

TONS LIGHTOLOGY INC.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2024 AND 2023

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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of Tons Lightology Inc. (the “Company”) as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 parent company only financial statements* section of our report. We are independent of TONS LIGHTOLOGY INC. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only 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 Company's 2024 parent company only financial statements of the current period are stated as follows:

Timing of recognising sales revenue

Description

Please refer to Note 4(27) for a description of accounting policy on sales revenue. Please refer to Note 6(16) for details of sales revenue.

The Company is primarily engaged in manufacturing and trading lighting equipment and lamps and the transaction mode is the Company receives orders and transfers the orders to the subsidiaries for manufacturing and delivery. Since sales revenue includes 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.

How our audit addressed the matter

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 recognizing 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

The Company is primarily engaged in manufacturing and trading lighting equipment and lamps. Based on the inventory valuation policy of the Company, the target inventory that has exceeded a specific period of inventory age and individually identified inventory that has lost value, is measured at the lower of cost and net realizable value, which involves subjective judgement resulting in a high degree of estimation uncertainty. As these matters also apply to Tons Lightology Inc. and its subsidiaries (presented as investments accounted for using the equity method), we thus identified inventory valuation of the subsidiary (presented as investments accounted for using the equity method) 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 Company'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 inventory internal control.
- C. Obtained the Company inventory aging report and verified dates of movements with supporting documents. Ensured the proper categorisation of inventory aging report in accordance with the Company's policy.
- D. Obtained the net realizable value statement of each inventory, assessed whether the estimation policy was consistently applied, tested the estimation basis of the net realizable value with relevant information, including verifying the sales and purchase prices with supporting evidence, and recalculated and evaluated the reasonableness of the inventory valuation.

Responsibilities of management and those charged with governance for parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TONS LIGHTOLOGY INC.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on TONS LIGHTOLOGY INC.'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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that

achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within TONS LIGHTOLOGY INC. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only 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.

Wang, Yu-Chuan

Hung, Shu-Hua

For and on behalf of PricewaterhouseCoopers, Taiwan
February 27, 2025

The accompanying parent company only 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 parent company only 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.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	189,203	10	\$	99,259	5
1136	Current financial assets at amortised cost	6(3) and 8		-	-		316	-
1150	Notes receivable, net	6(4)		320	-		515	-
1170	Accounts receivable, net	6(4)		85,162	5		91,417	5
1200	Other receivables			388	-		139	-
1220	Current tax assets			235	-		235	-
130X	Inventories	6(5)		7,368	1		8,041	1
1410	Prepayments			2,119	-		1,146	-
1470	Other current assets			150	-		142	-
11XX	Current Assets			284,945	16		201,210	11
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(6)		2,666	-		4,835	-
1535	Non-current financial assets at amortised cost	6(3)		17,091	1		-	-
1550	Investments accounted for using equity method	6(7)		1,499,622	82		1,627,168	87
1600	Property, plant and equipment	6(8)		1,278	-		1,724	-
1755	Right-of-use assets	6(9)		7,741	-		14,998	1
1780	Intangible assets			4,035	-		4,915	-
1840	Deferred income tax assets	6(23)		15,666	1		8,505	1
1990	Other non-current assets, others	8		1,888	-		2,304	-
15XX	Non-current assets			1,549,987	84		1,664,449	89
1XXX	Total assets		\$	1,834,932	100	\$	1,865,659	100

(Continued)

TONS LIGHTOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current contract liabilities	6(16)	\$ 14,879	1	\$ 12,426	1
2150	Notes payable		-	-	101	-
2170	Accounts payable		3,159	-	832	-
2180	Accounts payable - related parties	7	124,478	7	158,287	9
2200	Other payables		19,130	1	26,223	1
2220	Other payables - related parties	7	1,733	-	2,403	-
2230	Current income tax liabilities	6(23)	18,841	1	-	-
2280	Current lease liabilities		7,385	1	7,235	-
2300	Other current liabilities		1,150	-	1,029	-
21XX	Current Liabilities		190,755	11	208,536	11
Non-current liabilities						
2550	Provisions for liabilities - non-current		725	-	374	-
2570	Deferred income tax liabilities	6(23)	13,851	1	29,224	2
2580	Non-current lease liabilities		491	-	7,876	-
2600	Other non-current liabilities	6(10)	8,980	-	9,806	1
25XX	Non-current liabilities		24,047	1	47,280	3
2XXX	Total Liabilities		214,802	12	255,816	14
Equity						
	Share capital	6(12)				
3110	Share capital - common stock		579,966	31	579,966	31
	Capital surplus					
3200	Capital surplus	6(13)	839,221	46	838,243	45
	Retained earnings	6(14)				
3310	Legal reserve		125,696	7	122,428	7
3320	Special reserve		90,929	5	78,922	4
3350	Unappropriated retained earnings		41,015	2	95,585	5
	Other equity interest					
3400	Other equity interest	6(15)	(42,325)	(2)	(90,929)	(5)
3500	Treasury shares	6(12)	(14,372)	(1)	(14,372)	(1)
3XXX	Total equity		1,620,130	88	1,609,843	86
3X2X	Total liabilities and equity		\$ 1,834,932	100	\$ 1,865,659	100

The accompanying notes are an integral part of these parent company only financial statements.

TONS LIGHTOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7	\$ 619,473	100	\$ 599,465	100
5000	Operating costs	6(5) and 7	(502,869)	(81)	(483,642)	(81)
5900	Net operating margin		116,604	19	115,823	19
	Operating expenses	6(21)(22)				
6100	Selling expenses		(26,770)	(4)	(33,558)	(5)
6200	General and administrative expenses		(41,527)	(7)	(53,768)	(9)
6300	Research and development expenses		(4,632)	(1)	(4,272)	(1)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		(878)	-	(3,708)	(1)
6000	Total operating expenses		(73,807)	(12)	(95,306)	(16)
6900	Operating profit		42,797	7	20,517	3
	Non-operating income and expenses					
7100	Interest income	6(17)	2,963	-	3,696	1
7010	Other income	6(18)	476	-	86,408	14
7020	Other gains and losses	6(19)	3,020	1	1,229	-
7050	Finance costs	6(20)	(231)	-	(342)	-
7070	Share of loss of associates and joint ventures accounted for using equity method, net	6(7)	(44,971)	(7)	(39,363)	(6)
7000	Total non-operating income and expenses		(38,743)	(6)	51,628	9
7900	Profit before income tax		4,054	1	72,145	12
7950	Income tax expense	6(23)	(3,830)	(1)	(23,077)	(4)
8200	Profit for the year		\$ 224	-	\$ 49,068	8
	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(10)	\$ 911	-	\$ 300	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	6(15)	(2,169)	-	(2,189)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	252	-	385	-
8310	Components of other comprehensive loss that will not be reclassified to profit or loss		(1,006)	-	(1,504)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive income(loss), before tax, exchange differences on translation	6(15)	50,339	8	(26,887)	(5)
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		50,339	8	(26,887)	(5)
8300	Other comprehensive (loss) income for the year		\$ 49,333	8	(\$ 28,391)	(5)
8500	Total comprehensive income for the year		\$ 49,557	8	\$ 20,677	3
	Basic earnings per share	6(24)				
9750	Total basic earnings per share		\$ -	-	\$ 1.16	
9850	Total diluted earnings per share		\$ -	-	\$ 1.15	

The accompanying notes are an integral part of these parent company only financial statements.

