

**PARA LIGHT ELECTRONICS CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of PARA LIGHT ELECTRONICS CO., LTD. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, PARA LIGHT ELECTRONICS CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: PARA LIGHT ELECTRONICS CO., LTD.

Chairperson: David Ma

Date: March 8, 2024

Independent Auditors' Report

To the Board of Directors of PARA LIGHT ELECTRONICS CO., LTD.:

Opinion

We have audited the consolidated financial statements of PARA LIGHT ELECTRONICS CO., LTD. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(o) "Revenue recognition" and note 6(t) "Revenue from contracts with customers" to the consolidated financial statements for accounting policies on revenue recognition and description of revenues, respectively.

Description of key audit matter:

The Group mainly engages in the manufacture, processing, and sale of various LEDs and LED displays as well as real estate development. Revenue is one of the key indicators for investors and management to measure financial or business performance; therefore, the accuracy of LED the amounts and timing of revenue recognition has significant influence on financial statements.

How the matter was addressed in our audit:

Our audit procedures in this area included: (i) testing relevant control over the sales and payment collection cycle, as well as checking and reconciling the sales system data and the general ledger. (ii) assessing whether policies on revenue recognition were formulated in accordance with relevant standards. (iii) utilizing our audit tools to sample and test sales transactions before and after the end of the year, so as to assess the accuracy of the periods wherein revenues were recognized. (iv) reviewing with significant customers and analyzing product-specific revenue trends, so as to ascertain whether there was significant abnormality. In addition, (v) we also assessed whether the related information was properly disclosed in the notes to the consolidated financial statements.

2. Inventory valuation

Please refer to note 4(h) “Inventories” and 6(d) “Inventories” to the consolidated financial statements for accounting policies on and description of inventory valuation, respectively.

Description of key audit matter:

The primary products of Para Light Group are LEDs as well as buildings held for sale, and they are measured at the lower of costs or net realizable values. Due to rapid changes in both business climate and environment, LED products may become obsolete or no longer meet market needs. Besides, buildings held for sale are profoundly impacted by factors such as business climate as well as supply and demand, hence the fluctuation of related demand and selling prices. Therefore, there is a risk that the costs of inventories will exceed the net realizable values thereof.

How the matter was addressed in our audit:

Our audit procedures in this area included: (i) reviewing inventory aging reports. (ii) assessing the reasonableness of accounting treatment. (iii) obtaining understanding of changes in both the selling prices adopted by management and market prices. (iv) looking into sales in the subsequent period and evaluating the basis of net realizable values, so as to verify the accuracy of management’s estimate of loss allowances for inventory. In addition, (v) we also assessed whether the related information was properly disclosed in the notes to the consolidated financial statements.

3. Valuation of accounts receivable

Please refer to note 4(g) “Financial instruments” to the consolidated financial statements for accounting policies on valuation of accounts receivable, note 5 for uncertainties over valuation of accounts receivables, and note 6(c) “Notes and accounts receivable” for valuation of accounts receivable.

Description of key audit matter:

As the Group has broad customers base with variable payment terms, recoverability of accounts receivable is affected by customers’ environment, internal and external. Therefore, we considered valuation of accounts receivable, which involved management’s subjective and significant judgment, to be a key audit matter of high concern.

How the matter was addressed in our audit:

Our audit procedures in this area included: (i) analyzing the reasonableness of the reasons of uncollected payments as well as payment collection in the subsequent period. (ii) assessing management’s assumptions regarding expected credit losses (ECLs) on accounts receivable, recent payment collection experience in the industry, and prior-year receipts of payments, so as to ascertain whether there was significant abnormality in the recognition of ECLs on accounts receivable. In addition, (iii) we also assessed whether the related information was properly disclosed in the notes to the consolidated financial statements.

Other Matter

The Group has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Mei, Yuan-Chen and Kuo, Yang-Lun.

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents(note 6(a))	\$ 305,289	13	300,716	12	2100	Short-term borrowings(note 6(l))	\$ 184,730	8	202,711	8
1120	Current financial assets at fair value through other comprehensive income(note 6(b))	17,262	1	42,957	2	2132	Advance real estate receipts(notes 6(d) and (t))	194,855	8	280,510	11
1150	Notes receivable, net(notes 6(c) and (t))	14,369	1	16,504	1	2150	Notes payable	3,210	-	2,856	-
1170	Accounts receivable, net(notes 6(c) and (t))	188,025	8	215,864	8	2170	Accounts payable	128,113	6	128,023	5
1220	Current tax assets	14,459	1	14,787	-	2219	Other payables, others(note 6(d))	16,498	1	79,739	3
130X	Inventories(note 6(d))	632,039	27	790,418	31	2230	Current tax liabilities	5,412	-	10,376	-
1410	Prepayments	10,100	-	12,370	-	2321	Bonds payable, current portion(note 6(n))	-	-	300,000	12
1476	Other current financial assets(notes 7 and 8)	42,209	2	44,088	2	2322	Long-term borrowings, current portion(note 6(m))	27,293	1	32,776	1
1479	Other current assets, others(note 7)	5,250	-	4,373	-	2399	Other current liabilities, others(note 6(o))	79,367	3	62,061	2
		<u>1,229,002</u>	<u>53</u>	<u>1,442,077</u>	<u>56</u>			<u>639,478</u>	<u>27</u>	<u>1,099,052</u>	<u>42</u>
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income(note 6(b))	41,008	2	38,715	1	2530	Bonds payable(note 6(n))	300,000	13	-	-
1550	Investments accounted for using equity method, net(note 6(e))	197,506	8	220,933	9	2540	Long-term borrowings(note 6(m))	163,844	7	166,689	7
1600	Property, plant and equipment(notes 6(g) and 8)	540,283	23	540,293	21	2580	Non-current lease liabilities(note 6(o))	1,017	-	41	-
1755	(notes 6(h) and 8)	43,655	2	44,193	2	2640	Net defined benefit liability, non-current(note 6(p))	10,967	-	12,282	1
1760	Investment property, net(notes 6(i) and 8)	81,966	4	84,023	3	2570	Deferred tax liabilities(note 6(q))	4,323	-	3,788	-
1780	Intangible assets(note 6(j))	5,977	-	7,006	-	2645	Guarantee deposits received	911	-	997	-
1840	Deferred tax assets	33,073	1	29,421	1			<u>481,062</u>	<u>20</u>	<u>183,797</u>	<u>8</u>
1980	Other non-current financial assets(notes 7 and 8)	124,511	5	117,034	5		Total liabilities	<u>1,120,540</u>	<u>47</u>	<u>1,282,849</u>	<u>50</u>
1990	Other non-current assets, others(notes 6(k) and 7)	42,432	2	57,870	2		Stockholders' equity attributable to parent:(note 6(r) and (s))				
		<u>1,110,411</u>	<u>47</u>	<u>1,139,488</u>	<u>44</u>	3110	Ordinary share	1,166,198	50	1,166,198	45
						3200	Capital surplus	29,066	1	29,066	1
						3300	Retained earnings	60,463	3	135,396	5
						3400	Other equity interest	(138,553)	(6)	(133,302)	(5)
						3500	Treasury shares	(7,936)	-	(7,936)	-
							Stockholders' equity attributable to owners of parent:	<u>1,109,238</u>	<u>48</u>	<u>1,189,422</u>	<u>46</u>
						36XX	Non-controlling interests(note 6(f))	109,635	5	109,294	4
							Total equity	<u>1,218,873</u>	<u>53</u>	<u>1,298,716</u>	<u>50</u>
Total assets		<u><u>\$ 2,339,413</u></u>	<u><u>100</u></u>	<u><u>2,581,565</u></u>	<u><u>100</u></u>		Total liabilities and equity	<u><u>\$ 2,339,413</u></u>	<u><u>100</u></u>	<u><u>2,581,565</u></u>	<u><u>100</u></u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(d), (t) and 14)	\$ 759,468	100	938,296	100
5000	Operating costs (note 6(d))	<u>576,319</u>	<u>76</u>	<u>692,091</u>	<u>74</u>
	Gross profit from operations	<u>183,149</u>	<u>24</u>	<u>246,205</u>	<u>26</u>
	Operating expenses: (notes 6(c), (u) and 12)				
6100	Total selling expenses	78,999	10	88,112	9
6200	Total administrative expenses	137,978	18	146,563	16
6300	Total research and development expenses	29,043	4	35,500	4
6450	Expected credit gain	<u>(2,620)</u>	<u>-</u>	<u>(192)</u>	<u>-</u>
		<u>243,400</u>	<u>32</u>	<u>269,983</u>	<u>29</u>
	Net operating loss	<u>(60,251)</u>	<u>(8)</u>	<u>(23,778)</u>	<u>(3)</u>
	Non-operating income and expenses: (notes 6(e), (v) and 7)				
7010	Other income	18,656	2	24,437	3
7020	Other gains and losses	985	-	25,813	3
7050	Finance costs	(16,191)	(2)	(15,575)	(2)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	(19,405)	(2)	589	-
7100	Interest income	<u>3,627</u>	<u>-</u>	<u>2,196</u>	<u>-</u>
		<u>(12,328)</u>	<u>(2)</u>	<u>37,460</u>	<u>4</u>
	Profit (loss) before tax	<u>(72,579)</u>	<u>(10)</u>	<u>13,682</u>	<u>1</u>
7950	Less: Income tax expenses (income) (note 6(q))	<u>(677)</u>	<u>-</u>	<u>10,003</u>	<u>1</u>
	Profit (loss)	<u>(71,902)</u>	<u>(10)</u>	<u>3,679</u>	<u>-</u>
8300	Other comprehensive income: (notes 6(p) and (r))				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans	73	-	5,519	1
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>9,181</u>	<u>1</u>	<u>(22,523)</u>	<u>(2)</u>
		<u>9,254</u>	<u>1</u>	<u>(17,004)</u>	<u>(1)</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>(14,614)</u>	<u>(2)</u>	<u>25,612</u>	<u>3</u>
		<u>(14,614)</u>	<u>(2)</u>	<u>25,612</u>	<u>3</u>
8300	Other comprehensive income (after tax)	<u>(5,360)</u>	<u>(1)</u>	<u>8,608</u>	<u>2</u>
	Total comprehensive income	<u>\$ (77,262)</u>	<u>(11)</u>	<u>12,287</u>	<u>2</u>
	Profit (loss) attributable to:				
	Owners of the parent	\$ (74,824)	(10)	1,042	
	Non-controlling interests	<u>2,922</u>	<u>-</u>	<u>2,637</u>	<u>-</u>
		<u>\$ (71,902)</u>	<u>(10)</u>	<u>3,679</u>	<u>-</u>
	Comprehensive income (loss) attributable to:				
	Owners of the parent	\$ (80,184)	(11)	9,650	2
	Non-controlling interests	<u>2,922</u>	<u>-</u>	<u>2,637</u>	<u>-</u>
		<u>\$ (77,262)</u>	<u>(11)</u>	<u>12,287</u>	<u>2</u>
	Basic earnings per share (NT dollars)(note 6(w))	<u>\$ (0.65)</u>		<u>0.01</u>	
	Diluted earnings per share (NT dollars)(note 6(w))	<u>\$ (0.65)</u>		<u>0.01</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent												
	Retained earnings					Total other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 1,160,763	42,782	-	117,993	10,717	128,710	(124,976)	(11,290)	(136,266)	(7,936)	1,188,053	104,717	1,292,770
Net Income	-	-	-	-	1,042	1,042	-	-	-	-	1,042	2,637	3,679
Other comprehensive income	-	-	-	-	5,519	5,519	25,612	(22,523)	3,089	-	8,608	-	8,608
Total comprehensive income	-	-	-	-	6,561	6,561	25,612	(22,523)	3,089	-	9,650	2,637	12,287
Changes in prepaid preferred stock construction dividends	5,435	136	-	-	-	-	-	-	-	-	5,571	-	5,571
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	1,072	-	(1,072)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	9,645	(9,645)	-	-	-	-	-	-	-	-
Cash dividends from capital surplus	-	(13,852)	-	-	-	-	-	-	-	-	(13,852)	-	(13,852)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	125	125	-	(125)	(125)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,940	1,940
Balance at December 31, 2022	1,166,198	29,066	1,072	127,638	6,686	135,396	(99,364)	(33,938)	(133,302)	(7,936)	1,189,422	109,294	1,298,716
Loss	-	-	-	-	(74,824)	(74,824)	-	-	-	-	(74,824)	2,922	(71,902)
Other comprehensive income	-	-	-	-	73	73	(14,614)	9,181	(5,433)	-	(5,360)	-	(5,360)
Total comprehensive income	-	-	-	-	(74,751)	(74,751)	(14,614)	9,181	(5,433)	-	(80,184)	2,922	(77,262)
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	668	-	(668)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	5,664	(5,664)	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(182)	(182)	-	182	182	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,581)	(2,581)
Balance at December 31, 2023	\$ 1,166,198	29,066	1,740	133,302	(74,579)	60,463	(113,978)	(24,575)	(138,553)	(7,936)	1,109,238	109,635	1,218,873

