
Accounts payable	165,104	-	-	-	-
Lease liabilities	3,504	-	-	-	-
Subtotal	$ 1,401,173				

(2) Valuation technique for the fair value of financial instruments measured at fair value

The fair value of financial instruments is obtained by using valuation technique or by referring to the quotation of the counterparty. The fair value obtained through valuation techniques can refer to the current fair value of other financial instruments with similar substantive conditions and characteristics, discounted cash flow method, or other valuation techniques, including the use of market information available on the reporting date.

The financial instruments held by the consolidated company are equity instruments without public quotation. The fair value is estimated using the market comparable company method. The main assumptions are based on the net value of the investee and the market quotation and the average price-book ratio of the industry peers of comparable listed (OTC) companies. The estimate has adjusted the discount effect of the lack of market liquidity of the equity securities.

The fair value of the consolidated company’s unlisted (non-OTC) stocks without an active market is estimated using the comparable company method. The significant unobservable input is the liquidity discount. However, as possible changes in the liquidity discount would not lead to significant potential financial impact, quantitative information is not disclosed.

(3) Financial instruments classified as Level III

	Financial assets at fair value through profit or loss	
	2024	**2023**
Opening balance on January 1	$ 4,304	3,878
Recognized in other comprehensive income	(969)	426
Balance on December 31	**$ 3,335**	**4,304**

(4) There was no transfer between the fair value hierarchy in 2024 and 2023.

(w) Financial risk management

1. Overview

The consolidated company’s is exposed to the following risks due to the use of financial instruments:

(1) Credit risk
(2) Liquidity risk

(3) Market risk

The consolidated company’s risk exposure information and the objectives, policies and procedures of the consolidated company’s risk measurement and management are disclosed in the notes. Please refer to the notes to the financial statements for further quantitative disclosure.

2. Risk management framework

The Board of Directors is responsible for supervising the risk management framework of the Group. The heads of the consolidated company’s departments shall assemble an inter-departmental management meeting responsible for monitoring the consolidated company’s risk management policies and reporting their operations to the Board of Directors on a regular basis.

The heads of each department identify and analyze the risks faced by the consolidated company, review the impact of external factors on operations, reflect market conditions in a timely manner, and adjust the consolidated company’s operations in response to market changes. The consolidated companydevelops a disciplined and constructive controlled environment through training, management practices, and operating procedures so that all employees understand their roles and obligations.

3. Credit risk

Credit risk is the risk of financial loss resulting from the failure of the consolidated company's customers or financial instrument trading counterparts to perform contractual obligations, which mainly comes from the consolidated company’s accounts receivable from customers and bank deposits.

(1) Accounts receivable

The consolidated company has established credit policy. Before granting standard payment and shipping terms and conditions, the consolidated company shall analyze the credit rating of each new customer individually. The consolidated company’s review includes, if available, an external rating agency and, in some cases, a note from the bank. Sales limits are established for each individual customer and represent the maximum uncollected amount that does not require management approval. This limit is regularly reviewed, and customers who do not meet the consolidated company’s baseline credit ratings can only receive the consolidated company for transactions in advance.

The consolidated company has the account of allowance for bad debts set up to reflect the estimated loss of accounts receivable.

(2) Investment

The credit risk of bank deposits is measured and monitored by the consolidated company’s finance department. Since the counterparties and performing parties of the consolidated company are banks with good credit ratings, and there is no major concern about contract performance, there is no significant credit risk.

4. Liquidity risk

Liquidity risk is the risk when the consolidated company cannot deliver cash or other financial assets to settle financial liabilities and fail to fulfill related obligations. The consolidated company manages liquidity by ensuring that, as far as possible, under normal and stressed circumstances, the consolidated company has sufficient working capital to cover liabilities as they fall due, without causing unacceptable losses or damage to the consolidated company’s reputation.

In general, the consolidated company ensures that it has sufficient cash to meet the expected operating expenditure needs for 60 days, including the performance of financial obligations, but excluding potential effects that cannot be reasonably expected under extreme circumstances, such as natural disasters. In addition, the unused line of bank borrowings of the consolidated company as of December 31, 2024 and 2023 was NT$ 15,167 thousand and NT$ 120,667 thousand, respectively.

5. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates and changes in the fair value of equity securities, will affect the consolidated company's income or the value of financial instruments. The objective of market risk management is to control market risk exposure within the tolerable range and to optimize investment returns.

(1) Exchange rate risk

The consolidated company is exposed to the exchange rate risk arising from sales denominated in non-functional currencies. The functional currency of the consolidated company is NT$. Such transactions are mainly denominated in USD.

Regarding other monetary assets and liabilities denominated in foreign currencies, when a short-term imbalance occurs, the consolidated company ensures that the net risk exposure is maintained at an acceptable level by buying or selling foreign currencies at the real-time exchange rate.

(2) Interest rate risk

The consolidated company's policy is to ensure exposure to borrowing rates changes, and evaluates based on the international economic situation and market interest rate trends, and chooses floating or fixed interest rates.

(3) Other market value risks

The consolidated company's financial assets measured at fair value through other comprehensive gain or loss - non-current are investments in the stocks of domestic unlisted (OTC) companies. Since the financial assets are measured at fair value, the consolidated company will be exposed to the changes in the market price of equity securities In order to manage market risk, the consolidated company prudently selects investment targets and controls holding positions to manage market risk.

(x) Capital management

The policy of the board of directors is to maintain a sound capital base to maintain the confidence of investors, creditors and the market, and to support future operation and development. Capital includes the Company's share capital, capital surplus, retained earnings and other equity.

The debt-to-equity ratio as of the reporting date is as follows:

		2024.12.31	2023.12.31
Total Liabilities	$	1,258,862	1,410,041
Less: Cash and cash equivalents		147,647	361,114
Net liabilities	**$**	**1,111,215**	**1,048,927**
Total equity	**$**	**1,161,848**	**990,905**
Debt-to-equity ratio		**95.64%**	**105.86%**

The capital management method of the consolidated company in 2024 is the same as that in 2023.

(y) Investing and financing activities of non-cash transactions

The consolidated company's non-cash investing and financing activities are as follows:

1. Please refer to Note (6)(f) for right-of-use assets acquired through leases.
2. Reconciliation for liabilities arising from financing activities is as follows:

	Short-term borrowings	Long-term loan (including due in one year)	Lease liabilities	Guarantee deposits received	Total liabilities arising from financing activities
Balance at January 1, 2024	$ 211,000	1,021,565	3,504	-	1,236,069
Cash flow					
Cash received from borrowing	180,000	126,500	-	-	306,500
Repayment of borrowings	(141,000)	(274,906)	-	-	(415,906)
Payments of lease liabilities	-	-	(2,388)	-	(2,388)
Cash received from guarantee deposits	-	-	-	2,000	2,000
Non-cash flow					
Increase this period	-	-	2,443	-	2,443
Balance at December 31, 2024	**$ 250,000**	**873,159**	**3,559**	**2,000**	**1,128,718**

	Short-term borrowings	Long-term loan (including due in one year)	Lease liabilities	Total liabilities arising from financing activities
Balance at January 1, 2024	$ 120,000	988,576	9,609	1,118,185
Cash flow				
Cash received from borrowing	221,000	189,822	-	410,822
Repayment of borrowings	(130,000)	(156,833)	-	(286,833)
Payments of lease liabilities	-	-	(5,128)	(5,128)
Non-cash flow				
Increase this period	-	-	2,067	2,067
Remeasurement of changes in the lease term	-	-	(3,044)	(3,044)
Balance at December 31, 2024	**$ 211,000**	**1,021,565**	**3,504**	**1,236,069**

(7) Related Parties Transactions

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

The parties involved in the transactions with the consolidated company during the period of the consolidated financial statements are as follows:

Name of the related parties	Relationship with The Company
COPLUS JAPAN INC.	The consolidated company's other related party -- The chairman of the Company has control over the consolidated company

Po-Hua Wu	Chairman of The Company
Hsuan-Ting Hsu	Director of The Company

(b) Significant transactions with the related parties

1. Operating revenue

The consolidated company's significant sales to related parties and its outstanding balance are as follows:

	Sale of goods	
	2024	**2023**
Other related parties	$ 1,040	3,719

The terms of the consolidated company's sale to other related parties are not significantly different from general sales, and the payment term is between seven days to two months. As of December 31, 2024 and 2023, the receivables arising from sales transactions amounted to NT$ 0 thousand and NT$ 698 thousand, respectively, recorded under accounts receivable.

2. Others

The consolidated company had borrowed money from financial institutions on December 31, 2024 and 2023, and per the request of part of the borrowing contracts, the principal managers of the consolidated company, Po-Hua Wu and Hsuan-Ting Hsu, provided joint and several guarantees.

(c) Remunerations to key management personnel include:

	2024	**2023**
Short-term employee benefits	$ 15,078	7,977
Post-employment benefits	414	269
Share-based payment	252	-
	$ 15,744	8,246

Please refer to Note (6)(q) for disclosures related to the Company's share-based payments.

(8) Assets Pledged as Security

The book value of the assets pledged by the consolidated company as collateral is as follows:

Asset name	Liabilities secured by pledge	2024.12.31	2023.12.31
Land	Long-term borrowings and credit lines	$ 688,324	860,534
Buildings	Long-term borrowings and credit lines	392,139	472,416
Investment property	Long-term borrowings and credit lines	485,580	-
Other financial assets - Current:			
Restricted bank deposits	Quota of custom release before duty	-	400
Other financial assets - Non-current:			
Restricted bank deposits	Long-term borrowings	3,830	5,000
		$ 1,569,873	1,338,350

(9) Significant Commitments and Contingencies

As of December 31, 2024 and 2023, the consolidated company had signed contracts for the purchase of equipment and plant construction for a total of NT$ 202,707 thousand and NT$ 227,090 thousand, respectively, and payments made for an amount of NT$ 125,146 thousand and NT$ 118,011 thousand, respectively, under prepayments for equipment and construction in progress under property, plant and equipment.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Others

(a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By function / By item	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	32,147	64,577	96,724	32,820	44,279	77,099
Labor and health insurance	3,780	6,622	10,402	3,751	4,855	8,606
Pension	1,561	3,139	4,700	1,515	2,164	3,679
Others	2,303	3,358	5,661	1,931	2,203	4,134
Depreciation	110,593	19,521	130,114	92,136	16,504	108,640
Amortization	-	3,161	3,161	-	2,449	2,449

(b) As of December 31, 2024, the consolidated company's current liabilities exceeded current assets by NT$320,722 thousand. The consolidated company's response measures include actively showcasing its automotive lighting products and their advantages on various advertising platforms, participating in multiple exhibitions to expand product recognition, continuously developing new products and new customer groups to increase sales revenue, and reducing operating costs to enhance future cash flows.

(13) Other Disclosures

(a) Information on significant transactions

The significant transactions for the years ended December 31,2024 to be disclosed by the consolidating company according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers are as follows:

1. Loans to other parties: None.
2. Guarantees and endorsements for other parties: None.
3. Securities held at the reporting date (excluding investment subsidiaries, associates and joint ventures):

Names of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares (In thousands)	Book value	Percentage of ownership(%)	Fair value	
The Company	SEC TEC INTERNATIONAL CORP.	-	Non-current financial assets at fair value through other comprehensive income	375,000	3,335	15.00 %	3,335	

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.
5. Acquisition of property exceeding NT$300 million or 20% of paid-in capital or more: None.

6. Disposal of property exceeding NT$300 million or 20% of paid-in capital or more: None.
7. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.
8. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock: None.
9. Trading in derivative instruments: None.
10. Business relationships and significant inter-company transactions: There were no significant transactions between the parent company and its subsidiaries.

(b) Information on investees: None.

The following is the information on investees for 2024 (excluding investees in Mainland China):

Name of the investors	Name of investees	Location	Main business and products	Original / investment amount		Investment at end of year			Net profit (loss) of the investee for the current period	Investment income (loss) recognized by the Company for the current period (Note)	Remark
				Ending balance of the period	Ending balance of last period	Number of Shares	Percentage of ownership (%)	Book value (Note)			
The Company	JBT	Taiwan	Manufacturing and trading of aluminum alloy wheels and frames	3,000	3,000	300,000	100.00%	2,532	(118)	(118)	
The Company	Takomore	Taiwan	Manufacturing and trading of lights for commercial vehicles	3,000	3,000	300,000	100.00%	2,613	(25)	(25)	
The Company	Inetwork	Taiwan	Manufacturing and sale of grilles	3,000	3,000	300,000	100.00%	3,708	(198)	(198)	
The Company	Moso View	Taiwan	Manufacturing and trading of electronic rear-view mirrors	3,000	3,000	300,000	100.00%	2,619	(40)	(40)	

Note: The investment gains and losses recognized in the current period and the book value at the end of the period have been written off when the consolidated financial statements were prepared.

(c) Information on investment in Mainland China: None.

(d) Information on major shareholders:

Unit: share

Shareholding / Shareholder's Name	Number of shares	Percentage of ownership (%)
Tesra Investment Co., Ltd.	21,487,648	33.62%
British Virgin Islands GALAXY INVESTMENT VENTURE INC.	15,000,000	23.47%
Cosmo Inc.	6,159,493	9.63%
Moricos Investment Co., Ltd.	4,937,880	7.72%
Hsuan-Ting Hsu	3,906,479	6.11%

Note: (1) The Information on main shareholders presented in this schedule is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

(2) If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System.

(14) Segment Information

(a) General information

The consolidated company is mainly engaged in the manufacturing and sales of a single product parts for automobiles and scooters. It is classified as a single reporting segment. The financial information of this segment is the same as that in the consolidated financial statements. The accounting policies of the operating segments are the same as those described in Note (4).

(b) Information on reportable segment profits and losses, segment assets, segment liabilities, and their measurement basis and adjustment

The information on segment income, segment assets and segment liabilities of the consolidated company is consistent with the consolidated financial statements. Please refer to the consolidated balance sheet and consolidated statement of comprehensive income.

(c) Information by product and labor

The consolidated company's revenue from external customers is as follows:

Name of product and service	2024	2023
Car lamp	$ 554,751	493,878
Auto parts and components	75,964	48,998
Water tank cover	2,124	6,785
Total	**$ 632,839**	**549,661**

(d) Information by region

Regions	2024	2023
USA	$ 588,770	505,283
Japan	16,478	28,094
Others	27,591	16,284
Total	**$ 632,839**	**549,661**

Non-current assets:

Regions	2024.12.31	2023.12.31
Taiwan	**$ 2,035,298**	**1,830,817**

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets, prepaid equipment and other non-current assets, but exclude financial instruments, deferred income tax assets and refundable deposits.

Customers to which the consolidated company’s sales revenues account for 10% or more of its net operating revenues are as follows:

	2024		2023	
	Sales amount	**Percentage %**	**Sales amount**	**Percentage %**
Company A	**$ 446,843**	**70.61**	**403,870**	**73.48**

(5) Parent company only Financial Statements and Independent Auditor's Report

Stock Code: 2254

COPLUS INC.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

With Independent Auditor's Report
For the Ended December 31, 2024 and 2023

Address: No. 50, Keji 2nd Road, Annan District, Tainan City
Telephone: 06-3840179

The independent auditors' audit and the accompanying parent company only financial statements are the English translation of the

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

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Independent Auditor's Report

To the Board of Directors of COPLUS Inc.:

Opinions

We have audited the accompanying balance sheets of COPLUS Inc. as of December 31, 2024 and 2023, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and notes to the financial statements, including the summary of significant accounting policies (together "the financial statements").

