TONS LIGHTOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 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

DECEMBER 31, 2023 AND 2022 CONSOLIDATED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of Tons Lightology Inc. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Timing of recognising sales revenue

<u>Description</u>

Please refer to Note 4(30) for a description of accounting policy on sales revenue. Please refer to Note 6(20) for details of sales revenue.

The Group is primarily engaged in manufacturing and trading lighting equipment and lamps and the transaction mode is the parent company receives orders and transfers the orders to the subsidiaries for manufacturing and delivery. Since sales revenue involves different transaction terms and the timing of transfer of the control of goods involves manual judgement, we thus identified the timing of sales revenue recognition as one of the key areas of focus for this year's audit.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

A. Obtained an understanding and evaluated the operating procedures and internal controls over sales revenue, and assessed the effectiveness on how the management controls the timing of recognising sales revenue.

B. Performed sales cut-off test for a certain period before and after balance sheet date to assess the accuracy of the timing of sales revenues.

Inventory valuation

Description

Please refer to Note 4(13) for a description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(5) for a description of inventory. As of December 31, 2023, the Group's inventory amounted to NT$186,052 thousand and inventory valuation losses amounted to NT$44,644 thousand.

The Group is primarily engaged in manufacturing and trading lighting equipment and lamps. Based on the Group's inventory policy, inventory valuation is measured at the lower of cost and net realisable value, which involves subjective judgement resulting in a high degree of estimation uncertainty. Thus, we identified inventory valuation as one of the key areas of focus for this year's audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. Obtained an understanding of the Group's inventory policy and assessed the reasonableness of the policy.

B. Reviewed annual inventory counting plan and observed the annual inventory counting event in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.

C. Obtained the Group's inventory aging report and verified dates of movements with supporting documents. Ensured the proper categorisation of inventory aging report in accordance with the Group's policy.

D. Obtained the net realisable value statement of each inventory, assessed whether the estimation policy was consistently applied, tested the estimation basis of the net realisable value with relevant information, including verifying the sales and purchase prices with supporting evidence, and recalculated and evaluated the reasonableness of the inventory valuation.

Business Combination-Acquisition of StrongLED Lighting System (Cayman) Co., Ltd.

Description

In October 2023, the Company acquired 100% of equity of StrongLED Lighting System (Cayman) Co., Ltd. through a share swap. The share swap ratio was one share of the Company for 1.72 shares of StrongLED Lighting System (Cayman) Co., Ltd., and resulted in a gain recognized in bargain purchase transaction of NT$85,875 thousand due to M&A transaction during the year.

The Company used the acquisition method as accounting treatment for the business combination, refer to Note 4(28) for the details. The purchase price allocation report prepared by the external appraiser appointed by management was used to measure and allocate the purchase price to identifiable assets and assumed liabilities which arose from the combination (refer to Note 6(29) in the consolidated financial statements for details).

As the purchase price allocation involved management's estimation and the business combination was significant to the financial statements, we consider the business combination a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

A. Inquired with management the details of the business combination, including acquisition motive, purchase price and valuation basis for fair values of assets acquired and liabilities assumed, accounting policies applied and the related internal control process, and reviewed the minutes of Board of Directors' meeting and related contracts.

B. We assessed the competence and independence of the external appraiser engaged by the management, and reviewed the assessment on the reasonableness of share swap ratio provided by the independent expert and the agreements of share transfer, consideration to verify the purchase price.

C. Obtained an understanding of the basis and procedure of purchase price allocation which was estimated by management. We reviewed the original data and the reasonableness of major assumptions and fair value as indicated in the purchase price allocation reports prepared by the appraisers appointed by the Company.

D. Obtained accounting entries (shown as 'Investments accounted for using equity method') of the price allocation result based on the price allocation report and ensured accuracy of recorded amount.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Tons Lightology Inc. as at and for the years ended December 31, 2023 and 2022.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hung, Shu-Hua	Wang, Yu-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

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

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

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

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 406,694	19	$ 361,977	28
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	59,616	5
1136	Current financial assets at amortised cost	6(3) and 8	571,621	26	265,399	20
1150	Notes receivable, net	6(4)	69,594	3	2,122	-
1170	Accounts receivable, net	6(4)	199,829	9	105,080	8
1180	Accounts receivable - related parties	6(4) and 7(2)	-	-	321	-
1200	Other receivables		9,082	-	5,840	1
1220	Current tax assets		481	-	246	-
130X	Inventories	6(5)	141,408	7	174,616	13
1410	Prepayments		21,171	1	5,422	-
1470	Other current assets		4,552	-	1,968	-
11XX	**Current Assets**		1,424,432	65	982,607	75
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	4,835	-	34,600	3
1550	Investments accounted for using equity method	6(7)	-	-	32,230	2
1600	Property, plant and equipment	6(8)	447,437	21	225,984	17
1755	Right-of-use assets	6(9)	103,130	5	29,634	2
1760	Investment property, net	6(10)	115,956	5	-	-
1780	Intangible assets		29,796	1	1,375	-
1840	Deferred income tax assets	6(27)	52,803	2	4,142	-
1900	Other non-current assets	6(11) and 8	12,525	1	7,837	1
15XX	**Non-current assets**		766,482	35	335,802	25
1XXX	**Total assets**		$ 2,190,914	100	$ 1,318,409	100

(Continued)

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

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 86,540	4	$ -	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	507	-	1,687	-
2130	Current contract liabilities	6(20)	48,503	2	31,191	2
2150	Notes payable		72,567	3	31	-
2170	Accounts payable		116,586	5	45,769	4
2200	Other payables	6(13)	148,476	7	66,850	5
2230	Current income tax liabilities		82	-	19,596	2
2250	Provisions for liabilities - current		13,813	1	548	-
2280	Current lease liabilities		7,525	1	2,489	-
2300	Other current liabilities		1,337	-	1,318	-
21XX	**Current Liabilities**		495,936	23	169,479	13
	Non-current liabilities					
2550	Provisions for liabilities - non-current		10,999	1	551	-
2570	Deferred income tax liabilities	6(27)	54,433	2	3,830	-
2580	Non-current lease liabilities		7,876	-	295	-
2600	Other non-current liabilities	6(14)	11,827	1	10,017	1
25XX	**Non-current liabilities**		85,135	4	14,693	1
2XXX	**Total Liabilities**		581,071	27	184,172	14
	Equity attributable to owners of parent					
	Share capital	6(16)				
3110	Share capital - common stock		579,966	26	394,223	30
	Capital surplus	6(17)				
3200	Capital surplus		838,243	38	505,884	38
	Retained earnings	6(18)				
3310	Legal reserve		122,428	6	118,301	9
3320	Special reserve		78,922	4	88,050	7
3350	Unappropriated retained earnings		95,585	4	121,073	9
	Other equity interest	6(19)				
3400	Other equity interest		(90,929)	(4)	(78,922)	(6)
3500	Treasury shares	6(16)	(14,372)	(1)	(14,372)	(1)
31XX	**Equity attributable to owners of the parent**		1,609,843	73	1,134,237	86
3XXX	**Total equity**		1,609,843	73	1,134,237	86
3X2X	**Total liabilities and equity**		$ 2,190,914	100	$ 1,318,409	100