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
Cash flows from (use in) operating activities:		
Profit (loss) before tax	\$ (72,579)	13,682
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	51,250	47,006
Amortization expense	884	2,093
Expected credit reversal	(2,620)	(192)
Interest expense	16,191	15,575
Interest income	(3,627)	(2,196)
Dividend income	(2,175)	(5,401)
Share of (loss) gain of subsidiaries and associates accounted for using equity method	19,405	(589)
Loss (gain) on disposal of property, plant and equipment	834	(11,976)
Property, plant and equipment transferred to expenses (profit)	(171)	42
Total adjustments to reconcile profit (loss)	79,971	44,362
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in notes receivable	2,135	6,876
Decrease in accounts receivable	30,459	50,536
Decrease in inventories	158,379	45,502
Decrease (increase) in prepaid expenses	(288)	135
Decrease in prepayments	2,558	7,235
(Increase) decrease in other current assets	(877)	4,724
(Increase) decrease in other financial assets	(960)	29,771
Total changes in operating assets	191,406	144,779
Changes in operating liabilities:		
Decrease in contract liabilities	(85,655)	(120,965)
Increase (decrease) in notes payable	354	(874)
Increase (decrease) in accounts payable	90	(5,522)
Increase (decrease) in construction payable	(63,241)	63,488
Decrease in other payable	(20,273)	(2,530)
Increase (decrease) in other current liabilities	37,501	(6,417)
Decrease in net defined benefit liability	(1,242)	(1,079)
Total changes in operating liabilities	(132,466)	(73,899)
Total adjustments	138,911	115,242
Cash inflow generated from operations	66,332	128,924
Interest received	3,627	2,196
Dividends received	2,175	5,401
Interest paid	(16,412)	(15,890)
Income taxes paid	(2,226)	(2,996)
Net cash flows from operating activities	53,496	117,635
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(66,544)	(31,446)
Proceeds from disposal of financial assets at fair value through other comprehensive income	99,852	20,446
Acquisition of property, plant and equipment	(31,220)	(70,756)
Proceeds from disposal of property, plant and equipment	1,516	16,123
Acquisition of intangible assets	-	(107)
Increase in other financial assets	(6,258)	(7,758)
Increase in prepayments for equipment	(8,846)	(11,950)
Net cash flows (used in) investing activities	(11,500)	(85,448)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(15,203)	(137,055)
Proceeds from issuing bonds	300,000	-
Repayments of bonds	(300,000)	-
Proceeds from long-term borrowings	30,014	55,012
Repayments of long-term borrowings	(38,339)	(37,910)
Increase (decrease) in guarantee deposit received	(86)	100
Payment of lease liabilities	(649)	(538)
Cash dividends from capital surplus	-	(13,852)
Exercised of employee share options	-	5,571
Change in non-controlling interests	(2,581)	1,940
Net cash flows (used in) financing activities	(26,844)	(126,732)
Effect of exchange rate changes on cash and cash equivalents	(10,579)	21,352
Net increase (decrease) in cash and cash equivalents	4,573	(73,193)
Cash and cash equivalents at beginning of period	300,716	373,909
Cash and cash equivalents at end of period	\$ 305,289	300,716

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

PARA LIGHT ELECTRONICS CO., LTD. (the “Company”) was incorporated on September 23, 1987 as a company limited by shares under the Company Act of the Republic of China (“R.O.C.”). The Company’s common shares were listed on the Taipei Exchange on January 14, 2003. On November 10, 2008, the Company became listed on the Taiwan Stock Exchange as approved by it on September 17, 2008.

The Company and its subsidiaries (the “Group”) mainly engage in the manufacture, processing and sale of various LEDs and LED displays as well as real estate development.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 8, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The net defined benefit liabilities are recognized at present value less the fair value of the plan assets.

- (ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership		Description
			December 31, 2023	December 31, 2022	
The Company	Para Light Investments Limited (PARA Light Investments)	Holding company	100.00 %	100.00 %	
The Company	Para Light Electronics HK Limited (PARA HK)	Selling LEDs, LED displays and electronic components	100.00 %	100.00 %	
The Company	Para Light Corp. (PARA USA)	Selling LEDs, LED displays and electronic components	100.00 %	100.00 %	
The Company	RUI JI INVESTMENT CO., LTD. (RUI JI INVESTMENT)	General investment	100.00 %	100.00 %	
The Company	Myanmar Para Light Led & Lighting Accessory Company Limited (PARA MYANMAR)	Producing and selling LEDs, LED displays, and electronic components.	100.00 %	100.00 %	
The Company	Para Light India Private Limited (PARA INDIA)	Selling LEDs, LED displays and electronic components	100.00 %	100.00 %	
Para Light Investments	PARA LIGHT NANJING ELECTRONIC CO., LTD. (PARA LIGHT NANJING)	Producing and selling LEDs, LED displays, models, and plastic plates for LED displays	100.00 %	100.00 %	
Para Light Investments	PARA LIGHT LianYunGang ELECTRONICS CO., LTD. (PARA LIGHT LianYunGang ELECTRONICS)	Producing and selling optoelectronic products such as LEDs, LED displays, electronic components, semiconductor lighting, and lamps.	59.94 %	59.94 %	

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name investor	Name of investee	Scope of business	Percentage of ownership		Description
			December 31, 2023	December 31, 2022	
PARA HK	PARA LIGHT LianYunGang ELECTRONICS	Producing and selling optoelectronic products such as LEDs, LED displays, electronic components, semiconductor lighting, and lamps.	5.83 %	5.83 %	
PARA LIGHT NANJING	PARA LIGHT LianYunGang ELECTRONICS	Producing and selling optoelectronic products such as LEDs, LED displays, electronic components, semiconductor lighting, and lamps.	34.23 %	34.23 %	
PARA LIGHT NANJING	PARA LIGHT LianYunGang Investment Co., Ltd. (PARA LIGHT LianYunGang Investment)	Investment in general enterprises as well as property development and investment	94.92 %	94.92 %	
PARA LIGHT NANJING	Nanjing Hongding New Lighting Source Sales Limited Company (Hongding New Lighting Source)	Selling LEDs and other electronic products	50.00 %	50.00 %	
PARA LIGHT LianYunGang ELECTRONICS	PARA LIGHT LianYunGang Investment	Investment in general enterprises as well as property development and investment	5.08 %	5.08 %	
PARA LIGHT LianYunGang Investments	PARA LIGHT LianYunGang Real Estate Development Co., Ltd. (MING DING LianYunGang Real EstateDevelopment)	Property investment and development	100.00 %	100.00 %	
PARA LIGHT LianYunGang Investments	LianYunGang DING MAO Electronics Technology Development Co., Ltd. (LianYunGang DINGMAO)	Developing electronic and agricultural technology	100.00 %	100.00 %	
PARA LIGHT LianYunGang Investments	MING DING LianYunGang Real Estate Development Co., Ltd. (MING DING LianYunGang Real EstateDevelopment)	Property investment and development	60.00 %	60.00 %	

(iii) Subsidiaries excluded from the consolidated financial statements: None

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Exchange differences are generally recognized in profit or loss, except for the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective ; or
- 3) qualifying cash flow hedges to the extent the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the Group's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated into the Group's functional currency at average exchange rate. Exchange differences are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI)–equity investment, or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established. (usually Ex-Dividend Date)

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Due to the counter parties and the performing parties of the Group's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than one year past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The Group's entrusts constructors to build residential buildings, and the operating cycles thereof are normally longer than 1 year. Assets related to the construction business are classified as current according to operating cycle.

The Group acquired the use rights of land for development in the future (with a useful life of 70 years). Upon obtaining the land use rights certificate, the land is recognized as "land held for construction". Besides, the construction land and construction costs of various projects are recognized as "construction in progress" and transferred to "real estate held for sale" upon completion of works. "Land held for construction", "construction in progress", and "buildings and land held for sale" presented within inventories, are measured at cost and subsequently measured at the lower of cost and net realizable value. Net realizable value is the selling price estimated based on ordinary course of business on the balance sheet date, less the costs and selling expenses to be incurred as of the completion of work.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Investment property

Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings and structures (including facilities): 3~55 years
- 2) Machinery equipment (including molds): 2~10 years
- 3) Transportation and miscellaneous equipment: 2~10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including transportation equipment and others. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(m) Intangible Assets

(i) Recognition and measurement

The Group's other intangible assets with finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | | |
|----|--------------------|--------------|
| 1) | Patents: | 15 years |
| 2) | Computer software: | 1 ~ 10 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss shall be recognized immediately in profit or loss.

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods–LED

The Group recognizes revenue when control of the products has transferred. When the products are delivered to the customer, the customer has full discretion over the products' distribution channels and prices, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Sale of goods – real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(p) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of taxes payable or refundable is the best estimate measured using the tax rate enacted or substantively enacted on the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted on the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(t) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Involving significant judgment, accounting policies did not have significant influence on the amounts stated in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(a) Inventory valuation

As inventories are stated at the lower of costs or net realizable values, the Group estimates net realizable values of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the costs of inventories to net realizable values. Net realizable values of inventories are mainly determined based on assumptions as to future demand within a specific time horizon. Due to rapid industrial transformation, there may be significant changes in net realizable values of inventories. Please refer to note 6(d) for inventory valuation.

(b) The loss allowance for accounts receivables

The Group has estimated the loss allowance for trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Please refer to note 6(c) for relevant assumptions, inputs, and impairment recognition.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash	\$ 2,278	1,052
Checking account deposits	3,656	2,016
Demand deposits	382,678	379,319
Time deposits	37,133	33,744
Less: restricted bank deposits (presented within current financial assets) (note 8)	(12,774)	(15,595)
Restricted bank deposits (presented within non-current financial assets) (note 8)	(107,682)	(99,820)
	<u>\$ 305,289</u>	<u>300,716</u>

Please refer to note 6(x) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

(i) Details are set out as follows:

	December 31, 2023	December 31, 2022
Current:		
Financial assets at fair value through other comprehensive income:		
Shares in domestic listed entities	<u>\$ 17,262</u>	<u>42,957</u>

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non Current :		
Financial assets at fair value through other comprehensive income:		
Shares in unlisted entities in Mainland China	<u>\$ 41,008</u>	<u>38,715</u>

(ii) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term strategic purposes.

During 2023 and 2022, the Company sold its current financial assets at FVOCI, whose fair values amounted to \$99,852 thousand and \$20,446 thousand respectively at the time of disposal. The accumulated gains (loss) on disposal amounted to \$(182) thousand and \$125 thousand, both of which have been transferred from other equity to retained earnings.

