

**TONS LIGHTOLOGY INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2023 AND 2022**

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
SEPTEMBER 30, 2023 AND 2022 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
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INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Tons Lightology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Tons Lightology Inc. and subsidiaries (the "Group") as at September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As explained in Note 6(7), the financial statements of investments accounted for using equity method were not reviewed by independent auditors. The balances of investments accounted for using equity method amounted to NT\$3,767 thousand and NT\$34,813 thousand, constituting 0% and 3% of the consolidated total assets as at September 30, 2023 and 2022, respectively, share of loss of associates and joint ventures accounted for using equity method amounted to NT\$1,456 thousand, NT\$1,606 thousand, NT\$28,219 thousand and NT\$7,303

thousand, constituting 42%, 11%, 212% and 14% of the consolidated total profit (loss) before tax for the three months and nine months then ended, respectively, and the total related comprehensive loss amounted to NT\$1,456 thousand, NT\$1,606 thousand, NT\$28,219 thousand and NT\$7,303 thousand, constituting 5%, 14%, 4711% and 14% of the consolidated total comprehensive profit (loss) for the three months and nine months then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of investments accounted for using equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Hung, Shu-Hua

Wang, Yu-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

October 26, 2023

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

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 196,653	16	\$ 361,977	28	\$ 345,478	27
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		58,696	5	59,616	5	56,672	4
1136	Current financial assets at	6(3) and 8						
	amortised cost		420,801	34	265,399	20	248,209	19
1150	Notes receivable, net	6(4)	886	-	2,122	-	1,522	-
1170	Accounts receivable, net	6(4)	99,045	8	105,080	8	80,601	6
1180	Accounts receivable - related	6(4) and 7(2)						
	parties		312	-	321	-	-	-
1200	Other receivables		7,326	1	5,840	1	9,423	1
1220	Current tax assets		2,217	-	246	-	-	-
130X	Inventories	6(5)	121,957	10	174,616	13	196,533	15
1410	Prepayments		11,287	1	5,422	-	8,999	1
1470	Other current assets		2,206	-	1,968	-	2,229	-
11XX	Current Assets		<u>921,386</u>	<u>75</u>	<u>982,607</u>	<u>75</u>	<u>949,666</u>	<u>73</u>
Non-current assets								
1517	Non-current financial assets at fair	6(6)						
	value through other comprehensive							
	income		31,950	3	34,600	3	33,240	3
1550	Investments accounted for using	6(7)						
	equity method		3,767	-	32,230	2	34,813	3
1600	Property, plant and equipment	6(8)	203,273	17	225,984	17	238,794	18
1755	Right-of-use assets	6(9)	41,742	3	29,634	2	32,422	2
1780	Intangible assets		7,535	1	1,375	-	1,780	-
1840	Deferred income tax assets	6(25)	6,106	-	4,142	-	4,505	-
1900	Other non-current assets	6(10) and 8	6,259	1	7,837	1	6,644	1
15XX	Non-current assets		<u>300,632</u>	<u>25</u>	<u>335,802</u>	<u>25</u>	<u>352,198</u>	<u>27</u>
1XXX	Total assets		<u>\$ 1,222,018</u>	<u>100</u>	<u>\$ 1,318,409</u>	<u>100</u>	<u>\$ 1,301,864</u>	<u>100</u>

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2120	Financial liabilities at fair value	6(2)						
	through profit or loss - current		\$ 2,643	-	\$ 1,687	-	\$ 3,634	-
2130	Current contract liabilities	6(18)	19,599	2	31,191	2	24,860	2
2150	Notes payable		57	-	31	-	20	-
2170	Accounts payable		39,845	3	45,769	4	35,670	3
2200	Other payables	6(11)	57,620	5	66,850	5	66,150	5
2230	Current income tax liabilities		81	-	19,596	2	28,292	2
2250	Provisions for liabilities - current		579	-	548	-	788	-
2280	Current lease liabilities		7,284	-	2,489	-	4,222	1
2300	Other current liabilities		2,370	-	1,318	-	1,217	-
21XX	Current Liabilities		<u>130,078</u>	<u>10</u>	<u>169,479</u>	<u>13</u>	<u>164,853</u>	<u>13</u>
Non-current liabilities								
2550	Provisions for liabilities - non-current		380	-	551	-	609	-
2570	Deferred income tax liabilities	6(25)	171	-	3,830	-	3,639	-
2580	Non-current lease liabilities		8,410	1	295	-	891	-
2600	Other non-current liabilities	6(12)	10,082	1	10,017	1	8,517	1
25XX	Non-current liabilities		<u>19,043</u>	<u>2</u>	<u>14,693</u>	<u>1</u>	<u>13,656</u>	<u>1</u>
2XXX	Total Liabilities		<u>149,121</u>	<u>12</u>	<u>184,172</u>	<u>14</u>	<u>178,509</u>	<u>14</u>
Equity attributable to owners of parent								
Share capital								
		6(14)						
3110	Share capital - common stock		394,956	32	394,223	30	393,721	30
3140	Advance receipts for share capital		-	-	-	-	17	-
Capital surplus								
		6(15)						
3200	Capital surplus		507,583	42	505,884	38	505,087	39
Retained earnings								
		6(16)						
3310	Legal reserve		122,428	10	118,301	9	118,301	9
3320	Special reserve		78,922	6	88,050	7	88,050	7
3350	Unappropriated retained earnings		59,092	5	121,073	9	97,804	7
Other equity interest								
		6(17)						
3400	Other equity interest		(75,712)	(6)	(78,922)	(6)	(65,253)	(5)
3500	Treasury shares	6(14)	(14,372)	(1)	(14,372)	(1)	(14,372)	(1)
31XX	Equity attributable to owners of the parent		<u>1,072,897</u>	<u>88</u>	<u>1,134,237</u>	<u>86</u>	<u>1,123,355</u>	<u>86</u>
3XXX	Total equity		<u>1,072,897</u>	<u>88</u>	<u>1,134,237</u>	<u>86</u>	<u>1,123,355</u>	<u>86</u>
3X2X	Total liabilities and equity		<u>\$ 1,222,018</u>	<u>100</u>	<u>\$ 1,318,409</u>	<u>100</u>	<u>\$ 1,301,864</u>	<u>100</u>

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(18) and 7	\$ 190,730	100	\$ 210,693	100	\$ 535,190	100	\$ 705,352	100
5000	Operating costs	6(5) and 7	(128,539)	(67)	(139,374)	(66)	(363,279)	(68)	(478,169)	(68)
5900	Net operating margin		<u>62,191</u>	<u>33</u>	<u>71,319</u>	<u>34</u>	<u>171,911</u>	<u>32</u>	<u>227,183</u>	<u>32</u>
	Operating expenses	6(23)(24)								
6100	Selling expenses		(23,104)	(12)	(19,905)	(9)	(70,946)	(13)	(63,052)	(9)
6200	General and administrative expenses		(24,219)	(13)	(20,983)	(10)	(68,513)	(13)	(64,913)	(9)
6300	Research and development expenses		(10,477)	(5)	(9,469)	(5)	(28,787)	(5)	(29,935)	(4)
6000	Total operating expenses		(57,800)	(30)	(50,357)	(24)	(168,246)	(31)	(157,900)	(22)
6900	Operating profit		<u>4,391</u>	<u>3</u>	<u>20,962</u>	<u>10</u>	<u>3,665</u>	<u>1</u>	<u>69,283</u>	<u>10</u>
	Non-operating income and expenses									
7100	Interest income	6(19)	3,638	2	2,815	1	10,723	2	7,557	1
7010	Other income	6(20)	267	-	1,942	1	882	-	2,225	-
7020	Other gains and losses	6(21)	(3,293)	(2)	(9,651)	(4)	(63)	-	(17,893)	(2)
7050	Finance costs	6(22)	(91)	-	(47)	-	(313)	-	(174)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(1,456)	(1)	(1,606)	(1)	(28,219)	(6)	(7,303)	(1)
7000	Total non-operating income and expenses		(935)	(1)	(6,547)	(3)	(16,990)	(4)	(15,588)	(2)
7900	(Loss) profit before income tax		<u>3,456</u>	<u>2</u>	<u>14,415</u>	<u>7</u>	<u>(13,325)</u>	<u>(3)</u>	<u>53,695</u>	<u>8</u>
7950	Income tax benefit (expense)	6(25)	(1,142)	(1)	(9,154)	(5)	9,516	2	(25,773)	(4)
8200	Profit (loss) for the period		<u>\$ 2,314</u>	<u>1</u>	<u>\$ 5,261</u>	<u>2</u>	<u>(\$ 3,809)</u>	<u>(1)</u>	<u>\$ 27,922</u>	<u>4</u>
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	6(17)	(\$ 1,105)	(1)	(\$ 5,780)	(3)	(\$ 2,650)	-	(\$ 12,931)	(2)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	-	-	-	-	445	-	19	-
8310	Components of other comprehensive loss that will not be reclassified to profit or loss		(1,105)	(1)	(5,780)	(3)	(2,205)	-	(12,912)	(2)
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations	6(17)	<u>28,038</u>	<u>15</u>	<u>11,653</u>	<u>6</u>	<u>5,415</u>	<u>1</u>	<u>35,709</u>	<u>5</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>28,038</u>	<u>15</u>	<u>11,653</u>	<u>6</u>	<u>5,415</u>	<u>1</u>	<u>35,709</u>	<u>5</u>
8300	Total other comprehensive income for the period		<u>\$ 26,933</u>	<u>14</u>	<u>\$ 5,873</u>	<u>3</u>	<u>\$ 3,210</u>	<u>1</u>	<u>\$ 22,797</u>	<u>3</u>
8500	Total comprehensive income (loss) for the period		<u>\$ 29,247</u>	<u>15</u>	<u>\$ 11,134</u>	<u>5</u>	<u>(\$ 599)</u>	<u>-</u>	<u>\$ 50,719</u>	<u>7</u>
	Basic (loss) earnings per share	6(26)								
9750	Total basic (loss) earnings per share		<u>\$ 0.06</u>		<u>\$ 0.14</u>		<u>(\$ 0.10)</u>		<u>\$ 0.72</u>	
	Diluted (loss) earnings per share	6(26)								
9850	Total diluted (loss) earnings per share		<u>\$ 0.06</u>		<u>\$ 0.13</u>		<u>(\$ 0.10)</u>		<u>\$ 0.71</u>	