TONS LIGHTOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Common stock	Capital surplus	Additional paid-in capital	Employee stock warrants	Retained earnings		Other equity interest		Treasury shares	Total equity
						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	
<u>Year 2023</u>											
Balance at January 1, 2023		\$ 394,223	\$ 504,068	\$ 1,816	\$ 118,301	\$ 88,050	\$ 121,073	(\$ 61,125)	(\$ 17,797)	(\$ 14,372)	\$1,134,237
Profit for the year		-	-	-	-	-	49,068	-	-	-	49,068
Other comprehensive income (loss) for the year	6(15)	-	-	-	-	-	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(14)										
Legal reserve		-	-	-	4,127	-	(4,127)	-	-	-	-
Special reserve		-	-	-	-	(9,128)	9,128	-	-	-	-
Cash dividends		-	-	-	-	-	(63,173)	-	-	-	(63,173)
Shares issued pursuant to acquisitions	6(12)	183,895	329,173	-	-	-	-	-	-	-	513,068
Share-based payment transactions-employee stock options	6(11)	1,848	3,731	(545)	-	-	-	-	-	-	5,034
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(15)	-	-	-	-	-	(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
<u>Year 2024</u>											
Balance at January 1, 2024		\$ 579,966	\$ 836,972	\$ 1,271	\$ 122,428	\$ 78,922	\$ 95,585	(\$ 88,012)	(\$ 2,917)	(\$ 14,372)	\$1,609,843
Profit for the year		-	-	-	-	-	224	-	-	-	224
Other comprehensive income (loss) for the year	6(15)	-	-	-	-	-	729	50,339	(1,735)	-	49,333
Total comprehensive income (loss)		-	-	-	-	-	953	50,339	(1,735)	-	49,557
Appropriation and distribution of 2023 retained earnings	6(14)										
Legal reserve		-	-	-	3,268	-	(3,268)	-	-	-	-
Special reserve		-	-	-	-	12,007	(12,007)	-	-	-	-
Cash dividends		-	-	-	-	-	(40,248)	-	-	-	(40,248)
Share-based payment transactions-employee stock options	6(11)	-	-	978	-	-	-	-	-	-	978
Balance at December 31, 2024		\$ 579,966	\$ 836,972	\$ 2,249	\$ 125,696	\$ 90,929	\$ 41,015	(\$ 37,673)	(\$ 4,652)	(\$ 14,372)	\$1,620,130

The accompanying notes are an integral part of these parent company only financial statements.

TONS LIGHTOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 4,054	\$ 72,145
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(21)	724	630
Depreciation-right of use asset	6(9)(21)	7,257	7,625
Amortisation	6(21)	2,447	2,246
Expected credit loss (gain)	12(2)	878	3,708
Net loss on financial assets or liabilities at fair value through profit or loss	6(19)	-	3,446
Interest expense-lease liability	6(20)	231	342
Interest income	6(17)	(2,963)	(3,696)
Wages and salaries- employee stock options	6(11)	978	1,085
Share of loss of subsidiary, associates and joint ventures	6(7)	44,971	39,363
Unrealised foreign exchange loss		(10,780)	(1,810)
Gain recognized in bargain purchase transaction	6(18)	-	(85,857)
Reversal of provision for warranty expense		350	172
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		195	1,607
Account receivable, net		5,390	1,890
Account receivable due from related party		-	396
Other receivables		39	(43)
Inventories		673	3,680
Prepayments	(	973)	(801)
Other current assets	(	9)	(32)
Changes in operating liabilities			
Notes payable	(	105)	71
Accounts payable		2,327	(2,104)
Accounts payable to related parties	(	33,809)	(93,909)
Other payables	(	5,477)	2,290
Other payables to related parties	(	669)	1,046
Contract liabilities		2,453	(13,267)
Other current liabilities		122	97
Other non-current liabilities		86	90
Cash inflow (outflow) generated from operations		18,390	(59,590)
Interest received		2,707	3,843
Dividend received		73,843	17,624
Interest paid	(	231)	(342)
Income tax paid	(7,272)	(14,534)
Net cash flows from (used in) operating activities		87,437	(52,999)

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TONS LIGHTOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial liabilities designated at fair value through profit or loss		\$ -	(\$ 63,139)
Decrease in financial assets at amortised cost		(16,806)	-
Acquisition of investments accounted for using the equity		-	(1,487)
Proceeds from disposal of investments accounted for using equity method		-	2,731
Proceeds from capital reduction of investments accounted for using equity method	6(7)	59,000	50,000
Acquisition of property, plant and equipment	6(8)(25)	(370)	(1,531)
Acquisition of intangible deposits		(3,100)	(2,720)
(Increase) decrease in refundable deposits		416	199
Acquisition of use-of-right assets		-	(26)
Net cash flows from (used in) investing activities		39,140	(15,973)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of principal portion of lease liability	6(9)(26)	(7,235)	(7,494)
Cash dividend paid	6(14)(26)	(40,248)	(63,173)
Exercise of employee stock options		-	3,949
Net cash flows used in financing activities		(47,483)	(66,718)
Effect of exchange rate changes on cash equivalents		10,850	2,100
Net increase (decrease) in cash and cash equivalents		89,944	(133,590)
Cash and cash equivalents at beginning of year		99,259	232,849
Cash and cash equivalents at end of year		\$ 189,203	\$ 99,259

The accompanying notes are an integral part of these parent company only financial statements.

TONS LIGHTOLOGY INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(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 is primarily engaged in manufacturing and trading of lighting equipment and lamps.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were approved and authorised for issuance by the Board of Directors on February 27, 2025.

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[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became 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
mendments 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 Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by FSC and became effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

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

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars (NTD), which is the Company’s functional 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 company 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.

(4) 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 realized, 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 realized 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) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) 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.

(6) 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 Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) 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 Company 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 Company measures the financial assets at fair value plus transaction costs. The Company 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 Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

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

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company 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.

(10) Impairment of financial assets

At each reporting date, for accounts receivable, the Company 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 Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) 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.

(13) Investments accounted for using equity method – subsidiaries

A. Associates are all entities over which the Company 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 Company's share of its subsidiaries' 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 Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary together with any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the subsidiary.

- 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 Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized 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 Company.
- E. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company'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 Company'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 Company 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.

(14) 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 Company 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. 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:

Machinery and equipment	3 years
Transportation equipment	5 years
Office equipment	3 ~ 5 years
Leasehold improvements	3 years
Other assets	3 ~ 5 years

(15) 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 Company. 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 Company subsequently measures the lease liability at amortized 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.

(16) Intangible assets

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

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

(17) Impairment of non-financial assets

The Company 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 amortized historical cost would have been if the impairment had not been recognised.

(18) 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.

(19) 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.

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(21) Provisions

Provisions (including warranties) are recognised when the Company 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.

(22) 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 expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses 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.

(b) Defined benefit plans

- 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 with the Company 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 high-quality corporate bonds 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; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurement arising on 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 Company'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 Company 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 expenses and liabilities, provided that such recognition is required under legal obligation 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 distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) 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.

(24) 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 at the balance sheet date in the countries where the Company operates and generates 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 parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company 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 realized 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 utilized. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(25) 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 carrying amount 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.

(26) 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.

(27) Revenue recognition

Sales of goods

- A. The Company 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 Company 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 Company 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 Company'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.

(28) Business combinations

- A. The Company 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 Company 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.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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 Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company 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 realizable 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.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 67	\$ 85
Checking accounts and demand deposits	19,972	16,221
Time deposits	169,164	82,953
	<u>\$ 189,203</u>	<u>\$ 99,259</u>

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

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ -	\$ -
Valuation adjustment	-	-
	<u>\$ -</u>	<u>\$ -</u>

A. To meet the requirement of investment management, on March 16, 2023, the shares of Strong LED Lighting Systems (Cayman) Co., Ltd., a listed company, which were originally held by the subsidiary, Hong Bo Investment Co., Ltd., amounting to 3,680 thousand shares for \$63,139 thousand, were transferred to the Company.

B. On April 7, 2023, the Company'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 Company'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(7) for details.

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

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Net loss on financial assets (liabilities) at fair value through profit or loss	<u>\$ -</u>	<u>(\$ 3,446)</u>

(3) Financial assets at amortized cost

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Restricted time deposits	\$ <u> -</u>	\$ <u> 316</u>
Non-current items:		
Social Bond	\$ <u> 17,122</u>	\$ <u> -</u>
Less: Amortisation of a premium	(<u> 31</u>)	(<u> -</u>)
	\$ <u> 17,091</u>	\$ <u> -</u>

A. The above mentioned are time deposits that do not meet short-term cash commitments. For the years ended December 31, 2024 and 2023, 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 amortized cost held by the Company was \$17,091 thousand and \$316 thousand, respectively.

B. Information about the financial assets at amortized cost that were pledged to others as collateral is provided in Note 8.