(iii) Please refer to note 6(x) for credit risk and market risk.

(c) Accounts receivables and notes receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable from operating activities	\$ 14,369	16,504
Accounts receivables	204,754	235,656
Less: Allowance for impairment	<u>(16,729)</u>	<u>(19,792)</u>
	<u>\$ 202,394</u>	<u>232,368</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information.

In respect of the notes and accounts receivable arising from the Group's LED Segment, the ECLs, calculated based on the dates of journal entries, were as follows:

	<u>December 31, 2023</u>		
	<u>Carrying amount of accounts receivable</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
1 to 120 days	\$ 173,087	-	-
121 to 180 days	28,518	7%	1,968
181 to 360 days	3,818	28%	1,061
360 days	<u>13,700</u>	100%	<u>13,700</u>
	<u>\$ 219,123</u>		<u>16,729</u>

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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	December 31, 2022		
	Carrying amount of accounts receivable	Weighted- average loss rate	Loss allowance provision
1 to 120 days	\$ 200,106	-	-
121 to 180 days	28,648	9%	2,692
181 to 360 days	7,483	16%	1,177
360 days	<u>15,923</u>	100%	<u>15,923</u>
	<u>\$ 252,160</u>		<u>19,792</u>

The movements in the allowance for accounts receivables and notes receivable were as follows:

	2023	2022
Balance at January 1	\$ 19,792	19,699
Gains on reversal of impairment	(2,620)	(192)
Amounts written off	(162)	-
Foreign exchange gains/(losses)	<u>(281)</u>	<u>285</u>
Balance at January 31	<u>\$ 16,729</u>	<u>19,792</u>

The Group has neither discounted nor pledged any notes and accounts receivable.

(d) Inventories

(i) Inventories

	December 31, 2023	December 31, 2022
Finished goods	\$ 105,833	100,744
Less: Loss allowance	<u>(39,258)</u>	<u>(33,603)</u>
	<u>66,575</u>	<u>67,141</u>
Work in progress	28,122	12,531
Less: Loss allowance	<u>(433)</u>	<u>(379)</u>
	<u>27,689</u>	<u>12,152</u>
Raw materials and supplies	54,499	82,586
Less: Loss allowance	<u>(35,158)</u>	<u>(36,865)</u>
	<u>19,341</u>	<u>45,721</u>
	<u>\$ 113,605</u>	<u>125,014</u>

During 2023 and 2022, costs of sales and inventories were \$421,506 thousand and \$496,211 thousand, respectively.

During 2023 and 2022, the operating costs arising from inventories written down to net realizable values amounted to \$5,474 thousand and \$10,776 thousand, respectively.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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As of December 31, 2023 and 2022, the Group did not provide any inventories as collateral for its loans.

(ii) Engineering contract

The Group undertook construction contracts without advance receipts of contract sums, and the amounts of construction in progress incurred were recognized in inventories. The details are as follows:

Project	December 31, 2023	December 31, 2022
Completed contract method:		
Lighting Engineering	\$ <u>878</u>	<u>889</u>

(iii) Land held for construction site and construction in progress

	December 31, 2023	December 31, 2022
Buildings and land held for sale	\$ <u>517,556</u>	<u>664,515</u>

The Group entrusted a construction company to build residential buildings for sale. The costs and the payments received for pre-sale were as follows:

Project name	Year of completion	December 31, 2023		December 31, 2022	
		Real estate held for sale	Advance real estate receipts	Real estate held for sale	Advance real estate receipts
Nan Da Yuan	2012	\$ <u>2,634</u>	-	<u>12,751</u>	-

Project name	Year of completion	December 31, 2023		December 31, 2022	
		Real estate held for sale	Advance real estate receipts	Real estate held for sale	Advance real estate receipts
Nan Ting Yuan	2017	\$ <u>4,317</u>	<u>16</u>	<u>17,797</u>	<u>8,243</u>

Project name	Year of completion	December 31, 2023		December 31, 2022	
		Real estate held for sale	Advance real estate receipts	Constructio n in progress	Advance real estate receipts
Majestic Mansion	2022	\$ <u>510,605</u>	<u>194,839</u>	<u>633,967</u>	<u>272,267</u>

Nan Da Yuan, the Group's real estate, was completed in March 2012. Real estate that are held for sale, with payments received, taxes paid and significant obligations satisfied, are recognized by the Group as revenues from housing units sold. During 2023 and 2022, the Group did not recognized \$0 revenues (discounts) from housing units sold using the completed contract method. As of December 31, 2023 and 2022, accumulated construction revenues (net of discount) recognized by the Company were both \$949,550 thousand.

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Nan Ting Yuan, the Group's real estate, was completed in November 2017. Real estate that are held for sale, with payments received, taxes paid and significant obligations satisfied, are recognized by the Group as revenues from housing units sold. During 2023 and 2022, the Group recognized \$10,151 thousand and \$20,968 thousand as revenues from housing units sold using the completed contract method. As of December 31, 2023 and 2022, the Group has recognized \$810,816 thousand and \$800,665 thousand construction revenues (net of discount), respectively.

Majestic Mansion, the Group's real estate, was completed in March 2022. Real estate that are held for sale, with payments received, taxes paid and significant obligations satisfied, are recognized by the Group as revenues from housing units sold. During 2023 and 2022, the Group recognized \$145,555 thousand and \$179,711 thousand as revenues from housing units sold using the completed contract method. As of December 31, 2023 and 2022, the costs of real estate that were recognized as operating costs and expenses amounted to \$139,335 thousand and \$185,104 thousand, respectively.

As of December 31, 2023, the operating costs arising from real estate held for sale written down to net realizable value amounted to \$10,004 thousand.

The Group entrusted a constructor to build Nan Da Yuan with a contract sum of \$579,312 thousand (RMB134,330 thousand). As of December 31, 2023 and 2022, the outstanding balances were \$3,374 thousand (RMB782thousand) and thousand (RMB797 thousand), respectively.

The Group entrusted a constructor to build Nan Ting Yuan with a contract sum of \$345,008 thousand (RMB80,000 thousand). As of December 31, 2023 and 2022, the outstanding balances were \$252 thousand (RMB58 thousand) and \$259 thousand (RMB58thousand), respectively.

The Group entrusted a constructor to build Majestic Mansion with a contract sum of \$321,388thousand (RMB74,523 thousand). As of December 31, 2023 and 2022, the outstanding balances were \$12,872 thousand (RMB2,985 thousand) and \$75,961thousand (RMB17,206 thousand), respectively.

The Group and MING DING LianYunGang Real Estate Development Co., Ltd. entered into a property co-development arrangement, whereby the use rights of land were obtained from Sheng Yu Real Estate Development Co., Ltd. for development and management of Majestic Mansion. In addition, both the construction work permit and the pre-sale (sale) permit for housing units have been completed. For the parcels of land of which the title certificates have not been obtained, the approval notices for land held for construction site have been obtained. The parcels of land, planned to be public facilities and roads, were recognized within the line item of buildings and land held for sale.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(e) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
EBN Technology Corp. (EBN Technology)	\$ 27,627	47,032
YUN DING NanJing Real Estate Development Co., Ltd. (YUN DING NanJing Real Estate Development)	<u>169,879</u>	<u>173,901</u>
	<u>\$ 197,506</u>	<u>220,933</u>

The Company's share of associates' profits (losses) was as follows:

	2023	2022
EBN Technology	\$ (19,405)	588
YUN DING NanJing Real Estate Development	<u>-</u>	<u>1</u>
	<u>\$ (19,405)</u>	<u>589</u>

The financial information of the Company's associates, which was not adjusted in proportion to the Group's ownership, is summarized as follows:

EBN Technology:

	December 31, 2023	December 31, 2022
Total assets	<u>\$ 386,349</u>	<u>690,779</u>
Total liabilities	<u>\$ 236,362</u>	<u>435,444</u>
	<u>2023</u>	<u>2022</u>
Revenues	<u>\$ 206,101</u>	<u>811,573</u>
Net profit or loss (for the period)	<u>\$ (105,348)</u>	<u>3,191</u>

YUN DING NanJing Real Estate Development:

	December 31, 2023	December 31, 2022
Total assets	<u>\$ 857,519</u>	<u>877,812</u>
Total liabilities	<u>\$ 294,376</u>	<u>301,337</u>
	<u>2023</u>	<u>2022</u>
Revenues	<u>\$ -</u>	<u>-</u>
Net profit or loss (for the period)	<u>\$ 1</u>	<u>3</u>

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Associates

(i) Associates which are material to the Group consisted of the followings:

<u>Name of Associates</u>	<u>Registered Country of the Company</u>	<u>Proportion of shareholding and voting rights</u>	
		<u>December 31, 2023</u>	<u>December 31, 2022</u>
MING DING LianYunGang Real Estate Development	Mainland China	40.00 %	40.00 %

The following information on the aforementioned subsidiaries was prepared in accordance with IFRSs endorsed by the FSC, without intra-group transactions being eliminated.

Summary of financial information:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 520,186	643,777
Non-current assets	18,843	18,599
Current liabilities	(260,151)	(384,247)
Net assets	<u>\$ 278,878</u>	<u>278,129</u>
Net assets attributable to non-controlling interests	<u>\$ 111,551</u>	<u>111,252</u>
	<u>2023</u>	<u>2022</u>
Net profits or losses (for the period)	\$ 7,314	6,291
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 7,314</u>	<u>6,291</u>
Net profits or losses (for the period) attributable to non-controlling interests	<u>\$ 2,926</u>	<u>2,517</u>
Comprehensive income (loss) attributable to non-controlling interests	<u>\$ 2,926</u>	<u>2,517</u>

(g) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery equipment</u>	<u>Transportation and miscellaneous equipment</u>	<u>Total</u>
Cost or deemed cost:					
Balance on January 1, 2023	\$ 83,520	464,293	249,625	94,946	892,384
Additions	-	1,314	26,363	3,543	31,220
Reclassification	-	-	20,932	2,944	23,876
Disposal	-	-	(747)	(2,450)	(3,197)
Write-offs	-	-	(1,090)	(1,734)	(2,824)
Effect of movements in exchange rates	-	(5,935)	(5,477)	(1,328)	(12,740)
Balance on December 31, 2023	<u>\$ 83,520</u>	<u>459,672</u>	<u>289,606</u>	<u>95,921</u>	<u>928,719</u>

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Buildings and structures	Machinery equipment	Transportation and miscellaneous equipment	Total
Balance on January 1, 2022	\$ 83,520	370,808	239,777	84,121	778,226
Additions	-	44,840	14,159	11,757	70,756
Reclassification	-	40,019	-	1,003	41,022
Disposal	-	-	(7,365)	(1,690)	(9,055)
Write-offs	-	-	(1,150)	(1,131)	(2,281)
Others	-	-	-	(42)	(42)
Effect of movements in exchange rates	-	8,626	4,204	928	13,758
Balance on December 31, 2022	<u>\$ 83,520</u>	<u>464,293</u>	<u>249,625</u>	<u>94,946</u>	<u>892,384</u>
Depreciation and impairments loss:					
Balance on January 1, 2023	\$ -	124,535	161,030	66,526	352,091
Depreciation	-	18,661	22,307	6,771	47,739
Disposal	-	-	(278)	(847)	(1,125)
Write-offs	-	-	(981)	(1,563)	(2,544)
Others	-	(171)	-	-	(171)
Effect of movements in exchange rates	-	(2,556)	(4,100)	(898)	(7,554)
Balance on December 31, 2023	<u>\$ -</u>	<u>140,469</u>	<u>177,978</u>	<u>69,989</u>	<u>388,436</u>
Balance on January 1, 2022	\$ -	111,987	139,296	62,287	313,570
Depreciation	-	14,817	23,219	6,795	44,831
Disposal	-	(4,105)	(5,459)	(9)	(9,573)
Write-offs	-	-	(822)	(1,017)	(1,839)
Others	-	-	2,262	(2,262)	-
Effect of movements in exchange rates	-	1,836	2,534	732	5,102
Balance on January 31, 2022	<u>\$ -</u>	<u>124,535</u>	<u>161,030</u>	<u>66,526</u>	<u>352,091</u>
Carrying amount:					
Balance on December 31, 2023	<u>\$ 83,520</u>	<u>319,203</u>	<u>111,628</u>	<u>25,932</u>	<u>540,283</u>
Balance on January 1, 2022	<u>\$ 83,520</u>	<u>258,821</u>	<u>100,481</u>	<u>21,834</u>	<u>464,656</u>
Balance on December 31, 2022	<u>\$ 83,520</u>	<u>339,758</u>	<u>88,595</u>	<u>28,420</u>	<u>540,293</u>

As a portion of land, buildings and structures was no longer in use, the Company decided to have them leased out to other parties and transferred from property, plant and equipment to investment property. Please refer to note 6(i) for details.

