Stock Code:8103

CVILUX CORPORATION

Parent Company Only Financial Statements

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

Address: 9F., No.9. Ln.3. Sec. 1, Zhongzheng E. Rd., Tamsui Dist., New Taipei City, Taiwan.
Telephone: 886-2-2620-1000

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

Table of contents

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of CviLux Corporation:

Opinion

We have audited the financial statements of CviLux Corporation(“the Company”), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Valuation for slow-moving inventories

Please refer to note 4(g) “Inventories” for accounting policy, note 5 for accounting assumption, judgments, and estimation uncertainty to the financial statement, and note 6(f) for the illustration of the evaluation of inventories.

Description of key audit matters:

In order to meet shipping demands, the Company has increased its stock volume, which requires the management to use its subjective judgment in valuating the slow-moving inventories. Therefore, the valuation for slow-moving inventories has been identified as one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included understanding the policies adopted by the management in valuating the slow-moving inventories; assessing the historical reasonableness of the management's estimates on inventory provisions; selecting samples to verify the accuracy of the inventory aging report; evaluating the appropriateness of management's methodology to determine inventory reserve percentages; as well as recalculating the inventory reserve for the application of the reserve percentages with the inventory aging categories.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using equity method to express an opinion on the 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 financial statements current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tang, Chia-Chien and Huang, Ming-Hung.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2024

Notes to Readers

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

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

(English Translation of Financial Statements Originally Issued in Chinese)

CviLux Corporation

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 298,058	7	565,386	11
1110	Financial assets at fair value through profit or loss－current (note 6(n))	16,950	-	15,830	-
1136	Financial assets at amortized cost-current (note 6(c))	-	-	30,204	1
1150	Notes receivable, net (notes 6(d) and (t))	3,562	-	2,045	-
1170	Accounts receivable, net (notes 6(d) and (t))	545,505	11	613,336	12
1180	Accounts receivable-related parties, net (notes 6(d), (t) and 7)	33,177	1	22,977	1
1200	Other receivables (note 6(e))	378	-	113	-
1210	Other receivables-related parties (notes 6(e) and 7)	144,491	3	47,933	1
130X	Inventories (note 6(f))	73,210	1	110,578	2
1410	Prepayments and other current assets	2,850	-	9,315	-
	Total current assets	1,118,181	23	1,417,717	28
	Non-current assets:				
1510	Financial assets at fair value through profit or loss－non-current (notes 6(b) and (n))	-	-	50	-
1550	Investments accounted for using equity method (note 6(g))	3,427,948	71	3,339,422	67
1600	Property, plant and equipment (notes 6(h), 7 and 8)	194,691	4	201,390	4
1755	Right-of-use assets (note 6(i))	5,067	-	6,768	-
1780	Intangible assets (note 6(k))	23,576	1	15,176	-
1840	Deferred tax assets (note 6(q))	29,522	1	28,188	1
1915	Prepayments for business facilities (note 6(j))	439	-	6,389	-
1990	Other non-current assets	423	-	350	-
	Total non-current other assets	3,681,666	77	3,597,733	72
	Total assets	**$ 4,799,847**	**100**	**5,015,450**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(l))	$ 150,000	3	210,000	4
2150	Notes payable	2,243	-	189	-
2170	Accounts payable	33,225	1	46,659	1
2180	Accounts payable-related parties (note 7)	384,722	8	584,905	12
2200	Other payables (note 6(u))	111,965	2	123,170	3
2220	Other payables-related parties (note 7)	132	-	1,199	-
2230	Current tax liabilities	50,719	1	14,501	-
2280	Lease liabilities－current (note 6(o))	1,928	-	1,802	-
2300	Other current liabilities (note 6(t))	17,710	1	20,453	-
2322	Long-term borrowings, current portion (notes 6(m) and 8)	8,551	-	7,163	-
2321	Bonds payable, current portion (note 6(n))	495,083	10	-	-
	Total current liabilities	1,256,278	26	1,010,041	20
	Non-Current liabilities:				
2530	Bonds payable (note 6(n))	-	-	488,756	10
2540	Long-term borrowings (notes 6(m) and 8)	81,304	2	93,518	2
2570	Deferred tax liabilities (note 6(q))	306,564	6	278,837	6
2580	Lease liabilities－non-current (note 6(o))	3,214	-	5,036	-
2640	Net defined benefit liability, non-current (note 6(p))	73,305	2	71,411	1
2650	Credit balance of investments accounted for using equity method (note 6(g))	3,842	-	2,506	-
	Total non-current liabilities	468,229	10	940,064	19
	Total liabilities	1,724,507	36	1,950,105	39
	Equity (notes 6(n), (p), (q) and (r)):				
3100	Ordinary shares	789,561	16	789,534	16
3200	Capital surplus	615,229	13	608,100	12
3300	Retained earnings	1,819,452	38	1,759,936	35
3400	Other equity	(148,902)	(3)	(92,225)	(2)
	Total equity	3,075,340	64	3,065,345	61
	Total liabilities and equity	**$ 4,799,847**	**100**	**5,015,450**	**100**

