TRUELIGHT CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Stock Code: 3234)

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

Independent Auditors' Report

To the Board of Directors and Shareholders of TRUELIGHT COPPORATION

Opinion

We have audited the accompanying balance sheets of TRUELIGHT CORPORATION (the "Company") as at December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants of the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

The key audit matters in relation to the parent company only financial statements for the year ended December 31,2023 are outlined as follows:

Evaluation of inventories

<u>Description</u>

Refer to Note 4(12) for the accounting policy of inventory evaluation, and Notes 5(2) and 6(4) for the description of inventory items. Due to fierce market price competition for the products operated by the Company, the risk of inventory price loss is relatively high, and the Company's inventories are measured at the lower of cost and net realizable value. For inventories that have passed a specific period of age and for inventories that are individually identified as obsolete or damaged, the net Realized value often involves manual judgment and thus has estimation uncertainty, so the accountant listed this as a key audit matter.

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

The audit procedures performed by the accountant are based on the understanding of the operation and industry nature of the Company, and the evaluation of the inventory. The rationality of policies and procedures; the correctness of sampling inventory aging calculation; Relevant information, such as sales price, purchase price, and inventory depletion status, to confirm the rationality of the net realizable value, and evaluate the rationality of provisioning for loss of price reduction.

Property, plant and equipment value-in-use measurement

<u>Description</u>

Refer to Note 4 (17) for the accounting policy on the assessment of impairment of property, plant and equipment, and Notes 5(2) and 6(6) for descriptions of property, plant and equipment items. The value-in-use of property, plant and equipment shall be used to measure its recoverable amount, and the property, plant and equipment shall be evaluated based on the aforementioned recoverable amount whether the property, plant and equipment are damaged. Valuation of the value-in-use of property, plant and equipment involves estimation and discounting of future cash flows, the determination of the present rate, the assumptions used in the forecast of future cash flow and the estimated results have a significant impact on the evaluation of value-in-use of property, plant and equipment, so the accountants listed this as a key audit matter.

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

The verification procedure that the accountant has performed is mainly to discuss the operation process of future cash flow estimation with the management and understand its product strategy and implementation status; evaluate the reasonableness of various assumptions used by the management to estimate future cash flows characteristics, including expected growth rate and gross profit margin, and evaluate the parameters used in the discount rate which including equity funds Risk-reward ratio, industry risk factor and long-term market rate of return.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31,2023 and are therefore the key audit matters. We describe these matters in our auditor's 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.
Cheng, Ya-Huei

Chiang Tsai-Yen
for and on behalf of PricewaterhouseCoopers, Taiwan
March 06, 2024

TRUELIGHT CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

Unit: NT$Thousand

	Assets	Notes	December 31, 2023 Amount	%	December 31,2022 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 192,973	14	$ 180,416	11
1170	Accounts receivable, net	6(3)	98,659	7	122,807	7
1180	Accounts receivable due from related parties, net	6(3) and 7	2,308	-	4,751	-
1200	Other receivables		329	-	486	-
1210	Other receivables due from related parties	7	89,985	6	88,869	5
130X	Inventories	6(4)	294,049	21	352,097	21
1410	Prepayments		6,798	-	4,858	-
11XX	**Total current assets**		685,101	48	754,284	44
	Non-current assets					
1535	Non-current financial assets at amortized cost	8	40,706	3	74,619	4
1550	Investments accounted for using equity method	6(5)	213,473	15	386,323	23
1600	Property, plant and equipment	6(6)	346,918	25	363,706	21
1755	Right-of-use assets	6(7)	112,601	8	119,391	7
1780	Intangible assets	6(9)	91	-	872	-
1840	Deferred tax assets	6(26)	18,581	1	23,485	1
1900	Other non-current assets		75	-	75	-
15XX	**Total non-current assets**		732,445	52	968,471	56
1XXX	**Total assets**		$ 1,417,546	100	$ 1,722,755	100

(continued)

TRUELIGHT CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

Unit: NT$Thousand

	Liabilities and equity	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities					
2100	Short-term loans	6(10)	$ 127,420	9	$ 366,651	21
2150	Notes payable		3,805	-	2,826	-
2170	Accounts payable		30,399	2	21,342	1
2180	Accounts payable to related parties	7	6,848	-	6,556	-
2200	Other payables	6(11)	87,838	6	107,658	6
2220	Other payables to related parties	6(11) and 7	156,887	11	184,509	11
2280	Current lease liabilities		7,880	1	7,846	1
2320	Long-term loans, current portion	6(12)	64,886	5	51,704	3
2399	Other current liabilities, others		1,927	-	2,798	-
21XX	**Total current liabilities**		487,890	34	751,890	43
	Non-current liabilities					
2540	Long-term loans	6(12)	64,108	4	85,453	5
2580	Non-current lease liabilities		108,772	8	114,963	7
2600	Other non-current liabilities	6(5)	21,766	2	890	-
25XX	**Total non-current liabilities**		194,646	14	201,306	12
2XXX	**Total liabilities**		682,536	48	953,196	55
	Equity					
	Share capital	6(15)				
3110	Ordinary shares		964,747	68	764,747	45
	Capital surplus	6(16)				
3200	Capital surplus		342,417	25	180,243	10
	Retained earnings	6(17)				
3310	Legal reserve		433	-	433	-
3320	Special reserve		3,893	-	3,893	-
3350	Accumulated deficit		(560,837)	(40)	(170,400)	(10)
	Other equity interest	6(18)				
3400	Other equity interest		(15,643)	(1)	(9,357)	-
3XXX	**Total equity**		735,010	52	769,559	45
	Significant commitments and contingencies	6				
	Significant subsequent events	11				
3X2X	**Total liabilities and equity**		$ 1,417,546	100	$ 1,722,755	100

TRUELIGHT CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

Unit: NT$Thousand

	Items	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	6(19)	$ 622,423	100	$ 987,858	100
5000	Operating costs	6(4)(24)(25)	(536,217)	(86)	(716,846)	(72)
5900	Gross profit from operation		86,206	14	271,012	28
5910	Unrealized profit from sales		(282)	-	(300)	-
5920	Realized profit from sale		300	-	500	-
5950	Gross profit from operation, net		86,224	14	271,212	28
	Operating expenses	6(24)(25)				
6100	Selling expenses		(17,519)	(3)	(18,494)	(2)
6200	Administrative expenses		(89,653)	(15)	(76,653)	(8)
6300	Research and development expenses		(174,381)	(28)	(163,359)	(16)
6450	Impairment loss/gain and reversal of impairment loss determined in accordance with IFRS 9	12	(7,184)	(1)	(166)	-
6000	Total operating expenses		(288,737)	(47)	(258,672)	(26)
6900	Net operating profit (loss)		(202,513)	(33)	12,540	2
	Non-operating income and expenses					
7100	Interest income	6(20)	4,213	1	1,048	-
7010	Other income	6(21)	15,360	3	37,301	4
7020	Other gains and losses, ne	6(22)	1,516	-	(9,230)	(1)
7050	Finance costs, net	6(23)	(11,444)	(2)	(10,894)	(1)
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	(192,665)	(31)	(57,055)	(6)
7000	Total non-operating income and expenses		(183,020)	(29)	(38,830)	(4)
7900	**Loss before income tax**		(385,533)	(62)	(26,290)	(2)
7950	Income tax expense (income)		(4,904)	(1)	103	-
8200	**Loss for the year**		($ 390,437)	(63)	($ 26,187)	(2)
	Other comprehensive income, net					
	Items that will not be reclassified to profit or loss					
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)(18)	$ -	-	($ 7,180)	(1)
	Items that may be subsequently reclassified to profit or loss					
8380	Exchange differences on translation	6(18)	(6,286)	(1)	8,720	1
8300	**Total other comprehensive income, net**		($ 6,286)	(1)	$ 1,540	-
8500	**Total comprehensive income for the year**		($ 396,723)	(64)	($ 24,647)	(2)
	Loss per share	6(27)				
9750	Basic loss per share		($ 4.68)		($ 0.34)	
9850	Diluted loss per share		($ 4.68)		($ 0.34)	

TRUELIGHT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2023 AND 2022

Unit: NT$Thousand

	Notes	Ordinary share	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Accumulated deficit	Other equity interest: Exchanges differences on translation of foreign financial statements	Other equity interest: Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Total equity
Year ended December 31, 2022									
Equity at beginning of period		$ 764,747	$ 173,917	$ 433	$ 3,893	($ 133,136)	($ 18,077)	($ 3,897)	$ 787,880
Loss for the year		-	-	-	-	(26,187)	-	-	(26,187)
Other comprehensive income for the year	6(2)(18)	-	-	-	-	-	8,720	(7,180)	1,540
Total comprehensive income		-	-	-	-	(26,187)	8,720	(7,180)	(24,647)
Disposal of investments in equity instruments measured at fair value through other comprehensive income		-	-	-	-	(11,077)	-	11,077	-
Changes in ownership interest in subsidiaries	6(16)	-	6,326	-	-	-	-	-	6,326
Equity at end of period		$ 764,747	$ 180,243	$ 433	$ 3,893	($ 170,400)	($ 9,357)	$ -	$ 769,559
Year ended December 31, 2023									
Equity at beginning of period		$ 764,747	$ 180,243	$ 433	$ 3,893	($ 170,400)	($ 9,357)	$ -	$ 769,559
Loss for the year		-	-	-	-	(390,437)	-	-	(390,437)
Other comprehensive income for the year		-	-	-	-	-	(6,286)	-	(6,286)
Total comprehensive income		-	-	-	-	(390,437)	(6,286)	-	(396,723)
Issue of shares	6(15)(16)	200,000	158,451	-	-	-	-	-	358,451
Share-based payment transaction	6(16)	-	3,869	-	-	-	-	-	3,869
Changes in ownership interest in subsidiaries	6(16)	-	(146)	-	-	-	-	-	(146)
Equity at end of period		$ 964,747	$ 342,417	$ 433	$ 3,893	($ 560,837)	($ 15,643)	$ -	$ 735,010

