

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

TONS LIGHTOLOGY INC.
SEPTEMBER 30, 2024 AND 2023 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
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INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Tons Lightology Inc. and subsidiaries (the "Group") as at September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

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

Basis for qualified conclusion on the consolidated financial statements as of and for the nine months ended September 30, 2024

As explained in Note 6(7), the financial statements of investments accounted for using equity method for the nine months ended September 30, 2024 were not reviewed by independent auditors. The balances of investments accounted for using equity method amounted to NT\$3,767 thousand, constituting 0% of the consolidated total assets as at September 30, 2023, share of loss of associates and joint ventures accounted for using equity method amounted to NT\$1,456 thousand and NT\$28,219 thousand, constituting 42% and 212% of the consolidated total loss before tax, and the total related comprehensive loss amounted to NT\$1,456 thousand and NT\$28,219 thousand, constituting 5% and 4,711% of the consolidated total comprehensive loss for the three months and nine months then ended.

Unqualified conclusion and qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of investments accounted for using equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion on the consolidated financial statements as of and for the nine months ended September 30, 2024* section, based on our reviews, nothing has come to our attention that causes us to believe that the consolidated financial statements as of and for the nine months ended September 30, 2024 and 2023 do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Wang, Yu-Chuan

Hung, Shu-Hua

For and on behalf of PricewaterhouseCoopers, Taiwan

October 24, 2024

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

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2024		December 31, 2023		September 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 387,169	17	\$ 406,694	19	\$ 196,653	16
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		412	-	-	-	58,696	5
1136	Current financial assets at	6(3) and 8						
	amortised cost		554,653	25	571,621	26	420,801	34
1150	Notes receivable, net	6(4)	94,965	4	69,594	3	886	-
1170	Accounts receivable, net	6(4)	221,607	10	199,829	9	99,045	8
1180	Accounts receivable - related	6(4) and 7(2)						
	parties		-	-	-	-	312	-
1200	Other receivables		12,478	1	9,082	-	7,326	1
1220	Current tax assets		235	-	481	-	2,217	-
130X	Inventories	6(5)	164,483	8	141,408	7	121,957	10
1410	Prepayments		27,062	1	21,171	1	11,287	1
1470	Other current assets		7,045	-	4,552	-	2,206	-
11XX	Current Assets		<u>1,470,109</u>	<u>66</u>	<u>1,424,432</u>	<u>65</u>	<u>921,386</u>	<u>75</u>
Non-current assets								
1517	Non-current financial assets at fair	6(6)						
	value through other comprehensive							
	income		4,013	-	4,835	-	31,950	3
1550	Investments accounted for using	6(7)						
	equity method		-	-	-	-	3,767	-
1600	Property, plant and equipment	6(8)	401,113	18	447,437	21	203,273	17
1755	Right-of-use assets	6(9)	98,628	5	103,130	5	41,742	3
1760	Investment property, net	6(10)	162,675	7	115,956	5	-	-
1780	Intangible assets		25,569	1	29,796	1	7,535	1
1840	Deferred income tax assets		52,897	2	52,803	2	6,106	-
1900	Other non-current assets	6(11) and 8	14,591	1	12,525	1	6,259	1
15XX	Non-current assets		<u>759,486</u>	<u>34</u>	<u>766,482</u>	<u>35</u>	<u>300,632</u>	<u>25</u>
1XXX	Total assets		<u>\$ 2,229,595</u>	<u>100</u>	<u>\$ 2,190,914</u>	<u>100</u>	<u>\$ 1,222,018</u>	<u>100</u>

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 113,828	5	\$ 86,540	4	\$ -	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	507	-	2,643	-
2130	Current contract liabilities	6(20)	50,889	2	48,503	2	19,599	2
2150	Notes payable		75,609	4	72,567	3	57	-
2170	Accounts payable		125,825	6	116,586	5	39,845	3
2200	Other payables	6(13)	140,910	6	148,476	7	57,620	5
2230	Current income tax liabilities		14,628	1	82	-	81	-
2250	Provisions for liabilities - current		691	-	13,813	1	579	-
2280	Current lease liabilities		8,484	-	7,525	1	7,284	-
2300	Other current liabilities		1,657	-	1,337	-	2,370	-
21XX	Current Liabilities		<u>532,521</u>	<u>24</u>	<u>495,936</u>	<u>23</u>	<u>130,078</u>	<u>10</u>
Non-current liabilities								
2550	Provisions for liabilities - non-current		23,676	1	10,999	1	380	-
2570	Deferred income tax liabilities		38,204	2	54,433	2	171	-
2580	Non-current lease liabilities		4,129	-	7,876	-	8,410	1
2600	Other non-current liabilities	6(14)	12,269	-	11,827	1	10,082	1
25XX	Non-current liabilities		<u>78,278</u>	<u>3</u>	<u>85,135</u>	<u>4</u>	<u>19,043</u>	<u>2</u>
2XXX	Total Liabilities		<u>610,799</u>	<u>27</u>	<u>581,071</u>	<u>27</u>	<u>149,121</u>	<u>12</u>
Equity attributable to owners of parent								
Share capital								
3110	Share capital - common stock	6(16)	579,966	26	579,966	26	394,956	32
Capital surplus								
3200	Capital surplus	6(17)	838,962	38	838,243	38	507,583	42
Retained earnings								
3310	Legal reserve	6(18)	125,696	6	122,428	6	122,428	10
3320	Special reserve		90,929	4	78,922	4	78,922	6
3350	Unappropriated retained earnings		28,633	1	95,585	4	59,092	5
Other equity interest								
3400	Other equity interest	6(19)	(31,018)	(1)	(90,929)	(4)	(75,712)	(6)
3500	Treasury shares	6(16)	(14,372)	(1)	(14,372)	(1)	(14,372)	(1)
31XX	Equity attributable to owners of the parent		<u>1,618,796</u>	<u>73</u>	<u>1,609,843</u>	<u>73</u>	<u>1,072,897</u>	<u>88</u>
3XXX	Total equity		<u>1,618,796</u>	<u>73</u>	<u>1,609,843</u>	<u>73</u>	<u>1,072,897</u>	<u>88</u>
Significant contingent liabilities and unrecognised contract commitments								
3X2X	Total liabilities and equity		<u>\$ 2,229,595</u>	<u>100</u>	<u>\$ 2,190,914</u>	<u>100</u>	<u>\$ 1,222,018</u>	<u>100</u>

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2024		2023		2024		2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(20) and 7	\$ 318,713	100	\$ 190,730	100	\$ 885,854	100	\$ 535,190	100
5000	Operating costs	6(5) and 7	(219,980)	(69)	(128,539)	(68)	(639,426)	(72)	(363,279)	(68)
5900	Net operating margin		<u>98,733</u>	<u>31</u>	<u>62,191</u>	<u>32</u>	<u>246,428</u>	<u>28</u>	<u>171,911</u>	<u>32</u>
	Operating expenses	6(25)(26)								
6100	Selling expenses		(51,199)	(16)	(21,412)	(11)	(127,904)	(14)	(65,676)	(12)
6200	General and administrative expenses		(45,693)	(15)	(24,219)	(13)	(115,306)	(13)	(68,513)	(13)
6300	Research and development expenses		(22,499)	(7)	(10,477)	(5)	(66,232)	(8)	(28,787)	(5)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	<u>5,393</u>	<u>2</u>	(<u>1,692</u>)	(<u>1</u>)	<u>3,474</u>	<u>-</u>	(<u>5,270</u>)	(<u>1</u>)
6000	Total operating expenses		(<u>113,998</u>)	(<u>36</u>)	(<u>57,800</u>)	(<u>30</u>)	(<u>305,968</u>)	(<u>35</u>)	(<u>168,246</u>)	(<u>31</u>)
6900	Operating profit (loss)		(<u>15,265</u>)	(<u>5</u>)	<u>4,391</u>	<u>2</u>	(<u>59,540</u>)	(<u>7</u>)	<u>3,665</u>	<u>1</u>
	Non-operating income and expenses									
7100	Interest income	6(21)	6,507	2	3,638	2	19,950	2	10,723	2
7010	Other income	6(22)	9,775	3	267	-	27,852	3	882	-
7020	Other gains and losses	6(23)	(2,590)	(1)	(3,293)	(1)	8,343	1	(63)	-
7050	Finance costs	6(24)	(589)	-	(91)	-	(1,749)	-	(313)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	-	-	(1,456)	(1)	-	-	(28,219)	(6)
7000	Total non-operating income and expenses		<u>13,103</u>	<u>4</u>	(<u>935</u>)	<u>-</u>	<u>54,396</u>	<u>6</u>	(<u>16,990</u>)	(<u>4</u>)
7900	Profit (loss) before income tax		(<u>2,162</u>)	(<u>1</u>)	3,456	2	(<u>5,144</u>)	(<u>1</u>)	(<u>13,325</u>)	(<u>3</u>)
7950	Income tax benefit (expense)	6(27)	(<u>1,051</u>)	<u>-</u>	(<u>1,142</u>)	(<u>1</u>)	(<u>6,285</u>)	(<u>1</u>)	<u>9,516</u>	<u>2</u>
8200	Profit (loss) for the period		(<u>\$ 3,213</u>)	(<u>1</u>)	<u>\$ 2,314</u>	<u>1</u>	(<u>\$ 11,429</u>)	(<u>2</u>)	(<u>\$ 3,809</u>)	(<u>1</u>)
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		\$ -	-	(\$ 1,105)	(1)	(\$ 821)	-	(\$ 2,650)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	-	-	-	-	164	-	445	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		-	-	(1,105)	(1)	(657)	-	(2,205)	-
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations	6(19)	<u>20,529</u>	<u>6</u>	<u>28,038</u>	<u>15</u>	<u>60,568</u>	<u>7</u>	<u>5,415</u>	<u>1</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>20,529</u>	<u>6</u>	<u>28,038</u>	<u>15</u>	<u>60,568</u>	<u>7</u>	<u>5,415</u>	<u>1</u>
8300	Total other comprehensive income for the period		<u>\$ 20,529</u>	<u>6</u>	<u>\$ 26,933</u>	<u>14</u>	<u>\$ 59,911</u>	<u>7</u>	<u>\$ 3,210</u>	<u>1</u>
8500	Total comprehensive income (loss) for the period		<u>\$ 17,316</u>	<u>5</u>	<u>\$ 29,247</u>	<u>15</u>	<u>\$ 48,482</u>	<u>5</u>	(<u>\$ 599</u>)	<u>-</u>
	Basic (loss) earnings per share	6(28)								
9750	Total basic (loss) earnings per share		(\$ 0.06)		\$ 0.06		(\$ 0.20)		(\$ 0.10)	
9850	Total diluted (loss) earnings per share		(\$ 0.06)		\$ 0.06		(\$ 0.20)		(\$ 0.10)	