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(20) and 7	$ 811,933	100	$ 913,801	100
5000	Operating costs	6(5) and 7	(553,832)	(68)	(616,295)	(68)
5900	Net operating margin		258,101	32	297,506	32
	Operating expenses	6(25)(26)				
6100	Selling expenses		(101,811)	(12)	(85,368)	(9)
6200	General and administrative expenses		(110,306)	(14)	(86,614)	(10)
6300	Research and development expenses		(48,006)	(6)	(39,085)	(4)
6000	Total operating expenses		(260,123)	(32)	(211,067)	(23)
6900	Operating (loss) profit		(2,022)	-	86,439	9
	Non-operating income and expenses					
7100	Interest income	6(21)	17,453	2	11,053	1
7010	Other income	6(22)	94,194	12	2,381	1
7020	Other gains and losses	6(23)	(5,878)	(1)	(16,334)	(2)
7050	Finance costs	6(24)	(843)	-	(205)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(30,986)	(4)	(9,886)	(1)
7000	Total non-operating income and expenses		73,940	9	(12,991)	(1)
7900	**Profit before income tax**		71,918	9	73,448	8
7950	Income tax expense	6(27)	(22,850)	(3)	(21,054)	(2)
8200	**Profit for the year**		$ 49,068	6	$ 52,394	6
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial losses on defined benefit plans	6(14)	$ 300	-	($ 1,504)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	6(19)	(2,189)	-	(11,571)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	385	-	320	-
8310	Components of other comprehensive loss that will not be reclassified to profit or loss		(1,504)	-	(12,755)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(19)	(26,887)	(3)	20,680	2
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(26,887)	(3)	20,680	2
8300	**Total other comprehensive (loss) income for the year**		($ 28,391)	(3)	$ 7,925	1
8500	**Total comprehensive income for the year**		$ 20,677	3	$ 60,319	7
	Basic earnings per share	6(28)				
9750	Total basic earnings per share		$	1.16	$	1.35
9850	Total diluted earnings per share		$	1.15	$	1.33

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

ATONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 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
Year 2022													
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 year		-	-	-	-	-	-	-	52,394	-	-	-	52,394
Other comprehensive income (loss) for the year	6(19)	-	-	-	-	-	-	-	(1,203)	20,680	(11,552)	-	7,925
Total comprehensive income (loss)		-	-	-	-	-	-	-	51,191	20,680	(11,552)	-	60,319
Appropriation and distribution of 2021 retained earnings	6(18)												
Legal reserve		-	-	-	-	-	9,592	-	(9,592)	-	-	-	-
Special reserve		-	-	-	-	-	-	15,935	(15,935)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(81,631)	-	-	-	(81,631)
Share-based payment transactions-employee stock options	6(15)	2,192	(1,103)	2,256	-	(425)	-	-	-	-	-	-	2,920
Retirement of treasury share		(10,000)	-	(12,778)	(1,287)	-	-	-	(9,927)	-	-	33,992	-
Balance at December 31, 2022		$ 394,223	$ -	$ 504,068	$ -	$ 1,816	$ 118,301	$ 88,050	$ 121,073	($ 61,125)	($ 17,797)	($ 14,372)	$ 1,134,237
Year 2023													
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
Profit for the year		-	-	-	-	-	-	-	49,068	-	-	-	49,068
Other comprehensive income (loss) for the year	6(19)	-	-	-	-	-	-	-	240	(26,887)	(1,744)	-	(28,391)
Total comprehensive income (loss)		-	-	-	-	-	-	-	49,308	(26,887)	(1,744)	-	20,677
Appropriation and distribution of 2022 retained earnings	6(18)												
Legal reserve		-	-	-	-	-	4,127	-	(4,127)	-	-	-	-
Special reserve		-	-	-	-	-	-	(9,128)	9,128	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(63,173)	-	-	-	(63,173)
Shares issued pursuant to acquisitions	6(16)	183,895	-	329,173	-	-	-	-	-	-	-	-	513,068
Share-based payment transactions-employee stock options	6(15)	1,848	-	3,731	-	(545)	-	-	-	-	-	-	5,034
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(19)	-	-	-	-	-	-	-	(16,624)	-	16,624	-	-
Balance at December 31, 2023		$ 579,966	$ -	$ 836,972	$ -	$ 1,271	$ 122,428	$ 78,922	$ 95,585	($ 88,012)	($ 2,917)	($ 14,372)	$ 1,609,843

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 71,918	$ 73,448
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(25)	51,134	49,522
Depreciation -investment property	6(10)(25)	1,169	-
Depreciation - right-of-use asset	6(9)(25)	10,393	9,263
Amortisation	6(25)	2,942	2,470
Provision for (gain on reversal of) expected credit loss	12(2)	(1,723)	(1,054)
Net loss on financial assets and liabilities at fair value through profit or loss	6(2)(23)	(1,001)	27,684
Interest expense - finance lease	6(24)	444	-
Interest expense - lease liability	6(24)	399	205
Interest income	6(21)	(17,453)	(11,053)
Share-based payments	6(15)	1,085	424
Share of loss of associates and joint ventures accounted for under equity method	6(7)	30,986	9,886
Loss (gain) on disposal of property, plant and equipment	6(23)	(747)	(198)
Gain recognized in bargain purchase transaction		(85,857)	-
Unrealized foreign exchange gain		9,237	2,662
(Reversal of) prorision for warranty expense		(17)	214
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		6,539	86
Accounts receivable, net		14,512	39,236
Accounts receivable due from related parties		315	(321)
Other receivables		6	5,446
Inventories		72,872	72,161
Prepayments		(2,915)	10,733
Other current assets		44	(152)
Changes in operating liabilities			
Notes payable		5,682	3
Accounts payable		(7,253)	(59,418)
Other payables		(8,972)	(21,922)
Contract liabilities		(13,541)	5,700
Other current liabilities		(2,295)	(1,089)
Other non-current liabilities		46	(13)
Non-current provisions		(2,679)	-
Cash inflow generated from operations		135,270	213,923
Interest received		15,230	9,649
Interest paid		(906)	(205)
Income tax paid		(17,204)	(32,879)
Net cash flows from operating activities		132,390	190,488

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets measured at fair value through profit or loss		($ 243)	$ -
(Increase) decrease in financial assets at amortised cost		(178,406)	(69,472)
Acquisition of investments accounted for using equity method		(1,487)	-
Proceeds from disposal of investments accounted for using equity method		2,731	-
Acquisition of property, plant and equipment	6(30)	(15,212)	(12,452)
Proceeds from disposal of property, plant and equipment		1,353	571
(Increase) decrease in refundable deposits		677	(1,918)
Acquisition of intangible deposits		(7,854)	(390)
Increase in other non-current assets		(3,356)	(5,633)
Acquisition of subsidiaries		224,799	-
Net cash flows from (used in) investing activities		23,002	(89,294)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(31)	(26,221)	-
Repayment of principal portion of lease liabilities	6(31)	(9,059)	(8,554)
Cash dividends paid	6(18)(31)	(63,173)	(81,631)
Excercise of employee stock options		3,949	2,497
Net cash flows used in financing activities		(94,504)	(87,688)
Effect of exchange rate changes on cash equivalents		(16,171)	4,035
Net increase in cash and cash equivalents		44,717	17,541
Cash and cash equivalents at beginning of year		361,977	344,436
Cash and cash equivalents at end of year		$ 406,694	$ 361,977

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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 February 27, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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:

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
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 applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) <u>Compliance statement</u>

The consolidated financial statements of the Group have been prepared in accordance with theRegulations Governing the Preparation of Financial Reports by Securities Issuers, 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").

(2) <u>Basis of preparation</u>

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 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) <u>Basis of consolidation</u>

A. Basis for preparation of consolidated financial statements：

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

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B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2023	Ownership(%) December 31, 2022	Description
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	

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2023	December 31, 2022	Description
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	
StrongLED Lighting Systems (Cayman) Co., Ltd.	MENTALITY INTERNATIONAL CORPORATION (MENTALITY)	Reinvestment company	100	-	Note
StrongLED Lighting Systems (Cayman) Co., Ltd.	StrongLED Smart Lighting (Cayman) Co., Ltd. (Smart Lighting)	Reinvestment company	100	-	Note
MENTALITY INTERNATIONAL CORPORATION	StrongLED Lighting Systems(Suzhou) Co. Ltd.	Research, development, production and sales of LED semiconductor application and other products	100	-	Note
StrongLED Lighting Systems(Suzhou)Co. Ltd.	Shanghai Daxiagu Photoelectricity Technology Co., Ltd.	Research, development, production and sales of LED semiconductor application and other products	100	-	Note

Note: The Group merged Strong LED Lighting Systems (Cayman) Co., Ltd. on October 31, 2023.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

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

C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

The Group's time deposits which do not meet the definition of cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(11) Impairment of financial assets

At each reporting date, for accounts receivable, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Buildings and structures	20 ～ 21 years
Molding equipment	3 ～ 6 years
Machinery and equipment	2 ～ 20 years
Equipment for research and development	5 ～ 11 years
Transportation equipment	4 ～ 6 years
Other assets	3 ～ 20 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee.