TRUELIGHT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023 AND 2022

Unit: NT$Thousand

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 385,533)	($ 26,290)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12	7,184	166
Depreciation expense	6(6)(7)(24)	89,753	123,161
Amortization expense	6(9)(24)	894	1,648
Net loss on financial assets or liabilities at fair value through profit or loss	6(22)	-	1,670
Interest income	6(20)	(4,213)	(1,048)
Interest expense	6(23)	11,444	10,894
Share-based payments	6(14)	3,621	-
Gain on disposal of property, plant and equipment	6(22)	(3,798)	(4,224)
Gain on disposal of other assets		(1,411)	(1,678)
Unrealized profit from sales		282	300
Realized profit from sales		(300)	(500)
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method		192,665	57,055
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		16,964	79,024
Accounts receivable due from related parties		2,443	5,016
Other receivables		399	(394)
Other receivables due from related parties		(1,116)	(50,335)
Inventories		58,048	27,430
Prepayments		(1,940)	1,300
Changes in operating liabilities			
Notes payable		979	2,106
Accounts payable		9,057	(48,072)
Accounts payable to related parties		292	(3,598)
Other payables		(31,912)	(18,286)
Other payables to related parties		(27,622)	(35,990)
Other current liabilities		(871)	(1,110)
Cash inflow generated from operations		(64,691)	118,245
Interest received		4,211	1,006
Interest paid		(11,419)	(10,809)
Income taxes received (paid)		(240)	(35)
Net cash flows from operating activities		(72,139)	108,407

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TRUELIGHT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023 AND 2022

Unit: NT$Thousand

	Notes	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	12	$ -	$ 773
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	37
Acquisition of property, plant and equipment	6(28)	(54,107)	(14,742)
Proceeds from disposal of property, plant and equipment	7	103	59,741
Acquisition of intangible assets	6(9)	(113)	(659)
Decrease (Increase) in other financial assets	8	33,913	(37,763)
Net cash flows from (used in) investing activities		(20,204)	7,387
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	6(29)	(239,231)	(119,099)
Proceeds from long-term loans	6(29)	43,500	92,500
Repayments of long-term loans	6(29)	(51,663)	(43,399)
Proceeds from issuing shares	6(15)	358,451	-
Repayments of lease liabilities	6(7)(29)	(6,157)	(6,065)
Net cash flows used in financing activities		104,900	(76,063)
Net increase in cash and cash equivalents		12,557	39,731
Cash and cash equivalents at beginning of period		180,416	140,685
Cash and cash equivalents at end of period		$ 192,973	$ 180,416

TrueLight Corporation
Notes to parent company only financial statements
For the years ended December31, 2023 and 2022

Unit: NT$ thousand
(Unless otherwise indicated

1. HISTORY AND ORGANISATION

(1) TrueLight Corporation (the company) was established in September 1997 in the Republic of China. The main business items of the company are design, research and development, Production and sales are applied to "optical fiber communication, 4G/5G mobile communication base station interconnection, cloud data center, 3D Sensing/Near-Field Sensing/Flood Illumination” Vertical Cavity Surface Emitting Laser (VCSEL), Edge laser (FP / DFB), photodiode (PIN / PINTIA)", including components, sub-modules, Light engine/AOC and other types of products.

(2) In order to improve the corporate governance structure and protect the interests of stakeholders, the Company participated in the Corporate Governance Assessment and Certification program organized by the Chinese Corporate Governance Association, and on September 23, 2013, the Company passed the "CG6008 Corporate Governance Universal Version Certification". The Company will continue to strengthen corporate governance and align with international standards to maintain competitiveness in the capital market.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS ANDPROCEDURES FOR AUTHORISATION

The parent company only financial statements were reported to the Board of Directors on March 06, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2022 are as follows:

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

The above standards and interpretations have no significant impacts on the Company’s financial condition and financial performance based on the Company’s assessment.

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

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

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

Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

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

(2) Basis of preparation

A. Except for the financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, the parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. ◦

Foreign currency transactions and balances

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

C. Exchange differences arising from the translation of the balance of non-monetary assets and liabilities denominated in foreign currencies are a part of fair value gains and losses. Nonmonetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and ~16~ liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within “other gains and losses”.

(4) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

(a) Liabilities that are to be settle within the normal operating cycle;

(b) Liabilities held mainly for trading purposes;

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

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

(5) Cash equivalents

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

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

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

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

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

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

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

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

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

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value: The changes in fair value of equity instruments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for rendered services.

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

(9) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company, after taking into consideration all reasonable and verifiable information that includes forecasts, recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition, or recognizes the impairment provision for the lifetime expected credit losses (the "ECLs") if such credit risk has increased since initial recognition. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECL.

(10) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset are expired.

(11) Leasing arrangements (lessor)-operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost is determined using the weighted-average method. The Cost of finished goods and work in process comprises raw materials, direct labors, other direct costs and factory overhead amortized at normal production capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price, less the estimated cost at completion and the estimated costs necessary to make the sale. 。

(13) Investments accounted for using equity method/Other non-current liabilities

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses arising from transactions between the Company and subsidiaries are eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

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

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

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

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

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

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

J. In the case that an associate issues new shares or buys treasury stocks (including the Company does not acquire or dispose shares proportionately), which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

K. Upon loss of significant influence over an associate, the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate are reclassified to profit or loss proportionately.

L. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit and other comprehensive income in the separate financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the separate financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.1.

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

C. Except for land which is not depreciated, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it should be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of the financial reporting period. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of the buildings are 5~40 years, machinery and equipment are 2~10 years and miscellaneous equipment are 2~5 years.

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a)Fixed payments, less any lease incentives receivable;

(b)Variable lease payments that depend on an index or rate;

(c)expected amount paid by the Company under the residual value guarantee;

(d)the exercise price of purchasing the option if the lessee can be reasonably certain that such option will be exercised; and

(e)penalties to be paid for lease termination if lessor intends to exercise the lease termination option during the leasing period.

The leasing liabilities are measured subsequently using the cost amortized by the interest bill, which provides for interest expense over the term of the lease. When a change in noncontractual results in a change in the leasing period or lease payment, the leasing liability is reassessed and the right-of-use asset is remeasured.

C. Right-of-use assets are recognized at cost at the commencement date of the lease, which includes:

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

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

(c)Any initial direct costs incurred;

(d)estimated costs for demolition, removal of the subject asset and location of the recovery period, or restoration of the subject asset to the condition required in the terms and conditions of the lease.

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

(16) Intangible assets

Computer software is amortized on a straight-line basis over its estimated useful life of 3 years.

(17) Impairment of non-financial assets

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

(18) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts and Notes payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

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

Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Employee share-based payment

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

B. Restricted stocks issued by the Company:

(a) The fair value of the equity instruments is recognized as compensation expenses over vesting period.

(b) Without restricting the right to participate in the distribution of dividends, employees who leave the Company within the vesting period must return the dividends the have obtained, and the Company shall credit the retained earnings, legal reserve or capital surplus debited on the date of declaration of original dividends when they are recovered.

(24) Income tax

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

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

C. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of the financial reporting period, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheets when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from purchase of equipment, research and development expenditures, and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(25) Share capital

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

B. The Company’s own equity instruments repurchased (treasury stock) are recognized at repurchase cost and deducted from equity. Any difference between the carrying amount and consideration is recognized in equity.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sale of commodity

(a) The main business items of the company are design, research and development, Production and sales are applied to "optical fiber communication, 4G/5G mobile communication base station interconnection, cloud data center, 3D Sensing/Near-Field Sensing/Flood Illumination" Vertical Cavity Surface Emitting Laser (VCSEL), Edge laser (FP / DFB), photodiode (PIN / PINTIA)", including components, sub-modules, Light engine/AOC and other types of products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, 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, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(c)Receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Costs of obtaining customer contracts

Although the incremental costs incurred by the Company in obtaining the customer contract are expected to be recoverable, the relevant contract period is less than one year so such costs are recognized as expenses when incurred.

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

The preparation of these separate financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions at the end of the financial reporting period and estimates concerning future events. The resulting accounting estimates and assumptions might be different from the actual results, and will be continually evaluated and adjusted based on historical experience and other factors; and the related information is addressed below:

(1) Critical judgments in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of property, plant and equipment

The impairment assessment of property, plant and equipment relies on the Company's subjective judgement, including using mode of assets, characteristics of industry, identifying cash-generating units, useful lives of assets, and revenue and expenses in the future. Any changes of assumptions and estimates will cause a material adjustment to the carrying amount of property, plant and equipment within the next financial year.

As of December 31, 2023, the carrying amount of property, plant and equipment was $346,918.

B. Evaluation of inventories

The Company's inventories are stated at the lower of cost and realizable value. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value at the end of the financial reporting period, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the management's subjective judgements. Therefore, there might be a difference against actual result.