As of December 31, 2023 and 2022, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Right-of-use assets

	Land use rights	Buildings and structures	Transportat ion equipment	Total
Balance at January 1,2023	\$ 47,935	968	-	48,903
Increase	-	1,905	-	1,905
Decrease	-	(434)	-	(434)
Effect of movements in exchange rates	(725)	(15)	-	(740)
Balance at December 31,2023	\$ 47,210	2,424	-	49,634
Balance at January 1,2022	\$ 48,930	-	1,144	50,074
Increase	-	968	-	968
Decrease	-	-	(1,165)	(1,165)
Effect of movements in exchange rates	(995)	-	21	(974)
Balance at December 31,2022	\$ 47,935	968	-	48,903
Balance at January 1,2023	\$ 4,235	475	-	4,710
Depreciation and amortization for the year	1,190	636	-	1,826
Decrease	-	(434)	-	(434)
Effect of movements in exchange rates	(103)	(20)	-	(123)
Balance at December 31,2023	\$ 5,322	657	-	5,979
Balance at January 1,2022	\$ 3,035	-	1,144	4,179
Depreciation and amortization for the year	1,209	478	-	1,687
Decrease	-	-	(1,165)	(1,165)
Effect of movements in exchange rates	(9)	(3)	21	9
Balance at December 31,2022	\$ 4,235	475	-	4,710
Carrying amount:				
Balance at December 31, 2023	\$ 41,888	1,767	-	43,655
Balance at January 1, 2022	\$ 45,895	-	-	45,895
Balance at December 31, 2022	\$ 43,700	493	-	44,193

Please refer to note 8 for the balances of guarantees provided to secure short-term loans and credit lines as of December 31, 2023 and 2022.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Investment property

Investment property refers to assets owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 1 to 5 years. Some leases provide the lessees with options to extend at the end of the term. The rental income from investment properties is in fixed amounts.

	Self-owned assets		Total
	Land	Buildings and structures	
Balance at January 1,2023	\$ 47,582	51,284	98,866
Effect of movements in exchange rates	-	(485)	(485)
Balance at December 31,2023	<u>\$ 47,582</u>	<u>50,799</u>	<u>98,381</u>
Balance at January 1,2022	\$ 47,582	50,902	98,484
Effect of movements in exchange rates	-	382	382
Balance at December 31,2022	<u>\$ 47,582</u>	<u>51,284</u>	<u>98,866</u>
Balance at January 1,2023	\$ -	14,843	14,843
Depreciation for the year	-	1,685	1,685
Effect of movements in exchange rates	-	(113)	(113)
Balance at December 31,2023	<u>\$ -</u>	<u>16,415</u>	<u>16,415</u>
Balance at January 1,2022	\$ -	13,092	13,092
Depreciation for the year	-	1,697	1,697
Effect of movements in exchange rates	-	54	54
Balance at December 31,2022	<u>\$ -</u>	<u>14,843</u>	<u>14,843</u>
Carrying amount:			
Balance at December 31, 2023	<u>\$ 47,582</u>	<u>34,384</u>	<u>81,966</u>
Balance at January 1, 2022	<u>\$ 47,582</u>	<u>37,810</u>	<u>85,392</u>
Balance at December 31, 2022	<u>\$ 47,582</u>	<u>36,441</u>	<u>84,023</u>

The fair values of the Group's investment property, determined with reference to the recent transaction prices of similar property in the vicinity, are set out as follows:

	December 31, 2023	December 31, 2022
Fair value of investment property	<u>\$ 222,583</u>	<u>280,764</u>

(i) Guarantee

As of December 31, 2023 and 2022, the investment property of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Disposal

On November 18, 2023, RUI JI Investment signed a contract for the sale and purchase of movable and immovable property to sell investment real estate at a price of \$36,300 thousand, which was received and transferred on January 20, 2024.

(j) Intangible assets

The costs and amortization of the Group's intangible assets were as follows:

	<u>Patents</u>	<u>Computer software</u>	<u>Total</u>
Cost:			
Balance at January 1,2023	\$ -	11,595	11,595
Effect of movement in exchange rates	-	(253)	(253)
Balance at December 31,2023	<u>\$ -</u>	<u>11,342</u>	<u>11,342</u>
Balance at January 1,2022	\$ 8,537	40,467	49,004
Acquired separately	-	107	107
Decrease for the period	(8,537)	(29,817)	(38,354)
Effect of movement in exchange rates	-	838	838
Balance at December 31,2022	<u>\$ -</u>	<u>11,595</u>	<u>11,595</u>
Accumulated amortization and impairment losses :			
Balance at January 1,2023	\$ -	4,589	4,589
Amortization for the year	-	884	884
Effect of movement in exchange rates	-	(108)	(108)
Balance at December 31,2023	<u>\$ -</u>	<u>5,365</u>	<u>5,365</u>
Balance at January 1,2022	\$ 8,537	32,829	41,366
Amortization for the year	-	884	884
Decrease for the period	(8,537)	(29,817)	(38,354)
Effect of movement in exchange rates	-	693	693
Balance at December 31,2022	<u>\$ -</u>	<u>4,589</u>	<u>4,589</u>
Carrying value:			
Balance at December 31, 2023	<u>\$ -</u>	<u>5,977</u>	<u>5,977</u>
Balance at January 1, 2022	<u>\$ -</u>	<u>7,638</u>	<u>7,638</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>7,006</u>	<u>7,006</u>

During 2023 and 2022, amortization expenses on intangible assets were amounted to \$884 thousand, both of which were included within operating costs and operating expenses.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for investments (note 7)	\$ 34,084	34,891
Prepayment for equipment	<u>8,348</u>	<u>22,979</u>
	<u>\$ 42,432</u>	<u>57,870</u>

(l) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Loans secured by collateral	\$ 130,415	160,080
Letters of credit	51,550	11,053
Loans of credit	2,765	25,900
Payables arising from securities purchases by financing	<u>-</u>	<u>5,678</u>
	<u>\$ 184,730</u>	<u>202,711</u>
Unused credit line	<u>\$ 104,639</u>	<u>113,535</u>
Range of interest rates(%)	<u>1.595%~3.300%</u>	<u>1.990%~4.000%</u>

The Group provides bank deposits, deposit certificates, right-of-use assets, land, and buildings to secure the aforementioned loans, please refer to note 8 for details.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Long-term borrowings

The details were as follows:

<u>Lending bank</u>	<u>Purpose</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taishin Bank	Plant purchases	\$ 51,703	59,684
Mega International Commercial Bank	Plant purchases and working capital	62,677	65,519
Taiwan Cooperative Bank	Investment property purchases and working capital requirement	25,638	26,737
Chang Hwa Bank	Working capital requirement	14,541	19,680
The Shanghai Commercial & Savings Bank, Ltd.	Plant purchases and working capital requirement	14,445	5,439
East West Bank	Office purchases	22,133	22,406
		191,137	199,465
Less: current portion		(27,293)	(32,776)
Total		<u>\$ 163,844</u>	<u>166,689</u>
Unused long-term credit lines		<u>\$ -</u>	<u>320</u>
Range of interest rates(%)		<u>1.780%~9.000%</u>	<u>1.780%~5.250%</u>

The Group has provided bank deposits, certificates of deposit, land, and buildings to secure the aforementioned loans, please refer to note 8 for details.

(n) Bonds payable

The Company's bonds payable were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured corporate bonds	\$ 300,000	300,000
Less: current portion	-	300,000
Carrying amounts	<u>\$ 300,000</u>	<u>-</u>

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) On June 12, 2020, the Company issued its 1st secured ordinary corporate bond under the following conditions:

Amount in issue	\$300,000 thousand
Maturity	3years
Maturity	Fixed annual interest rate of 0.62%
Calculation method	From the date of issue, annual simple interest shall be charged according to the coupon rate.
Repayment method	Principal shall be repaid in balloon payment 3 years after the date of issue.
Security method	The corporate bonds are secured by Taiwan Cooperative Bank, Ltd. according to a guaranty agreement.

In order to repay the Company issued its 1st secured ordinary corporate bonds in 2020, the Company issued its 1st secured ordinary corporate bonds on June 8, 2023, with an issuance amount of \$300,000 thousand, and the Cooperative Treasury Securities Co., Ltd. was entrusted to publicly underwrite the bonds through negotiated sales.

- (ii) On June 8, 2023, the Company issued its 1st secured ordinary corporate bond under the following conditions:

Amount in issue	\$300,000 thousand
Maturity	3years
Maturity	Fixed annual interest rate of 1.5%
Calculation method	From the date of issue, annual simple interest shall be charged according to the coupon rate.
Repayment method	Principal shall be repaid in balloon payment 3 years after the date of issue.
Security method	The corporate bonds are secured by Taiwan Cooperative Bank, Ltd. according to a guaranty agreement.

- (iii) The Company provides land and buildings to secure the aforementioned bonds; please refer to note 8 for details.

- (o) Lease liabilities

Carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	<u>\$ 768</u>	<u>467</u>
Non-current financial assets	<u>\$ 1,017</u>	<u>41</u>

For the maturity analysis, please refer to note 6(x) financial instrument.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss was as follows:

	2023	2022
Interest on lease liabilities	\$ <u>18</u>	<u>26</u>

The amounts recognized in the statement of cash flows by the Group were as follows:

	2023	2022
Total cash outflow for leases	\$ <u>649</u>	<u>538</u>

(p) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ (20,074)	(19,822)
Fair value of plan assets	<u>9,107</u>	<u>7,540</u>
Net defined benefit liabilities	\$ <u>(10,967)</u>	<u>(12,282)</u>

1) Composition of plan assets

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement. The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's labor pension reserve account balance at Bank of Taiwan amounted to \$9,107 thousand as of the reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligations at January 1	\$ (19,822)	(27,054)
Current service costs and interest cost	(244)	(187)
Remeasurements loss (gain)		
— Actuarial loss (gain) arising from financial assumptions	(74)	4,712
— Gains arising from experience adjustments	66	268
Benefits paid	<u>-</u>	<u>2,439</u>
Defined benefit obligations as of December 31	<u><u>\$ (20,074)</u></u>	<u><u>(19,822)</u></u>

3) Movements of defined benefit plan assets

The movements in the fair values of the Company's defined benefit plan assets were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ 7,540	8,175
Interest cost (income)	95	55
Remeasurements loss (gain)		
— Return on plan assets excluding interest income	81	539
Contributions paid by the employer	1,391	1,210
Benefits paid	<u>-</u>	<u>(2,439)</u>
Fair value of plan assets at December 31	<u><u>\$ 9,107</u></u>	<u><u>7,540</u></u>

4) Expenses recognized in profit or loss

The expenses recognized by the Company are detailed as follows:

	<u>2023</u>	<u>2022</u>
Net interest of net liabilities for defined benefit obligations	<u><u>\$ 149</u></u>	<u><u>132</u></u>
Selling expenses	\$ 41	34
Administration expenses	<u>108</u>	<u>98</u>
	<u><u>\$ 149</u></u>	<u><u>132</u></u>

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 5) Remeasurements of net defined benefit liabilities recognized in other comprehensive income

Remeasurements of net defined benefit liabilities included in other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Balance on January 1	\$ 6,689	1,170
Recognized during the period	<u>73</u>	<u>5,519</u>
Balance as of December 31	<u><u>\$ 6,762</u></u>	<u><u>6,689</u></u>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Discount rate	1.20 %	1.25 %
Future salary increase rate	2.00 %	2.00 %

The contributions to be made by the Company to the defined benefit plans, within 1 year after the reporting date of 2023, amounted to \$130 thousand.