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent												
	Share capital		Capital surplus			Retained earnings			Other equity interest				
	Notes	Common stock	Advance receipts for share capital	Additional paid-in capital	Treasury share transactions	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
<u>2022</u>													
Balance at January 1, 2022		\$ 402,031	\$ 1,103	\$ 514,590	\$ 1,287	\$ 2,241	\$ 108,709	\$ 72,115	\$ 186,967	(\$ 81,805)	(\$ 6,245)	(\$ 48,364)	\$ 1,152,629
Profit for the nine months ended September 30, 2022		-	-	-	-	-	-	27,922	-	-	-	27,922	
Other comprehensive income (loss) for the nine months ended September 30, 2022	6(17)	-	-	-	-	-	-	-	35,709	(12,912)	-	22,797	
Total comprehensive income (loss)		-	-	-	-	-	-	27,922	35,709	(12,912)	-	50,719	
<u>Appropriation and distribution of 2021 retained earnings</u>													
Legal reserve	6(16)	-	-	-	-	9,592	-	(9,592)	-	-	-	-	
Special reserve		-	-	-	-	-	15,935	(15,935)	-	-	-	-	
Cash dividends		-	-	-	-	-	-	(81,631)	-	-	-	(81,631)	
Share-based payment transaction - employee stock options	6(13)	1,690	(1,086)	1,293	-	(259)	-	-	-	-	-	1,638	
Retirement of treasury share		(10,000)	-	(12,778)	(1,287)	-	-	(9,927)	-	-	33,992	-	
Balance at September 30, 2022		<u>\$ 393,721</u>	<u>\$ 17</u>	<u>\$ 503,105</u>	<u>\$ -</u>	<u>\$ 1,982</u>	<u>\$ 118,301</u>	<u>\$ 88,050</u>	<u>\$ 97,804</u>	<u>(\$ 46,096)</u>	<u>(\$ 19,157)</u>	<u>(\$ 14,372)</u>	<u>\$ 1,123,355</u>
<u>2023</u>													
Balance at January 1, 2023		\$ 394,223	\$ -	\$ 504,068	\$ -	\$ 1,816	\$ 118,301	\$ 88,050	\$ 121,073	(\$ 61,125)	(\$ 17,797)	(\$ 14,372)	\$ 1,134,237
Loss for the nine months ended September 30, 2023		-	-	-	-	-	-	-	(3,809)	-	-	-	(3,809)
Other comprehensive income (loss) for the nine months ended September 30, 2023	6(17)	-	-	-	-	-	-	-	5,415	(2,205)	-	3,210	
Total comprehensive (loss) income		-	-	-	-	-	-	-	(3,809)	5,415	(2,205)	-	(599)
<u>Appropriation and distribution of 2022 retained earnings</u>													
Legal reserve	6(16)	-	-	-	-	4,127	-	(4,127)	-	-	-	-	
Special reserve		-	-	-	-	-	(9,128)	9,128	-	-	-	-	
Cash dividends		-	-	-	-	-	-	(63,173)	-	-	-	(63,173)	
Share-based payment transactions-employee stock options	6(13)	733	-	1,453	-	246	-	-	-	-	-	2,432	
Balance at September 30, 2023		<u>\$ 394,956</u>	<u>\$ -</u>	<u>\$ 505,521</u>	<u>\$ -</u>	<u>\$ 2,062</u>	<u>\$ 122,428</u>	<u>\$ 78,922</u>	<u>\$ 59,092</u>	<u>(\$ 55,710)</u>	<u>(\$ 20,002)</u>	<u>(\$ 14,372)</u>	<u>\$ 1,072,897</u>

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) profit before tax		(\$ 13,325)	\$ 53,695
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(23)	35,029	37,420
Depreciation - right-of-use asset	6(9)(23)	7,702	6,936
Amortisation	6(23)	1,931	1,917
Provision for (gain on reversal of) expected credit loss	12(2)	5,270	(1,369)
Net loss on financial assets and liabilities at fair value through profit or loss	6(21)	2,112	32,535
Interest expense - lease liability	6(22)	313	174
Interest income	6(19)	(10,723)	(7,557)
Share-based payments	6(13)	813	213
Share of loss of associates and joint ventures accounted for under equity method	6(7)	28,219	7,303
Loss (gain) on disposal of property, plant and equipment	6(21)	152	(164)
Unrealized foreign exchange gain		1,741	(3,935)
(Reversal of) provision for warranty expense		(170)	267
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		1,239	684
Accounts receivable, net		767	64,099
Accounts receivable due from related parties		9	-
Other receivables		(502)	3,103
Inventories		52,685	52,937
Prepayments		(5,842)	7,286
Other current assets		(234)	(383)
Changes in operating liabilities			
Notes payable		23	(8)
Accounts payable		(5,973)	(70,128)
Other payables		(12,150)	(23,992)
Contract liabilities		(10,613)	(682)
Other current liabilities		80	(963)
Other non-current liabilities		65	(9)
Cash inflow generated from operations		78,618	159,379
Interest received		9,758	5,015
Interest paid		(313)	(174)
Income tax paid		(17,127)	(29,658)
Net cash flows from operating activities		<u>70,936</u>	<u>134,562</u>

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets measured at fair value through profit or loss		(\$ 243)	\$ -
Increase in financial assets at amortised cost		(150,852)	(48,217)
Acquisition of investments accounted for using equity method		(1,487)	-
Proceeds from disposal of investments accounted for using equity method		1,731	-
Acquisition of property, plant and equipment	6(27)	(9,615)	(9,035)
Proceeds from disposal of property, plant and equipment		15	538
Decrease (increase) in refundable deposits		222	(1,344)
Acquisition of intangible deposits		(5,014)	(242)
Increase in other non-current assets		(1,498)	(4,940)
Net cash flows used in investing activities		(166,741)	(63,240)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of principal portion of lease liabilities	6(28)	(6,862)	(6,289)
Cash dividends paid	6(16)(28)	(63,173)	(81,631)
Exercise of employee stock options		1,619	1,425
Net cash flows used in financing activities		(68,416)	(86,495)
Effect of exchange rate changes on cash equivalents		(1,103)	16,215
Net (decrease) increase in cash and cash equivalents		(165,324)	1,042
Cash and cash equivalents at beginning of period		361,977	344,436
Cash and cash equivalents at end of period		<u>\$ 196,653</u>	<u>\$ 345,478</u>

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

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

(Reviewed, not audited)

1. ORGANISATION AND OPERATIONS

Tons Lightology Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C) on August 20, 1992. On June 17, 2013, the Company’s stocks were officially listed on the Taipei Exchange. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in manufacturing and trading of lighting equipment and lamps.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were approved and authorised for issuance by the Board of Directors on October 26, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules	May 23, 2023

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements :
The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2022.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			September 30, 2023	December 31, 2022	
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	100	
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO.,LTD. (HONG BO)	Reinvestment company	100	100	
TONS LIGHTOLOGY INC.	TONS LIGHTOLOGY (CAYMAN) INC.	Reinvestment company	100	-	Note
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED (GS)	Reinvestment company	100	100	
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED (LUMINOUS)	Reinvestment company	100	100	
GREATSUPER TECHNOLOGY LIMITED	TITAN LIGHTING CO., LTD (TITAN)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	100	
GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD (ZHONGSHAN TONS)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	100	
LUMINOUS HOLDING INCORPORATED	SHANGHAI TONS LIGHTOLOGY CO., LTD (SHANGHAI TONS)	Sales of various lighting products and accessories	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)	
			September 30, 2022	Description
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO.,LTD. (HONG BO)	Reinvestment company	100	
TONS LIGHTOLOGY INC.	TONS LIGHTOLOGY (CAYMAN) INC.	Reinvestment company	-	Note
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED (GS)	Reinvestment company	100	
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED (LUMINOUS)	Reinvestment company	100	
GREATSUPER TECHNOLOGY LIMITED	TITAN LIGHTING CO., LTD (TITAN)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	
GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD (ZHONGSHAN TONS)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	
LUMINOUS HOLDING INCORPORATED	SHANGHAI TONS LIGHTOLOGY CO., LTD (SHANGHAI TONS)	Sales of various lighting products and accessories	100	

Note: TONS LIGHTOLOGY (CAYMAN) INC. was established on March 29, 2023, and its registered capital was US\$10,000. As of October 26, 2023, the proceeds have not been remitted.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Property, plant and equipment

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20 ~ 21 years
Molding equipment	3 ~ 6 years
Machinery and equipment	2 ~ 20 years
Research and development equipment	5 ~ 11 years
Transportation equipment	4 ~ 6 years
Others	3 ~ 20 years

(5) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(6) Income tax

- A. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- B. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant change as of September 30, 2023. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 931	\$ 668	\$ 661
Checking accounts and demand deposits	43,021	49,403	32,538
Time deposits	152,701	311,906	312,279
	<u>\$ 196,653</u>	<u>\$ 361,977</u>	<u>\$ 345,478</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's restricted time deposits that did not meet short-term cash commitments were classified as 'financial assets at amortised cost', please refer to Note 6(3).

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

Item	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks (Note)	\$ 113,590	\$ 113,347	\$ 113,347
Valuation adjustment	(54,894)	(53,731)	(56,675)
	<u>\$ 58,696</u>	<u>\$ 59,616</u>	<u>\$ 56,672</u>

Item	September 30, 2023	December 31, 2022	September 30, 2022
Financial liabilities mandatorily measured at fair value through profit or loss			
Forward foreign exchange contracts	(\$ 2,643)	(\$ 1,687)	(\$ 3,634)

Note: In line with the Group's investment management needs, 3,680,000 shares of StrongLED Lighting System (Cayman) Co., Ltd., a listed company, originally held by HONG BO INVESTMENT CO., LTD., a subsidiary of the Company, were transferred to the Company on March 16, 2023.