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent									Total equity
		Capital surplus			Retained earnings			Other equity interest			
		Share capital - common stock	Additional paid-in capital	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	
Nine months ended September 30, 2023											
Balance at January 1, 2023		\$ 394,223	\$ 504,068	\$ 1,816	\$ 118,301	\$ 88,050	\$ 121,073	(\$ 61,125)	(\$ 17,797)	(\$ 14,372)	\$ 1,134,237
Loss for the period		-	-	-	-	-	(3,809)	-	-	-	(3,809)
Other comprehensive income (loss) for the period	6(19)	-	-	-	-	-	-	5,415	(2,205)	-	3,210
Total comprehensive income (loss)		-	-	-	-	-	(3,809)	5,415	(2,205)	-	(599)
Appropriation and distribution of 2022 retained earnings	6(18)										
Legal reserve		-	-	-	4,127	-	(4,127)	-	-	-	-
Special reserve		-	-	-	-	(9,128)	9,128	-	-	-	-
Cash dividends		-	-	-	-	-	(63,173)	-	-	-	(63,173)
Share-based payment transactions-employee stock options	6(15)	733	1,453	246	-	-	-	-	-	-	2,432
Balance at September 30, 2023		\$ 394,956	\$ 505,521	\$ 2,062	\$ 122,428	\$ 78,922	\$ 59,092	(\$ 55,710)	(\$ 20,002)	(\$ 14,372)	\$ 1,072,897
Nine months ended September 30, 2024											
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
Loss for the period		-	-	-	-	-	(11,429)	-	-	-	(11,429)
Other comprehensive income (loss) for the period		-	-	-	-	-	-	60,568	(657)	-	59,911
Total comprehensive income (loss)		-	-	-	-	-	(11,429)	60,568	(657)	-	48,482
Appropriation and distribution of 2023 retained earnings	6(18)										
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(15)	-	-	719	-	-	-	-	-	-	719
Balance at September 30, 2024		\$ 579,966	\$ 836,972	\$ 1,990	\$ 125,696	\$ 90,929	\$ 28,633	(\$ 27,444)	(\$ 3,574)	(\$ 14,372)	\$ 1,618,796

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 5,144)	(\$ 13,325)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(25)	52,650	35,029
Depreciation - right-of-use assets	6(9)(25)	10,200	7,702
Depreciation - Investment properties	6(10)(25)	6,607	-
Amortisation	6(25)	8,223	1,931
Provision for (gain on reversal of) expected credit loss	12(2)	(3,474)	5,270
Net loss on financial assets and liabilities at fair value through profit or loss	6(2)(23)	(925)	2,112
Interest expense - finance lease	6(24)	1,527	-
Interest expense - lease liability	6(24)	222	313
Interest income	6(21)	(19,950)	10,723)
Share-based payments	6(15)	719	813
Share of loss of associates and joint ventures accounted for under equity method	6(7)	-	28,219
Loss (gain) on disposal of property, plant and equipment	6(23)	1,872	152
Unrealized foreign exchange gain		(4,911)	1,741
(Reversal of) provision for warranty expense		(1,500)	(170)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(21,840)	1,239
Accounts receivable, net		(12,842)	767
Accounts receivable due from related parties		-	9
Other receivables		(412)	(502)
Inventories		(16,733)	52,685
Prepayments		(4,967)	(5,842)
Other current assets		(181)	(234)
Changes in operating liabilities			
Notes payable		(234)	23
Accounts payable		3,916	(5,973)
Other payables		(12,087)	(12,150)
Contract liabilities		791	(10,613)
Other current liabilities		281	80
Other non-current liabilities		64	65
Cash (outflow) inflow generated from operations		(18,128)	78,618
Interest received		17,404	9,758
Interest paid		(1,787)	(313)
Income tax paid		(7,224)	(17,127)
Net cash flows (used in) from operating activities		(9,735)	70,936

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets measured at fair value through profit or loss		\$ -	(\$ 243)
(Increase) decrease in financial assets at amortised cost		30,870	(150,852)
Acquisition of investments accounted for using equity method		-	(1,487)
Proceeds from disposal of investments accounted for using equity method		-	1,731
Acquisition of property, plant and equipment	6(30)	(25,047)	(9,615)
Proceeds from disposal of property, plant and equipment		554	15
Decrease in other financial assets		(2,071)	-
Increase in refundable deposits		(673)	222
Acquisition of intangible deposits		(4,835)	(5,014)
Increase in other non-current assets		(7,923)	(1,498)
Net cash flows used in investing activities		(9,125)	(166,741)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(31)	67,382	-
Decrease in short-term borrowings	6(31)	(44,428)	-
Increase in guarantee deposits received	6(31)	281	-
Repayment of principal portion of lease liabilities	6(31)	(6,274)	(6,862)
Cash dividends paid	6(18)(31)	(40,248)	(63,173)
Exercise of employee stock options		-	1,619
Net cash flows used in financing activities		(23,287)	(68,416)
Effect of exchange rate changes on cash equivalents		22,622	(1,103)
Net decrease in cash and cash equivalents		(19,525)	(165,324)
Cash and cash equivalents at beginning of period		406,694	361,977
Cash and cash equivalents at end of period		\$ 387,169	\$ 196,653

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 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 September 17, 2013, the Company’s stocks were officially listed on the Taipei Exchange. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in manufacturing and trading of lighting equipment and lamps. On October 31, 2023, the Company merged with Strong LED Lighting Systems (Cayman) Co., Ltd. through a share swap. Strong LED Lighting Systems (Cayman) Co., Ltd. is primarily engaged in research, development, production and sales of LED semiconductor application and other products.

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

These consolidated financial statements were approved and authorised for issuance by the Board of Directors on October 24, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	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 Group's financial condition and financial performance based on the Group'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 adopted are consistent with Note 4 in the consolidated financial

statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			September 30, 2024	December 31, 2023	
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	100	
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD. (HONG BO)	Reinvestment company	100	100	
TONS LIGHTOLOGY INC.	StrongLED Lighting Systems (Cayman) Co., Ltd. (StrongLED)	Reinvestment company	100	100	Note 1
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED (GS)	Reinvestment company	100	100	
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED (LUMINOUS)	Reinvestment company	100	100	
GREATSUPER TECHNOLOGY LIMITED	TITAN LIGHTING CO., LTD (TITAN)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			September 30, 2024	December 31, 2023	
GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD (ZHONGSHAN TONS)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	100	
LUMINOUS HOLDING INCORPORATED	SHANGHAI TONS LIGHTOLOGY CO., LTD (SHANGHAI TONS)	Sales of various lighting products and accessories	100	100	
StrongLED Lighting Systems (Cayman) Co., Ltd.	MENTALITY INTERNATIONAL CORPORATION (MENTALITY)	Reinvestment company	100	100	Note 1
StrongLED Lighting Systems (Cayman) Co., Ltd.	StrongLED Smart Lighting (Cayman) Co., Ltd. (Smart Lighting)	Reinvestment company	-	100	Notes 1 and 3
MENTALITY INTERNATIONAL CORPORATION	StrongLED Lighting Systems(Suzhou) Co. Ltd.	Research, development, production and sales of LED semiconductor application and other products	100	100	Note 1
StrongLED Lighting Systems(Suzhou) Co. Ltd.	Shanghai Grand Canyon LED Lighting Systems Co., Ltd.	Research, development, production and sales of LED semiconductor application and other products	100	100	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership(%)	Description
			September 30, 2023	
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD. (HONG BO)	Reinvestment company	100	
TONS LIGHTOLOGY INC.	TONS LIGHTOLOGY (CAYMAN) INC. (TONS LIGHTOLOGY)	Reinvestment company	100	Note 2
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED (GS)	Reinvestment company	100	
WORLD EXTEND HOLDING INC.	LUMINOUS HOLDING INCORPORATED (LUMINOUS)	Reinvestment company	100	
GREATSUPER TECHNOLOGY LIMITED	TITAN LIGHTING CO., LTD. (TITAN)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	
GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD. (ZHONGSHAN TONS)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)	Description
			September 30, 2023	
LUMINOUS HOLDING INCORPORATED	SHANGHAI TONS LIGHTOLOGY CO., LTD. (SHANGHAI TONS)	Sales of various lighting products and accessories	100	

Note 1: The Group merged with Strong LED Lighting Systems (Cayman) Co., Ltd. on October 31, 2023.