See accompanying notes to parent-company-only financial statements.

CviLux Corporation

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2023 Amount	2023 %	2022 Amount	2022 %
	Operating Revenues:				
4111	Sales revenue	1,987,541	103	2,450,631	102
4170	Less: sales returns	(10,610)	-	(8,970)	-
4190	sales discounts and allowances	(52,680)	(3)	(56,693)	(2)
	Operating revenue (notes 6(t) and 7)	1,924,251	100	2,384,968	100
5000	**Operating costs (notes 6(f), (h), (i), (k), (p), (u) and 7)**	(1,482,985)	(77)	(1,985,525)	(83)
	Gross profit from operations	441,266	23	399,443	17
	Operating expenses (notes 6(h), (i), (k), (o), (p), (u) and 7):				
6100	Selling expenses	(127,573)	(7)	(145,917)	(6)
6200	Administrative expenses	(171,952)	(9)	(175,007)	(8)
6300	Research and development expenses	(37,254)	(2)	(24,893)	(1)
6450	Expected credit loss	-	-	-	-
	Total operating expenses	(336,779)	(18)	(345,817)	(15)
	Net operating income	104,487	5	53,626	2
	Non-operating income and expenses (notes 6(n), (o), (v) and 7):				
7100	Interest income	8,682	-	2,647	-
7010	Other income	414	-	175	-
7020	Other gains and losses	48,725	3	65,476	3
7060	Share of profit of subsidiaries and associates accounted for using equity method	136,742	7	310,815	13
7050	Finance costs	(11,297)	-	(9,457)	-
	Total non-operating income and expenses	183,266	10	369,656	16
	Income before tax	287,753	15	423,282	18
7950	**Less: income tax expenses (note 6(q))**	69,844	4	91,773	4
	Net income	217,909	11	331,509	14
8300	**Other comprehensive income (notes 6(p), (q) and (r)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(608)	-	5,356	-
8349	Income tax related to items that may not be reclassified to profit or loss	(122)	-	1,071	-
	Total items that may not be reclassified subsequently to profit or loss	(486)	-	4,285	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statement	(263)	-	242	-
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(56,414)	(3)	29,311	1
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified to profit or loss	(56,677)	(3)	29,553	1
8300	**Other comprehensive income (loss)**	(57,163)	(3)	33,838	1
	Total comprehensive income	$ 160,746	8	365,347	15
	Earnings per share (expressed in New Taiwan Dollars) (note 6(s))				
9750	**Basic earnings per share**	$ 2.76		4.20	
9850	**Diluted earnings per share**	$ 2.44		3.67	

See accompanying notes to parent-company-only financial statements.