A. The Group entered into contracts relating to derivative financial assets (liabilities) which were not accounted for using hedge accounting. The information is listed below:

September 30, 2023		
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount (notional principal)</u>	<u>Contract period</u>
Forward foreign exchange contracts	USD 1,800 thousand	2023.10.9~2024.9.14
December 31, 2022		
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount (notional principal)</u>	<u>Contract period</u>
Forward foreign exchange contracts	USD 1,800 thousand	2023.1.8~2023.12.11
September 30, 2022		
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount (notional principal)</u>	<u>Contract period</u>
Forward foreign exchange contracts	USD 1,800 thousand	2022.10.10~2023.9.16

The Group entered into forward foreign exchange contracts to sell (sell USD and buy RMB) to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

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

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Net loss on financial assets (liabilities) at fair value through profit or loss	(\$ <u>2,041</u>)	(\$ <u>15,025</u>)
	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Net loss on financial assets (liabilities) at fair value through profit or loss	(\$ <u>2,112</u>)	(\$ <u>32,535</u>)

C. The Group has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Current financial assets at amortised cost

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Time deposits	\$ <u>420,801</u>	\$ <u>265,399</u>	\$ <u>248,209</u>

A. The above mentioned are time deposits that do not meet short-term cash commitments. As of September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect

of the amount that best represents the financial assets at amortised cost held by the Group were \$420,801 thousand, \$265,399 thousand and \$248,209 thousand, respectively.

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(4) Notes and accounts receivable (including related parties)

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 886	\$ 2,122	\$ 1,522
Less: Allowance for bad debts	-	-	-
	<u>\$ 886</u>	<u>\$ 2,122</u>	<u>\$ 1,522</u>
Accounts receivable	\$ 105,170	\$ 105,930	\$ 81,145
Less: Allowance for bad debts	(6,125)	(850)	(544)
	<u>\$ 99,045</u>	<u>\$ 105,080</u>	<u>\$ 80,601</u>
Accounts receivable due from related parties	\$ 312	\$ 321	\$ -
Less: Allowance for bad debts	-	-	-
	<u>\$ 312</u>	<u>\$ 321</u>	<u>\$ -</u>

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

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 886	\$ 76,408	\$ 2,122	\$ 87,201	\$ 1,522	\$ 74,866
Up to 30 days	-	17,986	-	15,387	-	1,785
31 to 120 days	-	6,675	-	3,366	-	4,074
Over 120 days	-	4,413	-	297	-	420
	<u>\$ 886</u>	<u>\$ 105,482</u>	<u>\$ 2,122</u>	<u>\$ 106,251</u>	<u>\$ 1,522</u>	<u>\$ 81,145</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, all the Group's accounts and notes receivable arose from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$145,369 thousand.

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

D. As of September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was the carrying amount of the notes and accounts receivable.

E. The Group does not hold any collateral as security.

(5) Inventories

September 30, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 73,676	(\$ 6,886)	\$ 66,790
Work in progress	13,313	(468)	12,845
Semi-finished goods	32,589	(5,975)	26,614
Finished goods	25,025	(9,317)	15,708
	<u>\$ 144,603</u>	<u>(\$ 22,646)</u>	<u>\$ 121,957</u>

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 102,218	(\$ 7,589)	\$ 94,629
Work in progress	15,178	(851)	14,327
Semi-finished goods	44,329	(5,148)	39,181
Finished goods	36,450	(9,971)	26,479
	<u>\$ 198,175</u>	<u>(\$ 23,559)</u>	<u>\$ 174,616</u>

September 30, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 108,331	(\$ 6,609)	\$ 101,722
Work in progress	22,387	(1,270)	21,117
Semi-finished goods	47,198	(5,311)	41,887
Finished goods	43,542	(11,735)	31,807
	<u>\$ 221,458</u>	<u>(\$ 24,925)</u>	<u>\$ 196,533</u>

The cost of inventories recognised as expense for the period:

	Three months ended September 30,	
	2023	2022
Cost of goods sold	\$ 127,550	\$ 138,079
Gain on reversal of market value decline and obsolescence	(3,022)	(815)
Loss on scrapping inventory	4,390	2,524
Expenses related to inventory	(379)	(414)
	<u>\$ 128,539</u>	<u>\$ 139,374</u>

	Nine months ended September 30,	
	2023	2022
Cost of goods sold	\$ 359,418	\$ 470,574
(Gain on reversal of) loss for market value decline and obsolescence	(947)	5,860
Loss on scrapping inventory	6,097	3,322
Expenses related to inventory	(1,289)	(1,587)
	<u>\$ 363,279</u>	<u>\$ 478,169</u>

The Group reversed a previous inventory write-down because obsolete and slow-moving inventories and inventories with decline in market value were partially sold or disposed by the Group for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023.

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

Items	September 30, 2023	December 31, 2022	September 30, 2022
Non-current items:			
Equity instruments			
Listed stocks	\$ 44,200	\$ 44,200	\$ 44,200
Unlisted stocks	8,481	8,481	8,481
Valuation adjustment	(20,731)	(18,081)	(19,441)
	<u>\$ 31,950</u>	<u>\$ 34,600</u>	<u>\$ 33,240</u>

A. The Group has elected to classify stock investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$31,950 thousand, \$34,600 thousand and \$33,240 thousand, respectively, as at September 30, 2023, December 31, 2022 and September 30, 2022.

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

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>1,105</u>)	(\$ <u>5,780</u>)

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>2,205</u>)	(\$ <u>12,912</u>)

C. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were \$31,950 thousand, \$34,600 thousand and \$33,240 thousand, respectively.

D. The Group did not pledge non-current financial assets at fair value through other comprehensive income to others as collateral.

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

(7) Investments accounted for using equity method

Associates

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Insignificant associate:			
Art So Trading Limited	\$ -	\$ 23,830	\$ 25,093
Art So International, Inc.	<u>3,767</u>	<u>8,400</u>	<u>9,720</u>
	<u>\$ 3,767</u>	<u>\$ 32,230</u>	<u>\$ 34,813</u>

A. The basic information of the associates is as follows:

Company name	Principal place of business	Shareholding ratio(%)			Nature of relationship	Methods of measurement
		September 30, 2023	December 31, 2022	September 30, 2022		
Art So Trading Limited	Samoa	-	48.57%	48.57%	Owns at least 20% of the voting rights	Equity method
Art So International, Inc.	Taiwan	43.99%	30.00%	30.00%	Owns at least 20% of the voting rights	Equity method

B. To simplify the organizational structure, Art So Group started the liquidation process over Art So Trading Limited on June 30, 2023, and its equity interests in Art So International, Inc. was transferred based on the shareholding ratio. After the transfer, the Group's shareholding ratio of Art So International, Inc. was increased from 30% to 43.99%, which was the same as the comprehensive shareholding ratio of 43.99% before the transfer.

C. Share of (loss)/profit of associates accounted for under equity method are as follows:

Investee	Three months ended September 30,	
	2023	2022
Art So Trading Limited	\$ -	(\$ 896)
Art So International, Inc.	(1,456)	(710)
	<u>(\$ 1,456)</u>	<u>(\$ 1,606)</u>

Investee	Nine months ended September 30,	
	2023	2022
Art So Trading Limited	(\$ 22,099)	(\$ 3,566)
Art So International, Inc.	(6,120)	(3,737)
	<u>(\$ 28,219)</u>	<u>(\$ 7,303)</u>

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(8) Property, plant and equipment

	Nine months ended September 30, 2023					
	<u>At January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Net exchange differences</u>	<u>At September 30</u>
Cost						
Buildings and structures	\$ 397,309	\$ 1,710	(\$ 4,095)	\$ -	\$ 619	\$ 395,543
Molding equipment	194,275	5,289	(636)	953	335	200,216
Machinery and equipment	125,197	371	(499)	45	198	125,312
Research and development equipment	25,854	232	(80)	-	42	26,048
Transportation equipment	14,015	-	-	1,467	30	15,512
Others	52,666	1,774	(761)	402	82	54,163
	<u>\$ 809,316</u>	<u>\$ 9,376</u>	<u>(\$ 6,071)</u>	<u>\$ 2,867</u>	<u>\$ 1,306</u>	<u>\$ 816,794</u>
Accumulated depreciation						
Buildings and structures	(\$ 231,541)	(\$ 16,210)	\$ 4,095	\$ -	(\$ 425)	(\$ 244,081)
Molding equipment	(174,333)	(9,881)	636	-	(321)	(183,899)
Machinery and equipment	(98,437)	(4,964)	364	-	(179)	(103,216)
Research and development equipment	(22,268)	(905)	63	-	(40)	(23,150)
Transportation equipment	(11,441)	(789)	-	-	(22)	(12,252)
Others	(45,312)	(2,280)	746	-	(77)	(46,923)
	<u>(\$ 583,332)</u>	<u>(\$ 35,029)</u>	<u>\$ 5,904</u>	<u>\$ -</u>	<u>(\$ 1,064)</u>	<u>(\$ 613,521)</u>
	<u>\$ 225,984</u>					<u>\$ 203,273</u>

Nine months ended September 30, 2022						
	<u>At January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Net exchange differences</u>	<u>At September 30</u>
Cost						
Buildings and structures	\$ 389,958	\$ 1,613	\$ -	\$ 533	\$ 11,603	\$ 403,707
Molding equipment	185,634	5,977	(3,117)	1,062	5,553	195,109
Machinery and equipment	123,533	621	(5,805)	5,089	3,666	127,104
Research and development equipment	29,890	573	(5,336)	475	845	26,447
Transportation equipment	13,812	-	-	-	410	14,222
Others	53,265	1,001	(2,719)	330	1,525	53,402
Construction in progress	523	-	-	(533)	10	-
	<u>\$ 796,615</u>	<u>\$ 9,785</u>	<u>(\$ 16,977)</u>	<u>\$ 6,956</u>	<u>\$ 23,612</u>	<u>\$ 819,991</u>
Accumulated depreciation						
Buildings and structures	(\$ 206,809)	(\$ 16,776)	\$ -	\$ -	(\$ 6,312)	(\$ 229,897)
Molding equipment	(160,121)	(12,019)	3,107	-	(4,846)	(173,879)
Machinery and equipment	(96,290)	(4,732)	5,622	-	(2,851)	(98,251)
Research and development equipment	(26,153)	(909)	5,264	-	(732)	(22,530)
Transportation equipment	(10,626)	(397)	-	-	(320)	(11,343)
Others	(44,029)	(2,587)	2,610	-	(1,291)	(45,297)
	<u>(\$ 544,028)</u>	<u>(\$ 37,420)</u>	<u>\$ 16,603</u>	<u>\$ -</u>	<u>(\$ 16,352)</u>	<u>(\$ 581,197)</u>
	<u>\$ 252,587</u>					<u>\$ 238,794</u>

For the nine months ended September 30, 2023 and 2022, the Group has no property, plant and equipment that were pledged to others as collateral and has no capitalised interest.