Note 2: TONS LIGHTOLOGY (CAYMAN) INC. is a special purpose company that was established on March 29, 2023 for the purpose of the merger with StrongLED Lighting Systems (Cayman) Co., Ltd., and it was dissolved after the completion of the merger with StrongLED Lighting Systems (Cayman) Co., Ltd. on October 31, 2023.

Note 3: Due to the completion of the merger process and no need for the operational purpose, in order to simplify the Group's investment structure and reduce maintenance costs, StrongLED Smart Lighting (Cayman) Co., Ltd. had been dissolved and liquidated as resolved by the Board of Directors on July 30, 2024. The dissolution and liquidation procedures, were completed on August 19, 2024.

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

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

E. Significant restrictions: None.

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

(4) Classification of current and non-current items

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 settled within the normal operating cycle;

B. Liabilities arising mainly from trading activities;

C. Liabilities that are to be settled 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) Employee benefits

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

(6) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective

income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There have been no significant change as of September 30, 2024. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 800	\$ 741	\$ 931
Checking accounts and demand deposits	141,940	86,322	43,021
Time deposits	244,429	319,631	152,701
	<u>\$ 387,169</u>	<u>\$ 406,694</u>	<u>\$ 196,653</u>

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

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

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

Item	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks (Note 1, Note 2)	\$ -	\$ -	\$ 113,590
Forward foreign exchange contracts	412	-	-
Valuation adjustment	-	-	(54,894)
	<u>\$ 412</u>	<u>\$ -</u>	<u>\$ 58,696</u>

Item	September 30, 2024	December 31, 2023	September 30, 2023
Financial liabilities mandatorily measured at fair value through profit or loss			
Forward foreign exchange contracts	\$ -	(\$ 507)	(\$ 2,643)

Note 1: In line with the Group's investment management needs, 3,680,000 shares of StrongLED Lighting System (Cayman) Co., Ltd., a listed company, originally held by HONG BO INVESTMENT CO., LTD., a subsidiary of the Company, were transferred to the Company on March 16, 2023.

Note 2: On April 7, 2023, the Company's Board of Directors resolved to merge with Strong LED

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

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

	<u>September 30, 2024</u>	
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount (notional principal)</u>	<u>Contract period</u>
Forward foreign exchange contracts	USD 1,800 thousand	2024.10.9~2025.9.12

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

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

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

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

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	\$ <u>1,638</u>	(\$ <u>2,041</u>)
	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	\$ <u>925</u>	(\$ <u>2,112</u>)

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

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

(3) Current financial assets at amortised cost

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Time deposits	\$ <u>554,653</u>	\$ <u>571,621</u>	\$ <u>420,801</u>

A. The above mentioned are time deposits that do not meet short-term cash commitments. As of September 30, 2024, December 31, 2023 and September 30, 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 amortised cost held by the Group were \$554,653 thousand, \$571,621 thousand and \$420,801 thousand, respectively.

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Notes receivable	\$ 94,965	\$ 69,594	\$ 886
Less: Allowance for bad debts	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 94,965</u>	<u>\$ 69,594</u>	<u>\$ 886</u>
Accounts receivable	\$ 257,715	\$ 241,359	\$ 105,170
Less: Allowance for bad debts	<u>(36,108)</u>	<u>(41,530)</u>	<u>(6,125)</u>
	<u>\$ 221,607</u>	<u>\$ 199,829</u>	<u>\$ 99,045</u>
Accounts receivable due from related parties	\$ -	\$ -	\$ 312
Less: Allowance for bad debts	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312</u>

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

	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 94,965	\$ 194,680	\$ 69,133	\$ 171,425	\$ 886	\$ 76,408
Up to 30 days	-	18,166	461	16,250	-	17,986
31 to 120 days	-	10,373	-	12,354	-	6,675
Over 120 days	-	34,496	-	41,330	-	4,413
	<u>\$ 94,965</u>	<u>\$ 257,715</u>	<u>\$ 69,594</u>	<u>\$ 241,359</u>	<u>\$ 886</u>	<u>\$ 105,482</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2024, December 31, 2023 and September 30, 2023, all the Group'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 \$107,523 thousand.

C. Certain notes receivable that were discounted to banks (pertaining to banker's acceptance) met the derecognition criteria for financial assets. The Group has payment obligation when the acceptors (acceptance banks) of the notes refuse to pay the notes at maturity. However, the credit rating of the aforesaid acceptors of the notes is high. In general, the Group does not expect that the acceptors of the notes would refuse to pay for the notes at maturity. The summary information of the Group's derecognised notes receivable (pertaining to banker's acceptance) that were discounted to banks but not yet matured is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Derecognised amount	\$ 4,839	\$ -	\$ -

D. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had outstanding discounted notes receivable (pertaining to banker's acceptance) that did not meet the derecognition criteria amounting to \$68,598 thousand, \$0 thousand and \$0 thousand, respectively. The Group has payment obligation of the endorser when the acceptors (acceptance banks) of the notes refuse to pay for the notes at maturity. However, in general, the Group does not expect that the acceptors of the notes would refuse to pay for the notes at maturity. The liabilities arising on discounted notes receivable (pertaining to banker's acceptance) were presented as short-term borrowings. Refer to Note 6(12) for details.

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

F. As of September 30, 2024, December 31, 2023 and September 30, 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 Group's notes and accounts receivable was the carrying amount of the notes and accounts receivable.

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

(5) Inventories

	September 30, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 103,858	(\$ 10,215)	\$ 93,643
Work in progress	23,275	(316)	22,959
Semi-finished goods	24,649	(4,274)	20,375
Finished goods	44,154	(20,446)	23,708
Inventory in transit	3,798	-	3,798
	<u>\$ 199,734</u>	<u>(\$ 35,251)</u>	<u>\$ 164,483</u>

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

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

The cost of inventories recognised as expense for the period:

	Three months ended September 30,	
	2024	2023
Cost of goods sold	\$ 216,514	\$ 127,550
Gain on reversal of market value decline and obsolescence	(589)	(3,022)
Loss on scrapping inventory	6,404	4,390
Expenses related to inventory	(2,349)	(379)
	<u>\$ 219,980</u>	<u>\$ 128,539</u>

	Nine months ended September 30,	
	2024	2023
Cost of goods sold	\$ 636,730	\$ 359,418
Gain on reversal of market value decline and obsolescence	(10,892)	(947)
Loss on scrapping inventory	18,840	6,097
Expenses related to inventory	(5,252)	(1,289)
	<u>\$ 639,426</u>	<u>\$ 363,279</u>

For the three months and the nine months ended September 30, 2024 and 2023, the Group reversed a previous inventory write-down because obsolete and slow-moving inventories were partially sold and scrapped by the Group.

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

<u>Items</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ -	\$ -	\$ 44,200
Unlisted stocks	8,481	8,481	8,481
Valuation adjustment	(4,468)	(3,646)	(20,731)
	<u>\$ 4,013</u>	<u>\$ 4,835</u>	<u>\$ 31,950</u>

A. The Group has elected to classify stock investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$4,013 thousand \$4,835 thousand and \$31,950 thousand, respectively, as at September 30, 2024, December 31, 2023 and September 30, 2023.

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

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ -</u>	<u>(\$ 1,105)</u>

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>(\$ 657)</u>	<u>(\$ 2,205)</u>

C. As of September 30, 2024, December 31, 2023 and September 30, 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 Group were \$4,013 thousand, \$4,835 thousand and \$31,950 thousand, respectively.

D. On April 7, 2023, the Company's Board of Directors resolved to merge with 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(29) for details.

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

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

(7) Investments accounted for using equity method

Associates

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Insignificant associate:			
Art So Trading Limited	\$ -	\$ -	-
Art So International, Inc.	-	-	<u>3,767</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,767</u>

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

Company name	Principal place of business	<u>Shareholding ratio(%)</u>			Nature of relationship	Methods of measurement
		September 30, 2024	December 31, 2023	September 30, 2023		
Art So Trading Limited	Samoa	-	-	-	Owns at least 20% of the voting rights	Equity method
Art So International, Inc.	Taiwan	-	-	43.99%	Owns at least 20% of the voting rights	Equity method

B. To simplify the organizational structure, Art So Group started the liquidation process over Art So Trading Limited on June 30, 2023, and its equity interests in Art So International, Inc. was transferred based on the shareholding ratio. After the transfer, the Group's shareholding ratio of Art So International, Inc. was increased from 30% to 43.99%, which was the same as the comprehensive shareholding ratio of 43.99% before the transfer. Additionally, the Company's Board of Directors resolved to dispose 43.99% equity interests in Art So International, Inc. on October 26, 2023, and the Company completed the transfer of equity interests with the consideration of \$1,000 thousand on October 31, 2023.