In our opinion, the parent company-only financial statements referred to above present fairly, in all material respects, the financial position of the COPLUS as of December 31, 2024 and 2023, and the financial performance and cash flows for the years ended December 31, 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit issues are those that, in our professional judgment, were of most significance in our audit of the parent-only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent-only financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that we determined should be communicated in the audit report are as follows:

(1) Revenue recognition

For the accounting policy of revenue recognition, please refer to Note (4)(o) of the parent-only financial statements; for the description of revenue recognition, please refer to Note (6)(u) of the parent-only financial statements.

Description of key audit matters:

COPLUS Inc. is a listed company involving public interests. Sales revenue is the main indicator for investors to evaluate its operating performance. Therefore, revenue recognition is one of the important matters for the accountants to perform the review of the Company's financial report.

The corresponding audit procedures:

Our audit procedures for the above key audit matters include testing the effectiveness of the design and implementation of internal controls on the sales and collection operations cycle; performing trend analysis of the revenue from the top ten sales customers, including comparing changes between the current period and the same period last year to assess whether there are any major abnormalities; reviewing the sales transactions throughout the year to assess the authenticity of the sales transactions and the correctness of the revenue recognition amounts; reviewing the sales transactions for a period before and after the end of the year to assess the revenue recognition period accuracy.

(2) Assessment of Fair Value of Investment Properties

For the accounting policy regarding the assessment of fair value of investment properties, please refer to Note (4)(i) of the parent company only financial statements; for accounting estimates and assumptions uncertainty regarding the assessment of fair value of investment properties, please refer to Note (5)(b) of the parent company only financial statements; for relevant disclosures on investment properties, please refer to Note (6)(i) of the parent company only financial statements.

Description of key audit matters:

COPLUS Inc. adopts the fair value model for subsequent measurement of investment properties. The fair value of investment properties is based on real estate appraisal reports from external valuation experts. Since the assessment of fair value involves significant judgment and estimates, the assessment of the fair value of investment properties is one of the important assessment matters for our audit of COPLUS Inc.'s parent company only financial statements.

The corresponding audit procedures:

Our main audit procedures for the above key audit matters include evaluating the professional competence, capabilities, and independence of the external valuation experts appointed by the company; appointing audit personnel valuation experts to review and assess the reasonableness of the selected valuation methods and related assumptions used in the real estate appraisal reports; and evaluating whether the company's disclosures regarding the assessment of fair value of investment properties are appropriate.

(3) Impairment Assessment of Property, Plant and Equipment

For the accounting policy regarding the impairment assessment of property, plant and equipment, please refer to Note (4)(m) of the parent company only financial statements; for accounting estimates and assumptions uncertainty regarding the impairment assessment of property, plant and equipment, please refer to Note (5)(c) of the parent company only financial statements; for disclosures on the impairment assessment of property, plant and equipment, please refer to Note (6)(g) of the parent company only financial statements.

Description of key audit matters:

COPLUS Inc. operates in an industry where business conditions are easily affected by the market environment. The impairment assessment of its property, plant and equipment is based on valuation reports from external valuation experts as the basis for recoverable amounts. Since the assessment of recoverable amounts involves significant judgment and estimates, the impairment assessment of property, plant and equipment is one of the important assessment matters for our audit of COPLUS Inc.'s parent company only financial statements.

The corresponding audit procedures:

Our main audit procedures for the above key audit matters include evaluating the professional competence, capabilities, and independence of the external valuation experts appointed by the company; appointing third-party valuation experts to assist in reviewing and assessing the reasonableness of the selected valuation methods and related assumptions used in the valuation reports; and evaluating whether the company management's disclosures regarding the impairment assessment of property, plant and equipment are appropriate.

Responsibilities of Management and Those Charged with Governance for the Parent Company-Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether or not the parent-only 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. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-only financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the parent-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the parent-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-only financial statements, including the accompanying notes, and whether the parent-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the invested associated using the equity method to express an opinion on the parent-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the 2024 parent company only financial statements of COPLUS Inc. and are, therefore, key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yen-Ta Su and Chen-Lung Hsu.

KPMG
Taipei, Taiwan (Republic of China)
February 25, 2025

Notes to Readers

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

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

COPLUS Inc.

Balance Sheet

For the Years Ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Assets	2024.12.31 Amount	%	2023.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 135,699	6	352,342	15
1170	Notes and accounts receivable, net (Note (6)(c)(u) and (7))	55,857	2	27,244	1
1200	Other receivables, net (Note (6)(d) and (7))	540	-	540	-
1310	Inventory (Note (6)(e))	132,874	6	134,961	5
1476	Other current financial assets (Note (8))	-	-	400	-
1479	Prepayments and other current assets	5,229	-	13,797	1
	Total current assets	330,199	14	529,284	22
	Non-current assets:				
1520	Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	3,335	-	4,304	-
1550	Investments accounted for using equity method (Note (6)(f))	11,472	1	11,853	1
1600	Property, plant and equipment (Note (6)(g)(i)(l), (8) and (9))	1,432,722	59	1,716,086	72
1755	Right-of-use assets (Note 6(h) and (m))	3,497	-	3,403	-
1760	Investment property, net (Note (6)(g)(i)(l) and (8))	485,580	20	-	-
1780	Intangible assets (Note 6(j))	8,475	-	9,700	-
1840	Deferred tax assets (Note 6(q))	35,528	2	17,684	1
1915	Prepayment for equipment (Note (6)(g) and (9))	104,636	4	100,945	4
1920	Refundable deposits	944	-	744	-
1980	Other non-current financial assets (Note (6)(l) and (8))	3,830	-	5,000	-
1990	Other non-current assets	388	-	683	-
	Total non-current assets	2,090,407	86	1,870,402	78
1xxx	**Total assets**	$ 2,420,606	100	2,399,686	100

	Financial liabilities and equity	2024.12.31 Amount	%	2023.12.31 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note (6)(k) and (7))	$ 250,000	11	211,000	9
2130	Current contract liabilities (Note (6)(u))	566	-	598	-
2150	Notes payable	43,572	2	112,072	5
2170	Accounts payable	25,930	1	9,753	-
2200	Other payables	41,395	2	42,574	2
2250	Provisions Current (Note (6)(e) and (n))	7,396	-	5,909	-
2280	Current lease liabilities (Note (6)(h) and (m))	1,858	-	1,979	-
2322	Long-term borrowings-current portion (Note (6)(g)(i)(l), (7) and (8))	287,707	12	275,184	12
2399	Other current liabilities	3,965	-	1,806	-
	Total current liabilities	662,389	28	660,875	28
	Non-current liabilities:				
2540	Long-term borrowings (Note (6)(g)(i)(l), (7) and (8))	585,452	24	746,381	31
2570	Deferred tax liabilities (Note (6)(q))	7,216	-	-	-
2580	Non-current lease liabilities (Note (6)(h) and (m))	1,701	-	1,525	-
2645	Guarantee deposits received	2,000	-	-	-
	Total non-current liabilities	596,369	24	747,906	31
2xxx	**Total liabilities**	1,258,758	52	1,408,781	59
	Equity attributable to owners of parent (Note (6)(g)(q)(r)(s)):				
3110	Ordinary shares	639,077	26	639,077	27
3200	Capital surplus	343,598	14	340,824	14
3300	Retained earnings:				
3310	Legal reserve	10,450	1	57,508	2
3350	Accumulated deficit	(67,491)	(3)	(47,058)	(2)
		(57,041)	(2)	10,450	-
3400	Other equity	236,214	10	554	-
3xxx	**Total equity**	1,161,848	48	990,905	41
2-3xx	**Total liabilities and equity**	$ 2,420,606	100	2,399,686	100

(Please refer to the attached Notes to the parent company only financial statements)

Chairman: Po-Hua Wu **Manager: Po-Hua Wu** **Accounting Manager: Yu-Chen Tsai**

COPLUS Inc.

Statements of Comprehensive Income

For the Years Ended December 31, 2024 and 2023

Expressed in Thousands of New Taiwan Dollars

		2024		2023	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note (6)(u) and (7))**	$ 632,128	100	548,217	100
5000	**Operating costs (Note (6)(e)(g)(h)(n)(o)(s) and (12))**	467,014	74	393,152	72
5900	**Gross profit from operations**	165,114	26	155,065	28
6000	**Operating expenses (Note (6)(c)(g)(h)(j)(m)(p)(s)(v), (7) and (12)):**				
6100	Selling expenses	35,616	5	36,415	7
6200	Administrative expenses	82,082	13	71,559	13
6300	Research and development expenses	99,124	16	87,507	16
6450	Expected credit impairment loss	25,631	4	-	-
		242,453	38	195,481	36
6900	**Net Operating Loss**	(77,339)	(12)	(40,416)	(8)
7000	**Non-operating income and expenses (Note (6)(i)(m)(w) and (7)):**				
7100	Interest income	1,862	-	1,814	-
7010	Other income	6,584	1	8,703	2
7020	Other gains and losses	5,643	1	(2,239)	-
7050	Finance costs	(26,068)	(4)	(26,435)	(5)
7070	Share of profit or loss of subsidiaries accounted for using equity method	(381)	-	(578)	-
7255	Fair value adjustment gain – Investment property	4,700	1	-	-
		(7,660)	(1)	(18,735)	(3)
7900	**Profit before tax (loss)**	(84,999)	(13)	(59,151)	(11)
7950	Less: Income tax benefit (Note (6)(q))	(17,508)	(3)	(11,593)	(2)
8200	**Profit (loss) for the period**	(67,491)	(10)	(47,558)	(9)
8300	**Other comprehensive income (Note (6)(g) and (q)):**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8312	Revaluation gains of property	243,509	38	-	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(969)	-	426	-
8349	Less: Income tax related to items that will not be reclassified	6,880	1	-	-
8300	**Other comprehensive income, net of income tax**	235,660	37	426	-
8500	**Total comprehensive income**	**$ 168,169**	**27**	**(47,132)**	**(9)**
	Earnings (loss) per share (Unit: NT$) (Note (6)(t))				
9750	**Basic earnings per share**	**$**	**(1.06)**		**(0.78)**
9850	**Diluted earnings per share**	**$**	**(1.06)**		**(0.78)**

(Please refer to the attached Notes to the parent company only financial statements)

Chairman: Po-Hua Wu **Manager: Po-Hua Wu** **Accounting Manager: Yu-Chen Tsai**

COPLUS Inc. and subsidiaries

Statement of Changes in Equity

For the Years Ended December 31, 2024 and 2023

Expressed in Thousands of New Taiwan Dollars

			Retained earnings				Other Components of Equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Undistributed surplus (loss to be made up)	Total	Through other comprehensive income Unrealized Gains (Losses) from Financial Assets Measured at Fair Value	Revaluation surplus of property	Total	Total equity
Balance at January 1, 2023	$ 603,557	78,309	56,861	187	21,481	78,529	128	-	128	760,523
Profit (loss) for the period	-	-	-	-	(47,558)	(47,558)	-	-	-	(47,558)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	426	-	426	426
Total comprehensive income (loss) for the period	-	-	-	-	(47,558)	(47,558)	426	-	426	(47,132)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	647	-	(647)	-	-	-	-	-
Special reserve appropriated	-	-	-	(187)	187	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(20,521)	(20,521)	-	-	-	(20,521)
Cash capital increase	35,520	256,783	-	-	-	-	-	-	-	292,303
Employee stock option compensation expense	-	5,732	-	-	-	-	-	-	-	5,732
Balance as of December 31, 2023	**639,077**	**340,824**	**57,508**	**-**	**(47,058)**	**10,450**	**554**	**-**	**554**	**990,905**
Profit (loss) for the period	-	-	-	-	(67,491)	(67,491)	-	-	-	(67,491)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(969)	236,629	235,660	235,660
Total comprehensive income (loss) for the period	-	-	-	-	(67,491)	(67,491)	(969)	236,629	235,660	168,169
Appropriation and distribution of retained earnings:										
Use of legal reserve to offset accumulated deficits	-	-	(47,058)	-	47,058	-	-	-	-	-
Share-based payment for remuneration	-	2,774	-	-	-	-	-	-	-	2,774
Balance as of December 31, 2024	**$ 639,077**	**343,598**	**10,450**	**-**	**(67,491)**	**(57,041)**	**(415)**	**236,629**	**236,214**	**1,161,848**

(Please refer to the attached Notes to the Parent Company Only Financial Statements)

Chairman: Po-Hua Wu **Manager: Po-Hua Wu** **Accounting Manager: Yu-Chen Tsai**

COPLUS Inc. and Subsidiaries

Statement of Cash Flows

For the Years Ended December 31, 2024 and 2023

Expressed in Thousands of New Taiwan Dollars

	2024	2023
Cash flows from operating activities:		
Profit before tax (loss) for the period	$ (84,999)	(59,151)
Adjustments:		
Adjustments to reconcile profit that do not affect cash flow:		
Depreciation expense	130,114	108,640
Amortization expense	3,161	2,449
Expected credit impairment loss	25,631	-
Interest expense	26,068	26,435
Interest income	(1,862)	(1,814)
Dividend income	(61)	(87)
Share of loss on subsidiaries accounted for using the equity method	381	578
Loss on disposal of property, plant and equipment	36	-
Loss on disposal of intangible assets	27	27
Fair value adjustment gain on investment property	(4,700)	-
Share-based payment for remuneration	2,774	5,732
Gain on lease modifications	-	(62)
Unrealized foreign (gain) on exchange	(1,271)	1,439
Total adjustments to reconcile profit that do not affect cash flow	180,298	143,337
Changes in operating assets and liabilities:		
Net changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	(54,244)	9,017
Decrease (Increase) in other receivables	-	623
Decrease (increase) in inventory	2,087	(36,683)
Decrease (increase) in prepayments and other current assets	8,734	(6,259)
Total net change in assets related to operating activities	(43,423)	(33,302)
Net change in liabilities related to operating activities:		
Decrease in current contract liabilities	(32)	(2,964)
Increase (decrease) in notes payables	(49,213)	20,255
Increase (decrease) in accounts payable	16,177	(14,291)
Increase (decrease) in other accounts payables	10,967	(7,976)
Increase (decrease) in Provisions Current	1,487	(2,403)
Increase (decrease) in other current liabilities	2,159	(5,917)
Total net changes in operating liabilities	(18,455)	(13,296)
Total changes in operating assets and liabilities	(61,878)	(46,598)
Cash used in operating activities	33,421	37,588
Interest received	1,862	1,814
Dividends received	61	87
Interest paid	(25,938)	(25,309)
Income taxes paid	(166)	(6,134)
Net cash inflow from operating activities	9,240	8,046
Cash flows used in investing activities:		
Other current financial assets decrease (increase)	400	(200)
Acquisition of property, plant and equipment	(68,807)	(160,093)
Acquisition of intangible assets	(1,963)	(1,361)
Refundable deposits refunded	(200)	4,581
Increase in prepayment for equipment	(48,255)	(115,155)
Other non-current financial assets decrease	1,170	(5,000)
Decrease in other non-current assets	295	526
Net cash flows used in investing activities	(117,360)	(276,702)

(Please refer to the attached Notes to the Parent Company Only Financial Statements)

Chairman: Po-Hua Wu **Manager: Po-Hua Wu** **Accounting Manager: Yu-Chen Tsai**

COPLUS INC. AND SUBSIDIARIES

Statement of Cash Flow (Continued)

For the Years Ended December 31, 2024 and 2023

Expressed in Thousands of New Taiwan Dollars

	2024	2023
Cash flows used in financing activities:		
Increase in short-term borrowings	180,000	221,000
Decrease in short-term borrowings	(141,000)	(130,000)
Proceeds from long-term borrowings	126,500	189,822
Repayments of long-term borrowings	(274,906)	(156,833)
Increase in guarantee deposits received	2,000	-
Payments of lease liabilities	(2,388)	(5,128)
Cash dividends paid	-	(20,521)
Cash capital increase	-	292,303
Net cash used in financing activities	(109,794)	390,643
Effect of exchange rate changes on cash and cash equivalents	1,271	(1,439)
Net increase (decrease) in cash and cash equivalents	(216,643)	120,548
Cash and cash equivalents at beginning of period	352,342	231,794
Cash and cash equivalents at end of period	$ 135,699	352,342

(Please refer to the attached Notes to the parent company only financial statements)

Chairman: Po-Hua Wu **Manager: Po-Hua Wu** **Accounting Manager: Yu-Chen Tsai**

COPLUS Inc.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(1) Company History

COPLUS Inc. (hereinafter referred to as the "Company") was established on September 14, 2013 with the approval of the Ministry of Economic Affairs. The registered address is No. 50, Keji 2nd Road, Annan District, Tainan City. The Company's shares have been listed on the Innovation Board of the Taiwan Stock Exchange since October 20, 2023. The Company mainly engages in the manufacturing, trading and international trading of automobile and motorcycle parts, accessories and hardware.