(9) Leasing arrangements – lessee

A. The Group leases various assets including land, buildings and machinery and equipment. Rental contracts are typically made for periods of 1 to 47 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 26,101	\$ 26,695	\$ 27,303
Buildings	15,613	2,939	5,091
Machinery and equipment	28	-	28
	<u>\$ 41,742</u>	<u>\$ 29,634</u>	<u>\$ 32,422</u>
	<u>Three months ended September 30,</u>		
	<u>2023</u>		<u>2022</u>
	<u>Depreciation charge</u>		<u>Depreciation charge</u>
Land	\$ 210	\$ 210	\$ 213
Buildings	2,275	2,275	2,083
Machinery and equipment	27	27	27
	<u>\$ 2,512</u>	<u>\$ 2,512</u>	<u>\$ 2,323</u>
	<u>Nine months ended September 30,</u>		
	<u>2023</u>		<u>2022</u>
	<u>Depreciation charge</u>		<u>Depreciation charge</u>
Land	\$ 633	\$ 633	\$ 638
Buildings	6,987	6,987	6,215
Machinery and equipment	82	82	83
	<u>\$ 7,702</u>	<u>\$ 7,702</u>	<u>\$ 6,936</u>

C. For the nine months ended September 30, 2023 and 2022, the additions to right-of-use assets amounted to \$19,976 thousand and \$1,275 thousand, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 91	\$ 47
	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 313	\$ 174

E. For the nine months ended September 30, 2023 and 2022, the Group's total cash outflow for

leases amounted to \$7,175 thousand and \$6,463 thousand, respectively.

(10) Other non-current assets

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Guarantee deposits paid	\$ 4,453	\$ 4,660	\$ 4,120
Prepayments for business facilities	1,758	2,190	1,250
Other non-current assets	48	987	1,274
	<u>\$ 6,259</u>	<u>\$ 7,837</u>	<u>\$ 6,644</u>

Information about the guarantee deposits paid that were pledged to others as collaterals is provided in Note 8.

(11) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Salary and bonus payable	\$ 22,983	\$ 41,167	\$ 34,544
Payable for consumables and expenses	11,102	11,351	11,476
Payable on exhibition fee and advertisement expense	4,273	-	1,464
Payable on machinery and equipment and software fee	3,937	1,109	1,109
Service fees payable	4,858	2,771	2,645
Others	10,467	10,452	14,912
	<u>\$ 57,620</u>	<u>\$ 66,850</u>	<u>\$ 66,150</u>

(12) Pensions

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

(b) For the aforementioned pension plan, the Group recognised pension costs of \$34 thousand, \$10 thousand, \$100 thousand and \$28 thousand for the three months and nine months ended September 30, 2023 and 2022, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ended December 31, 2023 amount to \$49 thousand.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan

(the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The Company’s Hong Kong branch contributes 5% of employees’ salaries and wages (below the ceiling of HKD1,500) pursuant to the mandatory provident fund schemes. The accrued benefits is deposited in a specialised account in Manulife (International) Limited and can only be withdrawn when scheme members reach the age of 65. Other than the monthly contributions, the Group has no further obligations.
- (c) Titan Lighting Co. Ltd. and Zhongshan Tons Lighting Co. Ltd. have a defined contribution plan. Monthly contribution to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of employees’ monthly salaries and wages. On September 30, 2023 and 2022, abovementioned contribution percentages were both 14%. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under defined contribution pension plans of the Group for the three months and nine months ended September 30, 2023 and 2022 were \$4,134 thousand, \$3,458 thousand, \$11,751 thousand and \$12,163 thousand, respectively.

(13) Share-based payment

- A. As at September 30, 2023, December 31, 2022 and September 30, 2022, the Group’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousand)	Contract period	Vesting conditions	Actual turnover rate on September 30, 2023	Actual turnover rate on December 31, 2022
Sixth employee stock options	2018.11.02	600	5 years	2-4 years’ service	0.00%	2.63%
Seventh employee stock options	2022.10.31	600	5 years	2-4 years’ service	2.63%	0.00%

Type of arrangement	Grant date	Quantity granted (in thousand)	Contract period	Vesting conditions	Actual turnover rate on September 30, 2022	Estimated future turnover rate
Sixth employee stock options	2018.11.02	600	5 years	2-4 years’ service	2.63%	0.00%

B. Details of the share-based payment arrangements are as follows:

(a) Sixth employee stock options

	2023		2022	
	No. of options (in thousands)	Weighted- average exercise price (in dollars)	No. of options (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	210	\$ 22.10	320	\$ 23.60
Options exercised	(73)	22.10	(59)	23.60
Options exercised (Note)	-	-	(2)	22.10
Options outstanding at September 30	<u>137</u>	20.90	<u>259</u>	22.10
Options exercisable at September 30	<u>137</u>		<u>113</u>	

Note: Price was adjusted due to the ex-dividend.

(b) Seventh employee stock options

	2023		2022	
	No. of options (in thousands)	Weighted- average exercise price (in dollars)	No. of options (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	560	\$ 30.00	-	\$ -
Options granted	-	-	-	-
Options forfeited	(2)	28.40	-	-
Options outstanding at September 30	<u>558</u>	28.40	<u>-</u>	-
Options exercisable at September 30	<u>-</u>		<u>-</u>	

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

	<u>Expiry date</u>	<u>September 30, 2023</u>		<u>December 31, 2022</u>	
		<u>No. of options (in thousands)</u>	<u>Exercise price (in dollars)</u>	<u>No. of options (in thousands)</u>	<u>Exercise price (in dollars)</u>
Sixth employee stock options	2023.11.01	137	\$ 20.90	210	\$ 22.10
Seventh employee stock options	2027.10.30	558	28.40	560	30.00

	<u>Expiry date</u>	<u>September 30, 2022</u>	
		<u>No. of options (in thousands)</u>	<u>Exercise price (in dollars)</u>
Sixth employee stock options	2023.11.01	259	\$ 22.10

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	<u>Grant date</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Expected price volatility (Note 1)</u>	<u>Expected option life</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Employee share options	2018.11.02	29.90	29.90	28.28%	5 years	-	0.75%	7.75
Employee share options	2022.10.31	30.00	30.00	17.76%	5 years	-	1.32%	5.08

Note 1: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

E. Expenses incurred on share-based payment transactions are shown below:

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Equity-settled - Employee stock options	\$ <u>272</u>	\$ <u>71</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Equity-settled - Employee stock options	\$ <u>813</u>	\$ <u>213</u>

(14) Share capital

- A. As of September 30, 2023, the Company's authorized capital was \$800 million, consisting of 80,000 thousand shares of ordinary stock (including 8 million shares reserved for employee stock options). The paid-in capital was \$394,956 thousand with a par value of \$10 (in dollars) per share. The total share capital of \$394,956 thousand.
- B. The Company purchased 73 thousand common shares between January 16, 2023 and February 14, 2023. The acquisition price was NT\$22.1 per share. In addition, on February 23, 2023, the Board of Directors resolved to set the effective date of issuance of new shares on February 28, 2023 and the registration of changes had been completed on March 15, 2023.
- C. The Company purchased 503 thousand common shares between July 13, 2022 and December 14, 2022. The acquisition price was NT\$22.1 per share. In addition, on December 23, 2022, the Board of Directors resolved to set the effective date of issuance of new shares on December 30, 2022 and the registration of changes had been completed on January 16, 2023.
- D. The Company purchased 169 thousand common shares between October 26, 2021 and February 15, 2022. The acquisition price was NT\$23.6 per share. In addition, on February 24, 2022, the Board of Directors resolved to set the effective date of issuance of new shares on March 7, 2022 and the registration of changes had been completed on March 22, 2022. Movements in the number of the Company's ordinary shares outstanding are as follows:

(Unit: shares in thousands)

	2023	2022
At January 1	\$ 38,922	\$ 38,813
Employee stock options exercised	73	61
At September 30	\$ 38,995	\$ 38,874

E. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

	Nine months ended September 30, 2023			
	No. of shares at beginning of the period	Increase in the period	Decrease in the period	No. of shares at end of the period
Reason for reacquisition				
Reissued to employees	500	-	-	500

	Nine months ended September 30, 2022			
	No. of shares at beginning of the period	Increase in the period	Decrease in the period	No. of shares at end of the period
Reason for reacquisition				
Reissued to employees	1,500	-	(1,000)	500

- (b) According to the transfer regulations of 1st repurchase of the Company's shares, the Company should transfer all the repurchased shares to employees in three years starting from the date of repurchase. If the untransferred shares were past due, these shares will be treated as shares yet to be issued and should be registered for cancellation according to regulations. On April 7, 2022, the Board of Directors resolved to cancel the 1st repurchased 1,000 thousand treasury shares and set April 25, 2022 as the effective date

and the registration was completed on May 11, 2022.

- (c) In order to encourage employees and strengthen coherence of the Company, the Board of Directors during its meeting adopted resolutions to purchase treasury shares for transferring to employees. As of September 30, 2023 and 2022, the balances of treasury shares after repurchases and transfers to employees were \$14,372 thousand and \$14,372 thousand, respectively.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (f) Pursuant to the R.O.C. Securities and Exchange Act, the 1st and 2nd purchase of treasury shares should be reissued to the employees within three and five years from the reacquisition date, respectively, and shares not reissued within the three-year or five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(15) Capital surplus

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

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:
 - (a) Offset prior years' operating losses, if any.
 - (b) Set aside 10% of the remaining amount as legal reserve, and set aside or reverse special reserve when necessary.
 - (c) The remainder along with the unappropriated earnings of prior years is the accumulated distributable earnings. The appropriation of accumulated distributable earnings shall be proposed by the Board of Directors and be resolved by the shareholders.

The Company is at the development stage. In line with current and future development plans and investment environment, and to respond to capital needs and domestic and foreign competition, as well as shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc., the earnings shall be appropriated in compliance with the above regulations. The ratio of dividends to shareholders shall account for at least 50% of the accumulated distributable earnings, of which the ratio of cash dividends shall account for at least 10% of the total dividends distributed. However, the Board of Directors shall adjust the ratios based on current operating status and shall report to the shareholders for a resolution.