(4) Notes and accounts receivable, net

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable	\$ <u> 320</u>	\$ <u> 515</u>
Less: Allowance for bad debts	<u> -</u>	<u> -</u>
	\$ <u> 320</u>	\$ <u> 515</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	\$ <u> 90,183</u>	\$ <u> 95,559</u>
Less: Allowance for bad debts	(<u> 5,021</u>)	(<u> 4,142</u>)
	\$ <u> 85,162</u>	\$ <u> 91,417</u>

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

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ <u> 320</u>	\$ <u> 79,869</u>	\$ <u> 515</u>	\$ <u> 83,546</u>
Up to 30 days	<u> -</u>	<u> 5,023</u>	<u> -</u>	<u> 6,940</u>
31 to 120 days	<u> -</u>	<u> 270</u>	<u> -</u>	<u> 953</u>
over 120 days	<u> -</u>	<u> 5,021</u>	<u> -</u>	<u> 4,120</u>
	\$ <u> 320</u>	\$ <u> 90,183</u>	\$ <u> 515</u>	\$ <u> 95,559</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, all the Company's accounts and notes receivable arose from

contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$99,530 thousand.

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

D. As of December 31, 2024 and 2023, 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 Company's notes and accounts receivable was the carrying amount of the notes and accounts receivable.

E. The Company did not hold any collateral.

(5) Inventories

December 31, 2024			
	Cost	Allowance for slow-moving inventories and valuation loss	Book value
Goods	\$ 14,495	(\$ 8,058)	\$ 6,437
Raw materials	1,626	(911)	715
Goods in transit	216	-	216
	<u>\$ 16,337</u>	<u>(\$ 8,969)</u>	<u>\$ 7,368</u>
December 31, 2023			
	Cost	Allowance for slow-moving inventories and valuation loss	Book value
Goods	\$ 13,458	(\$ 7,252)	\$ 6,206
Raw materials	2,111	(791)	1,320
Goods in transit	515	-	515
	<u>\$ 16,084</u>	<u>(\$ 8,043)</u>	<u>\$ 8,041</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2024	2023
Cost and expense of goods sold	\$ 501,942	\$ 483,578
Loss on market price decline and obsolescence	926	7
Others	1	57
	<u>\$ 502,869</u>	<u>\$ 483,642</u>

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

Items	December 31, 2024	December 31, 2023
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 8,481	\$ 8,481
Valuation adjustment	(5,815)	(3,646)
	<u>\$ 2,666</u>	<u>\$ 4,835</u>

A. The Company 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 \$2,666 thousand and \$4,835 thousand as at December 31, 2024 and 2023, respectively.

- B. On April 7, 2023, the Company'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 Company'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(7) for details.
- C. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

<u>Equity instruments at fair value through other comprehensive income</u>	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Fair value change recognised in other comprehensive income	(\$ 1,735)	\$ 14,880
Reclassified to retained earnings due to derecognition	-	(16,624)
	<u>(\$ 1,735)</u>	<u>(\$ 1,744)</u>

- D. As at December 31, 2024 and 2023, 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 Company was \$2,666 thousand and \$4,835 thousand, respectively.
- E. The Company 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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
WORLD EXTEND HOLDING INC.	\$ 840,730	\$ 890,062
HONG BO INVESTMENT CO., LTD.	7,027	65,818
StrongLED Lighting System (Cayman) Co., Ltd.	651,865	671,228
	<u>\$ 1,499,622</u>	<u>\$ 1,627,108</u>

A. Subsidiaries

- (a) The information regarding the Company's subsidiaries is provided in Note 4(3) in the consolidated financial statements for the year ended December 31, 2024.
- (b) The Company's share of profit (loss) of subsidiaries accounted for using equity method for the

years ended December 31, 2024 and 2023 amounted to (\$44,971) thousand and (\$8,377) thousand, respectively.

- (c) On November 25, 2024 and March 10, 2023, the Board of Directors of the Company's subsidiary, Hong Bo Investment Co., Ltd., resolved to carry out a capital reduction amounting to NT\$59,000 thousand and NT\$50,000 thousand, respectively (the capital reduction ratio was approximately 98.33% and 31.25%, respectively).
- (d) On April 7, 2023, the Company's Board of Directors resolved to merge Strong LED Lighting Systems (Cayman) Co., Ltd. through a share swap which is 1 ordinary share of TONS LIGHTOLOGY INC. in exchange for 1.72 ordinary shares of Strong LED Lighting System (Cayman) Co., Ltd. and acquired its 100% equity interests which were recognised at the fair value on the acquisition date amounting to \$689,194 thousand (including "current financial assets at fair value through profit or loss" amounting to \$59,693 thousand and "non-current financial assets at fair value through other comprehensive income" amounting to \$27,576 thousand) on October 31, 2023, which relatively generated \$85,857 thousand (shown as other income). For the current year, the Company only recognised the profit or loss from the period of November 1, 2023 to December 31, 2023.
- (e) Krislite Pte Ltd. ("K company"), which is a Singapore company and is the customer of the Company's subsidiary, Strong LED Lighting Systems (Cayman) Co., Ltd., filed an appeal with the Taiwan Taichung District Court, requesting for compensation due to faulty products. The judgement of the case was rendered in the first instance, with the compensation amounting to NT\$6,235 thousand plus interest of NT\$2,063 thousand and related litigation costs of NT\$100 thousand, for a total amount of NT\$8,398 thousand. The related compensation losses and provisions (shown as provision-current) are accrued by the subsidiary. The case is currently in the process of the second instance.

B. Associate:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Insignificant associate:		
Art So Trading Limited	\$ -	\$ -
Art So International, Inc	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

- (a) 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.

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

Investee	Years ended December 31,	
	2024	2023
Art So Trading Limited	\$ -	(\$ 22,099)
Art So International, Inc	-	(8,887)
	<u>\$ -</u>	<u>(\$ 30,986)</u>

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

2024						
	At January 1	Additions	Disposals	Transfers	Net exchange differences	At December 31
Cost						
Machinery equipment	\$ 80	\$ -	(\$ 80)	\$ -	\$ -	\$ -
Office equipment	99	21	-	-	-	120
Leasehold improvements	479	-	(282)	-	-	197
Other facilities	2,105	257	(500)	-	-	1,862
	<u>\$ 2,763</u>	<u>\$ 278</u>	<u>(\$ 862)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,179</u>
Accumulated depreciation						
Machinery equipment	(\$ 56)	(\$ 24)	\$ 80	\$ -	\$ -	\$ -
Office equipment	(69)	(23)	-	-	-	(92)
Leasehold improvements	(207)	(152)	282	-	-	(77)
Other facilities	(707)	(525)	500	-	-	(732)
	<u>(\$ 1,039)</u>	<u>(\$ 724)</u>	<u>\$ 862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 901)</u>
	<u>\$ 1,724</u>					<u>\$ 1,278</u>

2023						
	At January 1	Additions	Disposals	Transfers	Net exchange differences	At December 31
Cost						
Machinery equipment	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ 80
Office equipment	129	-	(30)	-	-	99
Leasehold improvements	282	-	-	197	-	479
Other facilities	915	1,426	(236)	-	-	2,105
Unfinished construction	-	197	-	(197)	-	-
	<u>\$ 1,406</u>	<u>\$ 1,623</u>	<u>(\$ 266)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,763</u>
Accumulated depreciation						
Machinery equipment	(\$ 29)	(\$ 27)	\$ -	\$ -	\$ -	(\$ 56)
Office equipment	(71)	(28)	30	-	-	(69)
Leasehold improvements	(102)	(105)	-	-	-	(207)
Other facilities	(473)	(470)	236	-	-	(707)
	<u>(\$ 675)</u>	<u>(\$ 630)</u>	<u>\$ 266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 1,039)</u>
	<u>\$ 731</u>					<u>\$ 1,724</u>

A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization: None for the years ended December 31, 2024 and 2023.

B. Information about the property, plant and equipment that were pledged to others as collaterals: None for the years ended December 31, 2024 and 2023.

(9) Leasing arrangements-lessee

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 7,741</u>	<u>\$ 14,998</u>
	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 7,257</u>	<u>\$ 7,625</u>

C. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets amounted to \$0 thousand and \$\$21,771 thousand, respectively.

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

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 231	\$ 342

E. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases amounted to \$7,466 thousand and \$7,836 thousand, respectively.