As of December 31, 2023, the carrying amount of inventories was $294,049.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023		December 31, 2022	
Cash on hand and petty cash	$	20	$	30
Checking accounts and demand deposits		110,036		89,347
Time deposits		82,917		91,039
Total	$	192,973	$	180,416

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

B. For the restrictions on the Company's use of cash and cash equivalents as pledge guarantees, please refer to Note 8.

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

December 31, 2023 and 2022 : None.

A.The Company has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. For the year ended December 31, 2022, the Company have taken back the proceeds of investment which deducted capital and paid back to investors amounted to $773.

B.The Company sold the financial assets at fair value through other comprehensive income above in October 2022.

C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2022	
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	($	7,180)
Dividend income recognized in profit or loss	$	-
Reclassified from other equity to retained earnings due to disposal	$	11,077

(3) Accounts receivable

	December 31, 2023		December 31, 2022	
Accounts receivable	$	106,009	$	122,973
Accounts receivable from related parties		2,308		4,751
		108,317		127,724
Less: Loss allowance	(	7,350)	(	166)
	$	100,967	$	127,558

A. The ageing analysis of accounts receivable is as follows：

	December 31, 2023	December 31, 2022
Not past due	$ 96,152	$ 112,065
Less than 30 days past due	4,422	6,772
Between 31 and 90 days past due	397	5,044
Between 91 and 180 days past due	-	3,843
More than 181 days past due	7,346	-
	$ 108,317	$ 127,724

The ageing analysis above was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $211,764.

C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were carrying amounts of accounts receivable.

D. Information about credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2022		
	Cost	Allowance	Carrying amount
Raw materials	$ 119,231	($ 39,535)	$ 79,696
Work in process	64,321	(5,115)	59,206
Finished goods	198,934	(43,787)	155,147
	$ 382,486	($ 88,437)	$ 294,049

	December 31, 2022		
	Cost	Allowance	Carrying amount
Raw materials	$ 139,688	($ 42,959)	$ 96,729
Work in process	62,426	(2,490)	59,936
Finished goods	252,032	(56,600)	195,432
	$ 454,146	($ 102,049)	$ 352,097

Inventory costs recognized as an expense for the current period are as follows：

	2023	2023
Cost of inventories sold	$ 521,020	$ 718,798
Evaluation loss (gain)	5,953	(9,863)
Capacity difference	9,244	8,914
Income from sales of scraps	-	(1,003)
	$ 536,217	$ 716,846

The Company recognized the decrease of cost of inventories sold owing to the Company's sales of some inventories of which the net realizable value is lower than its cost in 2022, for the net realizable value of inventories was recovered.

(5) Investments accounted for using equity method/non-current liabilities

	December 31, 2023	December 31, 2022
Subsidiaries：		
TrueLight(B.V.I) Ltd.	$ 188,242	$ 360,055
YLTLink Technology Corporation	(20,876)	2,516
Associate：		
Optomedia Technology Inc.	25,231	23,752
	$ 192,597	$ 386,323

A. The meeting of Board of Directors have passed a resolution to convert Class A preferred shares of YLTLink Technology Corporation to Ordinary shares on August 3, 2022, and new shares were issued on August 31, 2022.

B. Details of the Company's subsidiaries are provided in Notes 4(3) and 6(5) of the Company's consolidated financial statements as of and for the year ended December 31, 2023.

C. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below:

	December 31, 2023		December 31, 2023	
Associate	Carrying amount	Ownership%	Carrying amount	Ownership%
Optomedia Technology Inc.	$ 25,231	29.94%	$ 23,752	29.94%

	2023	2022
Profit for the period	$ 1,461	$ 2,068
Total comprehensive income	$ 1,461	$ 2,068

(6) Property, plant and equipment

	2023			
January 1	Buildings	Machinery	Others	Total
Cost	$ 844,074	$ 1,811,660	$ 29,458	$ 2,685,192
Accumulated depreciation and impairment	(588,392)	(1,705,972)	(27,122)	(2,321,486)
	$ 255,682	$ 105,688	$ 2,336	$ 363,706
January 1	$ 255,682	$ 105,688	$ 2,336	$ 363,706
Acquisitions	249	26,534	39,392	66,175
Transfers	345	10,750	(11,095)	-
Depreciation	(32,746)	(49,643)	(574)	(82,963)
December 31	$ 223,530	$ 93,329	$ 30,059	$ 346,918
December 31				
Cost	$ 840,468	$ 1,836,277	$ 57,295	$ 2,734,040
Accumulated depreciation and impairment	(616,938)	(1,742,948)	(27,236)	(2,387,122)
	$ 223,530	$ 93,329	$ 30,059	$ 346,918

	2022			
January 1	Buildings	Machinery	Others	Total
Cost	$ 881,428	$ 2,008,127	$ 57,666	$ 2,947,221
Accumulated depreciation and impairment	(580,566)	(1,826,991)	(26,882)	(2,434,439)
	$ 300,862	$ 181,136	$ 30,784	$ 512,782

January 1	$ 300,862	$ 181,136	$ 30,784	$ 512,782
Acquisitions	1,275	7,331	6,235	14,841
Disposals	(7,062)	(40,484)	-	(47,546)
Transfers	872	33,342	(34,214)	-
Depreciation	(40,265)	(75,637)	(469)	(116,371)
December 31	$ 255,682	$ 105,688	$ 2,336	$ 363,706

December 31				
Cost	$ 844,074	$ 1,811,660	$ 29,458	$ 2,685,192
Accumulated depreciation and impairment	(588,392)	(1,705,972)	(27,122)	(2,321,486)
	$ 255,682	$ 105,688	$ 2,336	$ 363,706

A. No interest expense was capitalized on property, plant and equipment.

B. The significant components of the Company's building including building and ancillary equipment are depreciated at a rate of 40 years and 5~10 years respectively.

C. Refer to Note 8 for the Company's property, plant and equipment pledged to others.

(7) Leasing arrangements-lessee

A. The Company leases land and rental contracts are typically made for periods of 22 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 112,601	$ 119,391

	2023	2022
	Depreciation expense	Depreciation expense
Land	$ 6,790	$ 6,790

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $0 and $567.

D. The information on profit or loss relating to lease contract as follows：

	2023	2022
Items of profit or loss affected		
Interest expense on lease liabilities	$ 1,724	$ 1,815

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $7,881 and $7,880, respectively.

(8) Leasing arrangements-lessor

A.The Company leased part of the plant in 2021 for a period of 3 years, and restricted the lessee from subletting, leasing, assigning or using the subject matter of the lease in any other disguised way during the lease period.

B. For the years ended December 31, 2023 and 2022, the Company recognized rental income of $9,324, respectively, and no variable lease payment.

C. At December 31, 2023 and 2022, the Company's lease payments receivable based on maturity date were listed as follows:

	December 31, 2023	December 31, 2022
2023	$ -	$ 9,324
2024	2,331	2,331
Total	$ 2,331	$ 11,655

(9) Intangible assets

	2023	2022
January 1	Software	Software
Cost	$ 19,621	$ 18,962
Accumulated amortization and impairment	(18,749)	(17,101)
	$ 872	$ 1,861
January 1	$ 872	$ 1,861
Addition	113	659
Amortization expense	(894)	(1,648)
December 31	$ 91	$ 872
December 31		
Cost	$ 19,734	$ 19,621
Accumulated amortization And impairment	(19,643)	(18,749)
	$ 91	$ 872

A. Details of amortization of intangible are as follows:

	2023	2022
Administrative expenses	$ 138	$ 107
Research and development expenses	756	1,541
	$ 894	$ 1,648

B. The Company has no intangible assets pledged to others.

(10)Short-term loans

Type of loans	December 31, 2023	Interest rate range	Pledged assets
Bank unsecured loans	$ 420	2.395%	None
Bank secured loans	127,000	2.527%	Bank deposits, Building

	$ 127,420

Type of loans	December 31, 2023	Interest rate range	Pledged assets
Bank unsecured loans	$ 38,273	2.225%~2.51%	None
Bank secured loans	328,378	1.725%~6.3209%	Bank deposits, Building
	$ 366,651		

A. Please refer to Note 8 for details on the collateral provided for borrowings.

B. The interest expenses recognized in the income statement for the years 2023 and 2022 were $5,978 and $7,842, respectively.

(11)Other payables (including related parties)

	December 31, 2023	December 31,2022
Processing fee	$ 136,438	$ 182,575
Salaries and bonus payable	20,967	44,694
Payable on employees and directors remuneration	347	347
Payable on machinery and equipment	19,101	7,033
Others	67,872	57,518
	$ 244,725	$ 292,167

(12) Long-term loans

Institutions	Loan period	Collateral	December 31, 2023	December 31, 2022
Taiwan Business Bank secured loan	2023.03.30～2028.03.30	None	$ 6,000	$ -
Taiwan Business Bank unsecured loan	2021.01.04～2026.01.04	None	20,833	30,833
Hua Nan Commercial Bank unsecured loan	2017.12.18～2024.12.18	None	6,000	12,000
Hua Nan Commercial Bank unsecured loan	2028.05.23～2025.05.23	None	5,667	9,667
First Commercial Bank unsecured loan	2022.12.30～2027.12.30	None	12,500	12,500
First Commercial Bank unsecured loan	2023.01.19～2028.01.19	None	12,500	-
First Commercial Bank unsecured loan	2023.01.31～2028.01.31	None	12,500	-
First Commercial Bank unsecured loan	2023.02.24～2028.02.24	None	12,500	-
E.Sun Commercial Bank unsecured loan	2022.09.01～2025.03.01	None	40,494	72,157
			128,994	137,157
Less: Long-term loans, current portion (stated in other current liabilities)			(64,886)	(51,704)
			$ 64,108	$ 85,453
Interest rate range			2.040%~2.595%	1.75%~2.47%

A. The Company's unused credit line for long-term loans were $0 and $37,500 at December 31, 2023 and 2022, respectively.
B. Refer to Note 8 for collateral for long-term loans.