(English Translation of Originally Issued in Chinese)

CviLux Corporation

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2022	$ 789,534	608,083	398,744	90,884	1,092,421	1,582,049	(121,778)	2,857,888
Net income	-	-	-	-	331,509	331,509	-	331,509
Other comprehensive income	-	-	-	-	4,285	4,285	29,553	33,838
Total comprehensive income	-	-	-	-	335,794	335,794	29,553	365,347
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	33,640	-	(33,640)	-	-	-
Special reserve	-	-	-	30,894	(30,894)	-	-	-
Cash dividends	-	-	-	-	(157,907)	(157,907)	-	(157,907)
Other changes in capital surplus	-	17	-	-	-	-	-	17
Balance at December 31, 2022	789,534	608,100	432,384	121,778	1,205,774	1,759,936	(92,225)	3,065,345
Net income	-	-	-	-	217,909	217,909	-	217,909
Other comprehensive income	-	-	-	-	(486)	(486)	(56,677)	(57,163)
Total comprehensive income	-	-	-	-	217,423	217,423	(56,677)	160,746
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	33,579	-	(33,579)	-	-	-
Special reserve	-	-	-	(29,553)	29,553	-	-	-
Cash dividends	-	-	-	-	(157,907)	(157,907)	-	(157,907)
Changes in equity of associates and joint ventures accounted for using equity method	-	7,057	-	-	-	-	-	7,057
Conversion of convertible bonds	27	72	-	-	-	-	-	99
Balance at December 31, 2023	**$ 789,561**	**615,229**	**465,963**	**92,225**	**1,261,264**	**1,819,452**	**(148,902)**	**3,075,340**

See accompanying notes to parent-company-only financial statements.

CviLux Corporation

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Income before tax	$ 287,753	423,282
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	13,164	10,637
Amortization expense	11,208	9,898
Net loss on financial assets at fair value through profit or loss	520	5,257
Interest expense	11,297	9,457
Interest income	(8,682)	(2,647)
Share of income of subsidiaries and associates accounted for using equity method	(136,742)	(310,815)
Loss on disposal of property, plant and equipment	(73)	206
Prepayments for business facilities and property, plant and equipment transferred to expenses	62	136
Total adjustments to reconcile profit	(109,246)	(277,871)
Changes in operating assets/ liabilities:		
Acquistion of financial assets at fair value through profit or loss	(9,145)	(7,299)
Proceeds from disposal of financial assets at fair value through profit or loss	7,555	5,134
Notes and accounts receivable	66,314	188,909
Accounts receivable-related parties	(10,200)	14,952
Other receivables	(265)	4,074
Other receivables-related parties	(18,832)	(812)
Inventories	37,368	69,777
Prepaid expenses, other current assets and non-current assets	6,465	(4,289)
Total changes in operating assets	79,260	270,446
Changes in operating liabilities:		
Notes and accounts payable	(11,380)	(35,027)
Accounts payable to related parties	(200,183)	3,314
Other payables	(9,679)	(768)
Other payables to related parties	(646)	390
Other current liabilities	(2,743)	127
Net defined benefit liability	1,286	604
Total changes in operating liabilities	(223,345)	(31,360)
Cash inflow generated from operations	34,422	384,497
Interest received	7,711	2,109
Dividends received	-	31,536
Interest paid	(4,916)	(3,241)
Income taxes paid	(7,111)	(30,036)
Net cash flows from operating activities	30,106	384,865
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at amortised cost	30,204	4,777
Acquisition of investments accounted for using equity method	-	(62,981)
Acquisition of property, plant and equipment	(4,987)	(24,185)
Proceeds from disposal of property, plant and equipment	159	5,556
Decrease (increase) in refundable deposits	(73)	500
Increase in other receivables-related parties	(76,755)	(46,065)
Acquisition of intangible assets	(14,896)	(11,876)
Increase in prepayments for business facilities	(439)	(921)
Net cash used in investing activities	(66,787)	(135,195)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	530,000	1,770,000
Decrease in short-term borrowings	(590,000)	(1,720,000)
Proceeds from long-term borrowings	-	60,000
Repayments of long-term borrowings	(10,826)	(8,285)
Payment of lease liabilities	(1,914)	(1,942)
Cash dividends paid	(157,907)	(157,907)
Others	-	17
Net cash used in financing activities	(230,647)	(58,117)
Net increase (decrease) in cash and cash equivalents	(267,328)	191,553
Cash and cash equivalents at beginning of period	565,386	373,833
Cash and cash equivalents at ending of period	**$ 298,058**	**565,386**

See accompanying notes to parent-company-only financial statements.