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

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 ~ 50 years.

(18) Intangible assets

A. Patent is stated initially at its cost and amortised using the straight-line method over its estimated economic service life of 10 years.

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

C. Other intangible assets are stated at cost and amortised on a straight-line basis over the estimated useful life of 3 years.

(19) Impairment of non-financial assets

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

(20) Notes and accounts payable

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

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

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(a) Hybrid (combined) contracts; or

(b)They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(23) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(24) Provisions

Provisions (including warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

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(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the fair value per share estimated using a valuation technique specified in IFRS 2, 'Share-based Payment'.

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(26) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(27) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. 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. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates 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.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(28) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(29) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Stock dividends are recorded as stock dividends to be distributed in the Company's financial statements in the period in which they are resolved by the Company's stockholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) Revenue recognition

Sales of goods

A. The Group manufactures and sells a range of lighting equipment and lamps. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Sales revenue of lighting equipment and lamps is often recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Sales discounts and allowances are calculated based on accumulated sales amount over 12 months. The Group calculates revenue based on the contracts, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. As of reporting date, sales discounts and allowances payable were recognised in short-term provisions. No element of financing is deemed present as the sales are made with a credit term of 30 to 60 days after delivery, which is consistent with market practice.

C. The Group's obligation to provide standard warranty terms is recognised as a provision.

D. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(31) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was $141,408 thousand.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 741	$ 668
Checking accounts and demand deposits	86,322	49,403
Time deposits	319,631	311,906
	$ 406,694	$ 361,977

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	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks (Note1, Note2)	$ -	$ 113,347
Valuation adjustment	-	(53,731)
	$ -	$ 59,616

Item	December 31, 2023	December 31, 2022
Financial liabilities mandatorily measured at fair value through profit or loss		
Forward foreign exchange contracts	($ 507)	($ 1,687)

Note1: 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.

Note2: On April 7, 2023, the Group's Board of Directors resolved to merge Strong LED Lighting Systems (Cayman) Co., Ltd. through a share swap and acquired its 100% equity interests on October 31, 2023. Strong LED Lighting Systems (Cayman) Co., Ltd. became the Group's subsidiary thereafter, and reclassified its "current financial assets at fair value through profit or loss" amounting to $59,693 thousand to the Company's "investments accounted for using equity method". Refer to Note 6(29) for details.

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:

	December 31, 2023	
Derivative financial assets (liabilities)	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousand	2024.1.8~2024.12.14

	December 31, 2022	
Derivative financial assets (liabilities)	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD 1,800 thousand	2023.1.8~2023.12.11

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:

	Year ended December 31,	
	2023	2022
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	$ 1,001	($ 27,684)

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

	December 31, 2023	December 31, 2022
Time deposits	$ 571,621	$ 265,399

A. The above mentioned are time deposits that do not meet short-term cash commitments. For the years ended December 31, 2023 and 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 $571,621 and $265,399 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)

	December 31, 2023	December 31, 2022
Notes receivable	$ 69,594	$ 2,122
Less: Allowance for bad debts	-	-
	$ 69,594	$ 2,122
Accounts receivable	$ 241,359	$ 105,930
Less: Allowance for bad debts	(41,530)	(850)
	$ 199,829	$ 105,080
Accounts receivable due from related parties	$ -	$ 321
Less: Allowance for bad debts	-	-
	$ -	$ 321

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

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 69,133	$ 171,425	$ 2,122	$ 87,201
Up to 30 days	461	16,250	-	15,387
31 to 120 days	-	12,354	-	3,366
Over 120 days	-	41,330	-	297
	$ 69,594	$ 241,359	$ 2,122	$ 106,251

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 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 December 31, 2023 and 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

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 99,741	($ 18,505)	$ 81,236
Work in progress	17,979	(436)	17,543
Semi-finished goods	28,453	(5,659)	22,794
Finished goods	39,879	(20,044)	19,835
	$ 186,052	($ 44,644)	$ 141,408

	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
	$ 198,175	($ 23,559)	$ 174,616

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2023	2022
Cost of goods sold	$ 553,038	$ 608,594
(Gain on reversal of) loss for market value decline and obsolescence	(2,928)	4,754
Loss on scrapping inventory	11,631	4,824
Expenses related to inventory	(7,909)	(1,877)
	$ 553,832	$ 616,295

For the year ended December 31, 2023, the Group reversed from a previous inventory write-down because obsolete and slow-moving inventories were partially sold and scrapped by the Group.

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed stocks	$ -	$ 44,200
Unlisted stocks	8,481	8,481
Valuation adjustment	(3,646)	(18,081)
	$ 4,835	$ 34,600

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 $4,835 thousand and $34,600 thousand, respectively, as at December 31, 2023 and 2022.

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

	Years ended December 31,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 14,880	($ 11,552)
Reclassified to retained earnings due to derecognition	(16,624)	-
	($ 1,744)	($ 11,552)

C. As of December 31, 2023 and 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 $4,835 thousand and $34,600 thousand, respectively.

D. On April 7, 2023, the Group's Board of Directors resolved to merge Strong LED Lighting Systems (Cayman) Co., Ltd. through a share swap and acquired its 100% equity interests on October 31, 2023. Strong LED Lighting Systems (Cayman) Co., Ltd. became the Group's subsidiary thereafter, and reclassified its "non-current financial assets at fair value through other comprehensive income" amounting to $27,576 thousand to the Company's "investments accounted for using equity method". Refer to Note 6(29) for details.

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

F. 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

	December 31, 2023	December 31, 2022
Insignificant associate:		
Art So Trading Limited	$ -	$ 23,830
Art So International, Inc.	-	8,400
	$ -	$ 32,230

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

Company name	Principal place of business	Shareholding ratio(%) Shareholding ratio(%)	Shareholding ratio(%) December 31, 2022	Nature of relationship	Methods of measurement
Art So Trading Limited	Samoa	0%	48.57%	Owns at least 20% of the voting rights	Equity method
Art So International, Inc.	Taiwan	0%	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. Additionally, the Company's Board of Directors resolved to dispose 43.99% equity interests in Art So International, Inc. on October 26, 2023, and the Company completed the transfer of equity interests with the consideration of $1,000 thousand on October 31, 2023.

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

	Years ended December 31,	
Investee	2023	2022
Art So Trading Limited	($ 22,099)	($ 4,830)
Art So International, Inc.	(8,887)	(5,056)
	($ 30,986)	($ 9,886)

The abovementioned share of profit (loss) of associates recognised for the investments accounted for using equity method is based on the investees' audited financial statements for the same period.

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(8) Property, plant and equipment

	Year ended December 31, 2023						
	At January 1	Acquired from business combinations	Additions	Disposals	Transfers	Net exchange differences	At December 31
Cost							
Buildings and structures	$ 397,309	$ 503,403	$ 1,710	($ 4,097)	$ -	($ 21,937)	$ 876,388
Molding equipment	194,275	30,641	7,872	(5,686)	1,081	(4,278)	223,905
Machinery and equipment	125,197	71,559	1,938	(2,255)	1,598	(3,854)	194,183
Research and development equipment	25,854	-	232	(80)	-	(478)	25,528
Transportation equipment	14,015	3,424	-	(2,008)	1,468	(323)	16,576
Leasehold improvements	282	44,351	114	-	197	(954)	43,990
Unfinished construction and equipment under acceptance	-	39	586	-	(236)	(6)	383
Others	52,384	36,206	2,225	(2,254)	491	(1,709)	87,343
	$ 809,316	$ 689,623	$ 14,677	($ 16,380)	$ 4,599	($ 33,539)	$ 1,468,296
Accumulated depreciation							
Buildings and structures	($ 231,541)	($ 281,388)	($ 24,368)	$ 4,097	$ -	$ 13,040	($ 520,160)
Molding equipment	(174,333)	(28,425)	(13,456)	5,655	-	3,936	(206,623)
Machinery and equipment	(98,437)	(41,491)	(7,503)	2,045	-	2,785	(142,601)
Research and development equipment	(22,268)	-	(1,186)	63	-	426	(22,965)
Transportation equipment	(11,441)	(2,008)	(1,056)	1,807	-	241	(12,457)
Leasehold improvements	(102)	(41,227)	(184)	-	-	887	(40,626)
Unfinished construction and equipment under acceptance	-	-	-	-	-	-	-
Others	(45,210)	(30,432)	(3,381)	2,107	-	1,489	(75,427)
	($ 583,332)	($ 424,971)	($ 51,134)	$ 15,774	$ -	$ 22,804	($ 1,020,859)
	$ 225,984						$ 447,437