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

<u>Investee</u>	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Art So Trading Limited	\$ -	\$ -
Art So International, Inc.	-	(1,456)
	<u>\$ -</u>	<u>(\$ 1,456)</u>

<u>Investee</u>	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Art So Trading Limited	\$ -	(\$ 22,099)
Art So International, Inc.	-	(6,120)
	<u>\$ -</u>	<u>(\$ 28,219)</u>

(Remainder of page intentionally left blank)

(8) Property, plant and equipment

	Nine months ended September 30, 2024					
	At January 1	Additions	Disposals	Transfers	Net exchange differences	At September 30
Cost						
Buildings and structures	\$ 808,822	\$ 3,305	(\$ 874)	(\$ 63,994)	\$ 38,586	\$ 785,845
Molding equipment	223,905	11,608	(755)	1,226	10,360	246,344
Machinery and equipment	194,183	6,837	(11,998)	4,034	8,772	201,828
Leasehold improvements	43,990	1,471	(93)	-	1,996	47,364
Research and development equipment	25,528	253	(47)	190	1,163	27,087
Transportation equipment	16,576	-	(2,318)	519	718	15,495
Unfinished construction and equipment under acceptance	383	-	-	(393)	10	-
Others	87,343	2,364	(8,423)	896	3,765	85,945
	<u>\$ 1,400,730</u>	<u>\$ 25,838</u>	<u>(\$ 24,508)</u>	<u>(\$ 57,522)</u>	<u>\$ 65,370</u>	<u>\$ 1,409,908</u>
Accumulated depreciation						
Buildings and structures	(\$ 452,594)	(\$ 27,281)	\$ 874	\$ 18,392	(\$ 20,786)	(\$ 481,395)
Molding equipment	(206,623)	(10,132)	755	-	(9,528)	(225,528)
Machinery and equipment	(142,601)	(9,201)	9,747	162	(6,444)	(148,337)
Leasehold improvements	(40,626)	(583)	93	-	(1,838)	(42,954)
Research and development equipment	(22,965)	(782)	47	-	(1,053)	(24,753)
Transportation equipment	(12,457)	(802)	2,318	-	(537)	(11,478)
Others	(75,427)	(3,869)	8,248	-	(3,302)	(74,350)
	<u>(\$ 953,293)</u>	<u>(\$ 52,650)</u>	<u>\$ 22,082</u>	<u>\$ 18,554</u>	<u>(\$ 43,488)</u>	<u>(\$ 1,008,795)</u>
	<u>\$ 447,437</u>					<u>\$ 401,113</u>

Nine months ended September 30, 2023

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

1. For the nine months ended September 30, 2024, the amount of buildings and structures that was transferred to investment properties from property, plant and equipment was \$45,602 thousand, the amount that was transferred to intangible assets from unfinished construction and equipment under acceptance was \$393 thousand, and the others were transferred from prepayments for business facilities.
2. The aforementioned property, plant and equipment were all for its own use.
3. For the nine months ended September 30, 2024 and 2023, the Group has no property, plant and equipment that were pledged to others as collateral.
4. For the nine months ended September 30, 2024 and 2023, the Group had no capitalized interests.

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(9) Leasing arrangements – lessee

A. The Group leases various assets including land, buildings and machinery and equipment. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 85,971	\$ 87,769	\$ 26,101
Buildings	12,657	15,361	15,613
Machinery and equipment	-	-	28
	<u>\$ 98,628</u>	<u>\$ 103,130</u>	<u>\$ 41,742</u>

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,340	\$ 210
Buildings	2,103	2,275
Machinery and equipment	-	27
	<u>\$ 3,443</u>	<u>\$ 2,512</u>

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 4,004	\$ 633
Buildings	6,196	6,987
Machinery and equipment	-	82
	<u>\$ 10,200</u>	<u>\$ 7,702</u>

C. The movements of right-of-use assets of the Group for the nine months ended September 30, 2024 and 2023 are as follows:

	<u>2024</u>			
	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Total</u>
At January 1	\$ 87,769	\$ 15,361	\$ -	\$ 103,130
Additions	-	3,427	-	3,427
Depreciation expense	(4,004)	(6,196)	-	(10,200)
Net exchange differences	2,206	65	-	2,271
At September 30	<u>\$ 85,971</u>	<u>\$ 12,657</u>	<u>\$ -</u>	<u>\$ 98,628</u>

	2023			
	Land	Buildings	Machinery and equipment	Total
At January 1	\$ 26,695	\$ 2,939	\$ -	\$ 29,634
Additions	-	19,866	110	19,976
Depreciation expense	(633)	(6,987)	(82)	(7,702)
Net exchange differences	39	(205)	-	(166)
At September 30	<u>\$ 26,101</u>	<u>\$ 15,613</u>	<u>\$ 28</u>	<u>\$ 41,742</u>

D. For the nine months ended September 30, 2024 and 2023, the additions to right-of-use assets amounted to \$3,427 thousand and \$19,976 thousand, respectively.

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

	Three months ended September 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 78	\$ 91
	Nine months ended September 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 222	\$ 313

F. For the nine months ended September 30, 2024 and 2023, the Group's total cash outflow for leases amounted to \$6,496 thousand and \$7,175 thousand, respectively.

(10) Investment property

	2024		
	Buildings	Right-of-use assets	Total
At January 1			
Cost	\$ 108,119	\$ 9,006	\$ 117,125
Accumulated depreciation	(1,130)	(39)	(1,169)
	<u>\$ 106,989</u>	<u>\$ 8,967</u>	<u>\$ 115,956</u>
At January 1	\$ 106,989	\$ 8,967	\$ 115,956
Transfers	45,602	-	45,602
Depreciation expense	(6,121)	(486)	(6,607)
Net exchange differences	7,573	151	7,724
At September 30	<u>\$ 154,043</u>	<u>\$ 8,632</u>	<u>\$ 162,675</u>
At September 30			
Cost	\$ 250,841	\$ 9,144	\$ 259,985
Accumulated depreciation	(96,798)	(512)	(97,310)
	<u>\$ 154,043</u>	<u>\$ 8,632</u>	<u>\$ 162,675</u>

There was no such transaction for the nine months ended September 30, 2023.

- A. The right-of-use assets of the investment property includes land use rights located in Wujiang District, Suzhou City, Jiangsu Province, China.
- B. The Group entered into a commercial property lease contract for its investment properties, with lease terms ranging from 3 to 5 years, and the lease contract includes provisions for annual rental adjustments based on market conditions.
- C. For the nine months ended September 30, 2024, the amount of buildings and structures that was transferred to investment properties from property, plant and equipment was \$45,602 thousand.
- D. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>Three months ended September 30, 2024</u>
Rental income from investment property	\$ <u>6,121</u>
Direct operating expenses arising from the investment property that generated rental income during the period	\$ <u>5,404</u>
	<u>Nine months ended September 30, 2024</u>
Rental income from investment property	\$ <u>16,444</u>
Direct operating expenses arising from the investment property that generated rental income during the period	\$ <u>15,120</u>

The Group does not measure investment property at fair value and only discloses information about its fair value, which is classified in Level 3 of the fair value hierarchy. The fair value of investment properties held by the Group amounted to \$120,639 thousand as of December 31, 2023. The fair value was evaluated by a commissioned independent external appraiser using the replacement cost method. Furthermore, for the nine months ended September 30, 2024, the fair value of buildings and structures that was transferred to investment properties from property, plant and equipment was \$56,087 thousand on September 30, 2023, which was the estimated amount of the rental income, taking into consideration of future economic growth and results of inflation. Additionally, the amount was discounted from future cash flows in accordance with the interest rate of deposits of 2.47% on September 30, 2024.

(11) Other non-current assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Guarantee deposits paid	\$ 7,978	\$ 7,071	\$ 4,453
Prepayments for business facilities	5,488	5,030	1,758
Other non-current assets	<u>1,125</u>	<u>424</u>	<u>48</u>
	<u>\$ 14,591</u>	<u>\$ 12,525</u>	<u>\$ 6,259</u>

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

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Unsecured borrowings	\$ 45,230	\$ 86,540	\$ -
Liabilities of discounted notes receivable	68,598	-	-
Short-term borrowings	<u>\$ 113,828</u>	<u>\$ 86,540</u>	<u>\$ -</u>
Interest rate range	<u>1.3%~2.8%</u>	<u>2.8%</u>	<u>0.0%</u>

(13) Other payables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Salary and bonus payable	\$ 41,000	\$ 48,520	\$ 22,983
Payable for consumables and expenses	12,725	12,054	11,102
Insurance and pension expense payable	54,564	61,218	482
Payable on exhibition fee and advertisement expense	4,383	-	4,273
Payable on machinery and equipment and software fee	3,697	4,440	3,937
Service fees payable	10,950	5,584	4,858
Others	13,591	16,660	9,985
	<u>\$ 140,910</u>	<u>\$ 148,476</u>	<u>\$ 57,620</u>

(14) Pensions

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

(b) For the aforementioned pension plan, the Group recognised pension costs of \$30 thousand, \$34 thousand, \$90 thousand and \$100 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively.

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

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

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

- (b) The Company’s Hong Kong branch contributes 5% of employees’ salaries and wages (below the ceiling of HKD1,500) pursuant to the mandatory provident fund schemes. The accrued benefits is deposited in a specialised account in Manulife (International) Limited and can only be withdrawn when scheme members reach the age of 65. Other than the monthly contributions, the Group has no further obligations.
- (c) Titan Lighting Co. Ltd. and Zhongshan Tons Lighting Co. Ltd. have a defined contribution plan. Monthly contribution to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of employees’ monthly salaries and wages. On September 30, 2024 and 2023, abovementioned contribution percentage was 15%-16% and 14%-16%, respectively. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under defined contribution pension plans of the Group for the three months and nine months ended September 30, 2024 and 2023 were \$6,460 thousand, \$4,134 thousand, \$19,340 thousand and \$11,751 thousand, respectively.