(English Translation of and Report Originally Issued in Chinese)

CviLux Corporation

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

CviLux Corporation (the "Company") was incorporated on March 16, 1990 as a company limited by shares and registered under the Ministry of Economic Affairs (MOEA) of the Republic of China (R.O.C.). The address of Company's registered office is 9F., No.9, Ln. 3, Sec. 1, Zhongzheng E. Rd., Tamsui Dist., New Taipei City. The Company and its subsidiaries (the Company)'s major operating activities are the assembling, manufacture, processing, and trading of connectors used in the electronic industry, electrical machinery, communications, and computer equipment.

(2) Approval date and procedures of the financial statements

The financial statements were authorized for issue by the Board of Directors on March 14, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

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

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

CviLux Corporation
Notes to the Parent Company Only Financial Statements

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

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

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

(4) Summary of material accounting policies

The material accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) Foreign currency transactions

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

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

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

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates of the reporting date. Except for highly inflationary economies, the income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

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

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting date; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments that do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as financial assets at amortized cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for notes and accounts receivable are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

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

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

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

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

CviLux Corporation
Notes to the Parent Company Only Financial Statements

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

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

4) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Financial liabilities

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

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

2) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

(Continued)

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

3) Derecognition of financial liabilities

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

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

4) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

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

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

(i) Investment in subsidiaries

When preparing the financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries. In subsidiaries which are controlled by the Company is accounted for preparing the consolidated statement by each period.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

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

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

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings and structures: 5 to 55 years

2) Machinery and equipment: 2 to 10 years

3) Other equipment: 1 to 8 years

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

(k) Leases

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

(i) As a leasee

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

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

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

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

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

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

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

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

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

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

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

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(ii) As a lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

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

The intangible assets of the Company is trade marks and computer software, the estimated useful life was three to five years.

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

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue recognition

(i) Revenue from contracts with customers

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

(Continued)

1) Sale of goods

The Company manufactures and sells electronic components. The Company recognizes revenue 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, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

2) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfill a contract

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

(Continued)

CviLux Corporation

Notes to the Parent Company Only Financial Statements

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

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

(o) Government grants

The Company recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as reduction of assets at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as reduction of depreciation on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(q) Income taxes

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

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

(Continued)

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

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

(i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

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

(s) Operating segment

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statements.

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

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

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

The Company likely to be facing economic uncertainties such as natural disasters, international political uncertainties and inflation. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts. Information about judgments made in applying accounting policies do not have significant effects on the amounts recognized in the financial statements.

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

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

- Valuation of inventories

  As inventories are stated at the lower of cost or net realizable value, the Company estimatesthe net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of the inventoy is mainly determined basing on the demand of products in the future. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(f) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	$ 535	1,076
Demand deposits	267,234	533,600
Time deposits	30,289	30,710
	$ 298,058	**565,386**

Please refer to note 6(w) for credit risk and market risk information of the financial assets of the Company.

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

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss－current:		
Non-derivative financial assets		
Funds	$ 4,783	4,573
Foreign corporate bonds	11,861	10,744
Financial assets designated at fair value thorough profit or loss:		
Preferred stock listed on foreign markets	306	513
	$ 16,950	**15,830**
Mandatorily measured at fair value through profit or loss－non-current:		
Convertible bounds with embedded derivatives	**$ -**	**50**

(i) The derivate financial instruments arising from the issuance of convertible bonds of the Company were stated in note 6(n).