(10) Pensions

A. (a) The Company has 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, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 13,751	\$ 13,973
Fair value of plan assets	(5,897)	(5,293)
Net defined benefit liability	<u>\$ 7,854</u>	<u>\$ 8,680</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Present value of defined benefit obligations
Year ended December 31, 2024			
Balance at January 1	\$ 13,973	(\$ 5,293)	\$ 8,680
Interest cost	191	(72)	119
	<u>14,164</u>	<u>(5,365)</u>	<u>8,799</u>
Remeasurements:			
Change in financial assumptions	(171)	-	(171)
Experience adjustments	(242)	(498)	(740)
	<u>(413)</u>	<u>(498)</u>	<u>(911)</u>
Pension fund contribution	-	(34)	(34)
Paid pension	-	-	-
Balance at December 31	<u>\$ 13,751</u>	<u>(\$ 5,897)</u>	<u>\$ 7,854</u>
	Present value of defined benefit obligations	Fair value of plan assets	Present value of defined benefit obligations
Year ended December 31, 2023			
Balance at January 1	\$ 15,136	(\$ 6,246)	\$ 8,890
Interest cost	225	(92)	133
	<u>15,361</u>	<u>(6,338)</u>	<u>9,023</u>
Remeasurements:			
Change in financial assumptions	103	-	103
Experience adjustments	(336)	(67)	(403)
	<u>(233)</u>	<u>(67)</u>	<u>(300)</u>
Pension fund contribution	-	(43)	(43)
Paid pension	(1,155)	1,155	-
Balance at December 31	<u>\$ 13,973</u>	<u>(\$ 5,293)</u>	<u>\$ 8,680</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's 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, 2024 and 2023 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,	
	2024	2023
Discount rate	1.63%	1.38%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 6th 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, 2024				
Effect on present value of defined benefit obligation	(\$ 168)	\$ 171	\$ 162	(\$ 160)
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 205)	\$ 209	\$ 198	(\$ 196)

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 Company for the year ending December 31, 2025 amount to \$34 thousand.
- (g) As of December 31, 2024, the weighted average duration of that retirement plan is __ years. The analysis of timing of the future pension payment was as follows:

2-5 years	\$ 5,015
Over 5 years	9,856
	<u>\$ 14,871</u>

- 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.
- (c) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023, were \$1,798 thousand and \$1,870 thousand, respectively.

(11) Share-based payment

A. For the years ended December 31, 2024 and 2023, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions	Actual turnover rate in 2024	Actual turnover rate in 2023	Estimated future turnover rate
Sixth employee stock options	2018.11.02	600	5 years	2~4 years' service	0.00%	0.00%	0.00%
Seventh employee stock options	2022.10.31	600	5 years	2~4 years' service	2.70%	2.63%	0.00%
Eighth employee stock options	2024.12.23	600	5 years	2~4 years' service	0.00%	0.00%	0.00%

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

(a) Sixth employee stock options

	2024		2023	
	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
Options exercised	-	-	(73)	22.10
Options exercised (Note)	-	-	(112)	20.90
Options forfeited (Note)	-	-	(25)	20.90
Options outstanding at December 31 (Note)	-	-	-	-
Options exercisable at December 31	-	-	-	-

Note: Price was adjusted due to ex-dividend.

(b) Seventh employee stock options

	2024		2023	
	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	558	\$ 28.40	560	\$ 30.00
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options forfeited (Note)	(4)	27.70	(2)	28.40
Options outstanding at December 31	<u>554</u>	27.70	<u>558</u>	28.40
Options exercisable at December 31	<u>277</u>		<u>279</u>	

Note: Price was adjusted due to ex-dividend.

(c) Eighth employee stock options

	2024		2023	
	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	-	\$ -	-	\$ -
Options granted	600	23.45	-	-
Options forfeited	-	-	-	-
Options forfeited (Note)	(40)	23.45	-	-
Options outstanding at December 31	<u>560</u>	23.45	<u>-</u>	-
Options exercisable at December 31	<u>-</u>		<u>-</u>	

Note: Price was adjusted due to ex-dividend.

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

	Expiry date	December 31, 2024		December 31, 2023	
		No. of options (in thousands)	Exercise price	No. of options (in thousands)	Exercise price
Seventh employee stock options	2027.10.30	554	27.70	558	28.40
Eighth employee stock options	2029.12.22	560	23.45	-	-

- 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	Risk-free		Fair value per unit
						Expected dividends	interest rate	
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
Employee share options	2024.12.23	23.45	23.45	11.65%	5 years	-	1.45%	3.00

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,	
	2024	2023
Equity-settled - employee stock options	\$ 978	\$ 1,085

(12) Share capital

- A. As of December 31, 2024, the Company's authorised capital was \$800,000 thousand, consisting of 80,000 thousand shares of ordinary stock (including 8,000 thousand shares reserved for employee stock options), and the paid-in capital was \$579,966 thousand with a par value of \$10 (in dollars) per share, and the total share capital amounted to \$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.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	(Unit: shares in thousands)	
	2024	2023
At January 1	57,497	38,922
Employee stock options exercised	-	185
Purchase of treasury share	-	18,390
At December 31	57,497	57,497

G. Treasury shares

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

Reason for reacquisition	Year ended December 31, 2024			No. of shares at end of the period
	No. of shares at beginning of the period	Increase in the period	Decrease in the period	
Reissued to employees	500	-	-	500
Reason for reacquisition	Year ended December 31, 2023			No. of shares at end of the period
	No. of shares at beginning of the period	Increase in the period	Decrease in the period	
Reissued to employees	500	-	-	500

- (b) 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, 2024 and 2023, the balances of treasury shares after repurchases and transfers to employees both were \$14,372 thousand.
- (c) 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 realized capital surplus.
- (d) 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.

- (e) 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.

(13) 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 Act 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.

(14) 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 year's 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 above mentioned 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 Company. The increase in special reserve as a result of retained earnings arising from the adoption of IFRS was \$38,429 thousand.
- E. (a) The appropriations proposal of 2023 and 2022 earnings, which was resolved at the shareholders' meeting on May 29, 2024, and May 25, 2023, respectively, are detailed as follows:

	Years ended December 31,			
	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 3,268		\$ 4,127	
Special reserve	12,007		(9,128)	
Cash dividends	<u>40,248</u>	\$ 0.70	<u>63,173</u>	\$ 1.62
	<u>\$ 55,523</u>		<u>\$ 58,172</u>	

Cash dividends have been resolved at the meeting of Board of Directors on February 27, 2024 and February 23, 2023.

- (b) The details about the appropriation of 2024 earnings which was proposed at the Board of Directors' meeting on February 27, 2025 are as follows:

	Year ended December 31, 2024	
	Amount	Dividend per share (in dollar)
Legal reserve	\$ 95	
(Reversal of) special reserve	(48,604)	
Cash dividends	<u>45,511</u>	\$ 0.80
	<u>(\$ 2,998)</u>	

Apart from the cash dividends which have been resolved at the meeting of Board of Directors on February 27, 2025, 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(22).

(15) Other equity items

	2024		2023	
	Currency translation	Unrealised gains (losses) on valuation	Currency translation	Unrealised gains (losses) on valuation
At January 1	(\$ 88,012)	(\$ 2,917)	(\$ 61,125)	(\$ 17,797)
Currency translation differences:				
- Group	50,339	-	(26,887)	-
Revaluation	-	(2,169)	-	(2,189)
Revaluation transferred to retained earnings	-	-	-	16,624
Revaluation transferred to retained earnings-tax	-	434	-	445
At December 31	<u>(\$ 37,673)</u>	<u>(\$ 4,652)</u>	<u>(\$ 88,012)</u>	<u>(\$ 2,917)</u>

(16) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following major geographical regions:

	Year ended December 31, 2024				
	Lamps				
	Europe	Asia	Oceania	Others	Total
Revenue from external customer contracts	<u>\$418,439</u>	<u>\$148,845</u>	<u>\$50,856</u>	<u>\$ 1,333</u>	<u>\$619,473</u>
	Year ended December 31, 2023				
	Lamps				
	Europe	Asia	Oceania	America	Total
Revenue from external customer contracts	<u>\$428,290</u>	<u>\$129,864</u>	<u>\$40,210</u>	<u>\$ 1,101</u>	<u>\$599,465</u>

B. Contract liabilities

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

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities:			
Contract liabilities-advance sales receipts	<u>\$ 14,879</u>	<u>\$ 12,426</u>	<u>\$ 25,678</u>

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

	Years ended December 31,	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 8,956	\$ 19,923

(17) Interest income

	Years ended December 31,	
	2024	2023
Interest income from bank deposits	\$ 2,963	\$ 3,696

(18) Other income

	Years ended December 31,	
	2024	2023
Gain recognised in bargain purchase transaction	\$ -	\$ 85,857
Other income-others	476	551
	<u>\$ 476</u>	<u>\$ 82,962</u>

The information on the abovementioned gain recognised in bargain purchase transaction is provided in Note 6(29) in the consolidated financial statements for the year ended December 31, 2024.