(13)Pensions

A.Effective from July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum in line with the amounts in employees' individual accounts and the amounts of accumulated gains.

B.The Company has established the "Retirement Regulations for Appointed Managers" which is applicable to managers with R.O.C nationality, and the Company shall assess and pay retirement benefits in accordance with the Regulations.

C.The Company recognized pension costs under the defined contribution plan aforementioned amounted to $24,507 and $13,496 for the years ended December 31, 2023 and 2022, respectively.

(14)Share-based payment

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

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Issuing new shares reserved for subscription by employees	2023.07.06	624	NA	Immediately vested

B.On May 10, 2023, the board of directors of the Company resolved to issue 20,000 thousand ordinary shares through a cash increase, and in accordance with Article 267 of the Company Law, no more than 15% was reserved for employees of the Company and its subsidiaries to subscribe.

C.Fair value information of aforementioned share-based payment is set out below:

Type of arrangement	Grant date	Fair value of share	Fulfilling price	Unit Fair value
Issuing new shares reserved for subscription by employees	2023.07.06	$ 24.20 (in dollars)	$ 18.00 (in dollars)	$ 6.20 (in dollars)

D.Expenses derived from share-based payment mentioned above is as below:

	2023
Settlement of equity	$ 3,621

(15)Capital share

As of December 31, 2023, the Company's authorized capital was $1,500,000, consisting of 150,000 thousand shares of common stock, and the paid-in capital was $967,747 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

The movements in the number of the Company's common stocks outstanding are as follows:

Unit: thousand shares

	2023	2022
January 1	76,475	76,475
Issuing new shares	20,000	-
December 31	96,475	76,475

On May 10,2023, the board of directors of the Company resolved to issue ordinary shares through a cash increase, which took effect on June 16, 2023 by the Financial Regulatory Commission, with a total issuance of 20,000 thousand shares and an issue price of $18 (in dollars) per share, and the change registration has been completed.

(16)Capital surplus

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

The Company converted Class A preferred shares of YLTLink Technology Corporation to ordinary shares on August 31, 2022. The above transaction causes a decrease in the Company's ownership percentage of the subsidiary for 31% and an increase in ownerships' equity of $6,326.

	Year ended December 31, 2023		
	Share premium	Changes in ownership interest in subsidiaries	Total
January 1	$ 173,917	$ 6,326	$ 180,243
Issuing new shares	158,451	-	158,451
Share-based payment	3,869	-	3,869
Issuing new shares reserved for subscription by employees	-	(146)	(146)
December 31	$ 336,237	$ 6,180	$ 342,417

	Year ended December 31, 2022		
	Share premium	Changes in ownership interest in subsidiaries	Total
January 1	$ 173,917	$ -	$ 173,917
Conversion of preferred shares of subsidiaries	-	6,326	6,326
December 31	$ 173,917	$ 6,326	$ 180,243

(17)Retained earnings(Accumulated deficit)

A. Under the Company's Articles of Incorporation, the current year's profit after income tax, shall first be offset against prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorized capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the demand for the business or relevant regulations. After the distribution of earnings, the remaining earnings and prior year's undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.

B. The Company adopts the balance and stability principles of dividends policy and takes into account future cash flow needs, financial plans and other factors, and satisfies the shareholders' demand for cash; therefore, the percentage of distribution of dividends shall be more than 5%, and the percentage of cash dividends shall be more than 10%. The distribution of dividends shall not be made as the accumulated retained earnings available for distribution is less than 10% of the Company's paid-in capital.

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

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

E. The Company's shareholders' meeting resolved 2022 and 2021 deficit appropriation on May 24, 2023 and May 26, 2022, respectively.

(18) Other equity

	Year ended December 31, 2023	
	Unrealized Evaluation gain (loss)	Foreign currency translation
January 1	$ -	($ 9,357)
Revaluation adjustment	-	-
Disposal of financial assets at fair value through other comprehensive income	-	-
Currency translation difference-subsidiaries	-	(6,286)
December 31	$ -	($ 15,643)

	Year ended December 31, 2022	
	Unrealized Evaluation gain (loss)	Foreign currency translation
January 1	($ 3,897)	($ 18,077)
Revaluation adjustment	(7,180)	-
Disposal of financial assets at fair value through other comprehensive income	11,077	-
Currency translation difference-subsidiaries	-	8,720
December 31	$ -	($ 9,357)

(19) Operating revenue

	2023	2022
Revenue from contracts with customers	$ 622,423	$ 987,858

The Company's revenue, which is derived from transfer of goods at a point of time, is subcategorized into the following geographic areas and product categories:

Geographic areas:

	2023	2022
China	$ 137,358	$ 226,585
Taiwan	197,981	353,093
Others in Asia	150,425	168,717
Europe and America	136,659	239,463
	$ 622,423	$ 987,858

Product category:

	2023	2022
Chips and components	$ 455,407	$ 705,405
Optical transmission and connection modules	153,607	255,223

	2023	2022
Others	13,409	27,230
	$ 622,423	$ 987,858

Revenue for the years 2023 and 2022 were categorized by product application, with percentages as follows: Broadband Network 31% and 30%, 4G/5G Base Station Interconnection 25% and 27%, Cloud Data Center 11% and 13%, Smartphone 29% and 25%, and Other 4% and 5%.

(20)Interest income

	2023	2022
Interest income from bank deposits	$ 4,213	$ 1,048

(21)Other income

	2023	2022
Rent income	$ 13,169	$ 34,096
Others	2,191	3,205
Total	$ 15,360	$ 37,301

(22)Other gains and losses

	2023	2022
Net currency exchange gains(losses)	$ 2,006	$ 12,921
Gain on disposal of property, plant and equipment	3,798	4,224
Others	(4,288)	(26,375)
	$ 1,516	($ 9,230)

(23)Finance cost

	2023	2022
Interest expenses：		
Bank loans	$ 9,720	$ 9,079
Lease liabilities	1,724	1,815
	$ 11,444	$ 10,894

(24)Additional disclosures on expenses of nature

	2023	2022
Employee benefit expenses	$ 311,732	$ 310,491
Depreciation	89,753	123,161
Amortization	894	1,648
	$ 402,379	$ 435,300

The above depreciations of both years included depreciation recognized in other net losses of other gains and losses.

(25)Employee benefit expenses

	2023	2022
Wages and salaries	$ 246,043	$ 259,427

Share-based payment	3,621	-
Labor and health insurance	25,012	25,531
Pension	24,507	13,496
Other personnel expenses	12,549	12,037
	$ 311,732	$ 310,491

A. In accordance with the Articles of Incorporation of the Company, ratios of distributable profit of the current year, after covering accumulated deficit, shall be distributed as employees' compensation and directors' remuneration. The ratios shall be between 4% and 10% for employees' compensation and no less than 4% for directors' remuneration.

B. The Company would not recognize employees' compensation and directors' remuneration as expenses because of the losses for the years ended December 31, 2023 and 2022.

C. Information related to employees' compensation and directors' remuneration shall be inquired at the Market Observation Post System website.

(26) Income tax

A. Income tax (income) expense

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

	2023	2022
Current tax：		
Total current tax	$ -	$ -
Deferred tax：		
Total deferred tax	4,904	(103)
Income tax expense (income)	$ 4,904	($ 103)

(b) No income tax (income) expense is related to components of other comprehensive income.

(c) No income tax expense (income) is related to debited or credited equity.

B. Reconciliation between income tax (income) expense and accounting loss：

	2023	2022
Tax calculated based on profit before tax and statutory tax rate	($ 77,107)	($ 5,258)
Origination and reversal of temporary differences	36,619	(401)
Effect from loss based on tax regulation unrecognized as deferred tax assets	40,488	5,659
Effect on changes of realizable deferred tax assets or liabilities	4,904	(103)
Income tax expense (income)	$ 4,904	($ 103)

C. Deferred tax or liabilities resulted from loss based on tax regulation is listed below:

	2023				
	January 1	Recognized in Profit or loss	Recognized in other comprehensive Income	Recognized in equity	December 31
Taxable loss	$ 23,485	($ 4,904)	$ -	$ -	$ 18,581
Total	$ 23,485	($ 4,904)	$ -	$ -	$ 18,581

	2022				
	January 1	Recognized in Profit or loss	Recognized in other comprehensive Income	Recognized in equity	December 31
Taxable loss	$ 23,382	$ 103	$ -	$ -	$ 23,485
Total	$ 23,382	$ 103	$ -	$ -	$ 23,485

D.As of December 31, 2023 and 2022, the expiry date of the tax losses unused are listed below:

	December 31, 2023			
Year of loss	Loss based on tax regulation	Unused losses	Loss unrecognized as deferred assets	Expiry date
2017	$ 510,212	$ 510,212	$ 417,307	2027
2018	164,906	164,906	164,906	2028
2019	216,152	216,152	216,152	2029
2020	89,022	89,022	89,022	2030
2021	156,461	156,461	156,461	2031
2022	26,739	26,739	26,739	2032
2023	202,439	202,439	202,439	2033
	$ 1,365,931	$ 1,365,931	$ 1,273,026	