(2) Financial Statements Authorization Date and Authorization Process

The parent company only financial statements were authorized for issue by the Board of Directors (the "Board") on February 25, 2025.

(3) New Standards, Amendments and Interpretations Adopted

(a) The impact of the International Financial Reporting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from January 1, 2024.

- Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendment to IAS 1 "Non-Current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(b) Impact of the newly released and amended IFRS recognized by the FSC not yet adopted by the Company.

The Company assesses that the adoption of the following new amendments, effective for the annual period beginning on January 1, 2025, would not have a material impact on its parent company only financial statements.

- Amendment to IAS 21 -- "Lack of Exchangeability"

(c) New and revised standards and interpretations not yet approved by the FSC

The International Accounting Standards Board has issued and revised standards and interpretations that have not yet been endorsed by the Financial Supervisory Commission. Those that may be relevant to the Company are as follows:

IFRS 18 "Presentation and Disclosures in Financial Statements"	The new standard introduces three categories of income and expenses, two subtotals on the statement of profit or loss, and a single note on management performance measures. These three amendments and enhancements to the guidance on how to disaggregate information in financial statements lay the foundation for providing better and more consistent information to users and will affect all companies.	January 1, 2027
IFRS 18 "Presentation and Disclosures in Financial Statements"	• More structured income statement: Under current standards, companies use different formats to present their operating results, making it difficult for investors to compare financial performance between different companies. The new standard adopts a more structured income statement, introduces a new definition of "operating profit" subtotal, and requires all income and expenses to be classified into three new different categories based on the company's main operating activities. • Management Performance Measures (MPMs): The new standard introduces the definition of management performance measures and requires companies to explain in a single note to the financial statements, for each measure, why it provides useful information, how it is calculated, and how it reconciles with amounts recognized in accordance with IFRS accounting standards. • Disaggregation of information: The new standard includes guidance on how companies should enhance the grouping of information in financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes.	January 1, 2027

The Company is currently evaluating the impact of the above standards and interpretations on its financial position and operating results. The relevant impacts will be disclosed upon completion of the assessment.

The Company expects the following new and amendments to standards that have not yet been approved to have no significant impact on the parent-only financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Standards
- Amendments to IFRS 9 and IFRS 7 "Nature-Dependent Power Contracts"

(4) Summary of Material Accounting Policies

The significant accounting polices applied in the preparation of these parent-only financial statements are set out below. The following accounting policies have been applied throughout the presentation period of the parent-only financial statements.

(a) Compliance statement

These parent company-only financial statements of the Company have been prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers." (hereinafter referred to as the "Rules")

(b) Basis of preparation

1. Basis of measurement

Except for financial assets measured at fair value through other comprehensive income and investment property measured at fair value, this parent-only financial report is prepared on a historical cost basis.

2. Functional and presentation currency

The Company has its functional currency as the currency of the primary economic environment in which it operates. The parent-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars is expressed in thousands of New Taiwan Dollars.

(c) Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency in accordance with the exchange rates prevailing on the transaction date. At the end of each subsequent reporting period (“the reporting date”), monetary items denominated in foreign currencies are translated into functional currencies using the exchange rate at that date. The non-monetary item denominated in foreign currency measured at fair value is converted into the functional currency in accordance with the exchange rate on the date the fair value is measured. The non-monetary item denominated in foreign currency measured at historical cost is converted in accordance with the exchange rate on the transaction date.

The foreign currency exchange difference arising from translation is usually recognized in profit or loss, but in other comprehensive income under the following circumstances:

(1) Equity instruments designated to be measured at fair value through other comprehensive income;
(2) The financial liabilities designated as hedges of the net investment in a foreign operation are within the effective hedge range; or
(3) Qualifying cash flow hedging is within the effective range of hedging.

(d) Classification of current and non-current items

The Company’s assets that meet one of the following criteria are classified as current assets, and those that are not current assets are non-current assets:

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
2. The asset is held primarily for the purpose of trading.
3. The asset is expected to be realized within 12 months after the reporting period.
4. Cash or cash equivalents (as defined in IAS 7), except for restrictions on the assets

exchanged or used to settle liabilities at least 12 months after the reporting period.

The Company's liabilities that meet one of the following criteria are classified as current liabilities, and those that are not current liabilities are non-current liabilities:

1. Liabilities that are expected to be paid off within the normal operating cycle.
2. The liability is held primarily for the purpose of trading.
3. Liabilities that are to be paid off within 12 months from the reporting date.
4. At the end of the reporting period, there is no right to defer settlement of the liability for at least 12 months after the reporting period.

(e) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to highly liquid investments near maturity that can be converted into fixed amounts of cash at any time, with insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations rather than investment or other purposes are classified as cash equivalents.

(f) Financial instruments

Accounts receivable and debt securities issued are initially recognized when incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets (other than receivables that do not contain a significant financing component) or financial liabilities measured at fair value not through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue. Accounts receivable that do not contain significant financing components are initially measured at transaction prices.

1. Financial assets

On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

Financial assets at initial recognition are classified: Financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income. Financial assets are not reclassified subsequently to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(1) Financial assets measured at amortized cost

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

- The objective of the business model is achieved by collecting contractual cash flows.
- The assets' contractual cash flows solely represent payments of principal and interest.

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are subsequently measured at the initial recognized amount plus or minus the accumulated amortization calculated by the effective interest method, and any amortized cost of the allowance loss is adjusted. The gain or loss is recognized in profit or loss at derecognition.

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

The Company can conduct an irrevocable election at the time of initial recognition to report the subsequent fair value changes of equity investments that are not held for trading in other comprehensive income. The aforementioned elections are made on an instrument-by-instrument basis.

Equity instruments are subsequently measured at fair value. Dividend income (unless obviously representing the recovery of part of the investment cost) is recognized in profit or loss. The remaining net profit or loss is recognized as other comprehensive income and is not reclassified to profit or loss.

Dividend income from equity investment is recognized on the date when the Company is entitled to receive the dividend (usually the ex-dividend date).

(3) Evaluation of the business model

The Company evaluates the purpose of the business model of holding financial assets at the portfolio level, which best reflects the management method and provides information to the management. The information includes:

- Investment portfolio policies and objectives, and the operation of such policies. Including whether the management's strategy focuses on earning contractual cash flows, maintaining a specific interest yield combination, matching the lifetime of financial assets with that of related liabilities or expected cash outflows, or realizing cash flows by selling financial assets;
- How to evaluate the performance of the business model and the financial assets held under the business model, and how to report to the key management personnel of the company
- Risks affecting the performance of the business model (and the financial assets held under the business model) and the management of such risks;
- The manner in which the remuneration to the managers of the business is determined, for example, the remuneration is based on the fair value of the assets under management or the contractual cash flows received; and
- The frequency, amount, and timing of the disposal of financial assets in previous periods, the reasons for the disposal, and expectations for future disposals.

Based on the above purposes, if the transaction of transferring a financial asset to a third party does not meet the conditions for derecognition, it is not a sale referred to above, which is consistent with the purpose that the Company continues to recognize the asset.

Financial assets held for trading and managed and with performance evaluated at fair value basis are measured at fair value through profit or loss.

(4) Assess whether the contractual cash flows are fully for the principal and interest on the outstanding principal amount

Based on the purpose of evaluation, principal is the fair value of the financial asset at the time of initial recognition, and the interest consists of the following considerations: Time value of money, credit risk related to the outstanding principal amount during a specific period, other basic lending risks and costs, and margin of profit.

Assess whether the contractual cash flows are entirely the interest paid on the principal and the outstanding principal amount, the Company considers the terms of the financial instrument contract, including assessing whether the financial assets include a contractual term that can change the point or amount of the contractual cash flows, resulting in inconsistencies meet these conditions. At the time of evaluation, the Company considers:

- Any contingency that will change the timing or amount of the contractual cash flow;
- Terms that may adjust the contractual coupon rate, including the characteristics of the floating interest rate;
- Early repayment and extension; and
- The claim of the Company is limited to the terms of the cash flow from a specific

asset (such as non-recourse characteristics).

(5) Impairment of financial assets

The Company recognizes loss allowance for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposit and other financial assets, etc.).

The loss allowance of the following financial assets are measured by the 12-month expected credit loss amount, and the rest are measured by the full lifetime expected credit loss:

- Debt securities determined to have a low credit risk on the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e., the risk of a default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The loss allowance for accounts receivable is measured based on the expected credit loss throughout the lifetime.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the expected credit losses that result from all possible default events of a financial instrument within 12 months after the reporting date (or a shorter period, if the expected life of the financial instrument is shorter than 12 months).

The maximum period over which expected credit losses should be measured is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk has increased significantly after the initial recognition, the Company considers reasonable and supportable information (obtainable without undue cost or investment), including qualitative and quantitative information, the Company's historical experience, and analysis of credit ratings and forward-looking information.

If the contract payment is overdue for more than 30 days, the Company assumes that the credit risk of the financial asset has increased significantly.

If the contract payment is overdue for more than 90 days, or that the borrower is unlikely to fulfill the credit obligations and pay the full amount to the Company, we consider the financial asset to be in default.

The time deposit held by the Company's counterparty is a financial institution with investment grade or above, and is therefore considered to have a low credit risk.

Expected credit loss is a probability-weighted estimate of credit loss over the expected life of a financial instrument. Credit loss is measured at the present value of all cash shortfalls, which is the difference between the cash flow that the Company can collect in accordance with the contract and the cash flow that the Company expects to collect.

The Company assesses whether financial assets measured at amortized cost are credit-impaired at each reporting date. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulties of the borrower or issuer;
- A breach of contract, such as a default or past due event for more than 90 days;
- We, for economic or contractual reasons relating to the borrower’s financial difficulty, have granted to the borrower a concession that we would not otherwise consider;

- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties.

Loss allowance for financial assets at amortized cost is deducted from the carrying amount of the assets.

When the Company has no reasonable expectation of recovery of all or part of the financial assets, it will directly reduce the gross carrying amount of such financial assets. For corporate accounts, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects that the written-off amount will not reverse significantly. However, the written-off financial assets can still be enforced to comply with the Company's procedures for recovering overdue amounts.

(6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains all of the risks and rewards of ownership substantially, and it does not retain control of the financial asset.

When the Company enters into a transaction to transfer a financial asset, if all or almost all of the risks and rewards of the transferred asset's ownership are retained, it will continue to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equities

The debt and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of the contractual arrangement and the definitions of financial liabilities and equity instruments.

(2) Equity transactions

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the amount after deducting direct issuance costs from the obtained proceeds.

(3) Financial liabilities

Financial liabilities are classified and measured at amortized cost.

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

(4) De-recognition of financial liabilities

The Company derecognizes financial liabilities when the obligations specified in the contract are fulfilled, cancelled or expired. When the terms of a financial liability are modified and there is a significant difference in the cash flow of the liability after the modification, the original financial liability is derecognized, and a new financial liability at the fair value based on the modified terms is recognized.

When derecognizing a financial liability, 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 only when the Company has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. Costs include the acquisition, production or processing costs and other costs incurred to make them available for use, and are calculated in accordance with the weighted average method. The cost of inventories of finished goods and work-in-progress includes the manufacturing expenses amortized based on the normal production capacity in an appropriate proportion.

Net realizable value is the estimated selling price minus the estimated costs to complete and the estimated costs necessary to make the sale.

(h) Investment in subsidiaries

In preparing the parent company only financial statements, the Company has adopted the equity method to evaluate the invested company it has control over. Under the equity method, he profit or loss during the period and other comprehensive income presented in the parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to the owners of the parent company presented in the financial reports prepared on a consolidated basis and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

Changes in the Company's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions.

(i) Investment property

Investment property refers to property held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is initially measured at cost and subsequently measured at fair value, with any changes recognized in profit or loss.

The gain or loss from the disposal of investment property (calculated as the difference between the net disposal proceeds and the book value of the item) is recognized in profit or loss. If the investment property sold was previously classified as property, plant and equipment, any related "Other equity - Revaluation surplus" is transferred to retained earnings.

Rental income from investment property is recognized in non-operating income on a straight-line basis over the lease term. Lease incentives granted are recognized as part of rental income over the lease term.

(j) Property, plant and equipment

1. Recognition and measurement

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

Property, plant and equipment that are significant in terms of their useful lives are treated as a separate item (a major component) when their useful lives are different.

The gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only to the extent that they likely increase the future economic benefits.

3. Depreciation

Depreciation is calculated at the cost of the asset less residual value and recognized in profit or loss using the straight-line method over the projected useful life of each component.

Land does not recognize depreciation.

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

(1) Houses and buildings: 3 to 50 years
(2) Machinery and equipment: 5 to 15 years
(3) Mold equipment: 5 years
(4) Office and other equipment: 3 to 15 years

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

4. Reclassified to investment property

When the use of an owner-occupied property changes to an investment property, the property is reclassified as investment property at its fair value at the date of change in use. Gains arising from remeasurement are recognized in profit or loss to the extent of the cumulative impairment of the property previously recognized, and the remaining difference is recognized in other comprehensive income and accumulated in "other equity - revaluation gains of property." Any loss is recognized in profit or loss, but if the decrease is within the amount of the revaluation surplus for that property, it is recognized in other comprehensive income and reduces the revaluation surplus in equity.

(k) Lease

The Company assesses whether the contract is or contains a lease on the date of establishment of the contract. If the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration, the contract is or contains a lease.

1. Lessee

The Company recognizes the right-of-use asset and lease liability on the lease inception date. The right-of-use asset is initially measured at cost, which includes the initial measurement of the lease liability, adjusting any lease payments made on or before the lease inception date, and adding all initial direct costs incurred and estimated costs of dismantling, removing and restoring the site or the underlying asset, less any lease incentives received.

The right-of-use asset recognized on a straight-line basis is depreciated from the inception date to the earlier of the end of the asset's service life or the end of lease term. In addition, we regularly assess whether the right-of-use asset is impaired and handle any impairment loss that has occurred, and adjust the right-of-use asset in response to the remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date. If the implicit interest rate of the lease is easy to determine, the discount rate will be the interest rate; if it is not easy to determine, the incremental borrowing rate will be used. Generally speaking, we use our incremental borrowing rate as the discount rate.