(19) Other gains and losses

	Years ended December 31,	
	2024	2023
Net currency exchange gain	\$ 3,077	\$ 4,746
Net gain on financial assets (liabilities) at fair value through profit or loss	-	(3,446)
Other losses	(57)	(71)
	<u>\$ 3,020</u>	<u>\$ 1,229</u>

(20) Finance costs

	Years ended December 31,	
	2024	2023
Interest expense	\$ 231	\$ 342

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

(21) Expenses by nature

	Years ended December 31,					
	2024			2023		
	Classified	Classified	Total	Classified	Classified	Total
	as operating costs	as operating expenses		as operating costs	as operating expenses	
Employee benefit expense	\$ 5,062	\$ 42,771	\$ 47,833	\$ 5,198	\$ 53,722	\$ 58,920
Depreciation charges on property, plant and equipment	51	673	724	34	596	630
Depreciation charges on right-of-use assets	2,645	4,612	7,257	2,645	4,980	7,625
Amortisation charges	330	2,117	2,447	304	1,942	2,246

(22) Employee benefit expense

	Years ended December 31,					
	2024			2023		
	Classified	Classified	Total	Classified	Classified	Total
	as operating costs	as operating expenses		as operating costs	as operating expenses	
Wages and salaries	\$ 4,165	\$ 33,391	\$ 37,556	\$ 4,314	\$ 43,412	\$ 47,726
Labour and health insurance fees	473	3,221	3,694	476	3,063	3,539
Pension costs	246	1,671	1,917	249	1,754	2,003
Directors' remunerations	-	2,381	2,381	-	3,440	3,440
Other employee benefit expense	178	2,107	2,285	159	2,053	2,212

- A. As at December 31, 2024 and 2023, the Company had 49 and 50 employees, including 6 and 5 non-employee directors, respectively.
- B. Average employee benefit expense in current year was \$ 1,057 thousand ('total employee benefit expense in current year – total directors' remuneration in current year' / 'the number of employees in current year – the number of non-employee directors in current year'). Average employee benefit expense in previous year was \$1,233 thousand ('total employee benefit expense in previous year – total directors' remuneration in previous year' / 'the number of employees in previous year – the number of non-employee directors in previous year').
- C. Average employees salaries in current year was \$ 873 thousand (total salaries and wages in current year / 'the number of employees in current year - the number of non-employee directors in current year'). Average employees salaries in previous year was \$1,061 thousand (total salaries and wages in previous year / 'the number of employees in previous year - the number of non-employee directors in previous year').
- D. Adjustments of average employee salaries and wages for the current year was (17.72%) ('the average employee salaries and wages in current year - the average employee salaries and wages in previous year / the average employee salaries and wages in previous year). Adjustments of

average employee salaries and wages for the previous year was 2.71% ('the average employee salaries and wages in previous year - the average employee salaries and wages for the past two years / the average employee salaries and wages for the past two years).

- E. The Company has an Audit Committee, thus, there was no supervisor.
- F. The Company's remuneration for directors includes directors' remuneration, traveling expenses and rewards paid to directors. Directors' return was based on standard rates within the same industry. Traveling expenses were based on the attendance of the Board of Directors. Directors' remuneration was regulated based on the Company's Articles of Incorporation and reviewed by the remuneration committee and shall be resolved by the Board of Directors and then reported to the shareholders. The individual directors' performance was assessed in accordance with "Self-Evaluation or Peer Evaluation of the Board of Directors", which were listed as the calculation basis of appropriation rate of individual salary and return in accordance with the 'management regulation of directors' remuneration and return'. The appropriation result shall be reviewed by the remuneration committee and approved by the Board of Directors, then the Company pays the salaries to directors. Managers' and employees' compensation including salary, award, and employee stock options were determined based on the position and responsibility, and referred to the standard rates of the same position in the same industry and 'Regulations on performance management' to assess individual performance. The assessment result will be listed as the computing bases according to the performance of employees' assessment. Managers' remuneration will be reviewed by the remuneration committee and resolved by the Board of Directors.
- G. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5~15% for employees' compensation and shall not be higher than 2.5% for directors' remuneration. If a company has accumulated deficit, earnings should be reserved to cover losses first.
- H. For the years ended December 31, 2024 and 2023, the accrued employees' compensation and directors' remuneration is as follows:

	Years ended December 31,	
	2024	2023
Employees' compensation	\$ 407	\$ 7,255
Directors' remuneration	65	1,208
	<u>\$ 472</u>	<u>\$ 8,463</u>

The aforementioned amounts were recognised in salary expenses. The Company accrued expenses based on 9% and 1.44% of the pre-tax income that has not been accrued for employees' compensation and directors' remuneration, respectively, for the year ended December 31, 2024, and the Company accrued the above expenses based on 9% and 1.5% of distributable profit of current year for the year ended December 31, 2023.

Employees' compensation and directors' remuneration for 2024 and 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2024 and 2023 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.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 26,426	\$ 1,774
Tax on undistributed surplus earnings	(251)	-
Effect from investment tax credit	(63)	-
Prior year income tax overestimation	-	(113)
Total current tax	26,112	1,661
Deferred tax:		
Origination and reversal of temporary differences	(22,282)	21,416
Income tax expense	<u>\$ 3,830</u>	<u>\$ 23,077</u>

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

	Years ended December 31,	
	2024	2023
Temporary differences:		
Remeasurement of defined benefit obligations	\$ 182	\$ 60
Unrealised loss on financial assets at fair value through other comprehensive income	(434)	(445)
	<u>(\$ 252)</u>	<u>(\$ 385)</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	\$ 811	\$ 14,429
Effect from remittance of earnings of the subsidiary	-	1,774
Expenses disallowed by tax regulation	3,220	6,987
Effect from investment tax credit	(63)	-
Prior year income tax overestimation	- (	113)
Change in assessment of realisation of deferred tax assets	113	-
Tax on undistributed earnings	(251)	-
Income tax expense	<u>\$ 3,830</u>	<u>\$ 23,077</u>

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

	2024			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Overseas long-term investment loss	\$ 876	\$ 8,732	\$ -	9,608
Allowance for inventory valuation and obsolescence losses	1,609	185	-	1,794
Tax losses	2,344	(2,344)	-	-
Unrealised sales returns and discounts	106	17	-	123
Warranty liabilities	75	70	-	145
Unallocated amount of accrued pension expense	192	17	-	209
Remeasurement of defined benefit obligations	1,544	- (	182)	1,362
Unrealised loss on financial assets at fair value through other comprehensive income	729	-	434	1,163
Allowance for bad debts	631	192	-	823
Unused compensated absences	399	34	-	433
Amortisation of a premium on bonds	-	6	-	6
	<u>\$ 8,505</u>	<u>\$ 6,909</u>	<u>\$ 252</u>	<u>\$ 15,666</u>
-Deferred tax liabilities:				
(Gains) losses on foreign long-term investments	(\$ 28,781)	\$ 15,084	\$ -	(\$ 13,697)
Unrealised foreign exchange (gains) losses	(443)	289	-	(154)
	<u>(\$ 29,224)</u>	<u>\$ 15,373</u>	<u>\$ -</u>	<u>(\$ 13,851)</u>
	<u>(\$ 20,719)</u>	<u>\$ 22,282</u>	<u>\$ 252</u>	<u>\$ 1,815</u>

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	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Overseas long-term investment loss	\$ -	\$ 876	\$ -	876
Allowance for inventory valuation and obsolescence losses	1,550	59	-	1,609
Tax losses	-	2,344	-	2,344
Unrealised sales returns and discounts	110 (	4)	-	106
Warranty liabilities	41	34	-	75
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	-	631	-	631
Unused compensated absences	380	19	-	399
	<u>\$ 4,142</u>	<u>\$ 3,978</u>	<u>\$ 385</u>	<u>\$ 8,505</u>
-Deferred tax liabilities:				
(Gains) losses on foreign long-term investments	(\$ 3,748)	(\$ 25,033)	\$ -	(\$ 28,781)
Unrealised foreign exchange (gains) losses	(82)	(361)	-	(443)
	<u>(\$ 3,830)</u>	<u>(\$ 25,394)</u>	<u>\$ -</u>	<u>(\$ 29,224)</u>
	<u>\$ 312</u>	<u>(\$ 21,416)</u>	<u>\$ 385</u>	<u>(\$ 20,719)</u>

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

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	Amount filed	\$ -	\$ -	2033
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, 2024 and 2023, the amounts of temporary difference unrecognised as deferred tax liabilities were \$56,308 and \$57,498 thousand, respectively.
- E. The Company's income tax returns through 2022 have been assessed and approved by the Tax

Authority.