(15) Share-based payment

A. As at September 30, 2024, September 30, 2023 and December 31, 2023, the Group’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions	Actual turnover rate on September 30, 2024	Actual turnover rate on December 31, 2023
Sixth employee stock options	2018.11.02	600	5 years	2-4 years’ service	0.00%	0.00%
Seventh employee stock options	2022.10.31	600	5 years	2-4 years’ service	2.70%	2.63%

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

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

(a) Sixth employee stock options

	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 outstanding at September 30	<u>-</u>	-	<u>137</u>	20.90
Options exercisable at September 30	<u>-</u>		<u>137</u>	

(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 (Note)	(4)	27.70	(2)	28.40
Options outstanding at September 30	<u>554</u>	27.70	<u>558</u>	28.40
Options exercisable at September 30	<u>-</u>		<u>-</u>	

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

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

	<u>Expiry date</u>	<u>September 30, 2024</u>		<u>December 31, 2023</u>	
		<u>No. of options (in thousands)</u>	<u>Exercise price (in dollars)</u>	<u>No. of options (in thousands)</u>	<u>Exercise price (in dollars)</u>
Seventh employee stock options	2027.10.30	554	\$ 27.70	558	\$ 28.40
				<u>September 30, 2023</u>	
	<u>Expiry date</u>			<u>No. of options (in thousands)</u>	<u>Exercise price (in dollars)</u>
Sixth employee stock options	2023.11.01			137	\$ 20.90
Seventh employee stock options	2027.10.30			558	28.40

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

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

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

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

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Equity-settled - Employee stock options	\$ 230	\$ 272
	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Equity-settled - Employee stock options	\$ 719	\$ 813

(16) Share capital

- A. As of September 30, 2024, the Company's authorized capital was \$800 million, consisting of 80,000 thousand shares of ordinary stock (including 8 million shares reserved for employee stock options). The paid-in capital was \$579,966 thousand with a par value of \$10 (in dollars) per share. The total share capital was \$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	-	73
At September 30	\$ 57,497	\$ 38,995

E. Treasury shares

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

	Nine months ended September 30, 2024			
	No. of shares at beginning of the period	Increase in the period	Decrease in the period	No. of shares at end of the period
Reason for reacquisition				
Reissued to employees	500	-	-	500

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

- (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 September 30, 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 realised 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.

(17) Capital surplus

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

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

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

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

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

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount

could be included in the distributable earnings.

- (b) The amount previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be the same as the amount reclassified from accumulated translation adjustment under shareholders' equity to retained earnings for the exemptions elected by the Group. The increase in special reserve as a result of retained earnings arising from the adoption of IFRS was \$38,429 thousand.
- E. The appropriation of 2023 and 2022 earnings as resolved by the shareholders on May 29, 2024 and May 25, 2023, respectively, are 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	
(Reversal of) 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>	

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

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

(19) 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)
Currency translation differences:				
–Group	60,568	-	5,415	-
Revaluation	-	(821)	-	(2,650)
Revaluation – tax	-	164	-	445
At September 30	<u>(\$ 27,444)</u>	<u>(\$ 3,574)</u>	<u>(\$ 55,710)</u>	<u>(\$ 20,002)</u>

(20) Operating revenue

	Three months ended September 30,	
	2024	2023
Sales revenue	<u>\$ 318,713</u>	<u>\$ 190,730</u>
	Nine months ended September 30,	
	2024	2023
Sales revenue	<u>\$ 885,854</u>	<u>\$ 535,190</u>

A. Disaggregation of revenue from contracts with customers

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

Three months ended September 30, 2024

	TONS LIGHTOLOGY INC.				TITAN LIGHTING CO., LTD.				ZHONGSHAN TONS LIGHTING CO., LTD.	StrongLED Lighting Systems (Cayman) Co. Ltd.	Others	Total
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Asia	Asia	Asia	
Revenue from contracts	<u>\$ 103,918</u>	<u>\$ 30,611</u>	<u>\$ 12,837</u>	<u>\$ 646</u>	<u>\$ 15,238</u>	<u>\$ 3,706</u>	<u>\$ 171</u>	<u>\$ 1</u>	<u>\$ 26,392</u>	<u>\$ 117,148</u>	<u>\$ 8,045</u>	<u>\$ 318,713</u>

Three months ended September 30, 2023

	TONS LIGHTOLOGY INC.				TITAN LIGHTING CO., LTD.				ZHONGSHAN TONS LIGHTING CO., LTD.	Others	Total
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Asia	Asia	
Revenue from contracts	<u>\$ 100,560</u>	<u>\$ 38,752</u>	<u>\$ 11,806</u>	<u>\$ 324</u>	<u>\$ 10,983</u>	<u>\$ 1,316</u>	<u>\$ 207</u>	<u>\$ 71</u>	<u>\$ 17,670</u>	<u>\$ 9,041</u>	<u>\$ 190,730</u>

Nine months ended September 30, 2024

	TONS LIGHTOLOGY INC.				TITAN LIGHTING CO., LTD.				ZHONGSHAN TONS LIGHTING CO., LTD.	StrongLED Lighting Systems (Cayman) Co. Ltd.	Others	Total
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Asia	Asia	Asia	
	Revenue from contracts	<u>\$ 314,357</u>	<u>\$ 97,728</u>	<u>\$ 36,190</u>	<u>\$ 1,107</u>	<u>\$ 29,092</u>	<u>\$ 8,777</u>	<u>\$ 537</u>	<u>\$ 43</u>	<u>\$ 51,241</u>	<u>\$ 331,142</u>	

Nine months ended September 30, 2023

	TONS LIGHTOLOGY INC.				TITAN LIGHTING CO., LTD.				ZHONGSHAN TONS LIGHTING CO., LTD.	Others	Total
	Europe	Asia	Oceania	Others	Europe	Asia	Oceania	Others	Asia	Asia	
	Revenue from contracts	<u>\$ 315,075</u>	<u>\$ 96,498</u>	<u>\$ 29,910</u>	<u>\$ 992</u>	<u>\$ 24,555</u>	<u>\$ 4,736</u>	<u>\$ 470</u>	<u>\$ 72</u>	<u>\$ 38,008</u>	

B. Contract liabilities

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

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Contract liabilities:				
Contract liabilities –				
advance sales receipts	\$ 50,889	\$ 48,503	\$ 19,599	\$ 31,191
Revenue recognised that was included in the contract liability balance at the beginning of the period:				
	Three months ended September 30,			
	2024	2023		
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 4,388	\$ 1,200		
	Nine months ended September 30,			
	2024	2023		
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 38,096	\$ 24,153		
<u>(21) Interest income</u>				
	Three months ended September 30,			
	2024	2023		
Interest income from bank deposits	\$ 6,507	\$ 3,638		
	Nine months ended September 30,			
	2024	2023		
Interest income from bank deposits	\$ 19,950	\$ 10,723		
<u>(22) Other income</u>				
	Three months ended September 30,			
	2024	2023		
Rent income	\$ 6,224	\$ 25		
Grant revenues	2,379	156		
Other income - others	1,172	86		
	\$ 9,775	\$ 267		
	Nine months ended September 30,			
	2024	2023		
Rent income	\$ 16,659	\$ 73		
Grant revenues	7,798	272		
Other income - others	3,395	537		
	\$ 27,852	\$ 882		

(23) Other gains and losses

	Three months ended September 30,	
	2024	2023
Gains (losses) on disposals of property, plant and equipment	\$ 203	(\$ 8)
Net currency exchange loss	(4,429)	(1,243)
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	1,638	(2,041)
Other losses	(2)	(1)
	<u>(\$ 2,590)</u>	<u>(\$ 3,293)</u>

	Nine months ended September 30,	
	2024	2023
Losses on disposals of property, plant and equipment	(\$ 1,872)	(\$ 152)
Net currency exchange gain	9,443	2,227
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	925	(2,112)
Other losses	(153)	(26)
	<u>\$ 8,343</u>	<u>(\$ 63)</u>

(24) Finance costs

	Three months ended September 30,	
	2024	2023
Interest expense:		
Borrowing interests	\$ 511	\$ -
Lease liabilities	78	91
	<u>\$ 589</u>	<u>\$ 91</u>

	Nine months ended September 30,	
	2024	2023
Interest expense:		
Borrowing interests	\$ 1,527	\$ -
Lease liabilities	222	313
	<u>\$ 1,749</u>	<u>\$ 313</u>

(25) Expenses by nature

	Three months ended September 30,	
	2024	2023
Employee benefit expense	\$ 89,219	\$ 52,947
Depreciation charges on property, plant and equipment	17,473	11,623
Depreciation charges on right-of-use assets	3,443	2,512
Depreciation expenses on investment property	2,408	-
Amortisation charges	2,796	693

	Nine months ended September 30,	
	2024	2023
Employee benefit expense	\$ 256,557	\$ 156,878
Depreciation charges on property, plant and equipment	52,650	35,029
Depreciation charges on right-of-use assets	10,200	7,702
Depreciation expenses on investment property	6,607	-
Amortisation charges	8,223	1,931

(26) Employee benefit expense

	Three months ended September 30,	
	2024	2023
Wages and salaries	\$ 73,709	\$ 42,939
Labour and health insurance fees	3,622	2,029
Pension costs	6,490	4,168
Directors' remunerations	564	523
Other employee benefit expenses	4,836	3,287
	<u>\$ 89,221</u>	<u>\$ 52,946</u>

	Nine months ended September 30,	
	2024	2023
Wages and salaries	\$ 209,627	\$ 127,677
Labour and health insurance fees	11,143	6,167
Pension costs	19,394	11,851
Directors' remunerations	1,731	1,650
Other employee benefit expenses	14,664	9,532
	<u>\$ 256,559</u>	<u>\$ 156,877</u>

Note: For the nine months ended September 30, 2024 and 2023, the Group had 793 and 554 employees, respectively, and had 5 non-employee directors for both periods.