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

(1) Fixed payments, including in-substance fixed payments;
(2) Variable lease payments that depend on an index or rate, which uses the index or rate on the lease commencement date for the initial measurement;
(3) Amounts expected to be payable under residual value guarantees;

(4) The exercise price of a purchase option or lease termination option reasonably certain to be exercised or the payment for the termination penalty.

The lease liability subsequently accrues interest using the effective interest method, and its amount is remeasured when the following situations occur:

(1) Changes in the index or rate used to determine lease payments lead to changes in future lease payments;
(2) Changes in the amounts expected to be payable under residual value guarantees;
(3) Changes in the valuation of the underlying asset purchase option;
(4) Changes in the assessment of whether to exercise the extension or termination option, which changes the assessment of the lease period;
(5) Modification of the underlying asset, scope or other terms of the lease.

When the lease liability is remeasured due to the aforementioned changes in the index or rate used to determine the lease payment, changes in the residual value guarantee amount, and changes in the evaluation of the purchase, extension or termination options, the carrying amount of the right-of-use asset is adjusted accordingly, and when the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between this amount and the remeasurement amount of the lease liability is recognized in profit or loss.

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

If the agreement includes lease and non-lease components, the Company allocates the consideration in the contract to the separate lease components on the basis of relative standalone prices. However, when leasing land and buildings, the Company chooses not to distinguish between non-lease components and lease components, and instead treats them as a single lease component.

For short-term leases of office equipment, exhibition equipment, research and development equipment, and other equipment, as well as leases of low-value underlying assets, we choose not to recognize the right-of-use assets and lease liabilities, but recognizes the relevant lease payments as expenses during the lease period on a straight-line basis.

2. Lessor

The transaction in which the Company is the lessor is to classify the lease contract on the date of establishment of the lease according to whether it transfers substantially all the risks and rewards attached to the ownership of the underlying asset. If so, it is classified as a finance lease, otherwise it is classified as an operating lease. We consider relevant specific indicators including whether the lease period covers the major part of the economic life of the underlying asset in our assessment.

(l) Intangible assets

1. Recognition and measurement

Other intangible assets with limited useful lives, such as patents, computer software, etc., acquired by the Company are measured at the cost minus accumulated amortization and impairment.

2. Subsequent expenditure

Subsequent expenditures are capitalized only to the extent that they increase the future economic benefits of the related specific assets. All other expenditures are recognized in profit or loss as incurred, including internally developed goodwill and branding.

3. Amortization

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

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

(1) Patents 10 - 25 years

(2) Computer software 1~5 years

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

(m) Impairment of non-financial assets

The Company assesses whether there is any indication that the book value of non-financial assets (except inventories and deferred income tax assets) may be impaired at each reporting date. If any of these indicators exist, estimate the asset's recoverable amount.

For the purpose of impairment testing, the group of assets whose cash inflow is mostly independent of other individual assets or asset group is recognized as the smallest identifiable asset group.

The recoverable amount is the fair value of an individual asset or cash-generating unit less the cost of disposal and its value in use, whichever is higher. When assessing value in use, the estimated future cash flows are converted to the present value using a pre-tax discount rate that reflects the current market's assessment of the time value of money and the specific risks of the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, it is recognized as impairment loss.

The impairment loss is immediately recognized in the current profit and loss, and the carrying amount of the amortized goodwill of the cash-generating unit is reduced first, and then the carrying amount of each asset is reduced in proportion to the carrying amount of other assets in the unit.

The non-financial assets other than goodwill are only reversed within the carrying amount (less depreciation or amortization) of the asset if no impairment loss was recognized in previous years.

(n) Provision

The provision shall be recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will require an outflow of economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably. The provision is discounted at the pre-tax discount rate that reflects the current market's assessment of the specific risk of the time value of money and liabilities; the amortization of the discount is recognized as interest expense.

The Company's provisions for warranty liabilities are mainly related to the sales of vehicle lamps and radiator covers. The provisions for warranty liabilities are estimated based on the historical warranty data of similar products and services. The Company expects that most of the liabilities will be incurred in the year after the sale.

(o) Revenue recognition

1. Revenue from contracts with customers

Revenue is measured based on the consideration that the Company is entitled to receive from the transfer. The Company recognizes revenue when control of the goods is transferred to the customer and performance obligations are satisfied. The main income items of the Company are described as follows:

(1) Selling goods

The Company recognizes revenue when control of the goods is transferred to the customer. The transfer of control of the product means that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product, and there are no outstanding obligations that would affect the customer's acceptance of the product. Delivery occurs when products are delivered to a specified venue, the risks of obsolescence and losses are transferred to the customers, and customers have accepted products according to sales contracts, the acceptance terms have become invalid, or the Company has objective evident recognizing that all acceptance conditions have been fulfilled.

The Company recognizes accounts receivable when the goods are delivered, because the Company has the unconditional right to the consideration at that point.

(2) Financial components

The Company expects that the time interval between the time of transferring the goods to the customer and the time when the customer pays for the goods will not exceed one year, so the Company has not adjusted the time value of money of the transaction price.

2. Cost of contracts with customers

(1) Incremental cost of obtaining a contract

If the Company expects to recover the incremental costs of obtaining contracts with customers, such costs are recognized as assets. The incremental cost of obtaining a contract is the cost that is incurred in obtaining a contract with a customer that would not be incurred if the contract had not been obtained. The costs of obtaining a contract that will be incurred whether or not the contract is acquired are recognized as expenses when they occur, unless the costs can be clearly collected from the customer whether the contract has been acquired or not.

The Company adopts the practical expedient of the standard. If the incremental cost of obtaining a contract is recognized as an asset and the amortization period of the asset is less than one year, the incremental cost of the contract will be recognized as an expense when it is incurred.

(2) Cost of fulfilling the contract

If the cost of performing a contract with customers is not within the scope of other standards (IAS 2 "Inventory", IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the Company will only pay the cost if it is directly related to a contract, or identifiable expected contract, and will generate or strengthen resources that will be used to meet (or continue to meet) the performance obligation in the future. If it is expected to be recoverables, such costs are recognized as assets.

General and administrative costs; costs of raw materials, labor or other resources wasted to fulfill the contract but not reflected in the contract price; costs associated with fulfilled (or partially fulfilled) performance obligations; and the costs related to the obligations or fulfilled (or partially fulfilled) performance obligations are recognized as expenses when incurred.

(p) Employee benefits

1. Defined contribution plans

The contribution obligation of the defined contribution plan is recognized as an expense within the service tenure of the employee.

2. Short-term employee benefits

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

(q) Share-based payment transactions

For the equity-settled share-based payment agreement, the fair value on the grant date is recognized as an expense and increased in relative equity during the vesting period. The recognized expenses are adjusted based on the expected number of rewards that meet the service conditions and non-vesting market value conditions; and the final recognized amount is measured based on the number of rewards that meet the service conditions and non-vesting market value conditions on the vesting date.

The non-vesting conditions regarding the share-based payment incentives are reflected in the measurement of the fair value of the share-based payment and the difference between the expected and actual results is not subject to verification adjustment.

The grant date of the Company's share-based payment is the date on which the Company notifies employees of the subscription price and the number of shares to be subscribed.

(r) Income tax

The tax expense for the period comprises current and deferred tax. Current and deferred tax is recognized as profit or loss for the period, except for those that are recognized directly in equity or other comprehensive income.

Current income tax includes estimated income tax payable or tax refund receivable calculated based on the taxable income (losses) of the year and any adjustment made to the income tax payable or tax refund receivable in prior years. The amount is measured at the statutory tax rate or tax rate substantially enacted on the reporting date, the best estimate of the amount expected to be paid or received.

Deferred income taxes arise due to temporary differences between the carrying amounts of assets and liabilities on the financial reporting date and their respective tax bases. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. Temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that (i) affects neither accounting nor taxable profits (losses) at the time of the transaction, and (ii) no equivalent taxable and deductible temporary differences is incurred at the time of the transaction.
2. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. The taxable temporary difference arising from the initial recognition of goodwill.

Deferred income tax is measured at the tax rate at which the temporary difference is expected to be reversed, and based on the statutory tax rate or substantive tax rate at the reporting date.

The Company will offset the deferred income tax assets and liabilities when all of the following conditions are met:

1. Has the legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxable entities levied by the same taxation authority:

(1) The same taxable entity; or
(2) Different taxable entities, but each entity intends to settle the current income tax liabilities and assets on a net basis, or realize both assets and settlement of liabilities.

Unused tax losses and tax credits and deductible temporary differences are recognized as deferred tax assets to the extent that future taxable income is likely to be available. The Company shall reevaluate it at each reporting date, and adjust the relevant income tax benefits to the extent that it is not very likely to be realized; or to reverse the amount of reduction in the range where it is very likely that there will be sufficient taxable income.

(s) Earnings per share

The Company expresses the basic and diluted earnings per share attributable to the owners of ordinary shares of the Company for the current period. The Company's basic earnings per share is calculated by dividing the profit or loss attributable to the Company's common stock shareholders by the weighted average number of the outstanding common stock shares for the period. Diluted earnings per share is calculated by having the profit and loss attributable to the Company's common stock shareholders and the weighted average number of common stock shares outstanding adjusted for the effects of all potential diluted common stock shares, respectively. The Company's potential diluted common stock is the employee remuneration that may be issued in the form of stock.

(t) Segment Information

The Company has disclosed the segment information in the consolidated financial report, so the parent-only financial report will not disclose it.

(5) Significant Accounting Assumptions and Judgements, and Major Sources of Estimation Uncertainty

In preparing these parent-only financial statements, management must make judgments and estimates about the future (including climate-related risks and opportunities), which will affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from estimates.

The management continues to monitor the accounting estimates and assumptions, which are consistent with the Company's risk management and climate-related commitments. Any changes in estimates are deferred and recognized over the period of change and the affected future periods.

There is no information in the parent-only financial statements that involves critical judgments in the accounting policy, resulting in a significant impact on the recognized amount.

The following assumptions and estimation uncertainties have a significant risk of resulting in a material adjustment to the book value s of assets and liabilities within the next financial year. The relevant information is as follows:

(a) Inventory valuation

Since inventories need to be measured at the lower of cost or net realizable value, the Company assesses the amount of inventory on the reporting date due to obsolescence, or no market sales value, and offsets the cost of inventories to the net realizable value. Inventory valuation may be subject to significant changes due to subsequent market supply and demand conditions. For subsequent measurement of inventory, please refer to Note (6)(e).

(b) Investment Property Valuation

The Company adopts the fair value model for subsequent measurement of investment properties, remeasuring the fair value of investment properties at the reporting date. The fair value is based on appraisal reports from external experts, and changes in the assumptions and judgments used by external experts may cause significant adjustments in the future. For investment property valuation, please refer to Note (6)(i).

(c) Impairment Assessment of Property, Plant and Equipment

the process of asset impairment assessment, as of December 31, 2024, the Company determined the recoverable amount of property, plant and equipment based on appraisal reports from external experts. Changes in the assumptions and judgments used by external experts may cause significant impairment in the future. For property, plant and equipment impairment assessment, please refer to Note (6)(g).

The Company's accounting policies and disclosures include the use of fair value measurements for financial and non-financial assets and liabilities. The Company's finance and accounting unit is responsible for fair value assessments, using market observable inputs to the extent possible during the assessment, and making necessary fair value adjustments to ensure the evaluation results are reasonable. Investment properties are appraised by external valuation experts appointed by the Company.

When the Company measures its assets and liabilities, it uses market-observable inputs as much as possible. The level of fair value is based on the input used in the evaluation technique, and is classified as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If transfers between levels of the fair value hierarchy occur, the Company recognizes the transfer at the reporting date. For information regarding the assumptions used to measure fair value, please refer to the following notes:

1. Note (6)(i), Investment property
2. Note (6)(x), Financial Instruments

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	2024.12.31	2023.12.31
Cash on hand	$ 53	354
Demand deposit	135,646	348,610
Time deposits	-	3,378
Cash and cash equivalents in the statement of cash flows	$ 135,699	352,342

Please refer to Note (6)(x) for disclosure of the Company's foreign exchange risk and sensitivity analysis of financial assets..

(b) Non-current financial assets at fair value through other comprehensive income

	2024.12.31	2023.12.31
Equity investments measured at fair value through other comprehensive income:		
Non-publicly traded stocks	$ 3,335	4,304

The investments in these equity instruments held by the Company are long-term strategic investments and are not held for trading purposes, and therefore have been designated to be measured at fair value through other comprehensive income.

The Company did not dispose of strategic investment in 2024 and 2023, and no transfer of accumulated gain or loss during the period was within equity.

Please refer to Note (6)(x) for credit risk and market risk information.

The Company has no financial assets at fair value through other comprehensive income pledged to others.

(c) Notes receivables and accounts receivable

		2024.12.31	2023.12.31
Notes receivables -- Arising from operating activities	$	-	329
Accounts receivable -- Measured at amortized cost		81,488	26,915
Less: loss allowance		(25,631)	-
	$	55,857	27,244

The Company estimates the expected credit loss using the simplified method for all notes and accounts receivable, that is, using the expected credit loss throughout its lifetime. The common credit risk characteristics of the ability to pay all amounts due in the contract terms are grouped and included in the forward-looking information. The expected credit loss analysis of the Company's notes and accounts receivable is as follows:

	2024.12.31			
		Gross book value	Weighted-average loss rate	Loss allowance
Current	$	52,742	0%	-
1 to 30 days past due		3,115	0%	-
Overdue for more than 91 days		25,631	100%	25,631
Total	$	81,488		25,631

	2023.12.31			
		Gross book value	Weighted-average loss rate	Loss allowance
Current	$	25,524	0%	-
1 to 30 days past due		1,720	0%	-
Total	$	27,244		-

The movements in the allowance for losses of the Company’s notes receivables and accounts receivable are as follows:

		2024	2023
Opening balance	$	-	-
Recognized impairment loss		25,631	-
Ending balance	$	25,631	-

The Company’s notes receivables and accounts receivable are not pledged as collateral for bans and borrowings.

(d) Other receivables, net

2024.12.31	2023.12.31

Other receivables, net -- Arising from operating activities	$	540	540
Less: loss allowance		-	-
	$	540	540

Please refer to Note (6)(x) for other credit risk information.

(e) Inventory

		2024.12.31	2023.12.31
Raw materials	$	68,712	69,723
Supplies		811	1,193
Work in progress		30,204	24,193
Finished goods		33,147	39,852
	$	132,874	134,961

The Company's operating costs are detailed as follows:

		2024	2023
Transfer of inventories to sale	$	440,829	378,574
Loss on falling prices of inventory		10,183	1,415
Losses on scrapping of inventories		1,955	1,373
Reversal of warranty reserve		1,743	6,477
Loss (gain) on physical inventories, net		23	(146)
Unamortized manufacturing expenses		12,281	5,459
	$	467,014	393,152

The Company’s inventories were not pledged as collaterals.

(f) Investments accounted for using equity method

The following lists the investments accounted for using the equity method on the reporting date:

		2024.12.31	2023.12.31
Subsidiary	$	11,472	11,853

Please refer to the 2024 consolidated financial statements.