	December 31, 2022			
Year of loss	Loss based on tax regulation	Unused losses	Loss unrecognized as deferred assets	Expiry date
2017	$ 510,212	$ 510,212	$ 393,302	2027
2018	164,906	164,906	164,906	2028
2019	216,152	216,152	216,152	2029
2020	92,551	92,551	92,551	2030
2021	159,176	159,176	159,176	2031
2022	28,293	28,293	28,293	2032
	$ 1,171,290	$ 1,171,290	$ 1,054,380	

E. Deductible temporary differences unrecognized as deferred assets:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 420,236	$ 237,142

F. The Company's income tax returns have been examined by the tax authority through the years up to 2021.

(27)Loss per share

	2023		
		Weighted average number of common shares outstanding	Loss per share

	Amount after tax	(shares in thousands)	(in dollars)
Basic and dilutive loss per share			
Loss for the year	($ 390,437)	83,343	($ 4.68)

	2022		
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and dilutive loss per share			
Loss for the year	($ 26,187)	76,475	($ 0.34)

(28) Supplemental cash flow information

Investing activities with partial cash collection and payments:

	2023	2022
Purchase of property, plant and equipment	$ 66,175	$ 14,841
Add: Opening balance of payable on equipment	7,033	6,934
Less: Ending balance of payable on equipment	(19,101)	(7,033)
Cash paid during the year	$ 54,107	$ 14,742

(29) Changes in liabilities from financing activities

	Short-term loans	Long-term loans (including current portion)	Lease liabilities	Total liabilities from financing activities
January 1, 2023	$ 366,651	$ 137,157	$ 122,809	$ 626,617
Changes in cash flow	(239,231)	(8,163)	(6,157)	(253,551)
Interest paid	-	-	(1,724)	(1,724)
Other non-cash changes	-	-	1,724	1,724
December 31, 2023	$ 127,420	$ 128,994	$ 116,652	$ 373,066

	Short-term loans	Long-term loans (including Current portion)	Lease liabilities	Total liabilities from financing Activities
January 1, 2022	$ 485,750	$ 88,056	$ 128,307	$ 702,113
Changes in cash flow	(119,099)	49,101	(6,065)	(76,063)
Interest paid	-	-	(1,815)	(1,815)
Other non-cash changes	-	-	2,382	2,382
December 31, 2022	$ 366,651	$ 137,157	$ 122,809	$ 626,617

7. RELATED PARTIES TRANSACTIONS

(1) Names and relationship of related parties

Name	Relationship with the Company
Optomedia Technology Inc.	Associate
ZHUHAI FTZ PRORAY CO., LTD.(ZFP)	Subsidiary

YLTLing Technology Corporation (YLT)	Subsidiary
Le Chun Wang	Other related party

(2) Significant transactions and balances with related parties

A. Operating revenue

	2023	2022
Subsidiaries	$ 3,035	$ 2,544
Associate	13,591	24,332
Total	$ 16,626	$ 26,876

There is no significant difference in the terms and conditions for transactions between the Company and related parties or non-related parties.

B. Purchases, processing fee and others

	2023	2022
Purchases：		
Subsidiary-YLT	$ 16,023	$ 56,832
Subsidiary-ZFP	-	47
Processing fee：		
Subsidiary-ZFP	26,843	93,243
Others：		
Subsidiaries	11,495	8,322
	$ 54,361	$ 158,444

C. Accounts receivable due from related parties

	December 31, 2023	December 31, 2022
Accounts receivable：		
Associate	$ 1,675	$ 2,370
Subsidiary-ZFP	-	2,381
Subsidiary-YLT	633	-
Subtotal	2,308	4,751
Other receivables：		
Subsidiary-ZFP	22,594	23,973
Subsidiary_YLT	67,391	64,896
Subtotal	89,985	88,869
Total	$ 92,293	$ 93,620

The accounts receivable due from related parties mainly arise from sales of goods, disposals and rentals of property, plant and equipment and support service. The transaction term of sales of goods is about 60 days, and terms of disposals and rentals of property, plant and equipment and support service are handled in accordance with mutual contracts. The above accounts receivable are unsecured in nature and bear no interest and for which no allowance loss.

D. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
Subsidiary-YLT	$ 6,848	$ 6,509
Subsidiary-ZFP	-	47
Subtotal	6,848	6,556
Other payables-processing fee:		
Subsidiary-ZFP	136,438	182,575
Other payables-others:		
Subsidiary-ZFP	18,066	-
Subsidiary-YLT	2,383	1,934
Total	$ 163,735	$ 191,065

The payables to related parties mainly arise from transactions of purchases and processing, are bear no interest. The transaction terms of purchases and processing are about 60 days, which were similar to those for third parties. The terms of service fee and acquisition of equipment are handled in accordance with mutual contracts.

E. Property transactions

Disposals of property, plant and equipment:

	2022	
	Disposal proceeds	Gain on disposal
Subsidiary-YLT	$ 59,741	$ 12,120

The gains on disposal of property, plant and equipment and other assets to subsidiaries, are unrealized and transferred to realized gains and other income monthly based on the useful lives of related property, plant and equipment and other assets. The Company recognized realized gains on disposal of property, plant and equipment $3,695 and $4,149, and realized other income $1,411 and $1,678 for the year ended December 31 2023 and 2022, respectively. As of December 31, 2023 and 2022, the above unrealized gains on disposal and other income are $10,593 and $15,699, which have been recognized in the investments accounted for using equity method.

F. The Company purchased equipment from subsidiary-ZFP at a cost of $17,252 in 2023.

G. The Company rented part of plant and equipment to subsidiary-YLT based on hours of use, and recognized rent incomes $12,591 and $32,943 for the years ended December 31, 2023 and 2022, respectively.

H. The Company prepaid $10,000 for Class A preferred shares of YLT in 2021, and new shares were issued on January 20, 2022. The Company's meeting of Board of Directors has passed a resolution to convert all Class A preferred shares of YLT to Ordinary shares on August 3, 2022, and new shares were issued on August 31, 2022.

I. In October 2022, the Company sold all investment at fair value through other comprehensive income to Le Chun Wang for $37. In October 2022 the proceed of above transaction of investment sold have been received.

(3) Information about remunerations to the major management

	2023	2022
Salaries and other short-term employee benefits	$ 22,578	$ 25,882
Severance benefits	1,015	-
Post-employment benefits	12,104	540

Share-based payments	620	-
Total	$ 36,317	$ 26,422

8. PLEDGED ASSETS

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

Pledged assets	Carrying amount December 31, 2023	Carrying amount December 31, 2022	Purposes
Demand deposits (listed in non-current financial assets at amortized cost)	$ 31,826	$ 35,038	Pledged for short-term loans
Time deposits (listed in non-current financial assets at amortized cost)	8,880	39,581	Pledged for short-term loans, customs duties guarantee and lease guarantee
Buildings	176,865	186,896	Pledged for short-term and long-term loans
	$ 217,571	$ 261,515	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 24,126	$ 5,456

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 6, 2024 the resolution of the Company's board of directors is as follows：

A. The Company intends to lend $67,391 to its subsidiary-YLT.

B. The Company intends to process private placement of 15,000 thousand common shares of Tranche 202301~202305, with a total number of shares issued not more than 15,000 thousand shares, a subscription price of $30.4 (in dollars) per share, and an estimated amount of $456,000, and the basis date of capital increase is March 15, 2024.

12. OTHERS

(1) Capital management

The objective of capital management is to ensure the Company can continue to operate and grow, while optimizing debt and equity balances to provide sufficient returns to shareholders. The capital structure management strategy of the Company is based on the industry scale, future growth prospects and product development plans of our business, taking into account the cyclical fluctuations of the industry and product life cycles, in order to plan the necessary production capacity and corresponding capital expenditures and determine an appropriate capital structure for the Company. The management team of the Company regularly reviews the capital structure and considers the costs and risks associated with different capital structures. Generally, the Company adopts a prudent risk management strategy.

At December 31, 2023 and 2022, the Company' lability ratio are as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 682,536	$ 953,196
Total assets	1,417,546	1,722,755
Liabilities/assets ratio	48%	55%

(2) Financial instruments

A. Financial instruments by category

Financial assets	December 31, 2023	December 31, 2022
Financial assets at amortized cost		
Cash and cash equivalents	192,973	180,416
Financial assets at amortized cost	40,706	74,619
Accounts receivable(including related parties)	100,967	127,558
Other receivables(including related parties)	90,314	486
Refundable deposits	75	75
	$ 425,035	$ 383,154

Financial liabilities	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost		
Short-term loans	$ 127,420	$ 366,651
Notes payable	3,805	2,826
Accounts payables(including related parties)	37,247	27,898
Other payables(including related parties)	244,725	292,167
Long-term loans(including current portion)	128,994	137,157
Deposit received	890	890
	$ 543,081	$ 827,589
Lease liabilities	$ 116,652	$ 122,809

B. Financial risk management policies

The Company's operating activities expose the Company to a variety of financial risks, including market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The financial risk management policies of the Company focus on minimizing any adverse effects on the financial performance.

C. Nature and degree of significant financial risks

The risk management work is carried out by the financial units of the Company in accordance with the policies approved by the board of directors. The financial units of the Company work closely with the operational units of the Company and are responsible for identifying, evaluating, and avoiding financial risks. The financial risk management policy is regularly reviewed to reflect changes in market conditions and the operation of the Company.