- B. Under a resolution made by the Board of Directors, which has more than 2/3 directors attended the meeting and more than 1/2 attended directors agreed, full or partial of the distributable dividends and bonus, capital surplus or legal reserve will be distributed in the form of cash, and it will be reported to the shareholders. The regulation in relation to approval from the shareholders as abovementioned is not applicable.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amount previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be the same as the amount reclassified from accumulated translation adjustment under shareholders' equity to retained earnings for the exemptions elected by the Group. The increase in special reserve as a result of retained earnings arising from the adoption of IFRS was \$38,429 thousand.
- E. (a) The appropriation of 2022 and 2021 earnings as resolved by the shareholders on May 25, 2023 and May 26, 2022, respectively, are as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 4,127		\$ 9,592	
(Reversal of)				
Special reserve	(9,128)		15,935	
Cash dividends	63,173	\$ 1.62	81,631	\$ 2.10
	<u>\$ 58,172</u>		<u>\$ 107,158</u>	

Cash dividends have been resolved at the meeting of Board of Directors on February 23, 2023 and February 24, 2022.

- F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(24).

(17) Other equity items

	2023		2022	
	Currency translation	Unrealised gains (losses) on valuation	Currency translation	Unrealised gains (losses) on valuation
At January 1	(\$ 61,125)	(\$ 17,797)	(\$ 81,805)	(\$ 6,245)
Currency translation differences:				
–Group	5,415	-	35,709	-
Revaluation	-	(2,650)	-	(12,931)
Revaluation transferred to retained earnings – tax	-	445	-	19
At September 30	<u>(\$ 55,710)</u>	<u>(\$ 20,002)</u>	<u>(\$ 46,096)</u>	<u>(\$ 19,157)</u>

(18) Operating revenue

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Sales revenue	<u>\$ 190,730</u>	<u>\$ 210,693</u>
	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Sales revenue	<u>\$ 535,190</u>	<u>\$ 705,352</u>

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A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time.

Three months ended September 30, 2023											
	TONS LIGHTOLOGY INC.				TITAN LIGHTING CO., LTD.				ZHONGSHAN TONS LIGHTING CO., LTD.		Total
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Asia	Others	
	Revenue from contracts	\$ 100,560	\$ 38,752	\$ 11,806	\$ 324	\$ 10,983	\$ 1,316	\$ 207	\$ 71	\$ 17,670	
Three months ended September 30, 2022											
	TONS LIGHTOLOGY INC.				TITAN LIGHTING CO., LTD.				ZHONGSHAN TONS LIGHTING CO., LTD.		Total
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Asia	Others	
	Revenue from contracts	\$ 112,642	\$ 40,420	\$ 16,137	\$ 452	\$ 11,361	\$ 1,386	\$ 175	\$ -	\$ 19,419	
Nine months ended September 30, 2023											
	TONS LIGHTOLOGY INC.				TITAN LIGHTING CO., LTD.				ZHONGSHAN TONS LIGHTING CO., LTD.		Total
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Asia	Others	
	Revenue from contracts	\$ 315,075	\$ 96,498	\$ 29,910	\$ 992	\$ 24,555	\$ 4,736	\$ 470	\$ 72	\$ 38,008	
Nine months ended September 30, 2022											
	TONS LIGHTOLOGY INC.				TITAN LIGHTING CO., LTD.				ZHONGSHAN TONS LIGHTING CO., LTD.		Total
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Asia	Others	
	Revenue from contracts	\$ 457,081	\$ 90,299	\$ 63,519	\$ 1,934	\$ 18,150	\$ 6,064	\$ 254	\$ -	\$ 48,532	

B. Contract liabilities

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Contract liabilities:			
Contract liabilities –			
advance sales receipts	\$ <u>19,599</u>	\$ <u>31,191</u>	\$ <u>24,860</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period:			
		<u>Three months ended September 30,</u>	
		<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ <u>1,200</u>	\$ <u>1,287</u>	
		<u>Nine months ended September 30,</u>	
		<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ <u>24,153</u>	\$ <u>21,833</u>	
(19) <u>Interest income</u>			
		<u>Three months ended September 30,</u>	
		<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ <u>3,638</u>	\$ <u>2,815</u>	
		<u>Nine months ended September 30,</u>	
		<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ <u>10,723</u>	\$ <u>7,557</u>	
(20) <u>Other income</u>			
		<u>Three months ended September 30,</u>	
		<u>2023</u>	<u>2022</u>
Other income - others	\$ <u>267</u>	\$ <u>1,942</u>	
		<u>Nine months ended September 30,</u>	
		<u>2023</u>	<u>2022</u>
Other income - others	\$ <u>882</u>	\$ <u>2,225</u>	

(21) Other gains and losses

	Three months ended September 30,	
	2023	2022
Losses on disposals of property, plant and equipment	(\$ 8)	\$ -
Net currency exchange (loss) gain	(1,243)	5,375
Net loss on financial assets (liabilities) at fair value through profit or loss	(2,041)	(15,025)
Other losses	(1)	(1)
	<u>(\$ 3,293)</u>	<u>(\$ 9,651)</u>
Nine months ended September 30,		
	2023	2022
(Losses) gains on disposals of property, plant and equipment	(\$ 152)	\$ 164
Net currency exchange gain	2,227	14,490
Net loss on financial assets (liabilities) at fair value through profit or loss	(2,112)	(32,535)
Other losses	(26)	(12)
	<u>(\$ 63)</u>	<u>(\$ 17,893)</u>

(22) Finance costs

	Three months ended September 30,	
	2023	2022
Interest expense	<u>\$ 91</u>	<u>\$ 47</u>
Nine months ended September 30,		
	2023	2022
Interest expense	<u>\$ 313</u>	<u>\$ 174</u>

Note: Interest expense arose from the lease liabilities discounted over the contract period upon the adoption of IFRS 16.

(23) Expenses by nature

	Three months ended September 30,	
	2023	2022
Employee benefit expense	\$ 52,947	\$ 53,444
Depreciation charges on property, plant and equipment	11,623	12,200
Depreciation charges on right-of-use assets	2,512	2,323
Amortisation charges	693	583

	Nine months ended September 30,	
	2023	2022
Employee benefit expense	\$ 156,878	\$ 175,833
Depreciation charges on property, plant and equipment	35,029	37,420
Depreciation charges on right-of-use assets	7,702	6,936
Amortisation charges	1,931	1,917

(24) Employee benefit expense

	Three months ended September 30,	
	2023	2022
Wages and salaries	\$ 42,939	\$ 44,233
Labour and health insurance fees	2,029	1,619
Pension costs	4,168	3,468
Directors' remunerations	523	735
Other employee benefit expenses	3,287	3,389
	<u>\$ 52,947</u>	<u>\$ 53,444</u>

	Nine months ended September 30,	
	2023	2022
Wages and salaries	\$ 127,677	\$ 146,310
Labour and health insurance fees	6,167	4,341
Pension costs	11,851	12,191
Directors' remunerations	1,650	2,441
Other employee benefit expenses	9,532	10,550
	<u>\$ 156,878</u>	<u>\$ 175,833</u>

Note: For the nine months ended September 30, 2023 and 2022, the Group had 554 and 603 employees, respectively, and had 5 non-employee directors for both periods.

A. In accordance with the Articles of Incorporation of the Company, the current year's earnings, if profit, the Company shall appropriate 5% to 15% as the employees' compensation and shall not be higher than 2.5% for directors' remuneration; if loss, shall first reserve the offset amount.

B. For the three months and nine months ended September 30, 2023 and 2022, the accrued employees' compensation and directors' remuneration is as follows:

	Three months ended September 30,	
	2023	2022
Employees' compensation	\$ -	\$ 1,039
Directors' remuneration	-	174
	<u>\$ -</u>	<u>\$ 1,213</u>

	Nine months ended September 30,	
	2023	2022
Employees' compensation	\$ -	\$ 4,240
Directors' remuneration	-	707
	<u>\$ -</u>	<u>\$ 4,947</u>

The aforementioned amounts were recognised in salary expenses. The Group incurred a net loss after tax and thus did not accrue employees' compensation and directors' remuneration for the nine months ended September 30, 2023. The Group accrued expenses based on 9% and 1.5% of the pre-tax income that has not been accrued for employees' compensation and directors' remuneration, respectively, for the nine months ended September 30, 2022.

Employees' compensation and directors' remuneration for 2022 and 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 and 2021 financial statements. The employees' compensation will be distributed in the form of cash. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax (benefit) expense

(a) Components of income tax (benefit) expense:

	Three months ended September 30,	
	2023	2022
Current tax:		
Current tax on profits for the period	(\$ 622)	\$ 7,913
Prior year income tax overestimation	(98)	-
Total current tax	(720)	7,913
Deferred tax:		
Origination and reversal of temporary differences	1,862	1,241
Income tax expense	<u>\$ 1,142</u>	<u>\$ 9,154</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 719	\$ 31,726
Prior year income tax overestimation	(5,057)	(2,005)
Total current tax	(4,338)	29,721
Deferred tax:		
Origination and reversal of temporary differences	(5,178)	(3,948)
Income tax (benefit) expense	(\$ 9,516)	\$ 25,773

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

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Temporary differences:		
Changes in fair value of financial assets at fair value through other comprehensive income	\$ -	\$ -

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Temporary differences:		
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ 445)	(\$ 19)

B. The income tax returns of the Company and its domestic subsidiaries through 2021 have been assessed and approved by the Tax Authority.

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(26) Earnings (losses) per share

<u>Three months ended September 30, 2023</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,314	38,995	\$ 0.06
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	2,314	38,995	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	-	
-Employee stock options	-	35	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,314	\$ 39,030	\$ 0.06
<u>Three months ended September 30, 2022</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,261	38,874	\$ 0.14
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	5,261	38,874	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	34	
-Employee stock options	-	72	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 5,261	\$ 38,980	\$ 0.14

	Nine months ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 3,809)	38,987	(\$ 0.10)
<u>Diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(3,809)	38,987	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation (Note)	-	-	
-Employee stock options (Note)	-	-	
Loss attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	(\$ 3,809)	\$ 38,987	(\$ 0.10)

	Nine months ended September 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 27,922	38,865	\$ 0.72
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	27,922	38,865	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	216	
-Employee stock options	-	80	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 27,922	\$ 39,161	\$ 0.71

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding

used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

Note: For the nine months ended September 30, 2023, the Group's employee compensation and employee stock options had the anti-dilution effect, thus, they were not included in the calculation of diluted losses per share.