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(ii) For credit risk and market risk information, please refer to note 6(w).

(iii) The financial assets were not collateralized.

(c) Financial assets at amortized cost－current

	December 31, 2023	December 31, 2022
Restricted deposits－current	$ -	30,204

(i) Due to the Company's investment in the government projects that has yet to be completed and in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the Company's restricted bank deposits shall not be diverted for other purposes except for the approved plans.

(ii) For credit risk, please refer to note note 6(w).

(d) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 3,562	2,045
Accounts receivable	550,019	617,850
Accounts receivable－related parties	33,177	22,977
Subtotal	586,758	642,872
Less: loss allowance	(4,514)	(4,514)
	$ 582,244	638,358

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information. The loss allowances for notes and accounts receivable of the Company were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 559,468	0.09%	1,266
Overdue 1~30 days	19,758	3.53%~9.86%	923
Overdue 31~90 days	6,523	19.02%~80.23%	1,316
Overdue 91~180 days	1	94.81%	1
Overdue 181~365 days	83	100%	83
Overdue more than 366 days	925	100%	925
	$ 586,758		4,514

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

	December 31, 2022			
	Gross carrying amount		Weighted-average loss rate	Loss allowance provision
Current	$	626,929	0.09%	2,549
Overdue 1~30 days		13,847	3.77%~9.34%	711
Overdue 31~90 days		1,102	19.91%~84.98%	262
Overdue 91~180 days		91	97.69%	89
Overdue 181~365 days		156	100%	156
Overdue more than 366 days		747	100%	747
	$	642,872		4,514

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

		2023	2022
Beginning at January 1	$	4,514	4,557
Amounts written off		-	(43)
Balance at December 31	$	4,514	4,514

As of December 31, 2023 and 2022, the notes and accounts receivable were no pledged as collateral for borrowings.

(e) Other receivables

		December 31, 2023	December 31, 2022
Other receivables	$	378	113
Other receivables－related parties		144,491	47,933
Subtotal		144,869	48,046
Less: loss allowance		-	-
	$	144,869	48,046

As of December 31, 2023 and 2022, the other receivable were no overdue and no pledged as collateral for borrowings.

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(f) Inventories

(i) The details of inventories were as follows:

	December 31, 2023	December 31, 2022
Finished goods	$ 2,881	6,847
Work in progress	1,281	1,143
Raw materials	-	122
Supplies	118	340
Merchandise	68,930	102,126
	$ 73,210	**110,578**

(ii) Except for cost of goods sold, the gains or losses which were recognized as operating cost were as follows:

	2023	2022
(Gains) losses on valuation of inventories and obsolescence	$ (710)	15,130
Loss on obsolescence	3,142	5,044
Unallocated production overheads	1,061	5,363
Gains from disposal of scraps	(579)	(820)
Gains on inventory count	(33)	(21)
	$ 2,881	**24,696**

(iii) As of December 31, 2023 and 2022, the inventories were not pledged as collateral for borrowings.

(g) Investments accounted for using equity method (credit balance)

A summary of the Company's financial information for investments accounted for using the equity method (credit balance) at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	**$ 3,427,948**	**3,339,422**
Subsidiaries	**$ (3,842)**	**(2,506)**

Please refer to the consolidated financial statements for the year ended December 31, 2023.

The Company participated in the cash capital increase of CviLux Korea Corp. and Cvicloud Corp. in the second and fourth quarters of 2022, with new investments of $5,981 thousand and $57,000 thousand, respectively, according to its shareholding ratios in both companies.

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(i) Pledge

As of December 31, 2023 and 2022, the Company did not provide any investment accounted for using equity method as collaterals for its loans.