During 2023 and 2022, the weighted-average lifetimes of the defined benefits plans were 7 and 8 years.

- 7) Sensitivity Analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>Impact on the defined benefit obligations</u>	
	<u>0.25% Increased</u>	<u>0.25% Decreased</u>
December 31, 2023		
Discount rate	\$ (366)	377
Future salary increasing rate	373	(364)
December 31, 2022		
Discount rate	(395)	408
Future salary increasing rate	404	(393)

The above-mentioned sensitivity analysis assumes that all other assumptions remain constant, which means to analyze the impact of a single assumption. In practice, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$2,024 thousand and \$2,096 thousand for the years ended December 31, 2023 and 2022, respectively.

(iii) During 2023 and 2022, the pension expenses, recognized by overseas subsidiaries pursuant to applicable local laws, amounted to \$23,828 thousand and \$26,979 thousand, respectively.

(q) Income taxes

(i) The Group's income tax expenses are detailed as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 7,277	10,528
Adjustment for prior periods	<u>(4,437)</u>	<u>260</u>
	<u>2,840</u>	<u>10,788</u>
Deferred tax income		
Origination and reversal of temporary differences	<u>(3,517)</u>	<u>(785)</u>
Income tax expense (income)	<u><u>\$ (677)</u></u>	<u><u>10,003</u></u>

During 2023 and 2022, no income tax was included within other comprehensive income.

Income tax benefits and net losses before tax were reconciled as follows:

	<u>2023</u>	<u>2022</u>
(Losses) profits before tax	<u>\$ (72,579)</u>	<u>13,682</u>
Income tax using the Company's domestic tax rate	\$ (15,172)	1,173
Non-taxable dividend income	(254)	(507)
Share of equity-accounted profits	8,684	321
Tax effects arising from expenses not recognizable pursuant to laws	2,000	2,000
Difference from prior-year income tax estimate and others	1,047	(6,932)
Income tax expenses (income) of subsidiaries	(8,977)	1,347
Change in unrecognized temporary differences	<u>11,995</u>	<u>12,601</u>
Total	<u><u>\$ (677)</u></u>	<u><u>10,003</u></u>

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible Temporary Differences	<u>\$ 65,135</u>	<u>54,056</u>

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred Tax Assets:

	Write-downs of inventories	Unused tax losses	Others	Total
Balance at January 1, 2023	\$ 7,683	11,304	10,434	29,421
Recognized in profit or loss	155	2,518	1,415	4,088
Foreign currency translation differences for foreign operations	(128)	(175)	(133)	(436)
Balance at December 31, 2023	<u>\$ 7,710</u>	<u>13,647</u>	<u>11,716</u>	<u>33,073</u>
Balance at January 1, 2022	\$ 5,566	20,665	658	26,889
Recognized in profit or loss	2,009	(9,481)	9,464	1,992
Foreign currency translation differences for foreign operations	108	120	312	540
Balance at December 31, 2022	<u>\$ 7,683</u>	<u>11,304</u>	<u>10,434</u>	<u>29,421</u>

Deferred Tax Liabilities:

	Others
Balance at January 1, 2023	\$ (3,788)
Recognized in profit or loss	(571)
Foreign currency translation differences for foreign operations	36
Balance at December 31, 2023	<u>\$ (4,323)</u>
Balance at January 1, 2022	\$ (2,535)
Recognized in profit or loss	(1,207)
Foreign currency translation differences for foreign operations	(46)
Balance at December 31, 2022	<u>\$ (3,788)</u>

(iii) The Company's income tax returns for the years up to 2021 have been examined and approved by the R.O.C. income tax authorities.

(iv) The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. As of December 31, 2023, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Year of loss</u>	<u>Total deductible amount</u>	<u>Unused tax losses</u>	<u>Expiry date</u>
2014	\$ 4,885 (amount approved)	4,885	2024
2016	6,528 (amount approved)	6,528	2026
2018	1,191 (amount approved)	1,191	2028
2019	70,901 (amount approved)	70,901	2029
2020	45,065 (amount approved)	45,065	2030
2021	1,722 (amount approved)	1,722	2031
2023	16,164 (amount estimated)	16,164	2033
	<u>\$ 146,456</u>	<u>146,456</u>	

(v) Since funds are needed for expanding the overseas operations, the earnings of the Company's overseas subsidiaries will not be remitted back in the short run. In accordance with paragraph A39 of IAS 12 "Income Taxes", the earnings' book-tax difference shall be considered permanent.

(r) Capital and other equity

During 2022, the Company's employees applied to exercise a total of 543.5 units of share options, and 543.5 thousand new shares with a par value of \$10 per share were issued as a result. The consequent excess of exercise price to ordinary share value, amounting to \$1,800 thousand, was recognized in the line item of "capital surplus, additional paid-in capital". The related registration procedures have been completed.

On June 4, 2010, the Company passed a resolution in a general shareholders' meeting to increase its authorized capital to \$2,000,000 thousand. As of December 31, 2023 and 2022, authorized share capital amounted to \$1,500,000 thousand with a par value of \$10per share. Paid-in capital amounted to \$1,166,198 thousand, respectively.

(i) Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Share premium	\$ 1,800	1,800
Treasury share transactions (note 6(s))	4,923	4,923
Elapsed share options—convertible bonds issued	18,040	18,040
Employee share options (note 6(s))	4,076	4,076
Changes in equity-accounted associates	227	227
	<u>\$ 29,066</u>	<u>29,066</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(ii) Retained earnings

The Company's Articles of Incorporation stipulate that net annual profit after tax for the period shall first be used to offset accumulated losses (including the amount of unappropriated earnings). Of the remaining balance, 10% shall be set aside as legal reserve, unless the amount of legal reserve has already reached the Company's paid-in capital. Of the remaining balance, a special reserve shall be appropriated or reversed as stipulated by laws or regulators, after which class A preference shares and dividends not appropriated during prior years shall be appropriated. The remaining earnings, together with any undistributed retained earnings (including adjustments to unappropriated earnings) at beginning of the period, shall be distributed according to the distribution plan proposed by the Board of Directors and approved in a shareholders' meeting.

The Company's dividend policies, formulated taking into consideration future working capital requirement (WCR), sound financial planning, and interests of shareholders, stipulate that no less than 10% of distributable earnings shall be distributed to shareholders as cash dividends or share dividends. If cash dividends are less than \$0.2 per share, the Board of Directors may resolve to distribute share dividends instead. If share dividends are less than \$0.1 per share, the Board of Directors may resolve to distribute cash dividends instead as approved in a shareholders' meeting.

1) Legal reserve

As stipulated by the R.O.C. Company Act, 10% of a company's net profit after tax shall be appropriated as legal reserve until the amount of accumulated legal reserve equals that of total paid-in capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with JIN-GUAN-ZHENG-FA-Zi No.1010012865, the Company recognized the special reserve from net income of current year and undistributed earnings of prior year for the items deducted from the equity of other shareholders' equity of the current year. For the deducted items for the equity of other shareholders' equity of the prior year, the special reserve should be recognized from undistributed earnings of prior year and cannot be distributed. Subsequently, while there is reversal of deducted items for the equity of other shareholders' equity, the reversal part can be distributed. As of December 31, 2023 and 2022, the balances of special reserve were \$133,302 thousand and \$127,638 thousand, respectively.

3) Earnings distribution

On June 8, 2023 and June 8, 2022, the earnings appropriation for 2022 and 2021 was resolved in the general shareholders' meetings. The amounts of dividends distributed to owners were as follows:

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	2022		2021	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders :		\$ <u>-</u>		<u>-</u>

On June 8, 2022, the Company passed a resolution in a shareholders' meeting to distribute cash with the capital surplus of \$13,852 thousand.

(iii) Treasury shares

As stipulated by Article 28-2, the Company, in order to transfer shares to employees, repurchased 1,085 thousand treasury shares at a cost of \$7,936 thousand during 2020.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(iv) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	\$ (99,364)	(33,938)	(133,302)
Exchange differences on foreign operations	(14,614)	-	(14,614)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	9,181	9,181
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	182	182
Balance at December 31, 2023	<u>\$ (113,978)</u>	<u>(24,575)</u>	<u>(138,553)</u>
Balance at January 1, 2022	\$ (124,976)	(11,290)	(136,266)
Exchange differences on foreign operations	25,612	-	25,612
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(22,523)	(22,523)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(125)	(125)
Balance at December 31, 2022	<u>\$ (99,364)</u>	<u>(33,938)</u>	<u>(133,302)</u>

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Share-based payments

(i) As of December 31, 2022, the Company's share-based payment transactions were as follows:

	<u>Equity-settled</u>	<u>Equity-settled</u>
	<u>1st share option plan in 2017</u>	<u>Treasury shares transferred to employees</u>
Grant date	2017.12.18	2021.10.01
Number of shares granted	3,000units	2,800units
Contractual life of options	5years	N/A
Recipients	Employees of the Company and its affiliates	Employees of the Company and its affiliates
Vesting conditions	After 2 years' service, the share options shall be exercisable under the plan on a pro rata basis.	Immediately vested

(ii) Measurement parameters of grant-date fair values

The Company used the BlackScholes formula in measuring the fair value of the share-based payment on the grant date. The measurement inputs were as follows:

	<u>1st share option plan in 2017</u>	<u>Treasury shares transferred to employees</u>
Fair value at grant date	3.4	2.8~3.25
Share price on grant date	10.25	12.60
Exercise price (in NTD)	10.25	10.00
Expected life (in years)	0.91years	0.08~0.21years
Expected volatility(%)	43.00%	79.67%
Risk-free interest rate (%)	0.699%	0.340%

(iii) Share option information

	<u>2022</u>	
	<u>Share options (in thousands of units)</u>	<u>Weighted-average exercise price (\$)</u>
The Company's 1st share option plan in 2022		
Outstanding at January 1	1,875.5	\$ 10.25
Granted during the period	-	-
Exercised during the period	(543.5)	10.25
Elapsed	(1,332.0)	-
Outstanding at December 31	-	-
Exercisable share options, end of period	-	-
Weighted-average expected residual life (in years)	-	-

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

During 2022, the Company's expenses on equity-settled share-based payment transactions, amounting to \$0 thousand, were included within operating costs.