(27) Supplemental cash flow information

A. Investing activities with partial cash payments :

	Nine months ended September 30,	
	2023	2022
Purchase of property, plant and equipment	\$ 9,376	\$ 9,785
Add: Opening balance of payable on equipment	1,109	1,025
Less: Ending balance of payable on equipment	(870)	(1,775)
Cash paid during the period	<u>\$ 9,615</u>	<u>\$ 9,035</u>

(28) Changes in liabilities from financing activities

	Guarantee deposits received	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2023	\$ 1,126	\$ 2,784	\$ -	\$ 3,910
Changes in cash flow from financing activities	-	(6,862)	(63,173)	(70,035)
Impact of changes in foreign exchange rate	-	3	-	3
Changes in other non-cash items	-	19,769	63,173	82,942
At September 30, 2023	<u>\$ 1,126</u>	<u>\$ 15,694</u>	<u>\$ -</u>	<u>\$ 16,820</u>

	Guarantee deposits received	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2022	\$ 1,126	\$ 9,875	\$ -	\$ 11,001
Changes in cash flow from financing activities	-	(6,289)	(81,631)	(87,920)
Impact of changes in foreign exchange rate	-	252	-	252
Changes in other non-cash items	-	1,275	81,631	82,906
At September 30, 2022	<u>\$ 1,126</u>	<u>\$ 5,113</u>	<u>\$ -</u>	<u>\$ 6,239</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
ARTSO INTERNATIONAL, INC.	Associate

(2) Significant related party transactions

A. Operating revenue:

	Three months ended September 30,	
	2023	2022
Sales of goods:		
-Associates	\$ 297	\$ -

	Nine months ended September 30,	
	2023	2022
Sales of goods:		
-Associates	\$ 594	\$ 435

Goods were sold based on the price lists in force and terms that would be available to third parties. The credit terms were 60 days for related parties and 30~90 days for third parties.

B. Accounts receivable:

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable:			
-Associates	\$ 312	\$ 321	\$ -

(3) Key management compensation

	Three months ended September 30,	
	2023	2022
Short-term employee benefits	\$ 5,425	\$ 6,103
Post-employment benefits	132	131
Share-based payments	114	35
	<u>\$ 5,671</u>	<u>\$ 6,269</u>
	Nine months ended September 30,	
	2023	2022
Short-term employee benefits	\$ 16,774	\$ 19,351
Post-employment benefits	395	390
Share-based payments	341	105
	<u>\$ 17,510</u>	<u>\$ 19,846</u>

8. PLEGGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Restricted time deposits (shown as 'financial assets at amortised cost')	\$ 4,731	\$ 4,724	\$ 4,789	Construction and forward foreign exchange contracts
Guarantee deposits paid (shown as 'other non-current assets')	4,453	4,660	4,120	Construction and lease security deposits
	<u>\$ 9,184</u>	<u>\$ 9,384</u>	<u>\$ 8,909</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENT

(1) Contingencies

None.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There were no changes in the current period, please refer to Note 12 of 2022 consolidated financial statements.

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(2) Financial instruments

A. Financial instruments by category

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 58,696	\$ 59,616	\$ 56,672
Financial assets at fair value through other comprehensive income	31,950	34,600	33,240
Cash and cash equivalents	196,653	361,977	345,478
Financial assets at amortised cost	420,801	265,399	248,209
Notes receivable	886	2,122	1,522
Accounts receivable (including related parties)	99,357	105,401	80,601
Other receivables	7,326	5,840	9,423
Guarantee deposits paid	4,453	4,660	4,120
	<u>\$ 820,122</u>	<u>\$ 839,615</u>	<u>\$ 779,265</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 2,643	\$ 1,687	\$ 3,634
Financial liabilities at amortised cost			
Notes payable	57	31	20
Accounts payable	39,845	45,769	35,670
Other accounts payable	57,620	66,850	66,150
Guarantee deposits received	1,126	1,126	1,126
	<u>\$ 101,291</u>	<u>\$ 115,463</u>	<u>\$ 106,600</u>
Lease liability (including current portion)	<u>\$ 15,694</u>	<u>\$ 2,784</u>	<u>\$ 5,113</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB income and expenditures. Entities in the Group use natural hedge to decrease the risk exposure in the foreign currency, transacted with Group treasury.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Group's risk management policy is to hedge anticipated cash flows (mainly from export sales and purchase of inventory) in each major foreign currency.
- v. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation are as follows:

September 30, 2023

	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 2,505	32.270	\$ 80,836	1%	\$ 808	\$ -
HKD:NTD	290	4.123	1,196	1%	12	-
EUR:NTD	489	33.910	16,582	1%	166	-
RMB:NTD	7,834	4.415	34,587	1%	346	-
RMB:USD	6,563	0.137	28,976	-1%	(290)	-
USD:RMB	3,319	7.309	107,104	1%	1,071	-
<u>Non-monetary items</u>						
USD:NTD	\$ 270	32.270	\$ 8,713	1%	\$ -	\$ 87
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 3,242	32.270	\$ 104,619	1%	(\$ 1,046)	\$ -
EUR:NTD	66	33.910	2,238	1%	(22)	-
RMB:NTD	13,284	4.415	58,649	1%	(586)	-
USD:RMB (Note)	1,800	7.206	(2,643)	1%	(573)	-

Note: The Group's subsidiaries have forward foreign exchange contracts. Foreign currency amount is the notional principal. Exchange rate is forward exchange rate that is estimated to be settled at the balance sheet date, and the book value is the amount recognised.

December 31, 2022							
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Sensitivity analysis			
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$ 6,365	30.710	\$ 195,469	1%	\$ 1,955	\$ -	
HKD:NTD	1,293	3.938	5,092	1%	51	-	
EUR:NTD	545	32.720	17,832	1%	178	-	
RMB:NTD	18,764	4.408	82,712	1%	827	-	
RMB:USD	12,072	0.144	53,213	-1%	(532)	-	
USD:RMB	6,531	6.967	200,567	1%	2,006	-	
<u>Non-monetary items</u>							
USD:NTD	\$ 270	30.710	\$ 8,292	1%		\$ 83	
<u>Investments accounted for using the equity method</u>							
USD:NTD	\$ 231	30.710	\$ 7,094	1%		\$ 71	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	\$ 7,093	30.710	\$ 217,826	1%	(\$ 2,178)	\$ -	
EUR:NTD	106	32.720	3,468	1%	(35)	-	
RMB:NTD	12,068	4.408	53,196	1%	(532)	-	
USD:RMB (Note)	1,800	6.946	(1,687)	1%	(540)	-	

Note: The Group's subsidiaries have forward foreign exchange contracts. Foreign currency amount is the notional principal. Exchange rate is forward exchange rate that is estimated to be settled at the balance sheet date, and the book value is the amount recognised.

September 30, 2022

	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 5,220	31.750	\$ 165,735	1%	\$ 1,657	\$ -
HKD:NTD	1,166	4.044	4,715	1%	47	-
EUR:NTD	451	31.260	14,098	1%	141	-
RMB:NTD	15,724	4.473	70,333	1%	703	-
RMB:USD	12,004	0.141	53,694	-1%	(537)	-
USD:RMB	6,273	7.098	199,168	1%	1,992	-
<u>Non-monetary items</u>						
USD:NTD	\$ 270	31.750	\$ 8,573	1%	\$ -	\$ 86
<u>Investments accounted for using the equity method</u>						
USD:NTD	\$ 971	31.750	\$ 30,829	1%	\$ -	\$ 308
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 6,675	31.750	\$ 211,931	1%	(\$ 2,119)	\$ -
RMB:NTD	8,027	4.473	35,905	1%	(359)	-
USD:RMB (Note)	1,800	7.072	(3,634)	1%	(569)	-

Note: The Group's subsidiaries have forward foreign exchange contracts. Foreign currency amount is the notional principal. Exchange rate is forward exchange rate that is estimated to be settled at the balance sheet date, and the book value is the amount recognised.

- vi. Total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2023 and 2022 amounted to (\$1,243) thousand, \$5,375 thousand, \$2,227 thousand and \$14,490 thousand, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
- ii. The Group mainly invests in shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine months ended September 30, 2023 and 2022 would have decreased/increased by \$587 thousand and \$567 thousand, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have decreased/increased by \$320 thousand and \$332 thousand, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

For the nine months ended September 30, 2023 and 2022, the Group has no items with impact on profit (loss) due to changes in interest rates.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. For banks and financial institutions, the Group transacts with a variety of banks and financial institutions, mainly domestic and overseas well-known financial institutions, to avoid concentration in any single counterparty and to minimise credit risk. The Group can only enter into the financial services and loan agreement provided by banks and financial institutions after being approved by the Board of Directors or authorised management according to the Group's delegation of authorisation policy. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 1 year.

- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with product types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss.
- vii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of September 30, 2023, December 31, 2022 and September 30, 2022, the loss rate methodology is as follows:

	Not past due	Up to 30 days past due	31~120 days past due	Over 121 days	Total
<u>September 30, 2023</u>					
Expected loss rate	0.00%	0.00%	25.68%	99.95%	
Total book value	\$ 76,408	\$ 17,986	\$ 6,675	\$ 4,413	\$ 105,482
Loss allowance	\$ -	\$ -	(\$ 1,714)	(\$ 4,411)	(\$ 6,125)
<u>December 31, 2022</u>					
Expected loss rate	0.00%	0.00%	16.43%	100.00%	
Total book value	\$ 87,201	\$ 15,387	\$ 3,366	\$ 297	\$ 106,251
Loss allowance	\$ -	\$ -	(\$ 553)	(\$ 297)	(\$ 850)
<u>September 30, 2022</u>					
Expected loss rate	0.00%	0.00%	25.26%	94.20%	
Total book value	\$ 74,866	\$ 1,785	\$ 4,074	\$ 420	\$ 81,145
Loss allowance	\$ -	\$ -	(\$ 147)	(\$ 397)	(\$ 544)

- viii. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	2023	
	Accounts receivable	
At January 1	\$	850
Provision for impairment loss		5,270
Effect of exchange rate changes		5
At September 30	\$	<u>6,125</u>
	2022	
	Accounts receivable	
At January 1	\$	1,873
Reversal of impairment loss	(1,369)
Effect of exchange rate changes		40
At September 30	\$	<u>544</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. The Group invests surplus cash in interest bearing current accounts and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's undrawn borrowing facilities all amounted to \$13,420 thousand.
- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

	Within 1	Between	Between	Between	Over 5
	year	1 and 2	2 and 3	3 and 5	years
September 30, 2023	year	years	years	years	years
Notes and accounts payable	\$ 39,902	\$ -	\$ -	\$ -	\$ -
Other payables	57,620	-	-	-	-
Lease liabilities	7,518	6,806	1,702	-	-

Non-derivative financial liabilities

	Less than	Between	Between	Between	Over 5
December 31, 2022	1 year	1 and 2	2 and 3	3 and 5	years
		years	years	years	years
Notes and accounts payable	\$ 45,800	\$ -	\$ -	\$ -	\$ -
Other payables	66,850	-	-	-	-
Lease liabilities	2,543	297	-	-	-

Non-derivative financial liabilities

	Less than	Between	Between	Between	Over 5
September 30, 2022	1 year	1 and 2	2 and 3	3 and 5	years
		years	years	years	years
Notes and accounts payable	\$ 35,690	\$ -	\$ -	\$ -	\$ -
Other payables	66,150	-	-	-	-
Lease liabilities	4,303	897	-	-	-

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, accounts receivable - related parties, other receivables, guarantee deposits paid, notes payable, accounts payable, lease liabilities, accounts payable - related parties, other payables and guarantee deposits received) are approximate to their fair values.