	Year ended December 31, 2022					
	At January 1	Additions	Disposals	Transfers	Net exchange differences	At December 31
Cost						
Buildings and structures	$ 389,958	$ 1,611	($ 532)	$ 532	$ 5,740	$ 397,309
Molding equipment	185,634	8,586	(3,723)	1,061	2,717	194,275
Machinery and equipment	123,533	620	(5,857)	5,082	1,819	125,197
Research and development equipment	29,890	598	(5,564)	475	455	25,854
Transportation equipment	13,812	-	-	-	203	14,015
Others	53,265	1,121	(2,822)	336	766	52,666
Construction in progress	523	-	-	(532)	9	-
	$ 796,615	$ 12,536	($ 18,498)	$ 6,954	$ 11,709	$ 809,316
Accumulated depreciation						
Buildings and structures	($ 206,809)	($ 22,286)	$ 532	$ -	($ 2,978)	($ 231,541)
Molding equipment	(160,121)	(15,604)	3,713	-	(2,321)	(174,333)
Machinery and equipment	(96,290)	(6,405)	5,674	-	(1,416)	(98,437)
Research and development equipment	(26,153)	(1,209)	5,493	-	(399)	(22,268)
Transportation equipment	(10,626)	(661)	-	-	(154)	(11,441)
Others	(44,029)	(3,357)	2,713	-	(639)	(45,312)
	($ 544,028)	($ 49,522)	$ 18,125	$ -	($ 7,907)	($ 583,332)
	$ 252,587					$ 225,984

For the years ended December 31, 2023 and 2022, the Group has no property, plant and equipment that were pledged to others as collateral.

For the years ended December 31, 2023 and 2022, the Group had no capitalised interests.

(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:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 87,769	$ 26,695
Buildings	15,361	2,939
Machinery and equipment	-	-
	$ 103,130	$ 29,634

	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	$ 1,114	$ 849
Buildings	9,169	8,303
Machinery and equipment	110	111
	$ 10,393	$ 9,263

C. The movements of right-of-use assets of the Group during the 2023 and 2022 are as follows:

	2023			
	Land	Buildings	Machinery and equipment	Total
At January 1	$ 26,695	$ 2,939	$ -	$ 29,634
Acquired from business combinations	63,115	-	-	63,115
Additions	-	21,776	110	21,886
Depreciation expense	(1,114)	(9,169)	(110)	(10,393)
Net exchange differences	(927)	(185)	-	(1,112)
At December 31	$ 87,769	$ 15,361	$ -	$ 103,130

	2022			
	Land	Buildings	Machinery and equipment	Total
At January 1	$ 27,141	$ 9,888	$ -	$ 37,029
Additions	-	1,162	111	1,273
Depreciation expense	(849)	(8,303)	(111)	(9,263)
Net exchange differences	403	192	-	595
At December 31	$ 26,695	$ 2,939	$ -	$ 29,634

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets amounted to $21,886 thousand and $1,273 thousand, respectively.

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

	Years ended December 31, 2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 399	$ 205

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases amounted to $9,458 thousand and $8,759 thousand, respectively.

(10) Investmednt property

2023	Buildings	Right-of-use assets	Total
At January 1			
Cost	$ -	$ -	$ -
Accumulated depreciation	-	-	-
	$ -	$ -	$ -
At January 1	$ -	$ -	$ -
Acquired from business combinations	111,486	9,153	120,639
Depreciation expense	(1,130)	(39)	(1,169)
Net exchange differences	(3,367)	(147)	(3,514)
At December 31	$ 106,989	$ 8,967	$ 115,956
At December 31			
Cost	$ 108,119	$ 9,006	$ 117,125
Accumulated depreciation	(1,130)	(39)	(1,169)
	$ 106,989	$ 8,967	$ 115,956

For the year ended December 31, 2022, there was no investment properties.

A. The right-of-use assets of the investment property includes land use rights located in Wujiang District, Suzhou City, Jiangsu Province, China.

B. The Group entered into a commercial property lease contract for its investment properties, with lease terms ranging from 4 months to 5 years, and the lease contract includes provisions for annual rental adjustments based on market conditions.

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

	2023
Rental income from investment property	$ 4,213
Direct operating expenses arising from the investment property that generated rental income during the year	$ 3,897

The Group does not measure investment property at fair value and only discloses information about its fair value, which is classified in Level 3 of the fair value hierarchy. The fair value of investment properties held by the Group amounted to $120,639 thousand as of December 31, 2023, which was evaluated by a commissioned independent external appraiser using the replacement cost method.

(11) Other non-current assets

	December 31, 2023	December 31, 2022
Guarantee deposits paid	$ 7,071	$ 4,660
Prepayments for business facilities	5,030	2,190
Other non-current assets	424	987
	$ 12,525	$ 7,837

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

(12) Short-term borrowings

Type of borrowings	112年12月31日	111年12月31日
Unsecured borrowings	$ 86,540	$ -
Interest rate range	2.8%	-

(13) Other payables

	December 31, 2023	December 31, 2022
Salary and bonus payable	$ 108,474	$ 41,167
Payable for consumables and expenses	12,054	11,351
Payable on machinery and equipment and software fee	4,440	1,109
Service fees payable	5,584	2,771
Others	17,924	10,452
	$ 148,476	$ 66,850

(14) 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) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 13,973	$ 15,136
Fair value of plan assets	(5,293)	(6,246)
Net defined benefit liability	$ 8,680	$ 8,890

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit obligation
Year ended December 31, 2023			
Balance at January 1	$ 15,136	($ 6,246)	$ 8,890
Interest income	225	(92)	133
	15,361	(6,338)	9,023
Remeasurements:			
Change in financial assumptions	103	-	103
Experience adjustments	(336)	(67)	(403)
	(233)	(67)	(300)
Pension fund contribution	-	(43)	(43)
Paid pension	(1,155)	1,155	-
Balance at December 31	$ 13,973	($ 5,293)	$ 8,680

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit obligation
Year ended December 31, 2022			
Balance at January 1	$ 13,126	($ 5,727)	$ 7,399
Interest income	65	(28)	37
	13,191	(5,755)	7,436
Remeasurements:			
Change in financial assumptions	(1,035)	-	(1,035)
Experience adjustments	2,980	(441)	2,539
	1,945	(441)	1,504
Pension fund contribution	-	(50)	(50)
Paid pension	-	-	-
Balance at December 31	$ 15,136	($ 6,246)	$ 8,890

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.38%	1.50%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 205)	$ 209	$ 198	($ 196)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 246)	$ 251	$ 239	($ 236)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to $33 thousand.

(g) As of December 31, 2023, the weighted average duration of that retirement plan is 5.45 years. The analysis of timing of the future pension payment was as follows:

1-5 years	$ 4,056
Over 5 years	11,077
	$ 15,133

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 December 31, 2023 and 2022, abovementioned contribution percentage was 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 years ending December 31, 2023 and 2022 were $18,152 thousand and $15,940 thousand, respectively.