(t) Revenue from contracts with customers

(i) Disaggregation of revenues

2023			
	LED segment	Property development segment	Total
Primary geographical markets:			
Asia	\$ 763,359	155,706	919,065
America	104,861	-	104,861
Europe	9,991	-	9,991
Others	3,769	-	3,769
Intercompany eliminations	(278,218)	-	(278,218)
	<u>\$ 603,762</u>	<u>155,706</u>	<u>759,468</u>
Major products/services lines:			
Sale of LEDs	\$ 603,762	-	603,762
Sales of real estate	-	155,706	155,706
	<u>\$ 603,762</u>	<u>155,706</u>	<u>759,468</u>
2022			
	LED segment	Property development segment	Total
Primary geographical markets:			
Asia	\$ 881,172	200,679	1,081,851
America	159,979	-	159,979
Europe	16,726	-	16,726
Others	3,144	-	3,144
Intercompany eliminations	(323,404)	-	(323,404)
	<u>\$ 737,617</u>	<u>200,679</u>	<u>938,296</u>
Major products/services lines:			
Sale of LEDs	\$ 737,617	-	737,617
Sales of real estate	-	200,679	200,679
	<u>\$ 737,617</u>	<u>200,679</u>	<u>938,296</u>

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable and Accounts receivables	\$ 219,123	252,160	309,287
Less: Allowance for impairment	(16,729)	(19,792)	(19,699)
Total	<u><u>\$ 202,394</u></u>	<u><u>232,368</u></u>	<u><u>289,588</u></u>
Contract liabilities - sales of real estate	<u><u>\$ 194,855</u></u>	<u><u>280,510</u></u>	<u><u>401,475</u></u>

Please refer to note 6(c) for the disclosure of accounts receivable and the impairment thereof.

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were \$155,706 thousand and \$200,679 thousand, respectively.

(u) Employee and Director Remunerations

The Articles of Incorporation stipulate that the Company shall set aside 8% to 12% of annual profits, if any, as employee remuneration, and a maximum of 3% as director remuneration. The Board of Directors shall resolve to distribute the remunerations in shares or cash, and the recipients may include affiliates' employees who meet certain conditions. However the company has accumulated losses, the compensation amount should be reserved in advance.

For 2023 and 2022, the Company's employee remunerations were estimated at \$0 thousand and \$516 thousand, and director remunerations were estimated at \$0 thousand and \$64 thousand, respectively. The estimates mentioned above were calculated based on the Company's pre-tax profits (before deducting the remunerations of both employees and directors for each period), multiplied by the percentages of remunerations of employees and directors as specified in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses for 2023 and 2022. If the actual amounts differ from the estimated amounts, the differences shall be treated as changes in accounting estimates and recognized as profit or loss in the subsequent year. If the Board of Directors resolves to distribute shares as employee remuneration, the number of shares shall be calculated according to the closing price of the ordinary shares on the day before its resolution.

(v) Non-operating income and expenses

(i) Other income

	2023	2022
Rent income	\$ 8,082	6,173
Dividend income	2,175	5,401
Government grants	452	641
Others	7,947	12,222
	<u><u>\$ 18,656</u></u>	<u><u>24,437</u></u>

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other gains and losses

	<u>2023</u>	<u>2022</u>
Gains (Losses) on disposals of property, plant and equipment	\$ (834)	11,976
Foreign exchange gains	5,229	17,210
Others	<u>(3,410)</u>	<u>(3,373)</u>
	<u><u>\$ 985</u></u>	<u><u>25,813</u></u>

(iii) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expenses on bank loans, lease liabilities, and corporate bonds	\$ <u>(16,191)</u>	<u>(15,575)</u>

(w) Earnings per share

(i) Basic earnings per share:

1) Profit (loss) attributable to ordinary shareholders of the Company

	<u>2023</u>	<u>2022</u>
Profit (loss) attributable to ordinary shareholders of the Company	<u>(74,824)</u>	<u>1,042</u>

2) Weighted-average number of ordinary shares outstanding

	<u>2023</u>	<u>2022</u>
Weighted-average number of ordinary shares outstanding (In thousands)	<u>115,535</u>	<u>115,475</u>

(ii) Diluted earnings per share

1) Profit (loss) attributable to ordinary shareholders of the Company (diluted)

	<u>2023</u>	<u>2022</u>
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	<u>(74,824)</u>	<u>1,042</u>

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Weighted-average number of ordinary shares outstanding (diluted)

	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares (in thousands) (basic)	115,535	115,475
Employee remuneration	<u>-</u>	<u>17</u>
Weighted average number of ordinary shares (in thousands) (diluted)	<u><u>115,535</u></u>	<u><u>115,492</u></u>

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

With a broad customer base, the Group's transactions are not concentrated within 1 single customer; therefore, its credit risk associated with accounts receivable is not significantly concentrated.

3) Receivables and debt securities

For credit risk exposure of trade receivables and notes receivable, please refer to note 6(c)

Investments in equity instruments designated at FVOCI include listed and unlisted equity securities.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g)

(ii) Liquidity risk

The following table sets out the contractual maturities of financial liabilities, including the impact of estimated interest.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractu al cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
December 31, 2023							
Non-derivative financial liabilities							
Bank loans	\$ 375,867	398,394	87,072	162,009	27,997	60,400	60,916
Accounts payable	147,821	147,821	147,821	-	-	-	-
Bonds payable	300,000	327,000	4,500	-	9,000	313,500	-
Guarantee deposits received	911	911	-	-	911	-	-
Lease liabilities	1,785	1,927	319	295	752	561	-
	<u><u>\$ 826,384</u></u>	<u><u>876,053</u></u>	<u><u>239,712</u></u>	<u><u>162,304</u></u>	<u><u>38,660</u></u>	<u><u>374,461</u></u>	<u><u>60,916</u></u>
December 31, 2022							
Non-Fderivative financial liabilities							
Bank loans	\$ 402,176	423,545	73,335	170,783	51,843	52,836	74,748
Accounts payable	210,618	210,618	210,618	-	-	-	-
Bonds payable	300,000	300,930	300,930	-	-	-	-
Guarantee deposits received	997	997	-	-	997	-	-
Lease liabilities	508	520	250	248	22	-	-
	<u><u>\$ 914,299</u></u>	<u><u>936,610</u></u>	<u><u>585,133</u></u>	<u><u>171,031</u></u>	<u><u>52,862</u></u>	<u><u>52,836</u></u>	<u><u>74,748</u></u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's financial assets and liabilities that were exposed to significant currency risk were as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Exchange rate</u>	<u>TWD</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 30.6550	95,197	30.6600	145,820
CNY	4.3126	252,820	4.4147	307,796
HKD	3.8990	33,812	3.9080	33,942
EUR	33.7800	2,467	32.5200	2,294
Myanmar Kyats (MMK)	0.0146	15,293	0.1470	12,369
JPY	0.2152	1	0.2304	1
Indian Rupee (INR)	0.3770	3,724	0.3718	6,398
		<u><u>\$ 403,314</u></u>		<u><u>508,620</u></u>

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Exchange rate</u>	<u>TWD</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$ 30.6550	18,026	30.6600	5,582
CNY	4.3126	94,020	4.4147	114,501
HKD	3.8990	<u>10,571</u>	3.9080	<u>11,339</u>
		<u>\$ 122,617</u>		<u>131,422</u>

2) Sensitivity analysis

Currency risk to which the Group's monetary items are exposed arises from foreign exchange gains (losses) on financial assets and financial liabilities that are denominated in foreign currencies. A1% strengthening (weakening) of NTD against foreign currencies as of December 31, 2023 and 2022, with all other variables remaining constant, would have increased or decreased the profits after tax for 2023 and 2022 by \$2,807 thousand and \$3,772 thousand, respectively.

3) Foreign exchange gain and loss on monetary items

As the Group has various functional currencies, its foreign exchange gains (losses) arising from monetary items are disclosed on an aggregate basis. During 2023 and 2022, (realized and unrealized) foreign exchange gains (losses) amounted to \$5,229 thousand and \$17,210 thousand.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased/decreased by 1% , the Group's profit after tax would have decreased/increased by \$3,759 thousand and \$4,022 thousand for 2023 and 2022 respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowings at variable rates.

(v) Sensitivity analysis—equity price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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	2023		2022	
Prices of securities at the reporting date	Post-tax other comprehensive income	Post-tax profit or loss	Post-tax other comprehensive income	Post-tax profit or loss
1% increase	\$ <u>583</u>	<u>-</u>	<u>817</u>	<u>-</u>
1% decrease	\$ <u>(583)</u>	<u>-</u>	<u>(817)</u>	<u>-</u>

(vi) Fair value information

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	December 31, 2023				
	Fair Value				
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Shares in domestic listed entities	\$ 17,262	17,262	-	-	17,262
Shares in unlisted entities in Mainland China	41,008	-	-	41,008	41,008
Subtotal	<u>58,270</u>	<u>17,262</u>	<u>-</u>	<u>41,008</u>	<u>58,270</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	305,289	-	-	-	-
Notes receivable and accounts receivables	202,394	-	-	-	-
Other financial assets (including current and non-current)	<u>166,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>674,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 732,673</u>	<u>17,262</u>	<u>-</u>	<u>41,008</u>	<u>58,270</u>
Financial liabilities at amortized cost					
Bank loans	\$ 375,867	-	-	-	-
Accounts payable	147,821	-	-	-	-
Bonds payable	300,000	-	-	-	-
Guarantee deposits received	911	-	-	-	-
Lease liabilities	<u>1,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 826,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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	December 31, 2022				
	Fair Value				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Shares in domestic listed entities	\$ 42,957	42,957	-	-	42,957
Shares in unlisted entities in Mainland China	38,715	-	-	38,715	38,715
Subtotal	81,672	42,957	-	38,715	81,672
Financial assets measured at amortized cost					
Cash and cash equivalents	300,716	-	-	-	-
Notes receivable and accounts receivables	232,368	-	-	-	-
Other financial assets (including current and non-current)	161,122	-	-	-	-
Subtotal	694,206	-	-	-	-
Total	\$ 775,878	42,957	-	38,715	81,672
Financial liabilities measured at amortized cost					
Bank loans	\$ 402,176	-	-	-	-
Accounts payable	210,618	-	-	-	-
Bonds payable	300,000	-	-	-	-
Guarantee deposits received	997	-	-	-	-
Lease liabilities	508	-	-	-	-
Total	\$ 914,299	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

If a financial instrument has a quoted price in an active market, the quoted price is treated as fair value. The prices of financial instruments quoted by main exchanges and popular bonds quoted by the Taipei Exchange can be adopted as a benchmark to determine the fair values of equity instruments issued by listed entities and quoted debt instruments with an active market.

If the quoted price can be obtained from the securities exchanges, brokers, underwriters, industrial guilds, pricing institutions or official departments timely and frequently, and the price represents the actual and usual transaction of fair market, then the financial instrument has the quoted price in an active market. Once the conditions are not satisfied, the market is considered as inactive. Normally, a significant difference between selling and buying price, a significant increase in the difference between selling and buying price or rare transactions are indicators of inactive market.

Besides the financial instruments above which have the active market, the fair values of other financial instruments are obtained through valuation technique or counterparty quotation. The fair value obtained by valuation technique can refer to the fair value of financial instrument which has the similar substantive conditions and features, the discounted cash flow method or other valuation technique, such as operating the model with market information of the reporting date (e.g. yield curves from securities exchanges and the interest rates of commercial papers from Reuters).

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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Group's financial instruments that do not have an active market are equity instrument without quoted prices as classified by type and nature. The main assumption is cash flow based on investors' expectation, and the cash flow is discounted by rate of return which reflects the time value of currency and investment risk.

3) Transfers among levels of fair value hierarchy

During 2023 and 2022, there was no transfer from one level of fair value hierarchy to another.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Opening balance, January 1, 2023	\$ 38,715
Total gains and losses recognized	
In other comprehensive income	3,188
Foreign exchange differences	(895)
Ending Balance, December 31, 2023	<u><u>\$ 41,008</u></u>
Opening balance, January 1, 2022	\$ 51,117
Total gains and losses recognized	
In other comprehensive income	(13,350)
Foreign exchange differences	948
Ending Balance, December 31, 2022	<u><u>\$ 38,715</u></u>

The aforementioned total gains were recognized in "other comprehensive income". As of December 31, 2023 and 2022, the amounts attributable to the assets held were as follows:

	2023	2022
Total gains and losses recognized:		
In other comprehensive income, and presented in "unrealized gains and losses on financial assets at fair value through other comprehensive income"	3,188	(13,350)

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instrument that uses Level 3 inputs to measure fair value is "financial assets at FVTPL – equity securities investments".

