(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

	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

	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**

COPLUS Inc. and Subsidiaries
Notes to Consolidated 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 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