(15) Share-based payment

A. As at December 31, 2023 and 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 December 31, 2023	Actual turnover rate on December 31, 2022	Estimated future employee turnover rate
Sixth employee stock options	2018.11.02	600	5 years	2-4 years' service	0.00%	2.63%	0.00%
Seventh employee stock options	2022.10.31	600	5 years	2-4 years' service	2.63%	0.00%	0.00%

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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)	(112)	20.90	(50)	22.10
Options forfeited (Note)	(25)	20.90	(1)	22.10
Options outstanding at December 31	-	-	210	22.10
Options exercisable at December 31	-		210	

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	-	-	600	30.00
Options forfeited	-	-	(40)	30.00
Options forfeited (Note)	(2)	28.40	-	-
Options outstanding at December 31	558	28.40	560	30.00
Options exercisable at December 31	279		-	

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

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

		December 31, 2023		December 31, 2022	
	Expiry date	No. of options (in thousands)	Exercise price (in dollars)	No. of options (in thousands)	Exercise price (in dollars)
Sixth employee stock options	2023.11.01	-	$ -	210	$ 22.10
Seventh employee stock options	2027.10.30	558	28.40	560	30.00

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	Grant date	Stock price	Exercise price	Expected price volatility (Note 1)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
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:

	Years ended December 31,	
	2023	2022
Equity-settled - Employee stock options	$ 1,085	$ 424

(16) Share capital

A. As of December 31, 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 $579,966 thousand with a par value of $10 (in dollars) per share. The total share capital of $579,966 thousand.

B. The Company purchased 112 thousand common shares on November 1, 2023. The acquisition price was NT$20.9 per share. In addition, on December 20, 2023, the Board of Directors resolved to set the effective date of issuance of new shares on December 25, 2023 and the registration of changes had been completed on February 7, 2024.

C. On April 7, 2023 and on May 25, 2023, the Company's Board of directors and the shareholders at their regular meeting resolved the merger and the share swap with Strong LED Lighting Systems (Cayman) Co., Ltd., respectively, and issued 18,390 thousand ordinary shares at NT$10 per share with the effective date set on October 31, 2023. The registration was completed on December 26, 2023.

D. 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.

E. 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.

F. 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	185	109
Issued new shares from business combinations	18,390	-
At December 31	$ 57,497	$ 38,922

G. Treasury shares

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

	Year ended December 31, 2023			
Reason for reacquisition	No. of shares at beginning of the period	Increase in the period	Decrease in the period	No. of shares at end of the period
Reissued to employees	500	-	-	500

	Year ended December 31, 2022			
Reason for reacquisition	No. of shares at beginning of the period	Increase in the period	Decrease in the period	No. of shares at end of the period
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 December 31, 2023 and 2022, the balances of treasury shares after repurchases and transfers to employees both were $14,372 thousand.

(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.

(17) 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.

(18) 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
	$ 58,172		$ 107,158	

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

(b) The details about the appropriation of 2023 earnings which was proposed at the Board of Directors' meeting on February 27, 2024 are as follows:

	Years ended December 31,	
	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 3,268	
Special reserve	12,007	
Cash dividends	40,248	$ 0.70
	$ 55,523	

Apart from the cash dividends which have been resolved at the meeting of the Board of Directors on February 27, 2024, the remaining items in the above appropriation of earnings are yet to be resolved by the shareholders.

F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(26).

(19) 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	(26,887)	-	20,680	-
Revaluation	-	(2,189)	-	(11,571)
Revaluation transferred to retained earnings	-	16,624	-	-
Revaluation transferred to retained earnings – tax	-	445	-	19
At December 31	($ 88,012)	($ 2,917)	($ 61,125)	($ 17,797)

(20) Operating revenue

	Years ended December 31,	
	2023	2022
Sales revenue	$ 811,933	$ 913,801

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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.

	Year ended December 31, 2023											
	TONS LIGHTOLOGY INC.				TITAN LIGHTING CO., LTD.				ZHONGSHAN TONS LIGHTING CO., LTD.	StrongLED Lighting Systems (Suzhou) Co. Ltd.	Others	
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Asia	Asia	Asia	Total
Revenue from contracts	$ 428,290	$129,864	$ 40,210	$ 1,101	$ 39,130	$ 6,943	$ 684	$ 72	$ 53,633	$ 63,683	$ 48,323	$ 811,933

	Year ended December 31, 2022											
	TONS LIGHTOLOGY INC.				TITAN LIGHTING CO., LTD.				ZHONGSHAN TONS LIGHTING CO., LTD.	Others	
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Asia	Asia	Total
Revenue from contracts	$ 572,221	$131,713	$ 81,295	$ 3,164	$ 24,801	$ 7,012	$ 331	$ 80	$ 63,355	$ 29,829	$ 913,801

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B. Contract liabilities

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

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Contract liabilities – advance sales receipts	$ 48,503	$ 31,191	$ 25,418

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Years ended December 31, 2023	Years ended December 31, 2022
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 25,123	$ 23,641

(21) Interest income

	Years ended December 31, 2023	Years ended December 31, 2022
Interest income from bank deposits	$ 17,453	$ 11,053

(22) Other income

	Years ended December 31, 2023	Years ended December 31, 2022
Rent income	$ 4,298	$ -
Gain recognised in bargain purchase transaction	85,857	-
Other income - others	4,039	2,381
	$ 94,194	$ 2,381

The gain recognised in bargain purchase transaction listed above is provided in Note 6(29).

(23) Other gains and losses

	Years ended December 31, 2023	Years ended December 31, 2022
Gains on disposals of property, plant and equipment	$ 747	$ 198
Net currency exchange (loss) gain	(7,256)	11,209
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	1,001	(27,684)
Other losses	(370)	(57)
	($ 5,878)	($ 16,334)

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(24) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense:		
Borrowing interests	$ 444	$ -
Lease liabilities (Note)	399	205
	$ 843	$ 205

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

(25) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	$ 259,634	$ 235,555
Depreciation charges on property, plant and equipment	51,134	49,522
Depreciation charges on right-of-use assets	10,393	9,263
Depreciation expenses on investment property	1,169	-
Amortisation charges	2,942	2,470

(26) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	$ 214,702	$ 196,818
Labour and health insurance fees	9,020	5,495
Pension costs	18,285	15,977
Directors' remunerations	3,440	3,376
Other employee benefit expenses	14,187	13,889
	$ 259,634	$ 235,555

Note: For the years ended December 31, 2023 and 2022, the Group had 860 and 591 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 years ended December 31, 2023 and 2022, the accrued employees' compensation and directors' remuneration is as follows:

	Years ended December 31,	
	2023	2022
Employees' compensation	$ 7,255	$ 6,366
Directors' remuneration	1,208	1,060
	$ 8,463	$ 7,426

The aforementioned amounts were recognised in salary expenses. 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 years ended December 31, 2023 and 2021.

Employees' compensation and directors' remuneration for 2023 and 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 and 2022 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.

(27) Income tax

A. Income tax (benefit) expense

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

	Years ended December 31, 2023	Years ended December 31, 2022
Current tax:		
Current tax on profits for the period	$ 2,534	$ 26,610
Prior year income tax overestimation	(5,059)	(2,463)
Total current tax	(2,525)	24,147
Deferred tax:		
Origination and reversal of temporary differences	25,375	(3,093)
Income tax (benefit) expense	$ 22,850	$ 21,054

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

	Years ended December 31, 2023	Years ended December 31, 2022
Temporary differences:		
Remeasurement of defined benefit obligations	$ 60	($ 301)
Changes in fair value of financial assets at fair value through other comprehensive income	(445)	(19)
	($ 385)	($ 320)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2023	Years ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	$ 19,991	$ 19,488
Expenses disallowed by tax	1,774	-
regulation	6,800	5,333
Tax exempt income by tax regulation	(656)	(1,304)
Prior year income tax overestimation	(5,059)	(2,463)
Income tax expense	$ 22,850	$ 21,054