(24) Earnings per share

Year ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 224	57,497	\$ 0.0039
<u>Diluted earnings per share</u>			
Profit for the year	224	57,497	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	65	
- Employee stock options	-	-	
Profit plus assumed conversion of all dilutive potential ordinary shares	\$ 224	57,562	\$ 0.0039
Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 49,068	42,131	\$ 1.16
<u>Diluted earnings per share</u>			
Profit for the year	49,068	42,131	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	288	
- Employee stock options	-	101	
Profit plus assumed conversion of all dilutive potential ordinary shares	\$ 49,068	42,520	\$ 1.15

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.

(25) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2024	2023
Purchase of property, plant and equipment	\$ 278	\$ 1,623
Add: Opening balance of payable on equipment	92	-
Less: Ending balance of payable on equipment	-	(92)
Cash paid during the year	<u>\$ 370</u>	<u>\$ 1,531</u>

(26) Changes in liabilities from financing activities

	Guarantee deposits received	Lease liabilities	Dividends payable	Liabilities from financing activities - gross
At January 1, 2024	\$ 1,126	\$ 15,111	\$ -	\$ 16,237
Changes in cash flow from financing activities	-	(7,235)	(40,248)	(47,483)
Impact of changes in foreign exchange rate	-	-	-	-
Changes in other non-cash items	-	-	40,248	40,248
At December 31, 2024	<u>\$ 1,126</u>	<u>\$ 7,876</u>	<u>\$ -</u>	<u>\$ 9,002</u>

	Guarantee deposits received	Lease liabilities	Dividends payable	Liabilities from financing activities - gross
At January 1, 2023	\$ 1,126	\$ 851	\$ -	\$ 1,977
Changes in cash flow from financing activities	-	(7,494)	(63,173)	(70,667)
Impact of changes in foreign exchange rate	-	9	-	9
Changes in other non-cash items	-	21,745	63,173	84,918
At December 31, 2023	<u>\$ 1,126</u>	<u>\$ 15,111</u>	<u>\$ -</u>	<u>\$ 16,237</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
TITAN LIGHTING CO., LTD. (TITAN)	Subsidiary of the Company
ZHONGSHAN TONS LIGHTING CO., LTD. (ZHONGSHAN TONS)	Subsidiary of the Company
HONG BO INVESTMENT CO., LTD. (HONG BO)	Subsidiary of the Company
Grand Canyon Opto Tech (Su Zhou) Co.,Ltd. (Grand Canyon (Su Zhou))	Subsidiary of the Company (Note 1)
ARTSO INTERNATIONAL,INC	Associate (Note 2)

Note 1: The Company merged with Strong LED Lighting Systems (Cayman) Co., Ltd. through a share swap and acquired its 100% equity interests on October 31, 2023. The subsidiary, Strong LED Lighting Systems (Cayman) Co., Ltd., became the Company's subsidiary thereafter. The purchase for the year ended December 31, 2023 was calculated based on the period from October 31, 2023 to December 31, 2023.

Note 2: 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 sales for the year ended December 31, 2023 was calculated based on the period from January 1, 2023 to October 31, 2023.

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2024	2023
Sales of goods:		
-ARTSO INTERNATIONAL,INC	\$ -	\$ 594

Revenues arising from sales of goods are mainly sales of lamps to associates and the transaction prices are based on the mutual agreement by referring to market prices. The credit term is 60 days after monthly billings, which is available to the third parties.

B. Purchases

	Years ended December 31,	
	2024	2023
Purchases of goods:		
-TITAN	\$ 456,215	\$ 441,966
-ZHONGSHAN TONS	12,375	17,391
-Grand Canyon (Su Zhou)	13,669	2,632
	<u>\$ 482,259</u>	<u>\$ 461,989</u>

(a) Purchase transactions between the Company and subsidiaries are mainly consists of the Company's purchases of lamps and related products from the subsidiaries in Mainland China.

Transaction price is made based on the transfer pricing policy of Tons Lightology Inc. The credit term is 90 days after monthly billings and payments are made according to the capital needs of the subsidiaries. There is no comparison for these transactions as the Company does not purchase similar products from general suppliers.

- (b) To meet the operational needs, the Company directly sold raw materials amounting to \$0 thousand and \$638 thousand to the indirect subsidiaries in Mainland China for the years ended December 31, 2024 and 2023, respectively. The processed goods would then be sold back to the Company and such transactions were not recognised as the Company's sales and purchase for the years ended December 31, 2024 and 2023. The amounts were eliminated in the Company's parent company only financial statements.

C. Payables to related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable:		
-TITAN	\$ 119,063	\$ 149,956
-ZHONGSHAN TONS	2,762	4,972
-Grand Canyon (Su Zhou)	2,653	3,359
	<u>\$ 124,478</u>	<u>\$ 158,287</u>

The payables to related parties arise mainly from purchase transactions and are due three months after the date of purchase. The payables bear no interest.

D. Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other payables to related parties:		
-TITAN	<u>\$ 1,733</u>	<u>\$ 2,403</u>

Other payables to related parties mainly arose from collection of payments on behalf of related parties.

F. Endorsements and guarantees provided to related parties

Details of provision of endorsements and guarantees to others are provided in Note 13(1) B.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Salary and short-term employee benefits	\$ 16,434	\$ 22,826
Post-employment benefits	509	530
Share-based payments	415	454
	<u>\$ 17,358</u>	<u>\$ 23,810</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2024	December 31, 2023	
Guarantee deposits paid (shown as 'other non-current assets')	\$ 1,888	\$ 2,304	Security commitment deposits and Construction deposits paid
Restricted time deposits (shown as 'financial assets at amortised cost')	-	316	Construction deposits paid
	<u>\$ 1,888</u>	<u>\$ 2,620</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

COMMITMENTS

(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 Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders and issue new shares to reduce debt. The Company 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, 2024, the Company's strategy, which was unchanged from 2023, was to maintain the debt-to-asset ratio within 40%. The debt-to-asset ratios at December 31, 2024 and 2023, were as follows:

	December 31, 2024	December 31, 2023
Total liabilities	<u>\$ 214,802</u>	<u>\$ 255,816</u>
Total assets	<u>\$ 1,834,932</u>	<u>\$ 1,865,659</u>
Gearing ratio	<u>12%</u>	<u>14%</u>

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(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income	<u>\$ 2,666</u>	<u>\$ 4,835</u>
Financial assets at amortised cost/Loans and receivables / loans and receivables		
Cash and cash equivalents	\$ 189,203	\$ 99,259
Financial assets at amortised cost	17,091	316
Notes receivable	320	515
Accounts receivable (including related parties)	85,162	91,417
Other receivables	388	139
Guarantee deposits paid	1,888	2,304
	<u>\$ 294,052</u>	<u>\$ 193,950</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ -	\$ 101
Accounts payable (including related parties)	127,637	159,119
Other accounts payable (including related parties)	19,130	28,626
Guarantee deposits received	1,126	1,126
	<u>\$ 147,893</u>	<u>\$ 188,972</u>
Lease liability (including current portion)	<u>\$ 7,876</u>	<u>\$ 15,111</u>

B. Financial risk management policies

- (a) The Company'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.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company'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. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company 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 Company treasury is responsible for hedging the entire foreign exchange risk exposure. Exchange rate risk is measured through a forecast of highly probable USD and RMB income and expenditures. The treasury uses natural hedge to decrease the risk exposure in the foreign currency.
- iii. The Company's risk management policy is to hedge anticipated cash flows (mainly from export sales and purchase of inventory) in each major foreign currency.