Most of the Group's financial instruments that use Level 3 inputs have only one significant unobservable input. Only equity investments without an active market have multiple significant unobservable inputs. Significant unobservable inputs of the equity investments without an active market are independent of each other, hence no correlation between them.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at FVOCI— equity investments without an active market	Comparable listed companies approach	<ul style="list-style-type: none"> · P/B ratio (1.54 to 2.67 and 0.883 to 2.53 as of December 31, 2023 and 2021, respectively) · Market liquidity discount rate (29.17% and 29.70% as of December 31, 2023 and 2022) 	<ul style="list-style-type: none"> · The higher the multiplier and control premium, the higher the fair value. · The higher the market liquidity discount rate, the lower the fair value

(y) Financial risk management

The Group is exposed to the following risks:

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board of Directors is responsible for developing and controlling the Group's policies on risk management.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Accounts receivable

The Group established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Finance Department. The limits were reviewed periodically. The transactions between the Group and the clients who are not satisfied the Group's credit rating can only process on the advance receiving basis.

If the Group retains the rights to the products that have already been sold, the Group shall also have the right to require collateral if payment has not been received. The Group does not require any collateral for trade and other receivables.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2023 and 2022, the Group has not provided endorsement/guarantee for any unrelated party.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Loans and borrowings from the bank form an important source of liquidity for the Group. As of 2023 and 2022, the Group had unused bank facilities of \$104,639 thousand and \$113,855 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

Please refer to note 6(x)iii(1) for details of currency risk exposure.

2) Interest rate risk

The Group adopts a policy of its exposure to changes in interest rates on borrowings is on a fixed-rate basis.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments as the management of the Group minimizes the risk by holding different investment portfolios. The Group assigned a specific team to supervise and assess the equity price risk so as to avoid or minimize the risk from the hedging position.

(z) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

During 2023 and 2022, the Group adopted the same capital management strategy, which was to maintain a debt-to-equity ratio of less than 60%, so as to ensure financing at reasonable costs.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The debt-to-equity ratios on December 31, 2023 and 2022 are below:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 1,120,540	1,282,849
Less: Cash and cash equivalents	<u>305,289</u>	<u>300,716</u>
Net liabilities	<u>\$ 815,251</u>	<u>982,133</u>
Total equity	<u>\$ 2,034,124</u>	<u>2,280,849</u>
Debt-to-equity ratio	40 %	43 %

(aa) Non-cash investing and financing activities

During 2023 and 2022, the Company had no non-cash investing and financing activities.

The movement of debt from financing activities is below:

	January 1,2023	Cash flow	Non-cash movement		December 31, 2023
			Foreign exchange movement	Others	
Short-term borrowings	\$ 202,711	(15,203)	(2,778)	-	184,730
Bonds payable, current portion	300,000	(300,000)	-	-	-
Bonds payable	-	300,000	-	-	300,000
Long-term borrowings	199,465	(8,325)	(3)	-	191,137
Guarantee deposits received	997	(86)	-	-	911
Lease liability	<u>508</u>	<u>(649)</u>	<u>21</u>	<u>1,905</u>	<u>1,785</u>
Total liability from financing activities	<u>\$ 703,681</u>	<u>(24,263)</u>	<u>(2,760)</u>	<u>1,905</u>	<u>678,563</u>

	January 1,2022	Cash flow	Non-cash movement		December 31, 2022
			Foreign exchange movement	Others	
Short-term borrowings	\$ 330,317	(137,055)	9,449	-	202,711
Bonds payable	300,000	-	-	-	300,000
Long-term borrowings	180,109	17,102	2,254	-	199,465
Guarantee deposits received	897	100	-	-	997
Lease liability	<u>354</u>	<u>(538)</u>	<u>3</u>	<u>689</u>	<u>508</u>
Total liability from financing activities	<u>\$ 811,677</u>	<u>(120,391)</u>	<u>11,706</u>	<u>689</u>	<u>703,681</u>

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements consolidated financial statements.

Name of related party	Relationship with the Group
YUN DING NanJing Real Estate Development	Associate
Mr. David Ma	Chairman of the Company
Miss Min Lin	The Group's key management personnel

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant transactions with related parties

(i) Receivables from related parties

The details of the Group's receivables from related parties were as follows:

<u>Account name</u>	<u>Related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Associate:		
Other current financial assets	YUN DING NanJing Real Estate Development	\$ <u>3,450</u> (CNY 800)	<u>3,532</u> (CNY 800)

(ii) Prepayments and others

The Group and Zhejiang Hongcheng entered into a cooperation framework agreement and a supplementary agreement. As the comprehensive land planning has not been approved by the government, YUN DING NanJing Real Estate Development has not yet commenced the construction. The prepayments for investments under the agreements are detailed as follows:

<u>Account name</u>	<u>Related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Associate:		
Other non-current assets	YUN DING NanJing Real Estate Development	\$ <u>34,084</u> (CNY 7,903)	<u>34,891</u> (CNY 7,903)

(iii) Guarantees

The amounts of joint guarantees provided by key management personnel for the Group's loans from financial institutions were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Mr. David Ma	\$ 264,184	237,837
Miss Min Lin	15,805	16,625
	<u>\$ 279,989</u>	<u>254,462</u>

As of December 31, 2023 and 2022, the aforementioned endorsements/guarantees provided by the Group have been used.

(c) Key management personnel remuneration

Remuneration package for the Group's key management personnel comprised:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 10,919	12,322
Post-employment benefits	183	211
	<u>\$ 11,102</u>	<u>12,533</u>

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Right-of-use assets (land use right)	Loan guarantee	\$ 1,747	1,841
Land (including investment property)	Bank loans and corporate bonds	116,395	110,887
Buildings (including investment property)	Bank loans and corporate bonds	193,830	211,710
Machinery equipment	Loan guarantee	110,689	100,822
		\$ 422,661	425,260

(9) Significant Commitments and Contingencies:

As of December 31, 2023 and 2022, the unused letters of credit issued by the Company to purchase raw materials amounted to \$835 thousand and \$513 thousand, respectively.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	By function	For the year ended December 31					
		2023			2022		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
By item							
Employee benefits							
Salary		65,496	88,669	154,165	69,601	98,418	168,019
Labor and health insurance		-	3,851	3,851	2	3,954	3,956
Pension		17,186	8,815	26,001	19,720	9,487	29,207
Remuneration of directors		-	265	265	-	64	64
Others		821	6,330	7,151	864	8,299	9,163
Depreciation		22,691	28,559	51,250	22,939	24,067	47,006
Amortization		-	884	884	-	2,093	2,093

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

Unit: Thousands of NTD

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	PARA LIGHT NANJING	Other Receivables	Yes	50,320	35,356	35,356	-	1	35,356	N/A	-	N/A	-	110,924	221,848
1	PARA LIGHT NANJING	MING DING LianYunGang Real Estate Development	Other Receivables	Yes	2,652	2,581	2,581	5	2	-	Working Capital Requirement(WCR)	-	N/A	-	60,235	120,470
1	PARA LIGHT NANJING	YUN DING NanJing Real Estate Development Co.,Ltd	Other Receivables	Yes	3,536	3,442	3,442	1.2	2	-	Working Capital Requirement(WCR)	-	N/A	-	60,235	120,470
2	PARA LIGHT LianYunGang ELECTRONICS	Para Light (QINGDAO)	Other Receivables	Yes	1,768	-	-	5	2	-	Working Capital Requirement(WCR)	-	N/A	-	52,564	105,128
2	PARA LIGHT LianYunGang ELECTRONICS	MING DING LianYunGang Real Estate Development	Other Receivables	Yes	22,100	21,510	21,510	5	2	-	Working Capital Requirement(WCR)	-	N/A	-	52,564	105,128
3	PARA LIGHT Lian YunGang Investment	MING DING LianYunGang Real Estate Development	Other Receivables	Yes	8,840	8,604	8,604	5	2	-	Working Capital Requirement(WCR)	-	N/A	-	20,492	40,984

Note 1: Transaction counterparty.

2: Entity with short-term financing needs.

Note 2: Maximum limit of loans made by The Company, PARA LIGHT NANJING ELECTRONIC, PARA LIGHT LianYunGang ELECTRONICS and PARA LIGHT Lian YunGang Investment to transaction counterparties, shall not exceed 10% of their respective net values.

Note 3: The maximum limit of loans made by The Company, PARA LIGHT NANJING ELECTRONIC, PARA LIGHT LianYunGang ELECTRONICS and PARA LIGHT Lian YunGang Investment to other parties, shall not exceed 20% of their respective net values.

Note 4: The Company's loans to PARA LIGHT NANJING ELECTRONIC, arising from overdue receivables from sales, amounted to US\$1,722 thousand for the year, and the closing balance was US\$1,229 thousand; related transactions have been written-off. Please refer to note 13(a) for details.

(ii) Guarantees and endorsements for other parties:

Unit: Thousands of NTD

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The company	PARA LIGHT LianYunGang ELECTRONICS	3	221,848	77,700	73,572	-	-	6.63 %	554,619	Y	N	Y

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
1	PARA LIGHT NANJING	PARA LIGHT LianYunGang ELECTRONICS	3	120,470	22,100	21,510	10,755	-	3.57 %	301,175	N	N	Y
2	PARA LIGHT LianYunGang ELECTRONICS	PARA LIGHT NANJING	3	105,570	30,940	30,114	30,114	-	5.73 %	262,822	N	N	Y

Note 1: The entity owning more than 50% voting rights in the Company, directly or indirectly.

Note 2: The maximum limit of endorsements/guarantees provided for subsidiaries wherein the Company held more than 90% equity interests is 20% of the Company's net value. The maximum limit of endorsements/guarantees provided by Multisuns Corporation and PARA LIGHT LianYunGang ELECTRONICS for direct or indirect wholly-owned (100%) subsidiaries is 20% of their respective net values.

Note 3: The maximum limit of loans, made by the Company, PARA LIGHT NANJING ELECTRONIC or PARA LIGHT LianYunGang ELECTRONICS to external parties, is 50% of their respective net values.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Unit: Thousands of NTD

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	YULON MOTOR CO., LTD.	N/A	Current financial assets at FVOCI	170	12,716	- %	12,716	- %	
The Company	The ECO ELECTRIC & MACHINERY CO., LTD	N/A	Current financial assets at FVOCI	30	1,404	- %	1,404	- %	
The Company	Gigastorage Corporation	N/A	Non-current financial assets at FVOCI	50	823	- %	823	- %	
The Company	Lucky Future Co., Ltd.	N/A	Non-current financial assets at FVOCI	115	-	2.67 %	-	2.67 %	
Rui Ji Investment	YULON MOTOR CO., LTD.	N/A	Current financial assets at FVOCI	20	1,496	- %	1,496	- %	
Rui Ji Investment	The ECO ELECTRIC & MACHINERY CO., LTD	N/A	Current financial assets at FVOCI	50	823	- %	823	- %	
PARA LIGHT NANJING	Jiangsu AMICC Optoelectronics Technology Co., Ltd.	N/A	Non-current financial assets at FVOCI	3,360	41,008	8.00 %	41,008	8.00 %	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	PARA LIGHT LianYunGang ELECTRONICS	Sub-subsidiary	Purchases	127,392 (Note 1)	18 %	Payment is made based on working capital requirement (WCR)	-		(120,791) (Note 2)	5.16%	

Note 1: Processing fees were paid with materials provided for the purchases.