(g) Property, plant and equipment

The details of changes in the cost and accumulated depreciation of the Company's property, plant and equipment are as follows:

		Land	Buildings	Machinery and equipment	Mold equipment	Office and other equipment	Construction in progress and equipment awaiting examination	Total
Cost or recognized cost:								
Balance at January 1, 2024	$	860,534	511,542	31,779	548,187	40,837	17,066	2,009,945
Additions		-	6,832	484	18,029	2,687	9,212	37,244
Revaluation gains of property		243,509	-	-	-	-	-	243,509
Transferred to investment property		(415,719)	(84,747)	-	-	-	-	(500,466)

Reclassification	-	5,767	240	43,239	1,086	(5,768)	44,564 (Note)
Disposals	-	-	(98)	(68,290)	(1,080)	-	(69,468)
Balance at December 31, 2024	$ 688,324	439,394	32,405	541,165	43,530	20,510	1,765,328
Balance at January 1, 2023	$ 860,534	299,276	18,067	404,276	13,623	135,933	1,731,709
Additions	-	44,952	1,975	41,795	11,666	40,013	140,401
Reclassification	-	167,314	11,737	102,116	15,548	(158,880)	137,835 (Note)
Balance on December 31, 2023	$ 860,534	511,542	31,779	548,187	40,837	17,066	2,009,945
Accumulated depreciation:							
Balance at January 1, 2024	$ -	39,126	8,356	238,383	7,994	-	293,859
Depreciation for the period	-	27,715	2,945	90,535	6,570	-	127,765
Transferred to investment property	-	(19,586)	-	-	-	-	(19,586)
Disposals	-	-	(62)	(68,290)	(1,080)	-	(69,432)
Balance at December 31, 2024	$ -	47,255	11,239	260,628	13,484	-	332,606
Balance at January 1, 2023	$ -	21,602	5,794	158,932	4,032	-	190,360
Depreciation for the period	-	17,524	2,562	79,451	3,962	-	103,499
Balance on December 31, 2023	$ -	39,126	8,356	238,383	7,994	-	293,859
Book value:							
December 31, 2024	$ 688,324	392,139	21,166	280,537	30,046	20,510	1,432,722
December 31, 2023	$ 860,534	472,416	23,423	309,804	32,843	17,066	1,716,086
January 1, 2023	$ 860,534	277,674	12,273	245,344	9,591	135,933	1,541,349

Note: Reclassified from prepayment for equipment.

In May 2024, the Company leased its self-used plant to a third party and reclassified the property as investment property at its fair value at the date of change in use. The difference of NT$243,509 thousand between the book value of the property at the date of change in use and its fair value is recognized in other comprehensive income - revaluation surplus. The fair value valuation techniques and significant unobservable inputs used by the Company for this property at the date of change in use are consistent with those used for investment property at the reporting date, please refer to Note (6)(i).

Please refer to Note (8) for the details of the property, plant and equipment of the Company as collateral for long-term borrowings and financing.

The Company's property, plant and equipment showed signs of impairment as of December 31, 2024, and underwent impairment testing. As the recoverable amounts of property, plant and equipment were all higher than their carrying values, no impairment loss needed to be recognized.

(h) Right-of-use assets

The changes in cost and accumulated depreciation of transportation equipment, office equipment, and buildings and structures leased by the Company are as follows:

	Vehicles	Office equipment	Buildings	Total
Right-of-use assets cost:				
Balance at January 1, 2024	$ 8,037	852	-	8,889
Additions	557	172	1,714	2,443
Balance at December 31, 2024	$ 8,594	1,024	1,714	11,332

Balance at January 1, 2023	$	16,859	162	-	17,021
Additions		1,377	690	-	2,067
Remeasurement of changes in the lease term		(9,759)	-	-	(9,759)
Reclassification upon expiration of the lease term		(440)	-	-	(440)
Balance on December 31, 2023	**$**	**8,037**	**852**	**-**	**8,889**
Accumulated right-of-use depreciation:					
Balance at January 1, 2024	$	5,253	233	-	5,486
Depreciation for the period		2,108	193	48	2,349
Balance at December 31, 2024	**$**	**7,361**	**426**	**48**	**7,835**
Balance at January 1, 2023	$	7,499	63	-	7,562
Depreciation for the period		4,971	170	-	5,141
Remeasurement of changes in the lease term		(6,777)	-	-	(6,777)
Reclassification upon expiration of the lease term		(440)	-	-	(440)
Balance on December 31, 2023	**$**	**5,253**	**233**	**-**	**5,486**
Book value:					
December 31, 2024	**$**	**1,233**	**598**	**1,666**	**3,497**
January 1, 2023	**$**	**9,360**	**99**	**-**	**9,459**
December 31, 2023	**$**	**2,784**	**619**	**-**	**3,403**

(i) Investment property

The investment property is a plant in the South District of Tainan City that the Company leases to third parties under operating leases. The original lease term for the leased investment property is approximately 12 years, with the lease contract stipulating that the lessee has the right of first refusal for renewal upon expiration. The rental income is all fixed amounts.

The changes in the Company's investment property are as follows:

		Self-owned assets
Cost or recognized cost:		
Balance at January 1, 2024	$	-
Transferred from property, plant, and equipment		480,880
Net gain arising from fair value adjustments		4,700
Balance at December 31, 2024	**$**	**485,580**

The Company's investment property is subsequently measured at fair value on a recurring basis, using valuation techniques with inputs classified as Level 3. The reconciliation between the beginning and ending carrying amounts of Level 3 is shown in the above movement schedule. For information on transfers into fair value hierarchy Level 3, please refer to Note (6)(g).

The following investment properties of the Company are subsequently measured using the discounted cash flow analysis method under the income approach. The relevant key contractual terms and valuation information are as follows:

Target	Plant, Xinping Road, South District, Tainan City
Key contractual terms	1. Rent: - July 2024 to June 2027: NT$ 702 thousand/month - July 2027 to June 2029: NT$ 759 thousand/month - July 2029 to June 2031: NT$ 823 thousand/month - July 2031 to June 2033: NT$ 897 thousand/month - July 2033 to June 2036: NT$ 982 thousand/month 2. Lease term: 146 months (rent waived for the first two months) 3. Deposit: NT$ 2,000 thousand 4. The lessor bears annual taxes and fees totaling NT$901 thousand
Local rental market conditions	NT$ 650 thousand - NT$ 800 thousand/month
Rental rates of similar properties	Same as above
Current status	Normal use
Capitalization rate	1.67%
Discount rate	3.22%
Outsourced or internal valuation	Outsourced valuation
Appraisal Firm	Euro-Asia Property Evaluation Group
Name of Appraiser	Shi-Yuan Chou, Tsai-Jung Su
Date of Valuation	December 31, 2024
Fair value of outsourced appraisal	NT$ 485,580 thousand

According to Article 34 of the Real Estate Appraisal Technical Rules, the income approach valuation procedure includes estimating effective gross income, estimating total expenses, calculating net income, determining the discount rate, and calculating the income value. The estimation of the above parameters is based on collecting relevant data from the valuation subject and comparable subjects with the same or similar characteristics. After comprehensive judgment of their continuity, stability, and growth patterns, adjustments are made to confirm the usability and reasonableness of the data. The changes in income (cash inflows) and expenses (cash outflows) for future periods are determined based on the historical income and expenses (cash flows) of the valuation subject, income and expenses (cash flows) of the same industry or substitutable comparable subjects, vacancy or loss rates, and current or future possible planned income and expenses. The objective net income after deducting total expenses from total income is based on the objective net income of the valuation subject under its most effective use and is estimated with reference to the income of similar nearby properties under their most effective use.

The discount rate is determined using the risk premium method, which is based on a certain interest rate plus an estimate of the special characteristics of the investment property. The discount rate is based on Chunghwa Post Co., Ltd.'s two-year time deposit interest rate for small deposits plus three basis points (2.47%). As of December 31, 2024, adding a risk premium of 0.75%, the discount rate for the subject is determined to be 3.22%. The estimation of the capitalization rate is based on the aforementioned discount rate plus a risk premium of 1.25% and minus the expected future rental growth rate of 2.8%, resulting in a capitalization rate of 1.67%.

The description of the aforementioned fair value valuation techniques and significant unobservable inputs is as follows:

Fair value measurement techniques	Significant unobservable input	Relationship between significant unobservable inputs and fair value measurement
Management evaluates the income approach valuation technique and measures the impact of estimates used in each valuation technique. These estimates are judged by the Company to be consistent with those adopted by market participants after evaluation. The income approach uses the discounted cash flow method, which should consider the present value of the estimated net cash flows generated by the facility, calculated using a risk-adjusted discount rate. The discounted cash flow method should consider the net income for each period (effective gross income less total expenses) that the valuation subject can generate, expected rental growth rate, vacancy period, and capitalization rate. The net income for each period is calculated using a risk-adjusted discount rate, and the estimation of the discount rate	• The expected market rental growth rate as of December 31, 2024 is 2.8%. • The idle period as of December 31, 2024 is 1.2 months. • The capitalization rate as of December 31, 2024 is 1.67%. • The risk-adjusted discount rate as of December 31, 2024 is 3.22%.	The estimated fair value will increase (or decrease) if: • The expected market rental growth rate is expected to increase (decrease). • The idle period will be shortened (extended). • Increase (decrease) in the capitalization of gains. • The risk-adjusted discount rate will decrease (increase).

should consider the quality and location of the building, the tenant's credit status, and the lease term.		

The Company no longer uses the plant in the South District of Tainan City. In May 2024, the Board of Directors resolved to lease it out, and consequently transferred it from property, plant and equipment to investment property. Please refer to Note (6)(g) for details.

Please refer to Note (8) for details on the Company’s investment property pledged as collateral for long-term borrowings and financing.

(j) Intangible assets

The cost and amortization of the Company's intangible assets are as follows:

		Patents	Computer software	Total
Cost:				
Balance at January 1, 2024	$	5,680	10,505	16,185
Separate acquisition		96	1,867	1,963
Disposals		(64)	(1,728)	(1,792)
Balance at December 31, 2024	$	5,712	10,644	16,356
Balance at January 1, 2023	$	5,582	9,290	14,872
Separate acquisition		146	1,215	1,361
Disposals		(48)	-	(48)
Balance on December 31, 2023	$	5,680	10,505	16,185
Amortization and impairment loss:				
Balance at January 1, 2024	$	1,732	4,753	6,485
Current amortization		415	2,746	3,161
Disposals		(37)	(1,728)	(1,765)
Balance at December 31, 2024	$	2,110	5,771	7,881
Balance at January 1, 2023	$	1,339	2,718	4,057
Current amortization		414	2,035	2,449
Disposals		(21)	-	(21)
Balance on December 31, 2023	$	1,732	4,753	6,485
Book value:				
December 31, 2024	$	3,602	4,873	8,475
December 31, 2023	$	3,948	5,752	9,700
January 1, 2023	$	4,243	6,572	10,815

(k) Short-term borrowings

		2024.12.31	2023.12.31
Unsecured bank loans	$	250,000	211,000
Unused credit line	$	-	39,000
Range of short-term borrowing rates		2.295%~2.455%	2.15%~2.33%

The Company's short-term loan contract has no commitment to maintain a specific financial ratio.

(l) Long-term borrowings

The detailsof conditions and terms of the Company's long-term borrowings are as follows:

	2024.12.31			
	Currency	Interest rate (%)	Due year	Amount
Secured bank loans	NT$	2.225%~2.475%	2025~2030	$ 812,395
Unsecured bank loans	NT$	2.275%~2.47%	2025~2026	60,764
				873,159
Less: Mature within one year				287,707
Total				$ 585,452
Unused credit line				$ 15,167

	2023.12.31			
	Currency	Interest rate (%)	Due year	Amount
Secured bank loans	NT$	2.1%~2.35%	2025~2030	$ 882,533
Unsecured bank loans	NT$	2.15%~2.4%	2024~2026	139,032
				1,021,565
Less: Mature within one year				275,184
Total				$ 746,381
Unused credit line				$ 81,667

Please refer to Note (8) for details of the related assets pledged as collateral.

The Company's long-term loan contract has no commitment to maintain a specific financial ratio.

(m) Lease liabilities

The Company's lease liabilities are as follows:

	2024.12.31	2023.12.31
Current	$ 1,858	1,979
Non-current	1,701	1,525
	$ 3,559	3,504

Please refer to Note (6)(x) Financial Instruments for maturity analysis.

The amounts recognized in profit or loss are as follows:

	2024	2023
Interests on lease liabilities	$ 118	260
Expenses of which the amount does not have a significant influence	$ 47	-

Expenses relating to short-term leases	$	431	649

The amounts recognized in the statement of cash flow for the Company were as follows:

		2024	2023
Total cash outflow for leases	$	2,984	6,037

1. Transportation equipment leases

The Company leases transportation equipment for use as company vehicles. The lease period of the company vehicles is expected to be three to five years.

2. Leases of Buildings and Structures

The Company leases buildings and structures for warehouse use, with an expected lease term of three years.

3. Other leases

The lease term for the office equipment leased by the Company is five years.

The Company leases certain office equipment, exhibition equipment, research and development equipment, and other equipment that qualify as short-term leases or leases of low-value assets. The Company has elected to apply the recognition exemption and does not recognize right-of-use assets and lease liabilities for these leases.

(n) Provisions for liabilities

		Warranty
Balance at January 1, 2024	$	5,909
Provisions set aside for the current period		1,743
Provisions used for the period		(256)
Balance at December 31, 2024	$	7,396
Balance at January 1, 2023	$	8,312
Provisions set aside for the current period		6,477
Provisions used for the period		(8,880)
Balance on December 31, 2023	$	5,909

The Company's provisions for warranty liabilities are mainly related to the sales of vehicle lamps and radiator covers. The provisions for warranty liabilities are estimated based on the historical warranty data of similar products and services. The Company expects that most of the liabilities will be incurred in the year after the sale.

(o) Operating lease

In May 2024, the Company leased out its plant. Since the lease does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset, the lease contract is classified as an operating lease. Please refer to Note (6)(i) for details.

The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, is as follows:

		2024.12.31
Less than 1 year	$	8,429
1 to 2 years		8,429
2 to 3 years		8,766
3 to 4 years		9,103
4 to 5 years		9,490
Over 5 years		71,713

Total undiscounted lease payments	$	115,930

(p) Employee benefits -- Defined contribution plan

The Company's defined contribution plan complies with the Labor Pension Act. An amount equivalent to 6% of the employee's monthly salary is appropriated to the individual labor pension account with the Bureau of Labor Insurance. Under this plan, after appropriating a fixed amount to the Bureau of Labor Insurance, the Company has no legal or constructive obligation to make additional payments.

The Company's pension expense under the 2024 and 2023 defined contribution plan was NT$ 4,700 thousand and NT$ 3,679 thousand, respectively. It has been appropriated to the Bureau of Labor Insurance.

(q) Income tax

1. Income tax expenses

The breakdown of income tax profits of the Company is as follows:

	2024	2023
Current tax benefits		
Adjustment of the current income tax of the previous period	$ -	(180)
Deferred income tax gains		
Origination and reversal of temporary differences	(17,508)	(11,413)
Income tax benefit	$ (17,508)	(11,593)

The details of income tax expense recognized in other comprehensive income by the Company are as follows:

	2024	2023
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:		
Revaluation surplus of property	$ 6,880	-

The relationship between income tax expenses (profits) and profit before tax (loss) of the Company is adjusted as follows:

	2024	2023
Profit before tax (loss)	$ (84,999)	(59,151)
Income tax calculated in accordance with the local tax rate in the place where the Company is located	(17,000)	(11,830)
Unrealized gains	(940)	-
Non-deductible expenses under the tax law	573	18
Dividend income tax-exempt income	(12)	(17)
Effects of expired employee stock options	-	388
Prior year income tax overestimate	-	(180)
Others	(129)	28
	$ (17,508)	(11,593)

2. Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities recognized by the Company are as follows:

		Loss deduction	Expected credit loss	Loss on falling prices of inventory and inventory obsolescence	Warranty reserve	Others	Total
Deferred income tax assets:							
January 1, 2024	$	10,012	-	4,937	1,182	1,553	17,684
Credit (debit) profit or loss		10,893	4,963	2,036	297	(345)	17,844
December 31, 2024	$	20,905	4,963	6,973	1,479	1,208	35,528
January 1, 2023	$	-	-	4,654	1,662	69	6,385
Credit (debit) profit or loss		10,012	-	283	(480)	1,484	11,299
December 31, 2023	$	10,012	-	4,937	1,182	1,553	17,684

		Investment property	Unrealized gains	Total
Deferred income tax liabilities:				
January 1, 2024	$	-	-	-
Debit profit or loss		82	254	336
Debit to other comprehensive income		6,880	-	6,880
December 31, 2024	$	6,962	254	7,216
January 1, 2023	$	-	114	114
Credit profit or loss		-	(114)	(114)
December 31, 2023	$	-	-	-

According to the Income Tax Act, the losses for the past ten years as assessed by the tax authorities may be deducted from the net income of the current year before the income tax is levied.