(a) Market risk

Foreign exchange risk

(i) The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, Japanese yen and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

(ii) The Company follows the principle of natural hedging and conducts hedging based on the market forex conditions according to the funding needs and net positions (the difference between foreign currency assets and liabilities positions) of each currency. When a short-term imbalance occurs, the Company will buy or sell foreign currency at the spot rate to ensure that the net exposure is maintained at an acceptable level.

(iii)The Company's businesses involve some non-functional currency operations (the Company's functional currency is NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign current amount (in thousands)	Exchange rate	Carrying amount (NT$ thousand)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 7,437	30.71	$ 228,390
RMB：NTD	2,803	4.329	12,134
Yen：NTD	9,052	0.2175	1,969
Financial liabilities			
Monetary items			
USD：NTD	$ 1,212	30.71	$ 37,221
RMB：NTD	35,690	4.329	154,502

	December 31, 2022		
	Foreign current amount (thousands)	Exchange rate	Carrying amount (NT$ thousand)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 9,085	30.70	$ 278,910
RMB：NTD	4,554	4.409	20,079
Yen：NTD	1,994	0.2326	464
Financial liabilities			
Monetary items			
USD：NTD	$ 1,512	30.70	$ 46,418
RMB：NTD	41,426	4.409	182,647

(iv)Net currency exchange (losses) gains arising from foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to $2,006 and $12,921, respectively.

(v)Analysis of foreign currency market risk arising from significant foreign exchange variation:

2023
Sensitivity analysis

	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Foreign currency: functional currency			
Financial assets			
Monetary items			
USD：NTD	1.00%	$ 2,284	$ -
RMB：NTD	1.00%	121	-
Yen：NTD	1.00%	20	-
Financial liabilities			
Monetary items			
USD：NTD	1.00%	($ 372)	$ -
RMB：NTD	1.00%	(1,545)	-

	2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive Income
Foreign currency: functional currency			
Financial assets			
Monetary items			
USD：NTD	1.00%	$ 2,789	$ -
RMB：NTD	1.00%	201	-
Yen：NTD	1.00%	5	-
Financial liabilities			
Monetary items			
USD：NTD	1.00%	($ 464)	$ -
RMB：NTD	1.00%	(1,826)	-

Price risk

The Company has no equity instruments exposed to price risk in 2023 and 2022.

Cash flow and fair value interest rate risk

(i) The Company’s main interest rate risk arises from short-term loans and long-term loans with variable rates which expose the Company to cash flow interest rate risk. During the year ended December 31, 2023 and 2022, the Company’s borrowings at variable rates were denominated in NTD and USD.

(ii) The Company's borrowings are measured at amortized cost and are repriced annually according to the contract's agreed-upon interest rate. Therefore, the Company is exposed to the risk of future market interest rate changes.

(iii) When borrowing rates rise or fall by 1%, while all other factors remain constant, the Company's net profit after tax for the years 2023 and 2022 will decrease or increase by $3,305 and $3,865, respectively, mainly due to the fluctuation of interest expense resulting from floating-rate borrowings.

(b)Credit risk

(i) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortized cost which were settled in accordance with contractual agreements.

(ii) The Company manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only well rated parties are accepted. According to the Company's credit policy, each operating entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors, and the utilization of credit limits is regularly monitored.

(iii)If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(iv)The Company adopts the assumption under IFRS 9, that is, for most operating entities, the default occurs when the contract payments are past due over one year.

(v)The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the simplified approach using the provision matrix and loss rate method to estimate expected credit loss.

(vi)The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

i. It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

ii.The disappearance of an active market for that financial asset because of financial difficulties;

iii.Default or delinquency in interest or principal repayments;

iv.Adverse changes in national or regional economic conditions that are expected to cause a default.

(vii)The Company writes off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures.

(viii)The Company refers to the forecast ability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of accounts receivable. The provision matrix as of December 31, 2023 and 2022 is as follows:

	Not past due	Less than 30 days past due	Between 31 and 90 days past due	Between 91 and 180 days past due	Between 181 and 360 days past due	More than 360 days past due	Total carrying amount for individuals
December 31,2023							
Expected loss rate	0.03%	0.03%	1%	3%	10%	100%	
Carrying amount	$ 96,152	$ 4,422	$ 397	$ -	$ -	$ -	$ 100,971
Loss allowance	$ -	$ -	$ 4	$ -	$ -	$ -	$ 4

December 31, 2023	Individuals	Others	Total
Expected loss rate	100%	0.03%~100%	
Carrying amount	$ 7,346	$ 100,971	$ 108,317
Loss allowance	$ 7,346	$ 4	$ 7,350

	Not past due	Less than 30 days past due	Between 31 and 90 days past due	Between 91 and 180 days past due	Between 181 and 360 days past due	More than 360 days past due	Total carrying amount for individuals
December 31,2022							
Expected loss rate	0.03%	0.03%	1%	3%	10%	100%	
Carrying amount	$ 112,065	$ 6,772	$ 5,044	$ 3,843	$ -	$ -	$ 127,724
Loss allowance	$ -	$ -	$ 51	$ 115	$ -	$ -	$ 166

December 31, 2022	Individuals	Others	Total
Expected loss rate	100%	0.03%~100%	
Carrying amount	$ -	$ 127,724	$ 127,724
Loss allowance	$ -	$ 166	$ 166

(ix)Movements in relation to the allowance for accounts receivable are as follows:

	2023
	Accounts receivable
January 1	$ 166
Recognition	7,184
December 31	$ 7,350

	2022
	Accounts receivable
January 1	$ -
Reversal	166
December 31	$ 166

(c)Liquidity risk

(i)Cash flow forecasts are executed by each operating units within the Company and summarized by the Company's financial unit. The Company's financial unit monitors the forecasted liquidity requirements of the Company to ensure that it has sufficient funds to support its operational needs and maintains sufficient unused borrowing commitments at all times to prevent the Company from violating relevant borrowing limits or terms. These forecasts take into account the Company's debt financing plan, compliance with debt terms, compliance with financial ratio targets on the internal balance sheet, and external regulatory requirements such as foreign exchange controls.

(ii)The table below analyses the Company’s non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the financial reporting period to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 1	Between 1	Between 2	More than

Non-derivative financial liabilities：	year	and 2 years	and 5 years	5 years
Short-term loans	$ 130,117	$ -	$ -	$ -
Notes payable	3,805	-	-	-
Accounts payable	37,247	-	-	-
Other payables	244,725	-	-	-
Lease liabilities	7,880	7,880	23,641	91,281
Long-term loans (including current portion)	67,095	34,852	30,972	-

Derivative financial liabilities: none

December 31, 2022	Less than 1	Between 1	Between 2	More than
Non-derivative financial liabilities：	Year	and 2 years	and 5 years	5years
Short-term loans	$ 371,289	$ -	$ -	$ -
Notes payable	2,826	-	-	-
Accounts payable	27,898	-	-	-
Other payables	292,167	-	-	-
Lease liabilities	7,880	7,880	23,641	99,161
Long-term loans (including current portion)	53,965	56,639	30,527	-

Derivative financial liabilities: none

(iii)The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, short-term loans, notes payable, accounts payable, other payables, lease liabilities and long-term loans (including current portion) are reasonably approximate to the fair values.

C. The Company had no significant financial instruments measured at fair value at December 31, 2023 and 2022.

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

E. The movements of Level 3 are as follows:

	2023	2022
	Equity instruments	Equity instruments
January 1	$ -	$ 7,990
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	(773)

Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	-	(7,180)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	(37)
December 31	$ -	$ -

F. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

(4) The Company's plan for future financial wellness

The Company's debt ratio on December 31, 2023 was 48%. The future plan for financial wellness includes:

A. The product manufacturing process continues to advance towards epitaxy with high technical threshold: The Group's epitaxy factory has been built and mass-produced. In addition to supplying the chip demand for short-wave products, it also supplies some chips required for long-wave products, which are self-imported. After the production of Epiwafers, the benefits of cost reduction have gradually been produced.

B. Uninterrupted product research and development: High-end high-speed products have been developed and shipped one after another, and are actively cooperating with well-known foreign manufacturers for development to create more business opportunities.

C. Diversification of product applications: The Company is actively transforming, in addition to its own products, giving full play to its existing process capabilities, expanding the professional wafer foundry business of III V family, hoping to cooperate more closely with Epicrystalline manufacturers and mutually beneficial to form a virtual vertically integrated design and wafer manufacturing(IDM) factory, on the one hand, increase the utilization rate of existing wafer production lines, reduce the cost of existing products and increase gross profit. By serving customers, the Company can expand the otherwise inaccessible markets to increase revenue, thereby improving the Company's operating conditions.

D. Expansion of sales markets/regions: increase the proportion of sales in Taiwan, Europe, America, and other Asian regions through diversification of product applications, avoiding the risk of selling in a single market and expanding revenue.

E.Fund raising plan: The Company has always maintained a good credit relationship with the bank, and will continue the past experience to activity apply for credit lines from financial institutions and renew existing financing lines. If necessary, it is also considered to obtain financing from non-financial institutions or obtain funds from the capital market to increase the space for capital deployment and improve the financial structure.

F. Reduce costs and improve operating efficiency: optimize the process to reduce production costs, re-examine the effectiveness of the organization, and strictly control various expenses to improve profitability and operating performance.