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C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023					
	January 1	Business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	December 31
Temporary differences:						
-Deferred tax assets:						
Overseas long-term investment loss	$ -	$ -	$ 876	$ -	$ -	$ 876
Allowance for inventory valuation and obsolescence losses	1,550	3,722	(409)	-	(73)	4,790
Tax losses	-	-	2,344	-	-	2,344
Unrealised sales returns and discounts	110	-	(4)	-	-	106
Warranty liabilities	41	4,310	(654)	-	(82)	3,615
Unallocated amount of accrued pension expense	173	-	19	-	-	192
Remeasurement of defined benefit obligations	1,604	-	-	(60)	-	1,544
Unrealised loss on financial assets at fair value through other comprehensive income	284	-	-	445	-	729
Allowance for bad debts	-	5,988	(41)	-	(118)	5,829
Unused compensated absences	380	-	19	-	-	399
Payable on social insurance charges	-	9,432	(259)	-	(199)	8,974
Book-tax difference on buildings and structures	-	10,135	(171)	-	-	9,964
Investment property-book-tax difference on buildings and structures	-	6,964	(89)	-	-	6,875
Other	-	8,362	(1,641)	-	(155)	6,566
Subtotal	$ 4,142	$ 48,913	($ 10)	$ 385	($ 627)	$ 52,803
-Deferred tax liabilities:						
(Gains) losses on foreign long-term investments	($ 3,748)	($ 16,171)	($ 25,033)	$ -	$ 347	(44,605)
Unrealised foreign exchange losses (gains)	(82)	-	(361)	-	-	(443)
Right-of-use assets-book-tax difference on land	-	(5,817)	25	-	-	(5,792)
Investment property-book-tax difference on land	-	(844)	4	-	-	(840)
Book-tax difference on intangible assets	-	(2,753)	-	-	-	(2,753)
Subtotal	(3,830)	(25,585)	(25,365)	-	347	(54,433)
Total	$ 312	$ 23,328	($ 25,375)	$ 385	($ 280)	($ 1,630)

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for inventory valuation and obsolescence losses	$ 1,561	($ 11)	$ -	$ 1,550
Unrealised sales returns and discounts	394	(284)	-	110
Warranty liabilities	41	-	-	41
Unallocated amount of accrued pension expense	176	(3)	-	173
Remeasurement of defined benefit obligations	1,303	-	301	1,604
Unrealised loss on financial assets at fair value through other comprehensive income	265	-	19	284
Unused compensated absences	400	(20)	-	380
Subtotal	$ 4,140	($ 318)	$ 320	$ 4,142
-Deferred tax liabilities:				
(Gains) losses on foreign long-term investments	($ 6,950)	$ 3,202	$ -	($ 3,748)
Unrealised foreign exchange losses (gains)	(291)	209	-	(82)
Subtotal	(7,241)	3,411	-	(3,830)
Total	($ 3,101)	$ 3,093	$ 320	$ 312

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	Amount filed	$ 11,719	$ -	2033

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2023 and 2022, the amounts of temporary difference unrecognised as deferred tax liabilities were $57,498 and $76,507 thousand, respectively.

F. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(28) Earnings (losses) per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 49,068	42,131	$ 1.16
Diluted loss per share			
Profit attributable to ordinary shareholders of the parent	49,068	42,131	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	288	
-Employee stock options	-	101	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 49,068	$ 42,520	$ 1.15

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 52,394	38,875	$ 1.35
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	52,394	38,875	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	275	
-Employee stock options	-	113	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 52,394	$ 39,263	$ 1.33

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.

(29) Business combinations

A. On October 31, 2023, the Group acquired 85.47% equity interests in Strong LED Lighting Systems (Cayman) Co., Ltd. (hereinafter referred to as Strong LED Lighting System (Cayman) Co., Ltd.) through a share swap by issuing new shares for a total face value of NT$183,895 thousand (fair value of NT$513,068 thousand) (prior to the transaction, the Group held 14.53% equity interests in Strong LED Lighting System (Cayman) Co., Ltd.) and obtained the control over Strong LED Lighting System (Cayman) Co., Ltd.. The entity is engaged in the research and development, production and sales of LED semiconductor outdoor lighting related application products in Mainland China. The Group expects to expand its landscape lighting business after the acquisition to provide diversified products to customers and also expects to reduce costs through economies of scale. The purchase price of this business combination transaction was based on the mutual agreement. The acquirer obtained an expert valuation of the fair value report and the acquirer assessed the fair value of the acquisition, resulting in a gain recognised in bargain purchase transaction.

B. The following table summarises the consideration paid for Strong LED Lighting Systems (Cayman) Co., Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date, at the acquisition date:

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	112年12月31日
Purchase consideration	
Shares	$ 513,068
Fair value of equity interest in Strong LED Lighting Systems (Cayman) Co., Ltd. held before the business combination	87,269
	600,337
Fair value of the identifiable assets acquired and liabilities assumed	
Cash equivalents	224,799
Current financial assets at amortised cost	132,660
Notes and accounts receivable	74,025
Net accounts receivable	107,951
Inventories	41,724
Prepayments	12,945
Other current assets	3,846
Property, plant and equipment	264,652
Right-of-use assets	63,115
Investment property	120,639
Intangible assets	20,559
Deferred tax assets	48,913
Other non-current assets	5,118
Short-term borrowings	(112,761)
Contract liabilities	(30,967)
Notes payable	(66,855)
Accounts payable	(78,984)
Other payables	(88,790)
Provisions for liabilities – current	(15,585)
Other current liabilities	(10)
Provisions for liabilities – non-current	(13,147)
Deferred tax liabilities	(25,585)
Other non-current liabilities	(2,065)
Total identifiable assets	686,194
Gain recognised in bargain purchase transaction (shown as other income)	($ 85,857)

C. The Group had held 14.53% equity interests in Strong LED Lighting Systems (Cayman) Co., Ltd. before the business combination, and the loss recognised based on fair value remeasurement was $0 thousand.

Remeasurement of fair value at the acquisition date	$ 87,269
Amount of equity before obtaining the control	(87,269)
Losses on disposal of investments	–

D. The evaluation report on the price allocation of the fair value of the identifiable assets acquired was completed by Valuationtek, Inc..

E. The purchase price of this business combination transaction was based on the mutual agreement. The acquirer obtained the fair value report valued by an expert and the acquirer assessed the fair value of the acquisition, resulting in a gain recognised in bargain purchase transaction amounting to $85,857 thousand. After evaluating the valuation methodology adopted by Valuationtek, Inc. and the results of the evaluation, there shall be no significant unreasonable on its fair value.

F. The operating revenue included in the consolidated statement of comprehensive income since October 31, 2023 contributed by Strong LED Lighting Systems (Cayman) Co., Ltd. was $81,091 thousand. Strong LED Lighting Systems (Cayman) Co., Ltd. also contributed profit before income tax of $890 thousand over the same period. Had Strong LED Lighting Systems (Cayman) Co., Ltd. been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of $464,087 thousand and profit before income tax of ($3,917) thousand.

(30) Supplemental cash flow information

Investing activities with partial cash payments :

	Years ended December 31, 2023	Years ended December 31, 2022
Purchase of property, plant and equipment	$ 14,677	$ 12,536
Add: Opening balance of payable on equipment	1,109	1,025
Payable on equipment acquired through business combinations	799	-
Less: Ending balance of payable on equipment	(1,373)	(1,109)
Cash paid during the period	$ 15,212	$ 12,452

(31) Changes in liabilities from financing activities

	Guarantee deposits received	Short-term borrowings	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2023	$ 1,126	$ -	$ 2,784	$ -	$ 3,910
Acquired from business combinations	-	112,761	-	-	112,761
Changes in cash flow from financing activities	-	(26,221)	(9,059)	(63,173)	(98,453)
Impact of changes in foreign exchange rate	-	-	(2)	-	(2)
Changes in other non-cash items	-	-	21,678	63,173	84,851
At December 31, 2023	$ 1,126	$ 86,540	$ 15,401	$ -	$ 103,067

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	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		-	(	8,554)	(	81,631)	(	90,185)
Impact of changes in foreign exchange rate		-		190		-		190
Changes in other non-cash items		-		1,273		81,631		82,904
At December 31, 2022	$	1,126	$	2,784	$	-	$	3,910

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7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

Note: The Company's Board of Directors resolved to dispose equity interests in Art So International, Inc. on October 26, 2023, and the disposal date was set on October 31, 2023. Art So International, Inc. was no longer a related party of the Company thereafter. The following sales are calculated from January 1, 2023 to October 31, 2023.