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

(a) The related information of natures of the assets and liabilities is as follows:

September 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 58,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,696</u>
Financial assets at fair value through other comprehensive income - equity securities	<u>\$ 27,115</u>	<u>\$ -</u>	<u>\$ 4,835</u>	<u>\$ 31,950</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 2,643</u>	<u>\$ -</u>	<u>\$ 2,643</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 59,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,616</u>
Financial assets at fair value through other comprehensive income - equity securities	<u>\$ 27,540</u>	<u>\$ -</u>	<u>\$ 7,060</u>	<u>\$ 34,600</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 1,687</u>	<u>\$ -</u>	<u>\$ 1,687</u>

September 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ 56,672	\$ -	\$ -	\$ 56,672
Financial assets at fair value through other comprehensive income - equity securities	\$ 26,180	\$ -	\$ 7,060	\$ 33,240
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	\$ -	\$ 3,634	\$ -	\$ 3,634

- (b) The Group used market quoted prices as the fair values of the instruments in Level 1. Based on the characteristics, the closing prices are used for emerging shares.
- (c) Forward exchange contracts are usually valued based on the current forward exchange rate.
- D. For the nine months ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- E. For the nine months ended September 30, 2023 and 2022, movements on Level 3 are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
At January 1	\$ 7,060	\$ 7,156
Loss recognized in other comprehensive income	(2,225)	(96)
At September 30	\$ 4,835	\$ 7,060

- F. For the nine months ended September 30, 2023 and 2022, there was no transfer into or out from Level 3.
- G. The Group's treasury department are in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 4,835	Market comparable companies	Price to book ratio	0.76	The higher the multiple, the higher the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 7,060	Market comparable companies	Price to book ratio	0.76	The higher the multiple, the higher the fair value
	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 7,060	Market comparable companies	Price to book ratio	0.76	The higher the multiple, the higher the fair value

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

			<u>September 30, 2023</u>	
			<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets				
Equity securities	Price to book ratio	± 5%	\$ 244	(\$ 244)
			<u>December 31, 2022</u>	
			<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets				
Equity securities	Price to book ratio	± 5%	\$ 379	(\$ 379)
			<u>September 30, 2022</u>	
			<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets				
Equity securities	Price to book ratio	± 5%	\$ 372	(\$ 372)

(4) On April 7, 2023, the Board of Directors of the Group resolved to carry out a merger with Strong LED Lighting System (Cayman) Co., Ltd. for the Group's future development, integration of resources of both parties and improvement of the Group's competitiveness. The consideration for the merger is 1 ordinary share of TONS LIGHTOLOGY INC. in exchange for 1.72 ordinary shares of Strong LED Lighting System (Cayman) Co., Ltd. The effective date of the merger and share swap is tentatively set on October 31, 2023, but the Board of Directors is authorised to change the effective date depending on the progress of the merger. On July 26, 2023, the share swap was approved by the Taipei Exchange and was approved by the Investment Commission, Ministry of Economic Affairs on August 22, 2023.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

I. Trading in derivative instruments undertaken during the reporting periods: Titan Lighting Co., Ltd. entered into forward foreign exchange contracts for the nine months ended September 30, 2023. As of September 30, 2023, financial liabilities at fair value through profit or loss of \$2,643 thousand was recognised.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

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

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the nine months ended September 30, 2023 are provided in Note 13(1)

J.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. Business organisation is divided into Tons Lightology Inc., Titan Lighting Co., Ltd. and Zhongshan Tons Lighting Co., Ltd. based on the nature. The Group's revenue is mainly from manufacturing and trading of lighting equipment and lamps.

(2) Segment information

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

	<u>Three months ended September 30, 2023</u>			
	ZHONGSHAN			
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	TONS LIGHTING CO., LTD.	Total
Revenue from external customers	\$ 151,442	\$ 12,577	\$ 17,670	\$ 181,689
Inter-segment revenue	-	112,290	14,190	126,480
Segment revenue	<u>\$ 151,442</u>	<u>\$ 124,867</u>	<u>\$ 31,860</u>	<u>\$ 308,169</u>
Segment profit (loss) before tax	<u>\$ 4,330</u>	<u>(\$ 3,696)</u>	<u>\$ 3,391</u>	<u>\$ 4,025</u>

Three months ended September 30, 2022

	ZHONGSHAN			
	TONS	TITAN	TONS	Total
	LIGHTOLOGY INC.	LIGHTING CO., LTD.	LIGHTING CO., LTD.	
Revenue from external customers	\$ 169,651	\$ 12,922	\$ 19,419	\$ 201,992
Inter-segment revenue	-	124,900	11,329	136,229
Segment revenue	<u>\$ 169,651</u>	<u>\$ 137,822</u>	<u>\$ 30,748</u>	<u>\$ 338,221</u>
Segment profit (loss) before tax	<u>\$ 14,122</u>	<u>\$ 15,888</u>	<u>\$ 446</u>	<u>\$ 30,456</u>

Nine months ended September 30, 2023

	ZHONGSHAN			
	TONS	TITAN	TONS	Total
	LIGHTOLOGY INC.	LIGHTING CO., LTD.	LIGHTING CO., LTD.	
Revenue from external customers	\$ 442,475	\$ 29,833	\$ 38,008	\$ 510,316
Inter-segment revenue	-	333,393	33,210	366,603
Segment revenue	<u>\$ 442,475</u>	<u>\$ 363,226</u>	<u>\$ 71,218</u>	<u>\$ 876,919</u>
Segment loss before tax	<u>(\$ 6,527)</u>	<u>(\$ 4,678)</u>	<u>(\$ 1,293)</u>	<u>(\$ 12,498)</u>

Nine months ended September 30, 2022

	ZHONGSHAN			
	TONS	TITAN	TONS	Total
	LIGHTOLOGY INC.	LIGHTING CO., LTD.	LIGHTING CO., LTD.	
Revenue from external customers	\$ 612,833	\$ 24,468	\$ 48,532	\$ 685,833
Inter-segment revenue	-	480,186	31,460	511,646
Segment revenue	<u>\$ 612,833</u>	<u>\$ 504,654</u>	<u>\$ 79,992</u>	<u>\$ 1,197,479</u>
Segment profit before tax	<u>\$ 45,375</u>	<u>\$ 45,361</u>	<u>\$ 21</u>	<u>\$ 90,757</u>

- B. The Group's reportable operating segments are the result of the organization divided by operating business.
- C. The Group's revenue is mainly from manufacturing and trading of lighting equipment and lamps.
- D. The Group did not allocate income tax expense to reportable segments. The reportable amounts are in agreement with the amount stated in the report to the Chief Operating Decision-Maker.
- E. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4. The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segment.

(3) Reconciliation for segment income (loss)

A. A reconciliation of total revenue after adjustment to the total revenue from continuing operating during the period is provided as follows:

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Reportable operating segments revenue after adjustment	\$ 308,169	\$ 338,221
Other operating segments revenue after adjustment	9,041	8,701
Total operating segments revenue	317,210	346,922
Elimination of intersegment loss	(126,480)	(136,229)
Total consolidated operating revenue	<u>\$ 190,730</u>	<u>\$ 210,693</u>
	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Reportable operating segments revenue after adjustment	\$ 876,919	\$ 1,197,479
Other operating segments revenue after adjustment	24,874	19,519
Total operating segments revenue	901,793	1,216,998
Elimination of intersegment loss	(366,603)	(511,646)
Total consolidated operating revenue	<u>\$ 535,190</u>	<u>\$ 705,352</u>

B. A reconciliation of income or loss before tax after adjustment to the income before tax from continuing operating during the period is provided as follows :

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Reportable operating segment income before tax after adjustment	\$ 4,025	\$ 30,456
Other operating segment loss before tax after adjustment	(590)	(16,518)
Total operating segment income	3,435	13,938
Elimination of intersegment income	21	477
Income before tax from continuing operations	<u>\$ 3,456</u>	<u>\$ 14,415</u>

	Nine months ended September 30,	
	2023	2022
Reportable operating segment (loss) income before tax after adjustment	(\$ 12,498)	\$ 90,757
Other operating segment loss before tax after adjustment	(869)	(37,117)
Total operating segment (loss) income	(13,367)	53,640
Elimination of intersegment income	42	55
(Loss) income before tax from continuing operations	<u>(\$ 13,325)</u>	<u>\$ 53,695</u>

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Nine months ended September 30, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2023 (Note 4)	Actual amount drawn down (Note 4)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Footnote
1	HONG BO INVESTMENT CO., LTD.	TONS LIGHTOLOGY INC.	(3)	45,962	15,800	15,800	15,800	-	24.06	45,962	N	Y	N	-

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

(1) The Company is '0'.

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Ceiling on total amount of and limit on endorsements/guarantees provided by HONG BO INVESTMENT CO., LTD. to others or a single party both are 70% of its current net assets.

Note 4: It was the joint guarantor for the construction contract undertaken by TONS LIGHTOLOGY INC.