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- v. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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:

Year ended December 31, 2024

Year ended December 31, 2021						
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 3,924	32.785	\$ 128,648	1%	\$ 1,286	\$ -
HKD : NTD	58	4.222	245	1%	2	-
EUR : NTD	505	34.140	17,241	1%	172	-
RMB : NTD	10,041	4.478	44,964	1%	450	-
<u>Non-monetary items</u>						
USD : NTD	\$ 81	32.785	\$ 2,666	1%	\$ -	\$ 27
RMB : NTD	302,425	4.478	1,354,259	1%	-	13,543
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 2,989	32.785	\$ 97,994	1%	(\$ 980)	\$ -
EUR : NTD	75	34.140	2,561	1%	(26)	-
RMB : NTD	8,208	4.478	36,755	1%	(368)	-

Year ended December 31, 2023						
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
	<u>Financial assets</u>					
	<u>Monetary items</u>					
	USD : NTD	\$ 2,843	30.705	\$ 87,294	1%	\$ 873
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	-
<u>Non-monetary items</u>						
USD : NTD	\$ 158	30.660	\$ 4,835	1%	\$ -	\$ 48
RMB : NTD	318,155	4.327	1,561,350	1%	-	15,614
<u>Financial liabilities</u>						
<u>Monetary items</u>						
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)	-

- vi. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023, amounted to net gain of \$ 3,077 thousand and net gain of \$4,746 thousand, respectively.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.
- ii. The Company's investments in equity securities comprise 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, For the years ended December 31, 2024 and 2023, other components of equity would have increased/decreased by \$ 27 thousand and \$48 thousand, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

For the years ended December 31, 2024 and 2023, the Company has no items with impact on profit (loss) due to changes in interest rates.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company 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 Company 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 Company 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 Company's delegation of authorisation policy. According to the Company's credit policy, each local entity in the Company 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 Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 1 year.
- iv. The Company 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 Company applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2024 and 2023, the loss rate methodology is as follows:

	Not past due	Up to 30 days past due	30~120 days past due	Over 120 days	Total
December 31, 2024					
Expected loss rate	0.00%	0.00%	0.00%	0.00%	
Total book value	\$ 79,869	\$ 5,023	\$ 270	\$ 5,021	\$ 90,183
Loss allowance	\$ -	\$ -	\$ -	(\$ 5,021)	(\$ 5,021)

	Not past due	Up to 30 days past due	30~120 days past due	Over 120 days	Total
December 31, 2023					
Expected loss rate	0.00%	0.00%	2.41%	99.98%	
Total book value	\$ 83,546	\$ 6,940	\$ 953	\$ 4,120	\$ 95,559
Loss allowance	\$ -	\$ -	(\$ 23)	(\$ 4,119)	(\$ 4,142)

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

	2024
	Accounts receivable
At January 1	\$ 4,142
Provision for impairment	878
Effect of exchange rate changes	1
At December 31	\$ 5,021

	2023
	Accounts receivable
At January 1	\$ 435
Provision for impairment	3,708
Effect of exchange rate changes	(1)
At December 31	\$ 4,142

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

- ii. The Company 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, 2024 and 2023, the Company's undrawn borrowing facilities amounted to \$15,000 thousand and \$13,420 thousand, respectively.
- iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2024					
Accounts payable	\$ 3,159	\$ -	\$ -	\$ -	\$ -
Accounts payable - related parties	124,478	-	-	-	-
Other payables	19,130	-	-	-	-
Other payables - related parties	1,733	-	-	-	-
Lease liabilities	7,466	495	-	-	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2023					
Notes payable	\$ 101	\$ -	\$ -	\$ -	\$ -
Accounts payable	832	-	-	-	-
Accounts payable - related parties	158,287	-	-	-	-
Other payables	26,223	-	-	-	-
Other payables - related parties	2,403	-	-	-	-
Lease liabilities	7,466	7,466	495	-	-

(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 Company'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, accounts payable-related parties, other payables, other payable-related parties, guarantee deposits received and lease liabilities) are approximate to their fair values.

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

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

December 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income-equity securities	\$ -	\$ -	\$ 2,666	\$ 2,666
December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income-equity securities	\$ -	\$ -	\$ 4,835	\$ 4,835

(b) The Company 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.

D. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2024 and 2023, movements on Level 3 are as follows:

	2024	2023
	<u>Equity instruments</u>	<u>Equity instruments</u>
At January 1	\$ 4,835	\$ 7,060
Loss recognized in other comprehensive income	(2,169)	(2,225)
At December 31	<u>\$ 2,666</u>	<u>\$ 4,835</u>

F. For the years ended December 31, 2024 and 2023, there was no transfer into or out from Level 3.

G. Experts and the Company'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, 2024	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 2,666	Market comparable companies	Price to book ratio	0.68	The higher the multiple, the higher the fair value
	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

I. The Company 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, 2024	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity securities	Price to book ratio	± 5%	\$ 131	(\$ 131)
			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)

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 NT\$300 million or 20% of the Company's paid-in capital: Please refer to table 3.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative financial instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the year ended December 31, 2024 are provided in Note 13(1) J.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

None.

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2024 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2024 (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)	4,919	15,800	-	-	-	-	4,919	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 , 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of December 31, 2024				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TONS LIGHTOLOGY INC.	Share ownership / TITAN AURORA INC.	None	Financial assets at fair value through other comprehensive income - non-current	1,900	\$ 2,666	19.00	\$ 2,666	-
TONS LIGHTOLOGY INC.	Shinhan Bank Social Bond	None	Current financial assets at amortised cost - non-current	5,000	17,091	0.10	17,091	-

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2024

Table 3

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	\$ 456,215	92	90 days after monthly billing for purchases	Note 2	Note 1	(\$ 119,063)	(93)	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, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2024 (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 \$119,063	3.39	\$ -	-	\$ 71,408	\$ -

Note 1: Subsequent collection is the amount of receivables collected from related parties as of February 27, 2025.

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, 2024

Table 5

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)	\$ 456,215)	90 days after monthly billing for purchases	37.51
0	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	(1)	(Accounts payable)	(119,063)	90 days after monthly billing for purchases	5.47
1	Shanghai Grand Canyon LED Lighting Systems Co., Ltd.	StrongLED Lighting Systems(Suzhou) Co. Ltd.	(3)	(Purchases)	(51,683)	30 days after monthly billing for purchases	4.25

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, 2024

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC.	Samoa	Reinvestment company	\$ 545,972	\$ 545,972	18,333,402	100.00	\$ 840,730	(\$ 7,769)	(\$ 7,587)	Subsidiary (Note 1, 3)
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD.	Taiwan	Reinvestment company	26,000	85,000	100,000	100.00	7,027	449	449	Subsidiary (Note 3, 5)
TONS LIGHTOLOGY INC.	TONS LIGHTOLOGY (CAYMAN) INC.	Cayman Islands	Reinvestment company	600,337	600,337	37,010,000	100.00	651,865	(38,913)	(37,833)	Subsidiary (Note 3)
StrongLED Lighting System (Cayman) Co., Ltd.	Mentality International Corporation	British Virgin Islands	Reinvestment company	280,420	455,381	8,872,410	100.00	579,122	(49,985)	-	Indirect subsidiary (Note 2, 3, 6)
StrongLED Lighting System (Cayman) Co., Ltd.	StrongLED Smart Lighting(Cayman)Co.,Ltd.	Cayman Islands	Reinvestment company	-	109,810	-	-	-	1,862	-	Indirect subsidiary (Note 2, 3, 4)
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED	Samoa	Reinvestment company	100,590	100,590	3,250,000	100.00	70,173	(7,738)	-	Indirect subsidiary (Note 2, 3)
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED	British Virgin Islands	Reinvestment company	500,917	500,917	27,666	100.00	722,860	(2,067)	-	Indirect subsidiary (Note 2, 3)

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 transactions were eliminated when preparing the consolidated financial statements.

Note 4: Due to the completion of the merger process and no needs for the operational purpose, StrongLED Smart Lighting (Cayman) Co., Ltd. was liquidated as resolved by the Group's Board of Directors on July 30, 2024 in order to simplify the Group's investment structure and reduce the maintenance and operating costs. On August 19, 2024, the deregistration was completed.

Note 5: On November 25, 2024, the Board of Directors of Hong Bo Investment Co., Ltd. resolved to reduce capital and returned cash amounting to NT\$59,000 thousand, and the paid-in capital was NT\$1,000 thousand after the reduction. As the company did not intend to continue the operating of business, the Board of Directors resolved to set the date of dissolution on December 31, 2024, and the date was also set as the commencement of the liquidation period.