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2023	2022
Sales of goods:		
-Associates	$ 594	$ 741

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:

	December 31, 2023	December 31, 2022
Accounts receivable:		
-Associates	$ -	$ 321

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Short-term employee benefits	$ 28,249	$ 28,175
Post-employment benefits	530	528
Share-based payments	454	194
	$ 29,233	$ 28,897

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Restricted time deposits (shown as 'financial assets at amortised cost')	$ 4,643	$ 4,724	Construction and forward foreign exchange
Guarantee deposits paid (shown as 'other non-current assets')	7,071	4,660	Construction and lease security deposits
	$ 11,714	$ 9,384	

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

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders and issue new shares to reduce debt. The Group monitors capital on the basis of the debt-to-asset ratio. This ratio is calculated as net debt divided by total assets.

During the year ended December 31, 2023, the Group's strategy, which was unchanged from 2022, was to maintain the debt-to-asset ratio under 40%. The debt-to-asset ratios at December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 581,071	$ 184,172
Total assets	$ 2,190,914	$ 1,318,409
Gearing ratio	27%	14%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ -	$ 59,616
Financial assets at fair value through other comprehensive income	4,835	34,600
Cash and cash equivalents	406,694	361,977
Financial assets at amortised cost	571,621	265,399
Notes receivable	69,594	2,122
Accounts receivable (including related parties)	199,829	105,401
Other receivables	9,082	5,840
Guarantee deposits paid	7,071	4,660
	$ 1,268,726	$ 839,615

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	$ 507	$ 1,687
Financial liabilities at amortised cost		
Short-term borrowings	86,540	-
Notes payable	72,567	31
Accounts payable	116,586	45,769
Other accounts payable	148,476	66,850
Guarantee deposits received	1,126	1,126
	$ 425,802	$ 115,463
Lease liability (including current portion)	$ 15,401	$ 2,784

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 minimize 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:

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	December 31, 2023								
					Sensitivity analysis				
	Foreign currency amount (In thousands)		Exchange rate	Book value (In thousands of NTD)		Degree of variation	Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)									
Financial assets									
Monetary items									
USD:NTD	$	8,290	30.705	$	254,544	1%	$ 2,545	$	-
HKD:NTD		103	3.929		405	1%	4		-
EUR:NTD		895	33.980		30,412	1%	304		-
RMB:NTD		8,126	4.327		35,161	1%	352		-
RMB:USD		6,593	0.141		28,528	-1%	(285)		-
USD:RMB		3,357	7.096		103,077	1%	1,031		-
Non-monetary items									
USD:NTD	$	158	30.660	$	4,835	1%	$ -	$	48
Financial liabilities									
Monetary items									
USD:NTD	$	3,586	30.705	$	110,108	1%	($ 1,101)	$	-
EUR:NTD		116	33.980		3,942	1%	(39)		-
RMB:NTD		13,260	4.327		57,376	1%	(574)		-
USD:RMB (Note)		1,800	7.002	(	507)	1%	(545)		-

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.

(Foreign currency: functional currency)	December 31, 2022					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
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	-
Non-monetary items						
USD:NTD	$ 254	27.775	$ 7,060	1%	$ -	$ 71
Financial liabilities						
Monetary items						
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.

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 years ended December 31, 2023 and 2022 amounted to ($7,256) thousand and $11,209 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 years ended December 31, 2023 and 2022 would have decreased/increased by $0 thousand and $596 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 $48 thousand and $346 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

i. The Group's main interest rate risk arises from short-term borrowings with fixed rates, which expose the Group to fair value risk. The Group manages its interest rate risk by maintaining an appropriate mix of fixed and floating interest rates, supplemented by interest rate swap. During the period from January 1, 2023 to December 31, 2023, the Group's borrowings at fixed interest rates were mainly denominated in RMB.

ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market 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 December 31, 2023 and 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
December 31, 2023					
Expected loss rate	0.00%	0.00%	13.06%	96.58%	
Total book value	$ 171,425	$ 16,250	$ 12,354	$41,330	$ 241,359
Loss allowance	$ -	$ -	($ 1,613)	($39,917)	($ 41,530)

	Not past due	Up to 30 days past due	31~120 days past due	Over 121 days	Total
December 31, 2022					
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)

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
Acquired from business combinations		42,409
Reversal of impairment loss	(	1,723)
Effect of exchange rate changes	(	6)
At December 31	$	41,530

		2022
		Accounts receivable
At January 1	$	1,873
Reversal of impairment loss	(	1,054)
Effect of exchange rate changes		31
At December 31	$	850

(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 December 31, 2023 and December 31, 2022 the Group's undrawn borrowing facilities amounted to $1,025,938 and $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.

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Non-derivative financial liabilities

December 31, 2023	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 86,540	$ -	$ -	$ -	$ -
Notes and accounts payable	189,153	-	-	-	-
Other payables	148,476	-	-	-	-
Lease liabilities	7,757	7,466	495	-	-

Non-derivative financial liabilities

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

(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.

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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:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income - equity securities	$ -	$ -	$ 4,835	$ 4,835
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 507	$ -	$ 507

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 59,616	$ -	$ -	$ 59,616
Financial assets at fair value through other comprehensive income - equity securities	$ 27,540	$ -	$ 7,060	$ 34,600
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 1,687	$ -	$ 1,687

(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 years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2023 and 2022, movements on Level 3 are as follows:

	2023	2022
	Equity instruments	Equity instruments
At January 1	$ 7,060	$ 7,156
Loss recognized in other comprehensive income	(2,225)	(96)
At December 31	$ 4,835	$ 7,060

F. For the years ended December 31, 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 December 31, 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

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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:

			December 31, 2023	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity securities	Price to book ratio	± 5%	$ 31	($ 31)

			December 31, 2022	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity securities	Price to book ratio	± 5%	$ 379	($ 379)

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: Please refer to table 3.

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 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Titan Lighting Co., Ltd. entered into forward foreign exchange contracts for the years ended December 31, 2023. As of December 31, 2023, financial liabilities at fair value through profit or loss of $507 thousand was recognised.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China):Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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 years ended December 31, 2023 are provided in Note 13(1) J.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

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) Measurement of segment information

The operating gains and losses are measured by the amount before tax and used as basis for performance appraisal. This measurement excludes the effects of non-recurring expenditures from the operating segments, equity-settled share-based payments and unrealised gains (losses) from financial assets.

(3) Information about segment profit or loss, assets and liabilities

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

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	Year ended December 31, 2023				
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO.,LTD.	ZHONGSHAN TONS LIGHTING CO.,LTD.	StrongLED Lighting System (Cayman) Co., Ltd.	Total
Revenue from external customers	$ 599,465	$ 46,829	$ 53,633	$ 81,091	$ 781,018
Inter-segment revenue	-	450,208	40,909	3,126	494,243
Segment revenue	$ 599,465	$ 497,037	$ 94,542	$ 84,217	$ 1,275,261
Segment profit before tax	$ 80,521	$ 6,379	($ 1,798)	($ 650)	$ 84,452
Segment income (loss) including:					
Depreciation and amortisation	$ 10,501	$ 37,631	$ 8,748	$ 7,877	$ 64,757
Income tax expense	23,077	(4,232)	(74)	3,727	22,498
Investment loss adopting equity method	(30,986)	-	-	-	(30,986)

	Year ended December 31, 2022			
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO.,LTD.	ZHONGSHAN TONS LIGHTING CO.,LTD.	Total
Revenue from external customers	$ 788,393	$ 32,224	$ 63,355	$ 883,972
Inter-segment revenue	-	610,813	43,347	654,160
Segment revenue	$ 788,393	$ 643,037	$ 106,702	$ 1,538,132
Segment profit before tax	$ 59,221	$ 45,494	$ 1,412	$ 106,127
Segment income (loss) including:				
Depreciation and amortisation	$ 9,380	$ 40,065	$ 9,692	$ 59,137
Income tax expense	10,908	10,461	(383)	20,986
Investment loss adopting equity method	(9,886)	-	-	(9,886)

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.