Note 2: The receivables (payables) due from (to) sub-subsidiaries are presented in net amounts, taking into account accounting treatment for processing with materials provided to suppliers.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:None
- (ix) Trading in derivative instruments:None
- (x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	PARA HK	1	Operating revenues	965	Note 3	0.13%
0	The Company	PARA USA	1	Operating revenues	41,744	Note 3	5.50%
0	The Company	PARA LIGHT LianYunGang ELECTRONICS	1	Operating revenues	22,807	Note 4	3.00%
0	The Company	PARA LIGHT LianYunGang ELECTRONICS	1	Processing overheads	127,392	Note 6	16.77%
0	The Company	PARA LIGHT NANJING	1	Processing overheads	4,839	Note 6	0.64%
0	The Company	PARA MYANMAR	1	Processing overheads	5,621	Note 6	0.74%
0	The Company	PARA HK	1	Accounts receivable due from related parties	119	Note 3	-%
0	The Company	PARA USA	1	Accounts receivable due from related parties	12,666	Note 3	0.54%
0	The Company	PARA MYANMAR	1	Accounts payable to related parties	96	Note 4	-%
0	The Company	PARA LIGHT LianYunGang ELECTRONICS	1	Accounts payable to related parties	120,791	Note 4	5.16%
0	The Company	PARA LIGHT NANJING	1	Other receivables	35,356	Note 4	1.51%
1	Para Light Investments	PARA LIGHT NANJING	3	Other receivables	11,007	Note 5	4.70%
2	PARA LIGHT LianYunGang ELECTRONICS	The Company	2	Sales	127,392	Note 4	16.77%
3	PARA LIGHT NANJING	The Company	2	Sales	4,839	Note 4	0.64%
4	PARA MYANMAR	The Company	2	Processing income	5,621	Note 4	0.74%

Note 1: Numbers are filled in as follows:

- “0” represents the parent entity.
- Subsidiaries are sequentially numbered starting from “1”.

Note 2: Relationships with transaction counterparties are categorized as follows:

- Parent and subsidiary.
- Subsidiary and parent.
- Associates.

Note 3: Selling price is determined according to market price. Payment term is O/A 120~180 days.

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 4: Selling price is determined according to market price. Payments are collected according to working capital requirement (WCR) during the collection period.

Note 5: Payments are calculated as book value of fixed assets plus related expenses. Payment term is O/A 120 to 180 days.

Note 6: Processing fees are weighted according to costs. Payment term is O/A 180 days.

(b) Information on investees:

The following is the information about the Group's investees was as follows for the years ended December 31, 2023 (excluding information on investees in Mainland China)

Unit: Thousands of NTD/shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Para Light Investments	Samoa	Holding company	672,775	672,775	-	100.00 %	918,617	100.00 %	(5,850)	(6,391)	Subsidiary
The Company	PARA HK	Hong Kong	Selling LEDs and other electronic products	6,305	6,305	1,500	100.00 %	52,954	100.00 %	1,928	1,928	Subsidiary
The Company	Para USA	America	Selling LEDs and other electronic products	44,502	44,502	-	100.00 %	42,667	100.00 %	1,609	1,609	Subsidiary
The Company	RUI JI INVESTMENT	Taiwan	General investment	25,000	25,000	2,500	100.00 %	14,461	100.00 %	(1,029)	(1,029)	Subsidiary
The Company	EBN Technology	Taiwan	Manufacturing and selling electronic components	69,110	69,110	6,170	18.42 %	27,627	18.42 %	(105,348)	(19,405)	Associate
The Company	PARA MYANMAR	Myanmar	Selling LEDs and other electronic products	234,558	189,347	-	100.00 %	170,725	100.00 %	(17,523)	(17,523)	Subsidiary
The Company	PARA INDIA	India	Selling LEDs and other electronic products	10,821	10,821	-	100.00 %	3,815	100.00 %	(2,609)	(2,609)	Subsidiary
Para Light Investments	PARA LIGHT NANJING	Mainland China	Manufacturing and selling LEDs and other electronic products	276,014	276,014	-	100.00 %	620,344	100.00 %	(15,278)	(15,278)	Subsidiary
Para Light Investments	PARA LIGHT LianYunGang ELECTRONICS	Mainland China	Manufacturing and selling LEDs and other electronic products	326,336	326,336	-	59.94 %	315,068	59.94 %	16,208	9,715	Subsidiary
PARA HK	PARA LIGHT LianYunGang ELECTRONICS	Mainland China	Manufacturing and selling LEDs and other electronic products	30,665	30,665	-	5.83 %	30,646	5.83 %	16,208	945	Subsidiary
PARA LIGHT NANJING	PARA LIGHT LianYunGang ELECTRONICS	Mainland China	Manufacturing and selling LEDs and other electronic products	184,115	184,115	-	34.23 %	179,928	34.23 %	16,208	5,548	Subsidiary
PARA LIGHT NANJING	PARA LIGHT LianYunGang Investment	Mainland China	Investment in general enterprises as well as property development and investment	233,717	233,717	-	94.92 %	194,512	94.92 %	(16,008)	(15,195)	Subsidiary
PARA LIGHT NANJING	Nanjing Hongding New Lighting Source Sales Limited Company	Mainland China	Selling LEDs and other electronic products	1,201	1,201	-	50.00 %	(1,916)	50.00 %	(7)	(3)	Subsidiary
PARA LIGHT NANJING	YUN DING NanJing Real Estate Development	Mainland China	Investment in general enterprises as well as property development and investment	237,419	237,419	-	40.00 %	169,879	40.00 %	1	-	Associate
PARA LIGHT LianYunGang ELECTRONICS	PARA LIGHT LianYunGang Investment	Mainland China	Investment in general enterprises as well as property development and investment	65,010	65,010	-	5.08 %	10,410	5.08 %	(16,008)	(813)	Subsidiary
PARA LIGHT LianYunGang Investment Co., Ltd.	PARA LIGHT LianYunGang Real Estate Development Co., Ltd.	Mainland China	Property development and investment	189,958	189,958	-	100.00 %	124,939	100.00 %	(15,862)	(15,862)	Subsidiary
PARA LIGHT LianYunGang Investment Co., Ltd.	LianYunGang DING MAO	Mainland China	Developing electronic and agricultural technology	5,047	5,047	-	100.00 %	(4,608)	100.00 %	(3,349)	(3,349)	Subsidiary

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PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value				
PARA LIGHT LianYunGang Investment Co., Ltd.	MING DING LianYunGang Real Estate Development	Mainland China	Investment in general enterprises as well as property development and investment	185,131	185,131	-	60.00 %	167,327	60.00 %	7,314	4,388	Sub-subsidiary

Note 1: Recognized according to investee's financial statements audited by certified public accountants.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: Thousands of NTD

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
PARA LIGHT NANJING	Manufacture of electronic components	276,014	(2)	276,014	-	-	276,014	(15,278)	100.00%	100.00%	(15,278)	620,344	-
PARA LIGHT ELECTRONICS JIM CO., LTD.	Manufacture of electronic components	445,630	(2)	326,336	-	-	326,336	16,208	100.00%	100.00%	16,208	525,642	-

Note 1: Investments are divided into the following 4 types:

- (a) Investment in Mainland China by remitting through a 3rd region.
- (b) Indirect investment in Mainland China through an entity established in a 3rd region.
- (c) Indirect investment in Mainland China by investing in an existing entity in a 3rd region.
- (d) Direct investees in Mainland China.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
602,350	695,765 (Note)	665,543

Note: Including capital increase of \$92,223 thousand (USD2,760 thousand) out of retained earnings.

(iii) Significant transactions with investees in Mainland China:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders: None

Shareholder's Name	Shareholding	Shares	Percentage
Mr. David Ma		6,920,593	5.93 %

Note: (i) The table above shows major shareholders owning more than 5% shares in the Company, with delivered uncertificated/scripless ordinary shares and preference shares combined (including treasury shares) according to calculation made by Taiwan Depository & Clearing Corporation (TDCC) on each quarter's last business date. As a result of different calculation basis, there may be inconsistency between share capital stated in the financial statements and the scripless shares that have actually been delivered.

(ii) If the above-mentioned shares have been entrusted, the numbers of shares are disclosed separately according to the sub-accounts opened by the trustees for the trustors. In accordance with the Securities and Exchange Act, significant shareholders reported insider holdings of more than 10% in the Company's total shares, including individual holdings plus entrusted shares whose use was at discretion of the owners. For information on the reported insider holdings, please refer to the website of Public Information Observatory.

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(14) Segment information:

(a) General information

The Group is divided into 3 reportable segments: Segment A produces and sells LEDs, materials, and LED-related optoelectronic products. Segment B develops and manages real estate. Segment C engages in general investment.

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Group.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation are as follows:

	2023				
	LED segment	Property development segment	Investment segment	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 871,739	155,706	-	(267,977)	759,468
Interest revenue	3,605	18	4	-	3,627
Total revenue	\$ 875,344	155,724	4	(267,977)	763,095
Interest expenses	\$ 14,046	-	-	-	14,046
Depreciation and amortization	52,134	-	-	-	52,134
Share of profit (loss) of associates and joint ventures accounted for using equity method	-	-	(19,405)	-	(19,405)

(Continued)

PARA LIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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2023					
	<u>LED segment</u>	<u>Property development segment</u>	<u>Investment segment</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Reportable segment profit or loss	\$ <u>(44,905)</u>	<u>(6,055)</u>	<u>(21,619)</u>	<u>-</u>	<u>(72,579)</u>
Assets:					
Investments accounted for using equity method	\$ -	169,879	27,627	-	197,506
Reportable segment assets	\$ <u>1,520,558</u>	<u>682,318</u>	<u>245,724</u>	<u>(109,187)</u>	<u>2,339,413</u>
Reportable segment liabilities	\$ <u>935,294</u>	<u>278,501</u>	<u>15,932</u>	<u>(109,187)</u>	<u>1,120,540</u>
2022					
	<u>LED segment</u>	<u>Property development segment</u>	<u>Investment segment</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 1,051,900	200,679	-	(314,283)	938,296
Interest revenue	<u>2,172</u>	<u>22</u>	<u>2</u>	<u>-</u>	<u>2,196</u>
Total revenue	\$ <u>1,054,072</u>	<u>200,701</u>	<u>2</u>	<u>(314,283)</u>	<u>940,492</u>
Interest expenses	\$ 15,575	-	-	-	15,575
Depreciation and amortization	49,099	-	-	-	49,099
Share of profit (loss) of associates and joint ventures accounted for using equity method	-	1	588	-	589
Reportable segment profit or loss	\$ <u>12,519</u>	<u>284</u>	<u>879</u>	<u>-</u>	<u>13,682</u>
Assets:					
Investments accounted for using equity method	\$ -	173,900	47,033	-	220,933
Reportable segment assets	\$ <u>1,575,323</u>	<u>832,465</u>	<u>285,549</u>	<u>(111,772)</u>	<u>2,581,565</u>
Reportable segment liabilities	\$ <u>961,568</u>	<u>410,497</u>	<u>22,556</u>	<u>(111,772)</u>	<u>1,282,849</u>

(Continued)

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(c) Product information

Revenue from the external customers of the Group was as follows:

<u>Product name</u>	<u>2023</u>	<u>2022</u>
LED components	\$ 879,199	971,263
LED modules	2,781	89,758
Sales of real estate	155,706	200,679
Intercompany eliminations	(278,218)	(323,404)
Total	<u>\$ 759,468</u>	<u>938,296</u>

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

<u>Geographic information</u>	<u>2023</u>	<u>2022</u>
Asia	\$ 919,065	1,081,851
America	104,861	159,979
Europe	9,991	16,726
Others	3,769	3,144
Intercompany eliminations	(278,218)	(323,404)
Total	<u>\$ 759,468</u>	<u>938,296</u>

<u>Geographic information</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current assets:		
Asia	\$ 796,554	690,252
America	42,270	43,133
Total	<u>\$ 838,824</u>	<u>733,385</u>

Non-current assets include property, plant, equipment, right-of-use assets, investment property, intangible assets, and other assets, excluding non-current assets such as financial instruments and deferred income tax assets.