13. DISCLOSURES IN NOTES

(1) Information on significant transactions

A. Lending funds to others: None.

B. Providing endorsements or guarantees to others: Please refer to Table 1.

C. Holding of marketable securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in-capital: None.

E. Acquisition of real estate reaching $300 million or 20% of the Company's paid-in-capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of Company's paid-in-capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million of 20% of paid-in-capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of Paid-in-capital or more: Please refer to Table 2.

I. Trading in derivative instruments undertaken during the reporting period: None.

J. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Please refer to Table 3.

(2) Information on investees

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland China): Please refer to Table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to Table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to Table 6.

(4) Information on major shareholders: None.

14. OPERATING SEGMENT INFORMATION

Not applicable.

TrueLight Corporation

Provision of endorsements and guarantees to others

Year ended December 31,2023

Table 1

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

Number (Note1)	Endorser/guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/guarantor (Note2)	Limit on endorsements/ guarantees provided for a single party (Note3)	outstanding endorsement /guarantee amount as at December 31,2023 (Note4)	Outstanding endorsement /guarantee amount as at December 31,2023	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement /guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/guarantees by parent company to subsidiay (Note5)	Provision of endorsements/guarantees by subsidiary to parent company (Note5)	Provision of endorsements/ guarantees to the party in Mainland china (Note5)	Footnote
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	(2)	$ 964,747	$ 140,000	$ 70,000	$ 12,965	-	7.65	$ 964,747	Y	N	Y	–

Note1：The numbers filled in for the endorsements /guarantees provided by the Company or subsidiaries are as follows：

(1).The Company is ‘0’。

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

Note2：Relationship between the endorser/ guarantor and the party being endorsed /guaranteed is classified into the following seven categories:

(1).Having business relationship.

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

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

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

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

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

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

Note3：According to the company's endorsement/guarantee method, the quota of endorsement/guarantee for a enterprise is limited to be up to 10% of the company's latest financial statement paid-in capital.For a company, which is held by 100% shareholdings by the company,the quota of endorsement/guarantee is limited to be up to the financial statement paid-in capital.

Note4：The maximum balance of endorsement/guarantee for others in the current year.

Note5：Y must be filled in only if the parent company of the listed company endorses the subsidiary company, if the subsidiary company endorses the parent company of the listed company, and if it belongs to the mainland China area.

TrueLight Corporation

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

December 31,2023

Table 2

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

creditor	counterparty	Relationship with the counterparty	Nature	Balance as at December 31,2023	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount recovered after the due date	allowance for doubtful accounts
ZHUHAI FTZ PRORAY CO.,LTD	TrueLight Corporation	parent company	Accounts receivable	$ 136,438	0.18	$ 107,489	Note	$ 4,237	$ -

Note: The Group's funds are planned and used as a whole. After considering the net amount of accounts receivable and accounts payable among the groups, the relevant funds will be remitted according to the capital needs of each company.

TrueLight Corporation

Significant inter-company transactions during the reporting period

For the Year Ended December 31,2023

Table3 Expressed in thousands of New Taiwan dollars,except as otherwise indicated

				Transaction			
Number (Note1)	Company name	Counterparty	Relationship (Note2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Other accounts payable	$ 154,504	Note4	12%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Processing fee	26,843	Note4	4%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Acquisition of property	17,252	Note5	3%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	OtherAccounts receivable	22,594	Note5	2%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Sales	2,424	Note5	-
0	TrueLight Corporation	YLTLink Technology Corporation	1	Rental income	12,591	Note5	2%
0	TrueLight Corporation	YLTLink Technology Corporation	1	OtherAccounts receivable	67,391	Note5	5%
0	TrueLight Corporation	YLTLink Technology Corporation	1	Purchase	16,023	Note5	3%
0	TrueLight Corporation	YLTLink Technology Corporation	1	Accounts payable	6,848	Note4	-
0	TrueLight Corporation	YLTLink Technology Corporation	1	Other accounts payable	2,383	Note5	-
0	TrueLight Corporation	YLTLink Technology Corporation	1	Technical service fee	7,131	Note5	-
0	TrueLight Corporation	YLTLink Technology Corporation	1	R & D expenses / Manufacturing expenses	4,364	Note5	1%

Note1：The numbers filled in for the transaction company in respect of inter-cpmpany transactions are as follows:

(1).Parent company is ‘0’.

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

Note2：Relationship between transaction company and counterparty is classified into the following three categories:

(1).Parent company to subsidiary.

(2).Subsidiary to parent company.

(3).Subsidiary to subsidary.

Note3：Regarding percentage of transaction amount to consolidated total operating sevenues or total assets, it is computed based on period-end balance of transation to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note4：The purchase and processing fees are handled according to the general purchase price and conditions, and the payment terms are monthly payment within 60 days.

Note5：It is handled in accordance with the contract between the two parties.

Note6：Transactions involving significant amounts are disclosed, and transactions with related parties are not disclosed separately.

TrueLight Corporation

INFORMATION ON INVESTEES(Excluding Chinese mainland companies)

For the Year Ended December 31,2023

Table 4

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

				Initial investment amount		Shares Heid as at December31,2023					
Investor	Investee	Location	Main Businesses Activies	Balance as at December31,2023	Balance as at December31,2022	number of shares	Ownership (%)	Book value	Net profit(loss) of the investee of the year ended December31,2023	Investment income (loss) recognused by the company for the year ended December31,2023	Footnote
TrueLight Corporation	TrueLight (B.V.I.) Ltd.	british virgin islands	Equity investment	$ 404,471	$ 404,471	13,000,000	100	$ 188,242	($ 180,116)	($ 169,170)	Note1
TrueLight Corporation	OPTOMEDIA TECHNOLOGY INC	Taiwan	Manufacture and trading of wired and wireless communication machinery and equipment	103,642	103,642	2,435,913	30	25,231	4,881	1,461	
TrueLight (B.V.I.)Ltd.	PRORAY LIMITED	Hongkong	Equity	387,176	387,176	12,500,000	100	178,721	(179,990)	(169,044)	Note1
TrueLight Corporation	YLTLink Technology Corporation	Taiwan	Electronic components fabricate	68,330	68,330	7,398,456	41	(20,876)	(68,449)	(24,956)	Note1

Note1：The line includes adjustments for countercurrent transactions.

TrueLight Corporation

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

For the Year Ended December 31,2023

Table 5

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

Investee Company in china	Main Businesses Activies	Paid-in Capital	Method of Investment （Note1）	Accumulated Outward Remittance Investment from Taiwan as of January 1, 2023	Remittance of Funds: Outward	Remittance of Funds: Inward	Accumulated Outward Remittance Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31,2023	Accumulated Repatriation of Investment Income as of December 31,	Footnote
ZHUHAI FTZ PRORAY CO.,LTD	Excludes continental companies that design, produce, process and sell optoelectronic modules/components	$ 387,176	1	$ 387,176	$ -	$ -	$ 387,176	($ 179,990)	100%	($ 169,044)	$ 178,720	$ -	

Company name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
TrueLight Corporation	$ 387,176	$ 407,552	$422,233
	USD 12,500 thousand	USD 12,633 thousand	

Note1：(1)Establish companies through investment in the third region and reinvest in china companies.

(2)Reinvest in mainland companies by reinvesting in existing companies in china regions.

Note2：Investment gains and losses are recognized in accordance with the financial reports verified by the certified accountants of the parent company in Taiwan, including countercurrent trading adjustments, etc.

Note3：At the end of the current period, the accumulated original investment amount was remitted from Taiwan to Zhuhai Free ZHUHAI FTZ PRORAY CO.,LTD. for US$12,500.Expressed in thousands

Note4：A total of USD12,640,000 was approved by the INVESTMENT COMMISSION, MOEA of the Ministry of Economic Affairs, and USD6,647.90 was the remaining funds after the liquidation of branch companies in 2005.

TrueLight Corporation

Transactions of Mainland Investment Information - Significant transactions occurred directly or indirectly through third-party enterprises and reinvestment in Mainland China by invested comp

For the Year Ended December 31,2023

Table 6

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

	Sell (purchase) goods		Disposal of property		Other accounts payable		OtherAccounts receivable		Instrument endorsement, guarantee or provision of collateral	
Investee Company	Amount	%	Amount	%	Balance	%	Balance	%	Balance at ended December 31, 2023	Purpose
ZHUHAI FTZ PRORAY CO.,LTD	($ 26,843)	(18)	$ 17,252	3%	($ 154,504)	-151%	$ 22,594	4020%	$ 70,000	financing

TrueLight Corporatio
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand		$ 20
Cash in banks		
Demand deposits		
—NTD		58,659
—Foreign currencies	USD 1,452 thousand at exchange rate of 30.71	44,599
	JPY 9,052 thousand at exchange rate of 0.21745	1,968
	CNY 688 thousand at exchange rate of 4.329	2,980
	Others	5
Check deposits		1,825
Time deposits		
—Foreign currencies	USD 2,700 thousand, one week, interest rate at 4.52%~5.30%, exchange rate of 30.71	82,917
		$ 192,973

TrueLight Corporation
Accounts receivable
December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 2

Customer Name	Description	Amount	Note
Non-related-parties			
AC012		22,925	
T0169		19,946	
A0561.1		8,989	
TC043		6,933	
A0296.1		5,322	
Others		41,894	None of the balances of each remaining item is greater than 5% of this account balance
		106,009	
Less: Allowance for doubtful accounts		(7,350)	
		98,659	
Subsidiaries and associates：			
YLTLing Technology Corporation		633	
Optomedia Technology Inc.		1,675	
		2,308	
		$ 100,967	