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

B. The Group incurred a net loss after tax and thus did not accrue employees' compensation

and directors' remuneration for the nine months ended September 30, 2024 and 2023.

C. Employees' compensation and directors' remuneration for 2023 and 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 and 2022 financial statements. The employees' compensation will be distributed in the form of cash. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Current tax:		
Current tax on profits for the period	\$ 3,790	(\$ 622)
Tax on undistributed surplus earnings	(251)	-
Prior year income tax overestimation	-	(98)
Total current tax	<u>3,539</u>	<u>(720)</u>
Deferred tax:		
Origination and reversal of temporary differences	(2,488)	<u>1,862</u>
Income tax expense	<u>\$ 1,051</u>	<u>\$ 1,142</u>
	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Current tax:		
Current tax on profits for the period	\$ 22,248	\$ 719
Tax on undistributed surplus earnings	(251)	-
Prior year income tax underestimation (overestimation)	<u>132</u>	<u>(5,057)</u>
Total current tax	<u>22,129</u>	<u>(4,338)</u>
Deferred tax:		
Origination and reversal of temporary differences	(15,844)	<u>(5,178)</u>
Total deferred tax	<u>(15,844)</u>	<u>(5,178)</u>
Income tax expense (benefit)	<u>\$ 6,285</u>	<u>(\$ 9,516)</u>

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

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Changes in fair value of financial assets at fair value through other comprehensive income	\$ <u> -</u>	\$ <u> -</u>
	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ <u> 164</u>)	(\$ <u> 445</u>)

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

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(28) Earnings (losses) per share

	<u>Three months ended September 30, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic losses per share</u>			
Losses attributable to ordinary shareholders of the parent	<u>(\$ 3,213)</u>	<u>57,497</u>	<u>(\$ 0.06)</u>
<u>Diluted losses per share</u>			
Losses attributable to ordinary shareholders of the parent	(3,213)	57,497	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	-	
-Employee stock options	<u>-</u>	<u>-</u>	
Losses attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>(\$ 3,213)</u>	<u>57,497</u>	<u>(\$ 0.06)</u>

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

<u>Nine months ended September 30, 2024</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic losses per share</u>			
Losses attributable to ordinary shareholders of the parent	(\$ 11,429)	57,497	(\$ 0.20)
<u>Diluted losses per share</u>			
Losses attributable to ordinary shareholders of the parent	(11,429)	57,497	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation (Note)	-	-	
-Employee stock options (Note)	-	-	
Losses attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	(\$ 11,429)	57,497	(\$ 0.20)

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

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

Note: For the three months ended September 30, 2023, and the nine months ended September 30, 2024 and 2023, the Group's employee compensation and employee stock options had the anti-dilution effect, thus, they were not included in the calculation of diluted losses per share.

(29) Business combinations

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

	<u>December 31, 2023</u>
Purchase consideration	
Shares	\$ 513,068
Fair value of equity interest in Strong LED Lighting Systems (Cayman) Co., Ltd. held before the business combination	<u>87,269</u>
	<u>600,337</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash equivalents	224,799
Current financial assets at amortised cost	132,660
Notes receivable	74,025
Net accounts receivable	107,951
Inventories	41,724
Prepayments	12,945
Other current assets	3,846
Property, plant and equipment	264,652
Right-of-use assets	63,115
Investment property	120,639
Intangible assets	20,559
Deferred tax assets	48,913
Other non-current assets	5,118
Short-term borrowings	(112,761)
Contract liabilities	(30,967)
Notes payable	(66,855)
Accounts payable	(78,984)
Other payables	(88,790)
Provisions for liabilities – current	(15,585)
Other current liabilities	(10)
Provisions for liabilities – non-current	(13,147)
Deferred tax liabilities	(25,585)
Other non-current liabilities	(2,065)
Total identifiable assets	<u>686,194</u>
Gain recognised in bargain purchase transaction (shown as other income)	<u>(\$ 85,857)</u>
C. The Group had held 14.53% equity interests in Strong LED Lighting Systems (Cayman) Co., Ltd. before the business combination, and the loss recognised based on fair value remeasurement was \$0 thousand.	
Remeasurement of fair value at the acquisition date	\$ 87,269
Amount of equity before obtaining the control	<u>(87,269)</u>
Losses on disposal of investments	<u>-</u>
D. The evaluation report on the price allocation of the fair value of the identifiable assets acquired was completed by Valuationtek, Inc..	

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

F. The operating revenue included in the consolidated statement of comprehensive income since October 31, 2023 contributed by Strong LED Lighting Systems (Cayman) Co., Ltd. was \$81,091 thousand. Strong LED Lighting Systems (Cayman) Co., Ltd. also contributed profit before income tax of \$890 thousand over the same period. Had Strong LED Lighting Systems (Cayman) Co., Ltd. been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of \$152,995 thousand and \$418,168 thousand, and profit before income tax of \$46,868 thousand and \$28,627 thousand for the three months and nine months ended September 30, 2023.

(30) Supplemental cash flow information

Investing activities with partial cash payments :

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Purchase of property, plant and equipment	\$ 25,838	\$ 9,376
Add: Opening balance of payable on equipment	1,373	1,109
Less: Ending balance of payable on equipment	(2,164)	(870)
Cash paid during the period	<u>\$ 25,047</u>	<u>\$ 9,615</u>

(31) Changes in liabilities from financing activities

	<u>Guarantee deposits received</u>	<u>Short-term borrowings</u>	<u>Lease liabilities</u>	<u>Dividends payable</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2024	\$ 3,147	\$ 86,540	\$ 15,401	\$ -	\$ 105,088
Changes in cash flow from financing activities	281	22,954	(6,274)	(40,248)	(23,287)
Impact of changes in foreign exchange rate	97	4,334	59	-	4,490
Changes in other non-cash items	-	-	3,427	40,248	43,675
At September 30, 2024	<u>\$ 3,525</u>	<u>\$ 113,828</u>	<u>\$ 12,613</u>	<u>\$ -</u>	<u>\$ 129,966</u>

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

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7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

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

(2) Significant related party transactions

A. Operating revenue

	Three months ended September 30,	
	2024	2023
Sales of goods:		
-Associates	\$ -	\$ 297

	Nine months ended September 30,	
	2024	2023
Sales of goods:		
-Associates	\$ -	\$ 594

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

B. Accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable:			
-Associates	\$ -	\$ -	\$ 312

(3) Key management compensation

	Three months ended September 30,	
	2024	2023
Short-term employee benefits	\$ 5,691	\$ 5,425
Post-employment benefits	127	132
Share-based payments	103	114
	\$ 5,921	\$ 5,671

	Nine months ended September 30,	
	2024	2023
Short-term employee benefits	\$ 17,389	\$ 16,774
Post-employment benefits	382	395
Share-based payments	307	341
	\$ 18,078	\$ 17,510

8. PLEGDED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Restricted time deposits (shown as 'financial assets at amortised cost')	\$ 4,839	\$ 4,643	\$ 4,731	Construction and forward foreign exchange
Notes receivable	68,598	-	-	Discounted notes receivable
Other financial assets (shown as 'other current assets')	4,282	2,273	-	Guarantee of acceptance bill
Guarantee deposits paid (shown as 'other non- current assets')	7,978	7,071	4,453	Construction and lease security deposits
	<u>\$ 85,697</u>	<u>\$ 13,987</u>	<u>\$ 9,184</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Group's customer, Krislite Pte Ltd., filed an appeal with the Taiwan Taichung District Court, requesting for compensation due to faulty products. According to the Group's legal counsel, the findings of fact are difficult for the court to confirm. The case is currently on trial and its decision has not yet been determined.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There were no changes in the current period, please refer to Note 12 of 2023 consolidated financial statements.