Note 5: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

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

September 30 , 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of September 30, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TONS LIGHTOLOGY INC.	Share ownership / TITAN AURORA INC.	None	Financial assets at fair value through other comprehensive income - non-current	1,900	\$ 4,835	19.00	\$ 4,835	-
TONS LIGHTOLOGY INC.	Share ownership / Strong LED Lighting System (Cayman) Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,700,000	27,115	4.59	27,115	-
TONS LIGHTOLOGY INC.	Share ownership / Strong LED Lighting System (Cayman) Co., Ltd.	None	Financial assets at fair value through profit or loss - current	3,680,000	58,696	9.95	58,696	-
				Total	90,646	Total	90,646	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
 Nine months ended September 30, 2023

Table 3

Expressed in thousands of NTD
 (Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	Subsidiary of the Company	Purchases	\$ 326,025	94	90 days after monthly billing for purchases	Note 2	Note 1	(\$ 145,562)	(94)	Note 3

Note 1: Transaction amount is based on the transfer pricing policy of Tons Lightology Inc. The credit term is 90 days after monthly billing for purchases and payment is made timely according to the capital needs of subsidiaries.

Note 2: There are no purchases (sales) of the same products, thus, no third party transaction can be compared with.

Note 3: The transactions were eliminated when preparing the consolidated financial statements.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

Nine months ended September 30, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2023 (Note 2)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts
					Amount	Action taken		
TITAN LIGHTING CO., LTD.	TONS LIGHTOLOGY INC.	Parent company	Accounts receivable \$145,562	2.21	\$ -	-	\$ 26,486	\$ -

Note 1: Subsequent collection is the amount of receivables collected from related parties as of October 26, 2023.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Nine months ended September 30, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)	
				General ledger account	Amount (Note 4)		
0	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	(1)	(Purchases)	\$ 326,025	90 days after monthly billing for purchases	60.92
0	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	(1)	(Accounts payable)	(145,562)	90 days after monthly billing for purchases	11.91
1	HONG BO INVESTMENT CO., LTD.	TONS LIGHTOLOGY INC.	(2)	(Current financial assets at fair value through profit or loss)	(62,896)	-	5.15

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Transaction amounts account for at least NTD 30 million.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investees

Nine months ended September 30, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine months ended September 30, 2023	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
				2023	2022						
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC.	Samoa	Reinvestment company	\$ 545,972	\$ 545,972	18,333,402	100.00	\$ 913,348	(\$ 6,218)	(\$ 6,176)	Subsidiary (Note 1, 5)
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD.	Taiwan	Reinvestment company	85,000	135,000	6,000,000	100.00	65,659	3,602	3,602	Subsidiary (Note 5)
TONS LIGHTOLOGY INC.	TONS LIGHTOLOGY (CAYMAN) INC.	Cayman Islands	Reinvestment company	-	-	-	100.00	-	-	-	Subsidiary (Note 2, 5)
TONS LIGHTOLOGY INC.	ART SO TRADING LIMITED	Samoa	Wholesale of furniture	-	70,000	-	0.00	-	(2,441)	(22,099)	Note 4, 6
TONS LIGHTOLOGY INC.	ART SO INTERNATIONAL, INC	Taiwan	Wholesale of furniture	16,487	15,000	2,199,628	43.99	3,767	(17,915)	(6,120)	Note 4, 6
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED	Samoa	Reinvestment company	100,590	100,590	3,250,000	100.00	79,144	(3,868)	-	Indirect subsidiary (Note 3, 5)
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED	British Virgin Islands	Reinvestment company	500,917	500,917	27,666	100.00	790,119	(2,606)	-	Indirect subsidiary (Note 3, 5)

Note 1: Including investment income (loss) used to offset against upstream transactions.

Note 2: TONS LIGHTOLOGY (CAYMAN) INC. was established on March 29, 2023, and its registered capital was US\$10,000. As of October 26, 2023, the proceeds have not been remitted.

Note 3: The investees are the Company's second-tier subsidiaries and investee of such subsidiaries. Investment income (loss) is not disclosed.

Note 4: The investees are the Company's reinvestments accounted for using equity method.

Note 5: The transactions were eliminated when preparing the consolidated financial statements.

Note 6: Art So Trading Limited was liquidated on June 30, 2023, and its equity interests in Art So International, Inc. was sold and transferred based on the shareholding ratio. After the transfer, the Group's number of shares of Art So International, Inc. was increased from 1,500,000 shares to 2,199,628 shares.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee as of September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
TITAN LIGHTING CO., LTD.	Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	\$ 395,388	(2)	\$ 368,845	\$ -	\$ -	\$ 368,845	(\$ 447)	100.00	(\$ 447)	\$ 644,750	\$ 156,504	Note 1,2,3,4,5
ZHONGSHAN TONS LIGHTING CO., LTD.	Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	116,172	(2)	110,585	-	-	110,585	(1,218)	100.00	(1,218)	113,998	-	Note 1,2,4,5
SHANGHAI TONS LIGHTOLOGY CO., LTD.	Sales of various lighting products and accessories	103,264	(2)	42,842	-	-	42,842	(3,893)	100.00	(3,893)	77,656	-	Note 1,2,4,5,6
ShangHai Grand Canyon LED Lighting Systems Co., Ltd.	Research, development, production and sales of LED semiconductor application and other products	33,356	(2)	901	-	-	901	-	14.54	-	-	-	Note 1,7
Grand Canyon (Su Zhou) Co., Ltd.	Research, development, production and sales of LED semiconductor application and other products	382,369	(2)	43,299	-	-	43,299	-	14.54	-	-	510	Note 1,7
ART SO ZHONG TRADING LIMITED	Trade of furniture	14,522	(2)	6,206	-	-	6,206	-	0.00	-	-	-	Note 1,8
Shanghai Art So Zhong Trading Limited	Trade of furniture	25,165	(2)	15,455	-	-	15,455	-	0.00	-	-	-	Note 1,8
BEIJING ARTSO FURNITURE CO.,LTD	Trade of furniture	25,165	(2)	17,730	-	-	17,730	-	0.00	-	-	-	Note 1,8

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (Titan Lighting Co., Ltd. and Zhongshan Tons Lighting Co., Ltd. reinvested through World Extend Holding Inc.; ShangHai Grand Canyon LED Lighting Systems Co., Ltd. and Grand Canyon Opto Tech (Su Zhou) Co.,Ltd. reinvested through StrongLED Lighting System (Cayman) Co., Ltd.) ART SO ZHONG TRADING LIMITED, Shanghai Art So Zhong Trading Limited and BEIJING ARTSO FURNITURE CO., LTD reinvested through ART SO TRADING LIMITED)
- (3) Others.

Note 2: Investment income (loss) recognised by the Company for the nine months ended September 30, 2023 is based on financial statements reviewed and attested by R.O.C. parent company's CPA.

Note 3: Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023, including \$34,945 thousand for the share ownership in Hong Bo Investment Co., Ltd., an investee company that has conducted a short-form merger.

Note 4: Paid-in capital of Titan Lighting Co., Ltd., Zhongshan Tons Lighting Co., Ltd. and SHANGHAI TONS LIGHTOLOGY CO., LTD. of USD \$12,253 thousand, USD \$3,600 thousand and USD \$3,200 thousand, respectively, was translated at the average buying and selling spot rate on September 30, 2023.

Note 5: Accumulated investment amount in Titan Lighting Co., Ltd., Zhongshan Tons Lighting Co., Ltd. and SHANGHAI TONS LIGHTOLOGY CO., LTD. of USD \$11,816 thousand, USD \$3,577 thousand and USD \$1,400 thousand, respectively, was translated at the exchange rate at the initial investment.

Note 6: SHANGHAI TONS LIGHTOLOGY CO., LTD. has USD 3,200 thousand paid-in capital, which was composed by reinvestment of the third party, WORLD EXTEND HOLDING INC, through LUMINOUS HOLDING INCORPORATED of USD 1,800 thousand, and the remittances from Taiwan through WORLD EXTEND HOLDING INC and LUMINOUS HOLDING INCORPORATED to reinvest USD 1,400 thousand.

Note 7: ShangHai Grand Canyon LED Lighting Systems Co., Ltd. and Grand Canyon Opto Tech (Su Zhou) Co., Ltd. reinvested through StrongLED Lighting System (Cayman) Co., Ltd. The investment was recorded as available-for-sale financial assets - non-current. Therefore, the Company did not recognise investment income (loss) and the investment at its book value individually for the investees in Mainland China.

Note 8: ART SO ZHONG TRADING LIMITED, Shanghai Art So Zhong Trading Limited and BEIJING ARTSO FURNITURE CO.,LTD reinvested through ART SO TRADING LIMITED. Therefore, the Company did not recognise investment income (loss) and the investment at its book value individually for the investees in Mainland China. The abovementioned investee company was liquidated on June 30, 2023.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023 (Note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Notes 2)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
TONS LIGHTOLOGY INC.	\$ 605,863	\$ 1,183,534	\$ 643,739

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023 was USD \$18,067 thousand and NTD \$44,200 thousand, including USD \$1,059 thousand for the share ownership in Hong Bo Investment Co., Ltd., an investee company that has conducted a short-form merger, the cash amounts of USD which was calculated at the actual exchange rate at outward remittance.

Note 2: Approved amount was USD \$35,306 thousand and NTD \$44,200 thousand (including own funds of USD \$1,800 thousand of the investee, World Extend Holding Inc., located in the third area and has been translated at the average buying and selling spot rate on September 30, 2023.

Note 3: Ceiling on investments was calculated based on the limit (60% of net assets) specified in "Regulations Governing Security Investment and Technical Cooperation in the Mainland Area" imposed by the Ministry of Economic Affairs. The approved investment amount exceeded the investment ceiling mainly due to the issuance of 18,389,534 new shares on October 31, 2023 to increase capital for acquiring an 85.46% equity interest in StrongLED Lighting System (Cayman) Co., Ltd., which resulted in an increase in the approved investment amount in Mainland China of USD \$14,699 thousand, but both net assets and investment ceiling will increase after the merger effective date.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Major shareholders information

September 30 , 2023

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
TANG,SHIH-CHUAN	3,535,633	8.95%

Description: If a company applies to the Taiwan Depository & Clearing Corporation for the information of the table, the following can be explained in the notes of the table.

- (a) The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.
- (b) If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insiders, please refer to Market Observation Post System.