(4) 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:

	Years ended December 31	
	2023	2022
Reportable operating segments revenue after adjustment	$ 1,275,261	$ 1,538,132
Other operating segments revenue after adjustment	30,915	29,829
Total operating segments revenue	1,306,176	1,567,961
Elimination of intersegment loss	(494,243)	(654,160)
Total consolidated operating revenue	$ 811,933	$ 913,801

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 :

	Years ended December 31	
	2023	2022
Reportable operating segments revenue after adjustment	$ 71,694	$ 106,127
Other operating segments loss after adjustment	(1,551)	(32,958)
Total operating segments revenue	70,143	73,169
Elimination of intersegment revenue	1,775	279
Total consolidated operating revenue	$ 71,918	$ 73,448

(5) Information on products and services

Revenues from external customers are mainly from manufacturing and sales of lighting equipment and lamps. Details of revenue are as follows:

	Years ended December 31,	
	2023	2022
Sales revenue	$ 811,933	$ 913,801

(6) Geographical information

Revenues were calculated based on the location of customers. Non-current assets, including property, plant and equipment, right-of-use assets and intangible assets, were categorised based on the location of the assets.

The geographical information is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Europe	$ 467,420	$ -	$ 597,022	$ -
Asia	302,446	696,319	231,909	256,993
Oceania	40,894	-	81,626	-
Others	1,173	-	3,244	-
	$ 811,933	$ 696,319	$ 913,801	$ 256,993

(7) Major customer information

The major customer information is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
A	$ 136,501	TONS LIGHTOLOGY INC and TITAN LIGHTING CO., LTD	$ 162,361	TONS LIGHTOLOGY INC and TITAN LIGHTING CO., LTD

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: 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)	46,073	15,800	15,800	15,800	-	24.01	46,073	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)

December 31 , 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2023				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
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	-
				Total	4,835	Total	4,835	

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2015		Addition (Note 3)		Disposal (Note 3)				Other changes in increases/decreases		Balance as at June 30, 2015	
Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Number of shares	Amount
TONS LIGHTOLOGY INC.	Stocks	Investments accounted for using equity method	StrongLED Lighting System (Cayman) Co., Ltd.	-	5,380	$ 87,236	31,630	$ 598,925	-	$ -	$ -	$ -	-	($ 14,873)	37,010	$ 671,288

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.
Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.
Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.
Note 5: The stock of Strong LED Lighting Systems (Cayman) Co., Ltd. held by the Company’s subsidiary, Hong Bo Investment Co., Ltd., was recorded as current financial assets at fair value through profit or loss of 3,680 thousand shares for $59,616 thousand, of which held by the Company was recorded as non-current financial asset measured at fair value through other comprehensive income of 1,700 thousand shares for $27,540 thousand.

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
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	Subsidiary of the Company	Purchases	$ 442,604	94.00	90 days after monthly billing for purchases	Note 2	Note 1	($ 149,956)	(94.00)	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

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 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 $149,956	2.23	$ -	-	$ 85,971	$ -

Note 1: Subsequent collection is the amount of receivables collected from related parties as of February 27, 2024.
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

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	(1)	(Purchases)	($ 442,604)	90 days after monthly billing for purchases	54.51
0	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	(1)	(Accounts payable)	(149,956)	90 days after monthly billing for purchases	6.84
1	HONG BO INVESTMENT CO., LTD.	TONS LIGHTOLOGY INC.	(2)	(Current financial assets at fair value through profit or loss)	(62,896)	-	2.87

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

Year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the nine months ended December 31, 2023	Investment income (loss) recognised by the Company for the nine months ended December 31, 2023	Footnote
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC.	Samoa	Reinvestment company	$ 545,972	$ 545,972	18,333,402	100.00	$ 890,062	($ 9,302)	($ 9,068)	Subsidiary (Note 1, 4)
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD.	Taiwan	Reinvestment company	85,000	135,000	6,000,000	100.00	65,818	3,760	3,760	Subsidiary (Note 4)
TONS LIGHTOLOGY INC.	ART SO TRADING LIMITED	Samoa	Wholesale of furniture	-	70,000	-	0.00	-	(2,441)	(22,099)	Note 3, 5
TONS LIGHTOLOGY INC.	ART SO INTERNATIONAL, INC	Taiwan	Wholesale of furniture	-	15,000	-	0.00	-	(17,047)	(8,887)	Note 3, 5
TONS LIGHTOLOGY INC.	TONS LIGHTOLOGY (CAYMAN) INC.	Cayman Islands	Reinvestment company	600,337	-	37,010,000	100.00	671,288	(19,644)	(3,069)	Subsidiary (Note 4)
StrongLED Lighting System (Cayman) Co., Ltd.	Mentality International Corporation	British Virgin Islands	Reinvestment company	455,381	455,381	15,133,000	100.00	545,905	(40,798)	-	Indirect subsidiary (Note 2, 4)
StrongLED Lighting System (Cayman) Co., Ltd.	StrongLED Smart Lighting(Cayman)Co.,Ltd.	Cayman Islands	Reinvestment company	109,810	109,810	2,790,300	100.00	(1,741)	25,635	-	Indirect subsidiary (Note 2, 4)
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED	Samoa	Reinvestment company	100,590	100,590	3,250,000	100.00	75,280	(6,149)	-	Indirect subsidiary (Note 2, 4)
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED	British Virgin Islands	Reinvestment company	500,917	500,917	27,666	100.00	772,286	(3,829)	-	Indirect subsidiary (Note 2, 4)

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

Note 2: The investees are the Company’s second-tier subsidiaries and investee of such subsidiaries. Investment income (loss) is not disclosed.

Note 3: The investees are the Company’s reinvestments accounted for using equity method.

Note 4 : The transactions were eliminated when preparing the consolidated financial statements.

Note 5 : 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

Year ended December 31, 2023

Table 8

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 December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 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	$ 376,213	(2)	$ 368,845	$ -	$ -	$ 368,845	($ 2,147)	100.00	($ 2,147)	$ 630,229	$ 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	110,538	(2)	110,585	-	-	110,585	(1,724)	100.00	(1,724)	111,229	-	Note 1,2,4,5
SHANGHAI TONS LIGHTOLOGY CO., LTD.	Sales of various lighting products and accessories	98,256	(2)	42,842	-	-	42,842	(6,136)	100.00	(6,136)	73,902	-	Note 1,2,4,5,6
StrongLED Lighting Systems(Suzhou) Co. Ltd.	Research, development, production and sales of LED semiconductor application and other products	350,160	(2)	43,299	-	-	43,299	(53,635)	100.00	1,786	561,298	510	Note 1,2,4,5,7
Shanghai Daxiagu Photoelectricity Technology Co., Ltd.	Research, development, production and sales of LED semiconductor application and other products	31,593	(2)	901	-	-	901	(1,191)	100.00	(584)	14,375	-	Note 1,2,4,5,7
ART SO ZHONG TRADING LIMITED	Trade of furniture	13,817	(2)	6,206	-	-	6,206	-	0.00	-	-	-	Note 1,8
Shanghai Art So Zhong Trading Limited	Trade of furniture	24,664	(2)	15,455	-	-	15,455	-	0.00	-	-	-	Note 1,8
BEIJING ARTSO FURNITURE CO.,LTD	Trade of furniture	24,664	(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 year ended December 31, 2023 is based on financial statements audited 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., SHANGHAI TONS LIGHTOLOGY CO., LTD., Grand Canyon Opto Tech (Su Zhou) Co.,Ltd. and ShangHai Grand Canyon LED Lighting Systems Co,.Ltd. of USD $12,253 thousand, USD $3,600 thousand, USD $3,200 thousand, USD $11,404 thousand and CYN $7,278 thousand, respectively, was translated at the average buying and selling spot rate on December 31, 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 December 31, 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	$ 1,128,280	$ 965,906

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 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 December 31, 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.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Major shareholders information

December 31 , 2023

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
TANG,SHIH-CHUAN	3,535,633	6.09%
APOLLOSTARGROUPLT	2,906,976	5.01%
GLORYCITYWORLDWIDE	2,906,976	5.01%

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.