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(2) Financial instruments

A. Financial instruments by category

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 412	\$ -	\$ 58,696
Financial assets at fair value through other comprehensive income			
Cash and cash equivalents	4,013	4,835	31,950
Financial assets at amortised cost	387,169	406,694	196,653
Notes receivable	554,653	571,621	420,801
Accounts receivable	94,965	69,594	886
Other receivables	221,607	199,829	99,357
Guarantee deposits paid	12,478	9,082	7,326
Other financial assets	7,978	7,071	4,453
	4,282	2,273	-
	<u>\$ 1,287,557</u>	<u>\$ 1,270,999</u>	<u>\$ 820,122</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities mandatorily measured at fair value through profit or loss	\$ -	\$ 507	\$ 2,643
Financial liabilities at amortised cost			
Short-term borrowings	113,828	86,540	-
Notes payable	75,609	72,567	57
Accounts payable	125,825	116,586	39,845
Other accounts payable	140,910	148,476	57,620
Guarantee deposits received	3,525	1,126	1,126
	<u>\$ 459,697</u>	<u>\$ 425,802</u>	<u>\$ 101,291</u>
Lease liability (including current portion)	<u>\$ 12,613</u>	<u>\$ 15,401</u>	<u>\$ 15,694</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

September 30, 2024							
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	\$ 7,461	31.650	\$ 236,141	1%	\$ 2,361	\$ -	-
EUR:NTD	670	35.380	23,705	1%	237	-	-
RMB:NTD	18,882	4.523	85,403	1%	854	-	-
RMB:USD	6,691	0.143	30,263	-1%	(303)	-	-
USD:RMB	2,370	6.998	75,011	1%	750	-	-
USD:RMB (Note)	1,800	6.941	412	1%	(565)	-	-
<u>Non-monetary items</u>							
USD:NTD	\$ 131	30.655	\$ 4,013	1%	\$ -	\$ 40	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	\$ 2,567	31.650	\$ 81,246	1%	(\$ 812)	\$ -	-
EUR:NTD	68	35.380	2,406	1%	(24)	-	-
RMB:NTD	10,249	4.523	46,356	1%	(464)	-	-

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

December 31, 2023							
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Sensitivity analysis			
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$ 8,290	30.705	\$ 254,544	1%	\$ 2,545	\$ -	
EUR:NTD	895	33.980	30,412	1%	304	-	
RMB:NTD	8,126	4.327	35,161	1%	352	-	
RMB:USD	6,593	0.141	28,528	-1%	(285)	-	
USD:RMB	3,357	7.096	103,077	1%	1,031	-	
<u>Non-monetary items</u>							
USD:NTD	\$ 158	30.660	\$ 4,835	1%	\$ -	\$ 48	
<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)	-	
USD:RMB (Note)	1,800	7.002	(507)	1%	(545)	-	

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

September 30, 2023						
Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Sensitivity analysis			
			Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 2,505	32.270	\$ 80,836	1%	\$ 808	\$ -
EUR:NTD	489	33.910	16,582	1%	166	-
RMB:NTD	7,834	4.415	34,587	1%	346	-
RMB:USD	6,563	0.137	28,976	-1%	(290)	-
USD:RMB	3,319	7.309	107,104	1%	1,071	-
<u>Non-monetary items</u>						
USD:NTD	\$ 270	32.270	\$ 8,713	1%	\$ -	\$ 87
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 3,242	32.270	\$ 104,619	1%	(1,046)	-
EUR:NTD	66	33.910	2,238	1%	(22)	-
RMB:NTD	13,284	4.415	58,649	1%	(586)	-
USD:RMB (Note)	1,800	7.206	(2,643)	1%	(573)	-

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

- vi. Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2024 and 2023 amounted to (\$4,429) thousand, (\$1,243) thousand, \$9,443 thousand and \$2,227 thousand, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
- ii. The Group mainly invests in shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine months ended September 30, 2024 and 2023 would have decreased/increased by \$0 thousand and \$587 thousand, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have decreased/increased by \$40 thousand and \$320 thousand, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from short-term borrowings with fixed rates, which expose the Group to fair value risk. The Group manages its interest rate risk by maintaining an appropriate mix of fixed and floating interest rates, supplemented by interest rate swap. During the period from January 1, 2024 to September 30, 2024, the Group's borrowings at fixed interest rates were mainly denominated in RMB.
- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. For banks and financial institutions, the Group transacts with a variety of banks and financial institutions, mainly domestic and overseas well-known financial institutions, to avoid concentration in any single counterparty and to minimise credit risk. The Group can only enter into the financial services and loan agreement provided by banks and financial institutions after being approved by the Board of Directors or authorised management according to the Group's delegation of authorisation policy. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions

are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 30 days.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with product types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss.
- vii. The Group used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of September 30, 2024, December 31, 2023 and September 30, 2023, the loss rate methodology is as follows:

	Not past due	Up to 30 days past due	31~120 days past due	Over 121 days	Total
<u>September 30, 2024</u>					
Expected loss rate	0.00%	0.00%	26.86%	96.60%	
Total book value	\$ 194,680	\$ 18,166	\$ 10,373	\$ 34,496	\$ 257,715
Loss allowance	\$ -	\$ -	(\$ 2,786)	(\$ 33,322)	(\$ 36,108)
	Not past due	Up to 30 days past due	31~120 days past due	Over 121 days	Total
<u>December 31, 2023</u>					
Expected loss rate	0.00%	0.00%	13.06%	96.58%	
Total book value	\$ 171,425	\$ 16,250	\$ 12,354	\$ 41,330	\$ 241,359
Loss allowance	\$ -	\$ -	(\$ 1,613)	(\$ 39,917)	(\$ 41,530)

	Not past due	Up to 30 days past due	31~120 days past due	Over 121 days	Total
<u>September 30, 2023</u>					
Expected loss rate	0.00%	0.00%	25.68%	99.95%	
Total book value	\$ 76,408	\$ 17,986	\$ 6,675	\$ 4,413	\$ 105,482
Loss allowance	\$ -	\$ -	(\$ 1,714)	(\$ 4,411)	(\$ 6,125)

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

	<u>2024</u>	
	<u>Accounts receivable</u>	
At January 1	\$	41,530
Reversal of impairment loss	(3,474)
Write-offs	(3,484)
Effect of exchange rate changes		1,536
At September 30	\$	<u>36,108</u>
	<u>2023</u>	
	<u>Accounts receivable</u>	
At January 1	\$	850
Provision for impairment loss		5,270
Effect of exchange rate changes		5
At September 30	\$	<u>6,125</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. The Group invests surplus cash in interest bearing current accounts and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group's undrawn borrowing facilities amounted to \$623,590 thousand, \$640,108 thousand and \$13,420 thousand, respectively.
- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

	Within 1	Between	Between	Between	Over 5
September 30, 2024	year	1 and 2	2 and 3	3 and 5	Over 5
		years	years	years	years
Short-term borrowings	\$ 113,828	\$ -	\$ -	\$ -	\$ -
Notes and accounts payable	201,434	-	-	-	-
Other payables	140,910	-	-	-	-
Lease liabilities	8,683	3,579	608	-	-

Non-derivative financial liabilities

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

Non-derivative financial liabilities

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

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

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

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

September 30, 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 profit or loss	<u>\$ 412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412</u>
Financial assets at fair value through other comprehensive income - equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,013</u>	<u>\$ 4,013</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,835</u>	<u>\$ 4,835</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 507</u>	<u>\$ -</u>	<u>\$ 507</u>
September 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 58,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,696</u>
Financial assets at fair value through other comprehensive income - equity securities	<u>\$ 27,115</u>	<u>\$ -</u>	<u>\$ 4,835</u>	<u>\$ 31,950</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 2,643</u>	<u>\$ -</u>	<u>\$ 2,643</u>

(b) The Group used market quoted prices as the fair values of the instruments in Level 1. Based on the characteristics, the closing prices are used for emerging shares.

(c) Forward exchange contracts are usually valued based on the current forward exchange rate.

D. For the nine months ended September 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.

E. For the nine months ended September 30, 2024 and 2023, movements on Level 3 are as follows:

	<u>2024</u>	<u>2023</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
At January 1	\$ 4,835	\$ 7,060
Loss recognized in other comprehensive income	(822)	(2,225)
At September 30	<u>\$ 4,013</u>	<u>\$ 4,835</u>

F. For the nine months ended September 30, 2024 and 2023, there was no transfer into or out from Level 3.

G. The Group's treasury department are in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

	<u>Fair value at September 30, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 4,013	Market comparable companies	Price to book ratio	0.76	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
	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 4,835	Market comparable companies	Price to book ratio	0.76	The higher the multiple, the higher the fair value

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

				September 30, 2024	
				Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	
Financial assets					
Equity securities	Price to book ratio	± 5%	\$ 210	(\$ 210)	
				December 31, 2023	
				Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	
Financial assets					
Equity securities	Price to book ratio	± 5%	\$ 246	(\$ 246)	
				September 30, 2023	
				Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	
Financial assets					
Equity securities	Price to book ratio	± 5%	\$ 244	(\$ 244)	

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: Titan Lighting Co., Ltd. entered into forward foreign exchange contracts for the nine months ended September 30, 2024. As of September 30, 2024, financial assets at fair value through profit or loss of \$412 thousand was recognised.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:
Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the nine months ended September 30, 2024 are provided in Note 13(1) J.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