Note 6: The Board of Directors of Mentality International Corporation resolved to reduce capital and returned cash amounting to RMB59,000 thousand. Additionally, on July 30, 2024, the Board of Directors resolved to increase its capital amounting to US\$2,000 thousand, which would be invested in Strong LED Lighting System (Suzhou) Co., Ltd. according to the order of the investment structure.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2024

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	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	\$ 401,698	(2)	\$ 368,845	\$ -	\$ -	\$ 368,845	(\$ 1,729)	100.00	(\$ 1,729)	\$ 575,182	\$ 230,106	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	118,026	(2)	110,585	-	-	110,585	71	100.00	71	115,181	-	Note 1,2,4,5
SHANGHAI TONS LIGHTOLOGY CO., LTD.	Sales of various lighting products and accessories	104,912	(2)	42,842	-	-	42,842	(7,753)	100.00	(7,753)	68,686	-	Note 1,2,4,5,6
StrongLED Lighting Systems(Suzhou) Co. Ltd.	Research, development, production and sales of LED semiconductor application and other products	570,208	(2)	43,299	-	-	43,299	(49,827)	100.00	(49,827)	595,211	510	Note 1,2,4,5
Shanghai Grand Canyon LED Lighting Systems Co., Ltd.	Research, development, production and sales of LED semiconductor application and other products	32,592	(2)	901	-	-	901	3,636	100.00	3,636	18,532	-	Note 1,2,4,5

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, 2024 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, 2024, 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 \$13,404 thousand and CYN \$29,200 thousand, and CYN \$7,278 thousandrespectively, was translated at the average buying and selling spot rate on December 31, 2024.

Note 5: Accumulated investment amount in 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 \$11,816 thousand ,USD \$3,577 thousand, USD \$1,400 thousand, NTD \$43,299 thousand and NTD \$901 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.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024 (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.	\$ 566,472	\$ 959,279	\$ 972,078

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024 was USD \$16,793 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 \$27,927 thousand and NTD \$43,690 thousand (including net of remittance of earnings) and has been translated at the average buying and selling spot rate on December 31, 2024.

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 , 2024

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
TANG,SHIH-CHUAN	3,535,633	6.09%
PEI ZHEN INVESTMENT CO., LTD.	2,906,976	5.01%
CHANG,CHIA-JUI	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.

TONS LIGHTOLOGY INC.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024

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

Statement 1

Item		Summary	Amount
Petty cash			\$ 67
Cash in banks			
Demand deposit	TWD	\$8,623 thousand, conversion rate 1.000	8,623
Foreign exchange deposits	USD	\$292 thousand, conversion rate 32.785	10,688
	EUR	\$21 thousand, conversion rate 34.140	
	HKD	\$40 thousand, conversion rate 4.222	
	RMB	\$53 thousand, conversion rate 4.478	
Checking deposits	TWD	\$661 thousand, conversion rate 1.000	661
Time deposits	TWD	\$76,676 thousand, conversion rate 1.000	169,164
	Period	2024.09.25~2025.05.26	
	Interest rate range	1.225%~1.445%	
	USD	\$2,030 thousand, conversion rate -	
	Period	2024.11.27~2025.03.05	
	Interest rate range	2.76%~4.5%	
	RMB	\$5,792 thousand, conversion rate -	
	Period	2024.11.18~2025.02.17	
	Interest rate range	0.80%~2.85%	
			<u>\$ 189,203</u>

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TONS LIGHTOLOGY INC.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2024

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

Statement 2

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
A Company		\$ 12,653	
B Company		10,590	
C Company		8,807	
D Company		7,721	
E Company		6,587	
F Company		5,871	
G Company		5,018	
			The balance of each customer has not exceeded 5% of the accounts receivable
Others		<u>32,936</u>	
		90,183	
Less: Allowance for bad debts		(5,021)	
		<u>\$ 85,162</u>	

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TONS LIGHTOLOGY INC.
DETAILS OF INVENTORIES
DECEMBER 31, 2024

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

Statement 3

Item	Summary	Amount		Note
		Cost	Market price	Market price determination
Merchandise		\$ 14,495	\$ 6,437	Net realisable value
Materials		1,626	715	Replacement cost
Finished goods		216	216	Net realisable value
		16,337	<u>\$ 7,368</u>	
Less: Allowance for slow moving inventories and valuation loss		(8,969)		
		<u>\$ 7,368</u>		

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TONS LIGHTOLOGY INC.
MOVEMENT SUMMARY OF NON-CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Name	Opening balance		Additions		Reductions		Ending Balance		Pledged as collateral	Note
	Number of shares	Carrying amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Fair value		
TITAN AURORA INC.	1,900	\$ 4,835	-	\$ -	-	(\$ 2,169)	1,900	\$ 2,666	None	-
		<u>\$ 4,835</u>		<u>\$ -</u>		<u>(\$ 2,169)</u>		<u>\$ 2,666</u>		

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TONS LIGHTOLOGY INC.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Name	Opening balance		Additions		Reductions		Ending Balance		Market price or value per share		Pledged as collateral	Note
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Fair value	Price (in dollars)	Total price		
WORLD EXTEND HOLDING INC.	18,333,402	\$ 890,062	-	\$ 31,857	-	(\$ 81,189)	Note 1	18,333,402	\$ 840,730	\$ -	\$ 840,730	None
HONG BO INVESTMENT CO., LTD.	6,000,000	65,818	-	449	5,900,000	(59,240)	Note 2	100,000	7,027	-	7,027	None
StrongLED Lighting System (Cayman)	37,010,000	<u>671,288</u>	-	<u>18,410</u>	-	<u>(37,833)</u>		37,010,000	<u>651,865</u>	-	<u>651,865</u>	None
		<u>\$ 1,627,168</u>		<u>\$ 50,716</u>		<u>(\$ 178,262)</u>			<u>\$ 1,499,622</u>		<u>\$ 1,499,622</u>	

Note 1: It includes remittance of earnings amounting to \$73,602 thousand and share of loss of subsidiaries, associates and joint ventures accounted for under the equity method amounting to \$7,587 thousand.

Note 2: It includes remittance of earnings amounting to \$240 thousand and proceeds from capital reduction amounting to \$59,000 thousand.

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TONS LIGHTOLOGY INC.
DETAILS OF ACCOUNTS PAYABLE
DECEMBER 31, 2024

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

Statement 6

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
A Company		\$ 1,120	
B Company		700	
C Company		378	
D Company		193	
E Company		179	
			Has not exceeded
			5% of the accounts
Others		589	payable
		<u>\$ 3,159</u>	
Related parties:			
TITAN		119,063	
ZHONGSHAN TONS		2,762	
Grand Canyon (Su Zhou)		2,653	
		<u>124,478</u>	
		<u>\$ 127,637</u>	

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TONS LIGHTOLOGY INC.
DETAILS OF SALES REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 7

Item	Quantity (in thousand pieces)	Amount	Note
Lamps	-	\$ 622,276	
Less: Sale returns	(468)	
Sales rebates	(2,335)	
		<u>\$ 619,473</u>	

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TONS LIGHTOLOGY INC.
DETAILS OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 8

Item	Amount
Goods	
Goods at the beginning	\$ 13,458
Add: Goods purchased during the year	494,079
Raw materials transferred to goods	283
Less: Material cost transferred to expense	(446)
Loss on physical inventory	(3)
Goods at the end	(14,495)
Cost of sales	492,876
Direct materials	
Raw materials at the beginning	\$ 2,111
Add: Material purchased during the year	52
Less: Material cost transferred to expense	(40)
Raw materials sold	(214)
Raw materials transferred to goods	(283)
Raw materials at the end	(1,626)
Manufacturing overhead	8,852
Manufacturing cost	501,728
Cost of goods sold during the year	501,728
Cost of raw material sold	214
Allowance for slow-moving inventories and valuation loss	926
Loss on physical inventory	3
Guarantee cost	(2)
Cost of goods sold	\$ 502,869

TONS LIGHTOLOGY INC.
DETAILS OF MANUFACTURING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 9

Item	Selling	Administrative	Research and development	Note
Wages and salaries (including pension)	\$ 12,025	\$ 23,570	\$ 2,824	
Depreciation expense	3,243	2,011	31	
Service expense	156	9,523	420	The balance of each item has not exceeded 5% of the manufacturing expense
Advertisement expense	3,659	-	-	
Other expenses	7,687	6,423	1,357	
	<u>\$ 26,770</u>	<u>\$ 41,527</u>	<u>\$ 4,632</u>	

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