As of December 31, 2024, the deadline for the deduction of the tax losses recognized by the Company as deferred income tax assets is as follows:

Years of loss		Losses not yet deducted	Last year for deduction
2023 Tax Return Amount	$	50,060	2023
Expected filing amount in 2024		54,463	2034
	$	104,523	

3. Status of income tax assessments

The Company's income tax returns have been assessed and approved by the tax authority through 2022.

(r) Capital and other equity

1. Ordinary shares

As of December 31, 2024 and 2023, the Company's authorized capital was NT$1,680,000 thousand, with a par value of NT$10 per share and a total of 168,000 thousand authorized shares. The total authorized capital mentioned above are all common shares, with 63,908 thousand shares issued. All proceeds from shares issued have been collected.

The reconciliation of the Company's outstanding shares for the years ended December 31, 2024 and 2023 is set out in the following table:

(expressed in thousand shares)

	Common stock	
	2024	**2023**
Opening balance on January 1	63,908	60,356
Cash capital increase	-	3,552
Ending balance on December 31	**63,908**	**63,908**

2. Issuance of common shares

On July 26, 2023, the board of directors resolved to issue 3,552 thousand shares of common stock at par value of NT$ 10 per share for cash capital increase, and 10% of the shares issued for capital increase was reserved in accordance with the Articles of Incorporation of the Company, so that 356 thousand shares shall be subscribed by the employees of the Company. If the employees forfeit the subscription right or the shares are insufficient, the Chairman is authorized to contact specific persons for subscription. This capital increase was approved by the competent authority on August 8, 2023, and October 18, 2023 was set as the record date for capital increase. The relevant statutory registration procedures were completed and the total payment received after deducting the share capital of NT$ 35,520 thousand, the difference of NT$ 256,783 thousand was recognized as capital surplus.

3. Capital surplus

The balance of the Company's capital surplus is as follows:

	2024.12.31	2023.12.31
Issue of shares at premium	$ 338,310	338,310
Lapsed options	2,514	2,514
Employee stock options	2,774	-
	$ 343,598	**340,824**

Pursuant to the Company Act, capital surplus shall be first used to make up for losses before issuing new shares or cash based on realized capital surplus based on the original shareholding ratio. The realized capital surplus mentioned in the preceding paragraph includes the premium of shares issued in excess of the par value and the income from gifts received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus for capitalization each year shall not exceed 10% of the paid-in capital.

4. Retained earnings

According to the Company's Articles of Incorporation, the Company's earnings or losses may be distributed at the end of each semi-fiscal year. If there is a surplus in the final accounts of each semi-fiscal year, the tax shall be paid first to cover the accumulated losses and retain remuneration for employees and directors, followed by appropriating 10% for legal reserve, provided that the legal reserve has reached the amount of the Company's paid-in capital. In addition, if there is any surplus after appropriating or reversing the special reserve in accordance with the relevant laws and regulations, the Board of Directors shall prepare a distribution plan based on the accumulated undistributed earnings of the previous period and the adjustment to the undistributed earnings of the current period by issuing new shares, which is proposed to the shareholder meeting for resolution on the distribution. If the abovementioned earnings distribution is made in cash, pursuant to Paragraph 5, Article 240 of the Company Act, the Company may authorize the board of directors to distribute dividends, profit-sharing, legal reserve and capital reserve (subject to compliance with Article 241 of The Company Act) wholly or partially in cash. Such decisions must be approved in a board meeting with at least two-thirds of directors present and supported by more than half of attending directors, and reported during a shareholder meeting afterwards.

The Company's Articles of Incorporation sets the dividend policy based on the Company's profitability, future business development and protection of shareholders' rights and interests, and takes into account the Company's capital stock, financial structure, operating conditions and earnings. The Company may distribute 10% of its remaining earnings as dividends to shareholders, which may be resolved by the shareholders' meeting for capitalization of earnings or cash dividends to achieve a balanced and stable dividend policy. However, the cash dividends shall not be lower than 10% of the total amount of dividends.

(1) Legal reserve

Pursuant to the Company Act, if the Company has no losses, the Company may, upon resolution of the shareholders' meeting, distribute new shares or cash out of the legal reserve, provided that such reserve exceeds 25% of the paid-in capital.

(2) Special reserve

According to the regulations of the FSC, when the Company distributes the distributable earnings, for the net amount debited to the other shareholders' equity in the current year, the net profit after tax of the current period plus the item other than the net profit of the current period is included in the undistributed earnings of the current period and the prior undistributed earnings are made into special reserve; if the other shareholders' equity deduction amount is accumulated in the prior period, the same amount of special reserve shall be appropriated from the prior undistributed earnings and shall not be distributed. If there is a subsequent reversal of the balance of other deducted items of equity, the profits may be distributed from the reversed portion.

(3) Earnings distribution or making up for losses.

The Company's financial results for the first half of 2024, as well as the first and second half of 2023 showed accumulated deficits.

On March 8, 2023, the Company's Board of Directors resolved to distribute cash dividends from the second half of 2022 earnings. The dividends distributed to owners are as follows:

	Second half of 2022	
Dividends distributed to common stock shareholders	**Stock dividend rate (NT$)**	**Amount**
Cash	$ 0.34	20,521

On May 30, 2024, the Company's shareholders' meeting resolved to use the legal reserve of NT$47,058 thousand to offset accumulated deficits.

Information on earnings distribution and deficit compensation resolved by the Company's Board of Directors and shareholders' meetings can be found on the Market Observation Post System.

(s) Share-based payment

1. In May 2024, the Company established a stock grant plan for employees. The eligible recipients are limited to full-time employees of the Company who meet specific conditions. The shares to be granted will be provided by the Company's shareholders. If an employee resigns, is dismissed, sells, or transfers the granted shares before meeting the vesting conditions, they must return the cash equivalent of the shares' market value as stipulated in the stock grant plan.

Detailed information on the above share-based payment transactions is as follows:

	Employee stock grants
Grant date	2024.5.24
Quantity granted (shares)	302,000
Contract period (year)	3
Vesting conditions	Service in the next three years

The fair value of the Company's stock grants to employees on the grant date is estimated to be NT$81.9, based on the Company's closing stock price on the grant date and adjusted for a discount for lack of marketability.

(1) The stock quantity information for the plan is as follows:

	2024
	Number of shares (shares)
Outstanding as of January 1	-
Number of shares granted during the period	302,000
Forfeited during the period	(31,000)
Outstanding as of December 31	**271,000**
Exercisable as of December 31	**-**

(2) Employee expenses

The Company recognized NT$2,774 thousand as remuneration expenses for employee stock grants in 2024, which was reported as operating costs and operating expenses for the period. There was no such transaction in 2023.

2. In 2023, the Company had share-based payment transactions related to a cash capital increase with shares reserved for employee subscription. Details are as follows:

	Cash capital increase reserved for employee subscription
Grant date	2023.10.6
Quantity granted (shares)	356,000
Contract period (year)	0.0329
Grantees	All employees

Vesting conditions	Immediate vesting

(1) Measurement parameters of fair value on the grant date

The Company uses the Black-Scholes option-pricing model to estimate the fair value of the share-based payment on the grant date. The input values of the model are as follows:

	2023
	Cash capital increase reserved for employee subscription
Fair value on the grant date (NT$)	16.1012
Exercise price (NT$)	68.68
Lifetime of option (year)	0.0329
Expected dividend (%)	-
Risk-free interest rate (%)	0.94

(2) Detailed information on employee stock option plan:

	2023	
	Weighted average exercise price (NT$)	**Quantity of stock options (shares)**
Outstanding as of January 1	$ -	-
Number of shares granted during the period	16.1012	356,000
Exercised quantity in the current period	16.1012	(235,500)
Overdue and expired quantity in the current period	16.1012	(120,500)
Outstanding as of December 31		-
Exercisable as of December 31		-

(3) Employee expenses

The Company's remuneration for the employee subscription due to the cash capital increase in 2023 was NT$ 5,732 thousand recognized and reported as operating costs and operating expenses in that period. There was no such transaction in 2024.

(t) Loss per share

The calculation of the Company's basic and diluted earnings per share is as follows:

	2024	**2023**
Profit (loss) for the period	$ (67,491)	(47,558)
Weighted average share outstanding (thousand shares)	$ 63,908	61,086
Basic and diluted earnings per share (NT$)	$ (1.06)	(0.78)

In calculating the earnings per share for 2023, the inclusion of the potential ordinary shares will have an anti-dilutive effect, so it is not included in the calculation of earnings per share. There were no potential ordinary shares outstanding during the years ended December 31, 2024.

(u) Revenue from contracts with customers

1. Disaggregation of revenue:

		2024	2023
Primary geographical markets:			
USA	$	582,730	492,241
Japan		16,478	28,094
Others		32,920	27,882
	$	632,128	548,217

		2024	2023
Main products:			
Car lamp	$	554,253	492,982
Auto parts and components		75,964	48,998
Water tank cover		1,911	6,237
	$	632,128	548,217

2. Contract balance

		2024.12.31	2023.12.31	2023.1.1
Notes and accounts receivable	$	81,488	27,244	36,261
Less: loss allowance		25,631	-	-
Total	$	55,857	27,244	36,261
Contract liabilities	$	566	598	3,562

Please refer to Note (6)(c) for the disclosure of notes and accounts receivable and the impairment thereof.The opening balance of contract liabilities on January 1, 2024 and 2023 was recognized as income for the years ended December 31, 2024 and 2023 in the amount of NT$ 598 thousand and NT$ 3,562 thousand, respectively.

Changes in contract liabilities are primarily attributable to differences in the timing of fulfilling performance obligations by transferring goods from the Company to the customers and the timing of payment by customers.

(v) Remuneration for employees and directors

According to the Company's Articles of Incorporation, if there is profit for the year, 0.1% to 15% of pre-tax profit shall be allocated as employee compensation and no more than 3% as directors' remuneration. The distribution shall be resolved by the Board of Directors and reported to the shareholders' meeting. However, if the Company still has accumulated losses (including the adjustment of the amount of undistributed earnings), the Company shall first reserve an amount to offset the accumulated losses, and then provide the employees’ and directors’ remuneration in accordance with the aforementioned percentages. The board resolution determines the distribution of employee remuneration in the form of stock or cash. The distribution includes employees who meet certain criteria in controlled or subordinate companies. The board is authorized to formulate the relevant criteria.

For the years ended December 31, 2024, and 2023, the consolidated company recorded accumulated deficits and therefore did not accrue for employee and director remuneration. In case of any discrepancy between the actual distributed amount and the estimated figure in the following year, it shall be treated as a change in accounting estimates and recognized as profit or loss of the following year. If the Board of Directors resolves to distribute employee compensation in shares, the share compensation is calculated based on the closing price of ordinary shares on the day before the Board's resolution.

There is no difference between the amount of remuneration for employees and directors in 2024 and 2023 resolved to be distributed and the amount recognized in the 2024 and 2023 parent-only financial reports. Relevant information is available on the Market Observation Post System.

(w) Non-operating income and expenses

1. Other income

The details of other income are as follows:

		2024	2023
Dividend income	$	61	87
Management service income		1,028	1,028
Rental income		4,476	228
Overdue liabilities reclassified to income		-	5,992
Other income		1,019	1,368
	$	6,584	8,703

2. Other gains and losses

The details of other income and losses are as follows:

		2024	2023
Net foreign currency exchange gains (losses)	$	6,227	(1,712)
Loss on disposal of property, plant and equipment		(36)	-
Gain on lease modifications		-	62
Loss on disposal of intangible assets		(27)	(27)
Others		(521)	(562)
	$	5,643	(2,239)

3. Finance costs

The details of finance costs are as follows:

		2024	2023
Interest expense			
Bank loan	$	(25,907)	(26,118)
Lease liabilities		(118)	(260)
Others		(43)	(57)
	$	(26,068)	(26,435)

(x) Financial instruments

1. Credit risk

(1) Amount of maximum credit risk exposure

The book value of financial assets represents the maximum credit risk exposure amount.

(2) Concentration of credit risk

As of December 31, 2024, and December 31, 2023, 86% and 81% of the balance of notes receivables and accounts receivable were composed of three customers and two customers, respectively.

(3) Credit risk of receivables

Please refer to Note (6)(c) for the credit risk exposure and provision for impairment of notes and accounts receivables.

Other receivables are financial assets with low credit risk. Therefore, the allowance for loss for the period is measured according to the expected credit loss of 12 months. There was no impairment recognized in 2024 and 2023. Please refer to Note (6)(d).

2. Liquidity risk

The following table shows the contractual maturity date of financial liabilities, including estimated interest but excluding the impact of netting agreements.

	Book value	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2024							
Non-derivative financial liabilities							
Non-interest-bearing liabilities							
Notes payable	$ 43,572	43,572	43,572	-	-	-	-
Accounts payable	25,930	25,930	25,930	-	-	-	-
Other payables	41,395	41,395	41,395	-	-	-	-
Subtotal	110,897	110,897	110,897	-	-	-	-
Lease liabilities	3,559	3,691	1,289	648	972	782	-
Floating-rate instruments							
Short-term borrowings	250,000	252,166	252,166	-	-	-	-
Long-term loan (including due in one year)	873,159	907,143	134,783	170,587	311,711	281,637	8,425
Subtotal	1,123,159	1,159,309	386,949	170,587	311,711	281,637	8,425
Guarantee deposits received	2,000	2,000	-	-	-	-	2,000
	$ 1,239,615	1,275,897	499,135	171,235	312,683	282,419	10,425
December 31, 2023							
Non-derivative financial liabilities							
Non-interest-bearing liabilities							
Notes payable	$ 112,072	112,072	112,072	-	-	-	-
Accounts payable	9,753	9,753	9,753	-	-	-	-
Other payables	42,574	42,574	42,574	-	-	-	-
Subtotal	164,399	164,399	164,399	-	-	-	-
Lease liabilities	3,504	3,641	1,158	920	1,080	483	-
Floating-rate instruments							
Short-term borrowings	211,000	212,233	212,233	-	-	-	-
Long-term loan (including due in one year)	1,021,565	1,068,850	148,253	146,484	301,494	453,892	18,727
Subtotal	1,232,565	1,281,083	360,486	146,484	301,494	453,892	18,727
	$ 1,400,468	1,449,123	526,043	147,404	302,574	454,375	18,727

The Company does not expect that the cash flow analyzed for the maturity date will be significantly earlier or the actual amount will be significantly different.