TrueLight Corportation

Inventories

December 31, 2023

(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Description	Amount: Cost		Amount: Market price		Note
Raw materials 原料		$	119,231	$	80,020	Market price at replacement cost
Work in process			64,321		74,691	Market price is determined by net realizable value
Finished goods			198,934		231,545	Market price is determined by net realizable value
		$	382,486	$	386,256	
Less: Allowance for inventory devaluation and obsolescence		(	88,437)			
		$	294,049			

TrueLight Corporation
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD/OTHER NON-LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 4

	Balance at January 1, 2023		Additions		Deductions		Balance at December 31, 2023			Market value or net equity value			
Investee	Shares (In thousands)	Amount	Shares (In thousands)	Amount	Shares (In thousands)	Amount (Note 1)	Shares (In thousands)	Owner-ship (%)	Amount	Unit price (Note 2)	Total	Collateral	Note
TrueLight (B.V.I.)Ltd.	13,000	$ 360,055	-	$ -	-	($ 171,813)	-	100%	$ 188,242	-	$ 188,242	None	
Optomedia Technology Inc.	2,436	23,752	-	1,479	-	-	-	30%	25,231	-	25,231	None	
YLTLink Technology Corporation	7,398	2,516	-	-		(23,392)	-	41%	(20,876)	-	(20,876)	None	
		$ 386,323		$ 1,479		($ 195,205)			$ 192,597		$ 192,597		

Note 1：This includes the cumulative translation adjustment of ($6,286) for the investee company, unrealized gains and losses on forward and backward flow trading of $5,124, investment losses of $192,665, and an increase in ownership equity of subsidiaries for $101.

Note 2: The market value of investee company accounted for using equity method is presented at the net value.

TrueLight Corporation
CHANGES IN PROPERTY, PLANT AND EQUITMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 5

Item	Balance at January 1, 2023	Additions	Deductions	Transfers	Balance at December 31, 2022	Collateral	Note
Buildings	$ 844,074	$ 249	($ 4,200)	$ 345	$ 840,468	Provide book value of $176,865 Pledge to the bank	
Machinery equipment	1,811,660	26,534	(12,667)	10,750	1,836,277	None	
Mold equipment	10,537	-	-	-	10,537	None	
Transportation equipment	1,677	-	-	-	1,677	None	
Office equipment	15,846	1,130	(460)	-	16,516	None	
equipment under installation	1,398	38,262	-	(11,095)	28,565	None	
	$ 2,685,192	$ 66,175	($ 17,327)	$ -	$ 2,734,040		

TrueLight Corporation
CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUITMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Balance at January 1, 2023	Additions	Deductions	Balance at December 31, 2023	Note
Buildings	$ 588,392	$ 32,746	($ 4,200)	$ 616,938	
Machinery equipment	1,705,972	49,643	(12,667)	1,742,948	
Mold equipment	10,537	-	-	10,537	
Transportation equipment	1,005	242	-	1,247	
Office equipment	15,580	332	(460)	15,452	
	$ 2,321,486	$ 82,963	($ 17,327)	$ 2,387,122	

TrueLight Corporation
ACCOUNTS PAYABLE
December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 7

Vendor Name	Description	Amount	Note
Non-related-parties			
AL006		$ 7,493	
KS005		6,963	
LY002		4,692	
CS016		3,084	
CD017		2,638	
Others		5,529	None of the balances of each remaining item is greater than 5% of this account balance
		30,399	
Subsidiaries			
YLTLink Technology Corporation		6,848	
		$ 37,247	

TrueLight Corporation
OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 8

Items	Quantity	Amount	Note
Chips and components	203,527 thousands/pce	$ 455,407	
Optical transmission and connection modules	1,471 thousands/pce	153,607	
Others		13,409	
		$ 622,423	

TrueLight Corporation
OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 9

Items	Description	Amount	Notes
Beginning balance of raw materials		$ 139,688	
Add: Purchased during the year		150,358	
Less: Ending balance of raw materials at December 31		(119,231)	
Less：Raw material scrap		(953)	
Sell raw materials		(788)	
Transfer to expenses		(20,655)	
Used during the year		148,419	
Direct Labor		65,442	
Manufacturing expenses		320,246	
Manufacturing costs		534,107	
Add: WIP at the beginning of the period		62,426	
Less：WIP at the ending of the period		(64,321)	
Transfer to expenses		(55,610)	
Semi-finished product cost		476,602	
Add: Semi-finished products and finished products at the beginning of the period		252,032	
Add：Expenses transferred in		9,144	
Less：Semi-finished products and finished products at the end of the period		(198,934)	
Scrapping of semi-finished and finished products		(18,612)	
		520,232	
Add:：Cost of raw materials sold		788	
Inventory sluggishness and falling price recovery benefits		5,953	
Normal capacity difference		9,244	
Total Operating costs		$ 536,217	

TrueaLight Corporation
MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 10

Items	Description	Amount	Notes
Wages and salaries		$ 97,181	
Depreciation expense		65,348	
Processing fee		48,421	
Electricity expense		35,834	
Indirect materials		29,909	
Others		43,553	None of the balances of each remaining item is greater than 5% of this account balance
		$ 320,246	

TrueLight Corporation
SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 11

Items	Description	Amount	Notes
Wages and salaries		$ 11,095	
management fee		1,213	
Others		5,211	None of the balances of each remaining item is greater than 5% of this account balance
		$ 17,519	

TrueLight Corporation
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 12

Items	Description	Amount	Notes
Wages and salaries		$ 56,749	
professional service fee		7,123	
Repair and maintenance fee		6,724	
Others		19,057	None of the balances of each remaining item is greater than 5% of this account balance
		$ 89,653	

TrueLight Corporation
RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 13

Items	Description	Amount		Notes
Wages and salaries		$	54,393	
Transferred expenses from production department			47,337	
Depreciation expenses			18,151	
Others			54,500	None of the balances of each remaining item is greater than 5% of this account balance
		$	174,381	

TrueLight Corporation
LABOUR, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 14

Function / Nature	2023				2022			
	Operating costs	Operating expenses	Non-operating income and expenses	Total	Operating costs	Operating expenses	Non-operating income and expenses	Toal
Employee benefit expense								
Wages and salaries	$ 143,888	$ 104,246	$ -	$ 248,134	$ 151,254	$ 106,323	$ -	$ 257,577
Labour and health insurance fees	16,557	8,455	-	25,012	16,981	8,550	-	25,531
Pension costs	8,046	16,461	-	24,507	8,483	5,013	-	13,496
Directors' remuneration	-	1,530	-	1,530	-	1,850	-	1,850
Other employee benefit expense	8,750	3,799	-	12,549	8,446	3,591	-	12,037
Depreciation expenses	65,348	20,117	4,288	89,753	72,487	25,969	24,705	123,161
Amortization expenses	-	894	-	894	-	1,648	-	1,648

Explanation：

1.The number of employees in the current and previous year were 316 and 332 respectively, with 4 non-executive directors who were not also employees in both year.

2.Companies listed on a stock exchange or traded over-the-counter should disclose the following information:

(1) Average employee benefits expenses for the year: $994((Total employee benefits expenses for the year) – (Total director's remuneration)) / ((Number of employees for the year) – (Number of non-employee directors))

Average employee benefits expenses for the previous year: $941((Total employee benefits expenses for the previous year) – (Total director's remuneration)) / (Number of employees for the previous year) – (Number of non-employee directors))

(2) Average employee salary cost for this year is $795. (Total salary cost for this year) / ((Number of employees for this year) – (Number of directors who are not also employees)).

Average employee salary cost for the previous year was $785. (Total salary cost for the previous year) / ((Number of employees for the previous year) – (Number of directors who are not also employees)).

(3) Adjustment change in average employee salary cost: 1%

((Average employee salary cost for this year) – (Average employee salary cost for the previous year)) / (Average employee salary cost for the year before the previous year.

(4) Please describe the company's compensation policy (Including directors, supervisors, managers, and employees).

TrueLight Corporation

LABOUR, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Statement 14

A. The variable director's remuneration of our company is based on the annual operating performance and determined according to the company's articles of association, if there is a profit allocation of no more than 4% for the remuneration of directors. The fixed director's remuneration shall be paid, regardless of business profit or loss, and determined by the Board of Directors in accordance with the extent of its participation in the operation of the Company and the value of its contribution, taking in account the level of the industry at home and abroad.

B. Employee Compensation System of Our Company

The compensation includes fixed and variable salary components such as wages, allowances (such as position allowances, overtime pay, meal allowances, etc.), and bonuses, as well as employee rewards. The fixed and variable salary components are granted based on the company's salary and compensation structure standards, taking into account job responsibilities, personal performance achievement rate, contribution to the company's operations, overall operational performance and profit, and industry salary levels. Employee rewards are determined according to the company's articles of association, with 4% to 10% of profits allocated as employee rewards, distributed based on the company's business performance and individual performance.

C. Executive Compensation System of Our Company

The compensation includes fixed and variable salary components such as wages, allowances (such as position allowances, overtime pay, meal allowances, etc.), and bonuses. The fixed and variable salary components are granted based on the company's salary and compensation structure standards, taking into account job responsibilities, personal performance achievement rate, contribution to the company's operations, overall operational performance and profit, and industry salary levels. Regarding executive compensation, all remuneration is determined by the salary and compensation committee according to the regulations, and proposed salary and compensation recommendations are submitted to the board of directors for discussion.