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

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

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

	Three months ended September 30, 2024				
	TONS	TITAN	ZHONGSHAN	StrongLED	Total
	LIGHTOLO	LIGHTING	TONS	Lighting	
	GY INC.	CO.,LTD.	LIGHTING	System	
		CO.,LTD.	(Cayman)	Co., Ltd.	
Revenue from external customers	\$ 148,012	\$ 19,116	\$ 26,392	\$ 117,148	\$ 310,668
Inter-segment revenue	-	115,196	9,460	4,315	128,971
Segment revenue	<u>\$ 148,012</u>	<u>\$ 134,312</u>	<u>\$ 35,852</u>	<u>\$ 121,463</u>	<u>\$ 439,639</u>
Segment profit (loss) before tax	<u>\$ 10,692</u>	<u>(\$ 7,344)</u>	<u>\$ 3,248</u>	<u>(\$ 8,739)</u>	<u>(\$ 2,143)</u>
	Three months ended September 30, 2023				
	TONS	TITAN	ZHONGSHAN		Total
	LIGHTOLOGY	LIGHTING	TONS	LIGHTING	
	INC.	CO.,LTD.	CO.,LTD.		
Revenue from external customers	\$ 151,442	\$ 12,577	\$ 17,670	\$ 181,689	
Inter-segment revenue	-	112,290	14,190	126,480	
Segment revenue	<u>\$ 151,442</u>	<u>\$ 124,867</u>	<u>\$ 31,860</u>	<u>\$ 308,169</u>	
Segment profit (loss) before tax	<u>\$ 4,330</u>	<u>(\$ 3,696)</u>	<u>\$ 3,391</u>	<u>\$ 4,025</u>	
	Nine months ended September 30, 2024				
	TONS	TITAN	ZHONGSHAN	StrongLED	Total
	LIGHTOLO	LIGHTING	TONS	Lighting	
	GY INC.	CO.,LTD.	LIGHTING	System	
		CO.,LTD.	(Cayman)	Co., Ltd.	
Revenue from external customers	\$ 449,382	\$ 38,449	\$ 51,241	\$ 331,142	\$ 870,214
Inter-segment revenue	-	340,693	22,554	10,400	373,647
Segment revenue	<u>\$ 449,382</u>	<u>\$ 379,142</u>	<u>\$ 73,795</u>	<u>\$ 341,542</u>	<u>\$ 1,243,861</u>
Segment profit (loss) before tax	<u>\$ 30,571</u>	<u>(\$ 6,333)</u>	<u>(\$ 821)</u>	<u>(\$ 25,667)</u>	<u>(\$ 2,250)</u>

	Nine months ended September 30, 2023			
	TONS	TITAN	ZHONGSHAN	Total
	LIGHTOLOGY	LIGHTING	TONS LIGHTING	
	INC.	CO.,LTD.	CO.,LTD.	
Revenue from external customers	\$ 442,475	\$ 29,833	\$ 38,008	
Inter-segment revenue	-	333,393	33,210	366,603
Segment revenue	<u>\$ 442,475</u>	<u>\$ 363,226</u>	<u>\$ 71,218</u>	<u>\$ 876,919</u>
Segment loss before tax	<u>(\$ 6,527)</u>	<u>(\$ 4,678)</u>	<u>(\$ 1,293)</u>	<u>(\$ 12,498)</u>

B. The Group's reportable operating segments are the result of the organization divided by operating business.

C. The Group's revenue is mainly from manufacturing and trading of lighting equipment and lamps.

D. The Group did not allocate income tax expense to reportable segments. The reportable amounts are in agreement with the amount stated in the report to the Chief Operating Decision-Maker.

E. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4. The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segment.

(3) Reconciliation for segment income (loss)

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

	Three months ended September 30,	
	2024	2023
Reportable operating segments revenue after adjustment	\$ 439,639	\$ 308,169
Other operating segments revenue after adjustment	8,045	9,041
Total operating segments revenue	447,684	317,210
Elimination of intersegment loss	(128,971)	(126,480)
Total consolidated operating revenue	<u>\$ 318,713</u>	<u>\$ 190,730</u>

	Nine months ended September 30,	
	2024	2023
Reportable operating segments revenue after adjustment	\$ 1,243,861	\$ 876,919
Other operating segments revenue after adjustment	<u>15,640</u>	<u>24,874</u>
Total operating segments revenue	1,259,501	901,793
Elimination of intersegment loss	(<u>373,647</u>)	(<u>366,603</u>)
Total consolidated operating revenue	<u>\$ 885,854</u>	<u>\$ 535,190</u>

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

	Three months ended September 30,	
	2024	2023
Reportable operating segments (loss) income before tax after adjustment	(\$ 2,143)	\$ 4,025
Other operating segments income (loss) before tax after adjustment	<u>58</u>	(<u>590</u>)
Total operating segments (loss) income	(2,085)	3,435
Elimination of intersegment (loss) income	(<u>77</u>)	<u>21</u>
(Loss) income before tax from continuing operations	<u>(\$ 2,162)</u>	<u>\$ 3,456</u>

	Nine months ended September 30,	
	2024	2023
Reportable operating segments loss before tax after adjustment	(\$ 2,250)	(\$ 12,498)
Other operating segments loss before tax after adjustment	(<u>3,631</u>)	(<u>869</u>)
Total operating segments loss	(5,881)	(13,367)
Elimination of intersegment income	<u>737</u>	<u>42</u>
Loss before tax from continuing operations	<u>(\$ 5,144)</u>	<u>(\$ 13,325)</u>

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Nine months ended September 30, 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 September 30, 2024 (Note 4)	Outstanding endorsement/ guarantee amount as of September 30, 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)	46,249	15,800	15,800	15,800	-	23.91	46,249	N	Y	N	-

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

(1) The Company is '0'.

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

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

(1) Having business relationship.

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

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

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

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

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

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

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

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

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

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

September 30, 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 September 30, 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	\$ 4,013	19.00	\$ 4,013	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IFRS 9, 'Financial instruments'.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
 Nine months ended September 30, 2024

Table 3

Expressed in thousands of NTD
 (Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	Subsidiary of the Company	Purchases	\$ 338,235	92	90 days after monthly billing for purchases	Note 2	Note 1	(\$ 111,156)	(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

Nine months ended September 30, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 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 \$111,156	3.45	\$ -	-	\$ 21,277	\$ -

Note 1: Subsequent collection is the amount of receivables collected from related parties as of October 24, 2024.

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Nine months ended September 30, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
0	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	(1)	(Purchases)	\$ 338,235	90 days after monthly billing for purchases	38.18
0	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	(1)	(Accounts payable)	(111,156)	90 days after monthly billing for purchases	4.99

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

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

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

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

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

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investees

Nine months ended September 30, 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 September 30, 2024			Net profit (loss) of the investee for the nine months ended September 30, 2024	Investment income (loss) recognised by the Company for the nine months ended September 30, 2024	Footnote
				Balance as at September 30, 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	\$ 841,342	(\$ 11,498)	(\$ 11,641)	Subsidiary (Note 1, 3)
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD.	Taiwan	Reinvestment company	85,000	85,000	6,000,000	100.00	66,070	492	492	Subsidiary (Note 3)
TONS LIGHTOLOGY INC.	TONS LIGHTOLOGY (CAYMAN) INC.	Cayman Islands	Reinvestment company	600,337	600,337	37,010,000	100.00	664,801	(31,272)	(30,461)	Subsidiary (Note 3)
StrongLED Lighting System (Cayman) Co., Ltd.	Mentality International Corporation	British Virgin Islands	Reinvestment company	206,804	455,381	6,872,410	100.00	528,117	(41,761)	-	Indirect subsidiary (Note 2, 3)
StrongLED Lighting System (Cayman) Co., Ltd.	StrongLED Smart Lighting(Cayman)Co.,Ltd.	Cayman Islands	Reinvestment company	109,810	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	71,823	(6,725)	-	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	724,280	(6,341)	-	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.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2024

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/			Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Net income of investee as of nine months ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2024	Book value of investments in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted back to Taiwan for the nine months ended September 30, 2024	Remitted back to Taiwan							
TITAN LIGHTING CO., LTD.	Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	\$ 387,792	(2)	\$ 368,845	\$ -	\$ -	\$ 368,845	(\$ 6,333)	100.00	(\$ 6,333)	\$ 576,270	\$ 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	113,940	(2)	110,585	-	-	110,585	(821)	100.00	(821)	115,431	-	Note 1,2,4,5
SHANGHAI TONS LIGHTOLOGY CO., LTD.	Sales of various lighting products and accessories	101,280	(2)	42,842	-	-	42,842	(6,764)	100.00	(6,764)	70,363	-	Note 1,2,4,5,6
StrongLED Lighting Systems(Suzhou) Co. Ltd.	Research, development, production and sales of LED semiconductor application and other products	493,009	(2)	43,299	-	-	43,299	(41,631)	100.00	(41,631)	544,340	510	Note 1,2,4,5
Shanghai Grand Canyon LED Lighting Systems Co., Ltd.	Sales of LED semiconductor application and other products	32,919	(2)	901	-	-	901	2,327	100.00	2,327	17,395	-	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., Zhongshan Tons Lighting Co., Ltd. and SHANGHAI TONS LIGHTOLOGY 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.).
- (3) Others.

Note 2: Investment income (loss) recognised by the Company for the nine months ended September 30, 2024 is based on financial statements reviewed and attested by R.O.C. parent company's CPA.

Note 3: Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 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 \$11,404 thousand and CYN \$29,200 thousand, and CYN \$7,278 thousand, respectively, was translated at the average buying and selling spot rate on September 30, 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 September 30, 2024 (Note 1)	Investment amount approved by the Department of Investment Review of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Department of Investment Review of MOEA
		(Notes 2)	(Note 3)
TONS LIGHTOLOGY INC.	\$ 566,472	\$ 927,582	\$ 971,278

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024 was USD \$18,067 thousand and NTD \$44,200 thousand, including USD \$1,059 thousand for the share ownership in Hong Bo Investment Co., Ltd., an investee company that has conducted a short-form merger, the cash amounts of USD which was calculated at the actual exchange rate at outward remittance.

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

September 30, 2024

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
TANG,SHIH-CHUAN	3,535,633	6.09%
CHANG SHIH,PEI-JEN	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.