3. Exchange rate risk

(1) Exchange rate risk exposure

The Company's financial assets and liabilities exposed to significant foreign exchange rate risk are as follows:

	2024.12.31			2023.12.31		
	Foreign currencies	Foreign exchange	New Taiwan	Foreign currencies	Foreign exchange	New Taiwan

			rate	dollar		rate	dollar
Financial assets							
Monetary items							
USD	$	4,848	32.785	158,944	2,738	30.705	84,085
Financial liabilities							
Monetary items							
USD		145	32.785	4,750	226	30.705	6,947

(2) Sensitivity analysis

The Company's exchange rate risk mainly comes from foreign currency-denominated cash and cash equivalents, accounts receivable, accounts payable and other payables, with foreign currency exchange gains and losses generated during the translation. Assuming all other variables remain constant, a 5% depreciation or appreciation of the New Taiwan Dollar against the US Dollar as of December 31, 2024, and 2023 would have increased or decreased the net loss after tax for the years ended December 31, 2024, and 2023 by approximately NT$6,168 thousand and NT$3,086 thousand respectively. Both analyses were conducted on the same basis.

(3) Exchange gains and losses on monetary items

The information on the amount of exchange gains and losses (realized and unrealized) translated into the amount in functional currency of the Company is as follows:

	2024		2023	
	Exchange gain or loss	**Average exchange rate**	**Exchange gain or loss**	**Average exchange rate**
NT$	$ 6,227	1	(1,712)	1

4. Interest rate risk

The Company's exposure to the interest rate risk of financial liabilities is described in the liquidity risk management of this note.

The following sensitivity analysis is based on the interest rate risk exposure of the non-derivative instruments on the reporting date. The analysis of liabilities with floating interest rate is based on the assumption that the amount of liabilities outstanding on the reporting date has been outstanding throughout the year. The rate of change used in the Company's internal reporting of interest rates to management is increased or decreased by 0.5%, which also represents management's assessment of the reasonably possible fluctuations of interest rates.

With all other variables held constant, a 0.5% increase or decrease in interest rates would have increased or decreased the Company's net loss after tax for the years ended December 31, 2024, and 2023 by NT$4,493 thousand and NT$4,930 thousand respectively, primarily due to the Company's floating-rate borrowings.

5. Other price risks

If the equity security price rises or falls by 5% on the reporting date, the after-tax amount of other comprehensive income for 2024 and 2023 will decrease or increase by NT$ 168 thousand and NT$ 215 thousand, respectively. The analysis of the two periods adopts the same basis, assuming that other variables remain unchanged.

6. Fair value information

(1) Types and fair values of financial instruments

The Company's financial assets at fair value through profit or loss are measured at fair value on a recurring basis. The book value and fair value (including fair value measurement information, but if the book value of a financial instrument not measured at fair value is a reasonable approximation to fair value, as well as the lease liabilities, it is not required to disclose the fair value information according to regulations) of various financial assets and financial liabilities are shown as follows:

	2024.12.31				
		Fair value measurement			
	Book value	Level 1	Level 2	Level 3	Total
Non-current financial assets at fair value through other comprehensive income					
Non-publicly traded stocks	**$ 3,335**	**-**	**-**	**3,335**	**3,335**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 135,699	-	-	-	-
Notes receivables and accounts receivable	55,857	-	-	-	-
Other receivables, net	540	-	-	-	-
Other financial assets	3,830	-	-	-	-
Refundable deposits	944	-	-	-	-
Subtotal	**$ 196,870**				
Financial assets measured at amortised cost					
Long- and short-term borrowings	$ 1,123,159	-	-	-	-
Accounts payable	110,897	-	-	-	-
Lease liabilities	3,559	-	-	-	-
Guarantee deposits received	2,000	-	-	-	-
Subtotal	**$ 1,239,615**				

	2023.12.31				
		Fair value measurement			
	Book value	Level 1	Level 2	Level 3	Total
Non-current financial assets at fair value through other comprehensive income					
Non-publicly traded stocks	**$ 4,304**	**-**	**-**	**4,304**	**4,304**

	2023.12.31				
		Fair value measurement			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 352,342	-	-	-	-
Notes receivables and accounts	27,244	-	-	-	-

receivable					
Other receivables, net	540	-	-	-	-
Other financial assets	5,400	-	-	-	-
Refundable deposits	744	-	-	-	-
Subtotal	$ 386,270				
Financial assets measured at amortised cost					
Long- and short-term borrowings	$ 1,232,565	-	-	-	-
Accounts payable	164,399	-	-	-	-
Lease liabilities	3,504	-	-	-	-
Subtotal	$ 1,400,468				

(2) Valuation technique for the fair value of financial instruments measured at fair value

The fair value of financial instruments is obtained by using valuation technique or by referring to the quotation of the counterparty. The fair value obtained through valuation techniques can refer to the current fair value of other financial instruments with similar substantive conditions and characteristics, discounted cash flow method, or other valuation techniques, including the use of market information available on the reporting date.

The financial instruments held by the consolidated company are equity instruments without public quotation. The fair value is estimated using the market comparable company method. The main assumptions are based on the net value of the investee and the market quotation and the average price-book ratio of the industry peers of comparable listed (OTC) companies. The estimate has adjusted the discount effect of the lack of market liquidity of the equity securities.

The fair value of the Company's unlisted (non-OTC) stocks without an active market is estimated using the comparable company method. The significant unobservable input is the liquidity discount. However, as possible changes in the liquidity discount would not lead to significant potential financial impact, quantitative information is not disclosed.

(3) Financial instruments classified as Level III

	Financial assets at fair value through profit or loss	
	2024	**2023**
Opening balance on January 1	$ 4,304	3,878
Recognized in other comprehensive income	(969)	426
Balance on December 31	$ 3,335	4,304

(4) There was no transfer between the fair value hierarchy in 2024 and 2023.

(y) Financial risk management

1. Overview

The Company is exposed to the following risks due to the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

The Company's risk exposure information and the objectives, policies and procedures of the Company's risk measurement and management are disclosed in the notes. Please refer to the notes to the financial statements for further quantitative disclosure.

2. Risk management framework

The Board of Directors is responsible for supervising the risk management framework of the Company. The heads of the Company's departments shall assemble an inter-departmental management meeting responsible for monitoring the Company's risk management policies and reporting their operations to the Board of Directors on a regular basis.

The heads of each department identify and analyze the risks faced by the Company, review the impact of external factors on operations, reflect market conditions in a timely manner, and adjust the Company's operations in response to market changes. The Company develops a disciplined and constructive controlled environment through training, management practices, and operating procedures so that all employees understand their roles and obligations.

3. Credit risk

Credit risk is the risk of financial loss resulting from the failure of the Company's customers or financial instrument trading counterparts to perform contractual obligations, which mainly comes from the Company's accounts receivable from customers and bank deposits.

(1) Accounts receivable

The Company has established credit policy. Before granting standard payment and shipping terms and conditions, the Company shall analyze the credit rating of each new customer individually. The Company's review includes, if available, an external rating agency and, in some cases, a note from the bank. Sales limits are established for each individual customer and represent the maximum uncollected amount that does not require management approval. This limit is regularly reviewed, and customers who do not meet the Company's baseline credit ratings can only receive the Company for transactions in advance.

The Company has the account of allowance for bad debts set up to reflect the estimated loss of accounts receivable.

(2) Investment

The credit risk of bank deposits is measured and monitored by the Company's finance department. Since the counterparties and performing parties of the Company are banks with good credit ratings, and there is no major concern about contract performance, there is no significant credit risk.

4. Liquidity risk

Liquidity risk is the risk when the Company cannot deliver cash or other financial assets to settle financial liabilities and fail to fulfill related obligations. The Company manages liquidity by ensuring that, as far as possible, under normal and stressed circumstances, the Company has sufficient working capital to cover liabilities as they fall due, without causing unacceptable losses or damage to the Company's reputation.

In general, the Company ensures that it has sufficient cash to meet the expected operating expenditure needs for 60 days, including the performance of financial obligations, but excluding potential effects that cannot be reasonably expected under extreme circumstances, such as natural disasters. In addition, the unused line of bank borrowings of the Company as of December 31, 2024 and 2023 was NT$ 15,167 thousand and NT$ 120,667 thousand, respectively.

5. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates and changes in the fair value of equity securities, will affect the Group's income or the value of financial instruments. The objective of market risk management is to control market risk exposure within the tolerable range and to optimize investment returns.

(1) Exchange rate risk

The Company is exposed to the exchange rate risk arising from sales denominated in non-functional currencies. The functional currency of the Company is NT$. Such transactions are mainly denominated in USD.

Regarding other monetary assets and liabilities denominated in foreign currencies, when a short-term imbalance occurs, the Company ensures that the net risk exposure is maintained at an acceptable level by buying or selling foreign currencies at the real-time exchange rate.

(2) Interest rate risk

The Company's policy is to ensure exposure to borrowing rates changes, and evaluates based on the international economic situation and market interest rate trends, and chooses floating or fixed interest rates.

(3) Other market value risks

The Company's financial assets measured at fair value through other comprehensive gain or loss - non-current are investments in the stocks of domestic unlisted (OTC) companies. Since the financial assets are measured at fair value, the Company will be exposed to the changes in the market price of equity securities In order to manage market risk, the Company prudently selects investment targets and controls holding positions to manage market risk.

(z) Capital management

The policy of the board of directors is to maintain a sound capital base to maintain the confidence of investors, creditors and the market, and to support future operation and development. Capital includes the Company's share capital, capital surplus, retained earnings and other equity.

The debt-to-equity ratio as of the reporting date is as follows:

	2024.12.31	2023.12.31
Total Liabilities	$ 1,258,758	1,408,781
Less: Cash and cash equivalents	135,699	352,342
Net liabilities	$ 1,123,059	1,056,439
Total equity	$ 1,161,848	990,905
Debt-to-equity ratio	96.66%	106.61%

The capital management method of the Company in 2024 is the same as that in 2023.

(aa) Financing activities of non-cash transactions

The Company's non-cash investment and financing activities are as follows:

1. Please refer to Note (6)(h) for the right-of-use assets acquired by lease.
2. Reconciliation for liabilities arising from financing activities is as follows:

	Short-term borrowings	Long-term loan (including due in one year)	Lease liabilities	Guarantee deposits received	Total liabilities arising from financing activities
Balance at January 1,	$ 211,000	1,021,565	3,504	-	1,236,069

2024					
Cash flow					
Cash received from borrowing	180,000	126,500	-	-	306,500
Repayment of borrowings	(141,000)	(274,906)	-	-	(415,906)
Payments of lease liabilities	-	-	(2,388)	-	(2,388)
Cash received from guarantee deposits	-	-	-	2,000	2,000
Non-cash flow					
Increase this period	-	-	2,443	-	2,443
Balance at December 31, 2024	$ **250,000**	**873,159**	**3,559**	**2,000**	**1,128,718**

	Short-term borrowings	**Long-term loan (including due in one year)**	**Lease liabilities**	**Total liabilities arising from financing activities**
Balance at January 1, 2023	$ 120,000	988,576	9,609	1,118,185
Cash flow				
Cash received from borrowing	221,000	189,822	-	410,822
Repayment of borrowings	(130,000)	(156,833)	-	(286,833)
Payments of lease liabilities	-	-	(5,128)	(5,128)
Non-cash flow				
Increase this period	-	-	2,067	2,067
Remeasurement of changes in the lease term	-	-	(3,044)	(3,044)
Balance on December 31, 2023	$ **211,000**	**1,021,565**	**3,504**	**1,236,069**

(7) Related Parties Transactions

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

The parties involved in the transactions with the Company during the period of the parent-only financial statements are as follows:

Name of the related parties	**Relationship with the Company**
COPLUS JAPAN INC.	The Company's other related party -- The chairman of the Company has control over the company
JBT Inc. (JBT)	Subsidiary of the Company

Takomore Inc. (Takomore)	Subsidiary of the Company
Inetwork Inc. (Inetwork)	Subsidiary of the Company

Name of the related parties	**Relationship with the Company**
Moso View Inc. (Moso View)	Subsidiary of the Company
Po-Hua Wu	Chairman of the Company
Hsuan-Ting Hsu	Director of the Company

(b) Significant transactions with the related parties

1. Operating revenue

The Company's significant sales to related parties and its outstanding balance are as follows:

	Sale of goods	
	2024	**2023**
Other related parties	$ 1,040	3,719
Subsidiary	6,456	12,949
	$ 7,496	16,668

The terms of the Company's sale to other related parties are not significantly different from general sales, and the payment term is between seven days to two months. As of December 31, 2024 and 2023, the accounts receivable arising from the sales transactions were NT$ 0 thousand and NT$ 698 thousand, respectively, and recognized under accounts receivable.

2. Management service income

The Company's management service income generated from providing management services to Inetwork in 2024 and 2023 was both NT$1,028 thousand. As of December 31, 2024 and 2023, the accounts receivable arising from the such transactions was both NT$540 thousand, and recognized under other accounts receivable.

3. Rental income

The Company's rental income from leasing offices to subsidiaries is as follows:

	Rental income	
	2024	**2023**
Subsidiary - JBT	$ 57	57
Subsidiary - Takomore	57	57
Subsidiary - Inetwork	57	57
Subsidiary - Moso View	57	57
	$ 228	228

As of December 31, 2024 and 2023, the accounts receivable arising from the such transactions have been received.

4. Others

The Company had borrowed money from financial institutions on December 31, 2024 and 2023, and per the request of part of the borrowing contracts, the principal managers of the Company, Po-Hua Wu and Hsuan-Ting Hsu, provided joint and several guarantees.

(c) Key management personal compensation comprised:

	2024	**2023**
Short-term employee benefits	$ 15,078	7,977

Post-employment benefits	414	269
Share-based payment	252	-
	$ 15,744	8,246

Please refer to Note (6)(s) for disclosures related to the Company's share-based payments.

(8) Assets Pledged as Security

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

Asset name	Liabilities secured by pledge	2024.12.31	2023.12.31
Land	Long-term borrowings and credit lines	$ 688,324	860,534
Buildings	Long-term borrowings and credit lines	392,139	472,416
Investment property	Long-term borrowings and credit lines	485,580	-
Other financial assets - Current:			
Restricted bank deposits	Quota of custom release before duty	-	400
Other financial assets - non-current:			
Restricted bank deposits	Long-term borrowings	3,830	5,000
		$ 1,569,873	1,338,350

(9) Significant Commitments and Contingencies

As of December 31, 2024 and 2023, the Company had entered into contracts for the purchase of equipment and plant for a total of NT$ 139,663 thousand and NT$ 227,090 thousand, respectively, and payments made for an amount of NT$ 125,146 thousand and NT$ 118,011 thousand, respectively, under prepaid equipment and property, plant and equipment - unfinished construction.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Others

(d) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By function / By item	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	32,147	62,472	94,619	32,820	42,134	74,954
Labor and health insurance	3,780	6,622	10,402	3,751	4,855	8,606
Pension	1,561	3,139	4,700	1,515	2,164	3,679

Directors' remuneration	-	2,105	2,105	-	2,145	2,145
Others	2,303	3,358	5,661	1,931	2,203	4,134
Depreciation	110,593	19,521	130,114	92,136	16,504	108,640
Amortization	-	3,161	3,161	-	2,449	2,449

Additional information on the number of employees and employee benefits of the Company in 2024 and 2023 is as follows:

	2024	2023
Number of employees	158	149
Number of Directors who are not concurrently serving as employees	7	7
Average employee benefit expense	$ 764	643
Average employee salary expense	$ 627	528
Adjustment to the average employee salary expense	18.75%	
Supervisors' remuneration	$ 0	0

The Company's remuneration policy (including directors, management officers, and employees) is as follows:

1. The remuneration of directors includes:
   (1) The Company shall, in accordance with the Articles of Incorporation, distribute directors' remuneration not exceeding 3% of the profit of the year.
   (2) Based on their level of participation in and contribution to the Company's operation.
   (3) Payment of transportation allowances for attending board meetings.
2. Remuneration to president, vice presidents, managers, and employees includes salaries, bonuses, and employee remuneration:
   (1) The policy, standard and combination of the Company's remuneration to President, Vice Presidents, and Managers are formed in accordance with laws and regulations and the Company's salary structure, based on the scope of authority and responsibility within the Company and the contribution to the achievement of the Company's operational objectives.
   (2) According to the Company's Articles of Incorporation, the Company shall distribute 3% to 15% of the current profit to employees as remuneration.
   (3) Bonuses are paid based on individual performance and contributions to the Company's operations.

(e) As of December 31, 2024, the Company’s current liabilities exceeded current assets by NT$332,190 thousand. The Company’s response measures include actively showcasing its automotive lighting products and their advantages on various advertising platforms, participating in multiple exhibitions to expand product recognition, continuously developing new products and new customer groups to increase sales revenue, and reducing operating costs to enhance future cash flows.

(13) Other Disclosures

(a) Information on significant transactions

Information on significant transactions required to be disclosed by the Regulations

Governing the Preparation of Financial Reports by Securities Issuers for the Company for the year ended December 31, 2024 is as follows:

1. Loans to other parties: None.
2. Guarantees and endorsements for other parties: None.
3. Securities held at the reporting date (excluding investment subsidiaries, associates and joint ventures):

Names of companies held	Type and name of securities	Relationship with the securities issuer	Financial statement account	End of year				Remark
				Number of Shares	Book value	Ownership	Fair value measurement	
The Company	SEC TEC INTERNATIONAL CORP.	-	Non-current financial assets at fair value through other comprehensive income	375,000	3,335	15.00 %	3,335	

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.
5. Acquisition of property exceeding NT$300 million or 20% of paid-in capital or more: None.
6. Disposal of property exceeding NT$300 million or 20% of paid-in capital or more: None.
7. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.
8. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock: None.
9. Trading in derivative instruments: None.

(b) Information on investment:

The information on the Company's investees (excluding the investees in China) for 2024 is as follows:

Name of the investors	Name of investee	Location	Main business and products	Original / investment amount		Investment at end of year			Net profit (loss) of the investee for the current period	Investment income (loss) recognized by the Company for the current period	Remark
				Ending balance of the period	Ending balance of last period	Number of Shares	Percentage of ownership (%)	Book value			
The Company	JBT	Taiwan	Manufacturing and trading of aluminum alloy wheels and frames	3,000	3,000	300,000	100.00%	2,532	(118)	(118)	
The Company	Takomore	Taiwan	Manufacturing and trading of lights for commercial vehicles	3,000	3,000	300,000	100.00%	2,613	(25)	(25)	
The Company	Inetwork	Taiwan	Manufacturing and sale of grilles	3,000	3,000	300,000	100.00%	3,708	(198)	(198)	
The Company	Moso View	Taiwan	Manufacturing and trading of electronic rear-view mirrors	3,000	3,000	300,000	100.00%	2,619	(40)	(40)	

(c) Information on investment in Mainland China: None.

(d) Information on major shareholders:

Unit: share

Shareholding / Shareholder's Name	Number of shares	Percentage of ownership (%)
Tesra Investment Co., Ltd.	21,487,648	33.62%
British Virgin Islands, GALAXY		

INVESTMENT VENTURE INC.	15,000,000	23.47%
Cosmo Inc.	6,159,493	9.63%
Moricos Investment Co., Ltd.	4,937,880	7.72%
Hsuan-Ting Hsu	3,906,479	6.11%

Note:(1) The Information on main shareholders presented in this schedule is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

(2) If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System.

(14) Segment Information

Please refer to the 2024 consolidated financial statements.

COPLUS Inc. and subsidiaries

Cash and Cash Equivalents Schedule

Balance as of December 31, 2024

Expressed in Thousands of New Taiwan Dollars

Description	Summary	Amount
Cash	Cash on hand	$ 53
Bank savings	Demand deposit	56,994
	Demand deposit in foreign currency (Note 1)	78,652
		135,646
Total		**$ 135,699**

Note 1: The details of foreign currency demand deposits are as follows:

	Amount in original currency (Note 2)	Exchange rate	Amount
USD	$ 2,340.00	32.785	$ 76,725
Euro	51.00	34.14	1,748
RMB	40.00	4.478	179
			$ 78,652

Note 2: Foreign currency unit is in thousands.

COPLUS Inc. and subsidiaries

Schedule of Accounts Receivable

Balance as of December 31, 2024

Expressed in Thousands of New Taiwan Dollars

Customer name	Summary	Amount
Non-related party:		
Company A	"	$ 28,390
Company B	"	25,631
Company C	"	16,064
Company D	"	5,327
Company E	"	4,161
Others (The balance of each client not exceeding 5% of the balance of this item)	"	1,915
Subtotal		81,488
Less: loss allowance		(25,631)
Total		**$ 55,857**

COPLUS Inc.

Schedule of Other Receivables

Balance as of December 31, 2024

Expressed in Thousands of New Taiwan Dollars

Description	Summary	Amount
Management fees receivable - related parties	Receivables of management service income	$ 540

Inventory Schedule

Description	Cost	Fair value/Net assets value	Remark
Finished goods	$ 49,534	53,801	Market price adopting net realizable value
Work in progress	35,879	32,217	"
Raw materials	81,515	72,903	"
Supplies	813	822	"
Less: Loss from the allowance for the price drop of inventory	34,867		"
	$ 132,874		

Note: The above inventories have not been provided as collateral or pledge.

COPLUS Inc. and subsidiaries

Schedule of Prepayments and Other Current Assets

Balance as of December 31, 2024

Expressed in Thousands of New Taiwan Dollars

Description	Summary	Amount
Refundable tax credits	Business Tax and Income Tax Refunds	$ 3,438
Prepaid expenses	Prepaid R&D and materials expenses, etc.	962
Temporary Payments	Temporary Miscellaneous Expenses, etc.	625
Others (individual balance not exceeding 5% of the amount of this item)	Prepaid miscellaneous expenses, etc.	204
		$ 5,229

COPLUS Inc.

Financial assets at fair value through other comprehensive income - non-current schedule

For the year ended December 31, 2024

Unit: NT$ Thousand/Thousand shares

	Beginning of period		Increase this period		Decrease in current period			End of year		
Name	Number of shares or lots	Fair value	Number of shares or lots	Amount	Number of shares or lots	Amount	Unrealized gains and losses on financial instruments	Number of shares or lots	Fair value	Provision of guarantees or pledges
SEC TEC INTERNATIONAL CORP.	375	$ 4,304	-	-	-	-	(969)	375	3,335	None

Schedule of Changes in Investments Accounted for Using the Equity Method

	Opening balance		Increase this period		Decrease in current period				Ending balance				
Name of investee	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Investment income(loss) recognized by the Company for the current period	Cumulative translation adjustments	Number of Shares	Percentage of ownership (%)	Amount	Net equity value Total amount	Provision of guarantees or pledges
JBT	-	$ 2,650	-	-	-	-	(118)	-	300	100%	2,532	2,532	None
Takomore	-	2,638	-	-	-	-	(25)	-	300	100%	2,613	2,613	None
Inetwork	-	3,906	-	-	-	-	(198)	-	300	100%	3,708	3,708	None
Moso View	-	2,659	-	-	-	-	(40)	-	300	100%	2,619	2,619	None
		$ 11,853		-		-	(381)	-			11,472	11,472	

COPLUS Inc.

Schedule of Changes in Property, Plant and Equipment

For the year ended December 31, 2024

Please refer to Note (6)(g) for relevant information of the "Schedule of Changes in Property, Plant and Equipment".

Schedule of Changes in Right-of-use Assets

Please refer to Note (6)(h) for relevant information of the "Schedule of Changes in Right-of-use Assets".

Schedule of Changes in Investment Properties

Please refer to Note (6)(i) for relevant information of the"Schedule of Changes in Investment Properties".

Schedule of Changes in Intangible Assets

Please refer to Note (6)(j) for relevant information of the "Schedule of Changes in Intangible Assets".

COPLUS Inc. and subsidiaries

Schedule of Prepayment for Equipment, Refundable Deposits and Other Non-Current Assets

Balance as of December 31, 2024

Expressed in Thousands of New Taiwan Dollars

Description	Summary	Amount
Prepayment for equipment	Prepayment for purchase of equipment	$ 104,636
Refundable deposits	Deposits for rental of company vehicles, advances, and equipment	$ 944
Other non-current assets	Long-term prepaid expenses, etc.	$ 388

Schedule of Short-Term Borrowings

Types of borrowings	Description	Balance	Duration of contract	Range of interest rate per annum	Financing amount	Pledge or guarantee
Unsecured borrowings	Chang Hwa Bank	$ 50,000	Within one year	2.455%	50,000	None
Unsecured borrowings	First Commercial Bank	200,000	Within one year	2.295%	200,000	Note
	Total	$ 250,000				

Note: The principal managers of the Company, Po-Hua Wu and Hsuan-Ting Hsu, provided joint and several guarantees.

COPLUS Inc. and subsidiaries

Schedule of Notes Payable

Balance as of December 31, 2024

Expressed in Thousands of New Taiwan Dollars

Vendor Name	Summary	Amount
Non-related party:		
Vendor A	Amount arising from purchase of goods	$ 7,537
Vendor B	"	3,249
Vendor D	"	2,772
Vendor C	"	2,302
Others (The balance of each client not exceeding 5% of the balance of this item)	Incurred from purchase of goods and equipment and payment expenses	27,712
		$ 43,572

Schedule of Accounts Payable

Vendor Name	Summary	Amount
Non-related party:		
Vendor A	Amount arising from purchase of goods	$ 5,014
Vendor B	"	3,871
Vendor D	"	3,228
Vendor E	"	2,883
Vendor F	"	1,746
Vendor C	"	1,378
Others (The balance of each client not exceeding 5% of the balance of this item)	"	7,810
		$ 25,930

COPLUS Inc.

Schedule of Contract Liabilities, Other Payables and Other Current Liabilities

Balance as of December 31, 2024

Expressed in Thousands of New Taiwan Dollars

Description	Summary		Amount
Contract liabilities:			
Advance receipt	Advance payments from customers	$	566
Other payables:			
Payroll and bonus payable	Payable salaries, year-end bonus, and bonus for unused vacation, etc.	$	19,544
Service charge payable	Service charge expenses payable		3,778
Processing fees payable	Processing expenses payable		2,598
Payable on equipment	Payables for purchase of equipment		2,299
Others (individual balance does not exceed 5% of the amount of this account)	Interest, pension, import/export fee, consumption fee, insurance fee, impression fee and miscellaneous expenses		13,176
		$	41,395
Other current liabilities:			
Temporary credit	Temporary receipt of miscellaneous receivables	$	2,873
Other receivables	Rent received in advance		703
Collection payments	Collection payments, labor and health insurance, pensions, etc.		389
		$	3,965

COPLUS Inc. and subsidiaries

Schedule of Lease Liabilities

Balance as of December 31, 2024

Expressed in Thousands of New Taiwan Dollars

Description	Summary	Lease period	Discount rate	Ending balance	Remark
Buildings	Warehouse	2024.12.1~2027.11.30	3.22%	$ 1,668	
Vehicles	Company vehicles	2020.6.13~2026.6.12	1.6%~6%	1,278	
Office equipment	Photocopiers, office machines	2021.2.1~2029.5.14	2.275%~3.125%	613	
				$ 3,559	

Schedule of Long-Term Borrowings

Creditors	Due within one year	Portion due after one year	Duration of contract	Range of interest rate per annum	Pledge and guarantee
First Commercial Bank	$ 139,643	387,919	2021.08.24~2028.08.24	2.225%	Land, buildings and structures (Note)
Chang Hwa Bank	110,000	174,833	2015.10.05~2030.10.05	2.385~2.475%	Investment property (Note)
Bank of Panhsin	15,600	22,700	2023.03.25~2026.03.25	2.47%	Bank deposits equivalent to 10% of borrowings (Note)
First Commercial Bank	22,464	-	2023.01.13~2026.10.13	2.275%	(Note)
Total	$ 287,707	585,452			

Note: The principal managers of the Company, Po-Hua Wu and Hsuan-Ting Hsu, provided joint and several guarantees.

COPLUS Inc. and subsidiaries

Schedule of Operating Revenue

For the year ended December 31, 2024

Expressed in Thousands of New Taiwan Dollars

Description	Quantity		Amount
Car lamp	Note	$	554,253
Auto parts and components	Note		75,964
Water tank cover	Note		1,911
Operating revenue		**$**	**632,128**

Note: There are a wide range of products with different units.

COPLUS Inc. and subsidiaries

Schedule of Operating Cost

For the year ended December 31, 2024

Expressed in Thousands of New Taiwan Dollars

Description		Amount
Opening raw materials	$	83,508
Add: Net incoming materials in the current period		271,155
Less: Ending raw materials		81,515
Cost of raw materials sold		39
Scrapped		1,216
Inventory shortage		23
Reclassified to expenses		1,355
Consumption of direct raw materials		270,515
Opening supply materials		1,194
Add: Net incoming materials in the current period		4,648
Less: Ending supplies		813
Reclassified to expenses		4,787
Consumption of supply materials		242
Direct labor		12,788
Manufacturing expenses		171,018
Manufacturing cost		454,563
Add: Opening work-in-progress		27,795
Less: Ending work-in-progress		35,879
Cost of work-in-progress sold		203
Scrapped		728
Reclassified to expenses		746
Cost of finished goods		444,802
Add: Opening finished goods		47,148
Less: Ending finished goods		49,534
Scrapped		11
Reclassified to expenses		1,818
Cost of manufacturing and sales		440,587
Add: Losses on scrapping of inventories		1,955
Loss on falling prices of inventory		10,183
Cost of sales of raw materials and work-in-progress		242
Reversal of warranty reserve		1,743
Loss on physical inventory, net		23
Unamortized manufacturing expenses		12,281
Total operating cost	**$**	**467,014**

COPLUS Inc. and subsidiaries

Marketing Expenses Schedule

For the year ended December 31, 2024

Expressed in Thousands of New Taiwan Dollars

Description		Amount
Advertising expenses	$	14,268
Salary expenses		7,763
Import/export expenses		5,365
Service charge		1,597
Depreciation		1,303
Others (individual amount not exceeding 3% of the amount of this item)		5,320
Total	**$**	**35,616**

Schedule of Administrative Expenses

Description		Amount
Salary expenses	$	31,564
Depreciation		12,317
Service charge		7,814
Tax payment		4,691
Travel expenses		4,668
Insurance premium		3,075
Others (individual amount not exceeding 3% of the amount of this item)		17,953
Total	**$**	**82,082**

COPLUS Inc.

Schedule of Research and Development Expenses

For the year ended December 31, 2024

Expressed in Thousands of New Taiwan Dollars

Description		Amount
Salary expenses	$	26,284
Research expenses		13,165
Service charge		12,354
Design fee		10,963
Impression fee		7,002
Depreciation		5,901
Certification fee		3,477
Others (individual amount not exceeding 3% of the amount of this item)		19,978
Total	**$**	**99,124**

Schedule of Other Net Gains and Losses

Please refer to Note (6)(w) for information related to the Schedule of Non-Operating Income and Expenses.

COPLUS INC.

Chairman: Po-Hua Wu