(h) Property, plant and equipment

(i) The movements were as follows:

		Land	Building and structure	Machinery and equipment	Other equipment	Unfinished construction	Total
Cost or deemed cost:							
Balance at January 1, 2023	$	90,472	118,097	124,585	31,877	543	365,574
Additions		-	-	389	2,696	-	3,085
Disposals		-	-	(4,600)	(156)	-	(4,756)
Reclassification		-	-	2,158	-	(543)	1,615
Balance at December 31, 2023	$	**90,472**	**118,097**	**122,532**	**34,417**	**-**	**365,518**
Balance at January 1, 2022	$	90,472	115,317	119,173	22,772	1,865	349,599
Additions		-	2,780	10,459	8,507	543	22,289
Disposals		-	-	(12,821)	(66)	-	(12,887)
Reclassification		-	-	7,774	664	(1,865)	6,573
Balance at December 31, 2022	$	**90,472**	**118,097**	**124,585**	**31,877**	**543**	**365,574**
Depreciation:							
Balance at January 1, 2023	$	-	41,101	103,712	19,371	-	164,184
Depreciation		-	3,251	4,210	3,784	-	11,245
Disposals		-	-	(4,446)	(156)	-	(4,602)
Balance at December 31, 2023	$	**-**	**44,352**	**103,476**	**22,999**	**-**	**170,827**
Balance at January 1, 2022	$	-	38,185	112,343	16,183	-	166,711
Depreciation		-	2,916	2,497	3,254	-	8,667
Disposals		-	-	(11,128)	(66)	-	(11,194)
Balance at December 31, 2022	$	**-**	**41,101**	**103,712**	**19,371**	**-**	**164,184**
Carrying amounts:							
Balance at December 31, 2023	$	**90,472**	**73,745**	**19,056**	**11,418**	**-**	**194,691**
Balance at January 1, 2022	$	**90,472**	**77,132**	**6,830**	**6,589**	**1,865**	**182,888**
Balance at December 31, 2022	$	**90,472**	**76,996**	**20,873**	**12,506**	**543**	**201,390**

(ii) The property, plant and equipment of the Company had been pledged as collateral for long-term borrowings, please refer to note 8.

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(i) Right-of-use assets

The movements were as follows:

	Building and structure	Vehicles	Total
Cost:			
Balance at January 1, 2023	$ 10,200	-	10,200
Additions	218	-	218
Balance at December 31, 2023	**$ 10,418**	**-**	**10,418**
Balance at January 1, 2022	$ 9,501	488	9,989
Additions	699	-	699
Disposals	-	(488)	(488)
Balance at December 31, 2022	**$ 10,200**	**-**	**10,200**
Accumulated depreciation:			
Balance at January 1, 2023	$ 3,432	-	3,432
Depreciation	1,919	-	1,919
Balance at December 31, 2023	**$ 5,351**	**-**	**5,351**
Balance at January 1, 2022	$ 1,645	305	1,950
Depreciation	1,787	183	1,970
Disposals	-	(488)	(488)
Balance at December 31, 2022	**$ 3,432**	**-**	**3,432**
Carrying amount:			
Balance at December 31, 2023	**$ 5,067**	**-**	**5,067**
Balance at January 1, 2022	**$ 7,856**	**183**	**8,039**
Balance at December 31, 2022	**$ 6,768**	**-**	**6,768**

(j) Prepayment for business facility

The movements were as follows:

	2023	2022
Balance at January 1	$ 6,389	12,657
Additions	439	921
Reclassification	(6,342)	(7,075)
Transferred to expense	(47)	(114)
Balance at December 31	**$ 439**	**6,389**

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(k) Intangible assets

(i) The movements were as follows:

	Trademarks	Computer software	Total
Costs:			
Beginning balance at January 1, 2023	$ 640	56,368	57,008
Additions	-	14,896	14,896
Disposals	-	(4,740)	(4,740)
Reclassification	-	4,712	4,712
Balance as of December 31, 2023	**$ 640**	**71,236**	**71,876**
Beginning balance at January 1, 2022	$ 640	44,334	44,974
Additions	-	11,876	11,876
Disposals	-	(322)	(322)
Reclassification	-	480	480
Balance at December 31, 2022	**$ 640**	**56,368**	**57,008**
Amortization and impairment loss:			
Beginning balance at January 1, 2023	$ 523	41,309	41,832
Amortization	58	11,150	11,208
Disposals	-	(4,740)	(4,740)
Balance at December 31, 2023	**$ 581**	**47,719**	**48,300**
Beginning balance at January 1, 2022	$ 465	31,791	32,256
Amortization	58	9,840	9,898
Disposals	-	(322)	(322)
Balance at December 31, 2022	**$ 523**	**41,309**	**41,832**
Carrying amounts:			
Balance at December 31, 2023	**$ 59**	**23,517**	**23,576**
Balance at January 1, 2022	**$ 175**	**12,543**	**12,718**
Balance at December 31, 2022	**$ 117**	**15,059**	**15,176**

(ii) The intangible assets were not pledged as collateral for borrowing.

(l) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans (currency: NTD)	**$ 150,000**	**210,000**
Unused short-term credit lines	**$ 749,600**	**689,600**
Range of interest rates	**1.79%~1.8222%**	**1.6765%~2.1%**

There were no pledge as collateral for short-term borrowings.

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(m) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured long-term borrowing (currency: NTD)	$ 89,855	100,681
Less: current portion	(8,551)	(7,163)
Total	**$ 81,304**	**93,518**
Unused long-term credit lines	**$ 122,459**	**120,000**
Range of interst rate	**1.73%~2.245%**	**1.48%~2.120%**
Maturity year	**114/10/31~116/8/27**	**112/4/1~116/8/27**

(i) As of December 31, 2023, the remaining balances of the borrowing due were as follows:

Year due	Amount
113.1.1~113.12.31	$ 8,551
114.1.1~114.12.31	66,286
115.1.1~115.12.31	8,943
116.1.1~116.12.31	6,075
	$ 89,855

(ii) Pledge for loan

The collateral for these long term borrowings, please refer to note 8.

(n) Bonds payable

The details of bonds payable were as follows:

	December 31, 2023	December 31, 2022
Total convertible corporate bonds issued	$ 500,000	500,000
Less: unamortized discounted corporate bonds payable	(4,817)	(11,244)
cumulative converted amount	(100)	-
Subtotal	495,083	488,756
Less: current portion	(495,083)	-
Corporate bonds issued balance at year-end	**$ -**	**488,756**
Embedded derivative instruments－call rights (included in current financial assets at fair value through profit or loss)	**$ -**	**50**
Equity components–conversion options (included in capital surplus–share options)	**$ 43,757**	**43,766**

CviLux Corporation
Notes to the Parent Company Only Financial Statements

	2023	2022
Embedded derivative instruments call rights, (included net losses in financial assets at fair value through profit or loss)	$ (50)	(1,800)
Interest expenses	$ 6,427	6,197

On October 21, 2021, the Company issued the fourth unsecured domestic convertible bonds amounting to $500,000 thousand, with major terms as follows:

(i) Coupon rate: 0%.

(ii) Maturity date: three years (with the maturity date on October 21, 2024)

(iii) Method of repayment: Except for early redemption and conversion, the Company should repay its convertible bonds in cash upon maturity.

(iv) Redemption method: The Company may redeem its bonds from a creditor if it meets one of the following criteria:

1) If the closing price of the Company's ordinary shares listed on the Taipei Exchange exceeded 30% of the conversion price for 30 consecutive business days within the period between 3 months after the date of issuance and 40 days before the maturity date, the Company may redeem its entire convertible bonds outstanding at par value in cash.

2) Upon creditor's request to convert the bonds, if the total amount of unconverted bonds for the period is less than 10% of the total amount of the bonds issued for the period between 3 months after the issuance of convertible bonds and 40 days before the maturity date, the Company may redeem the bonds at par value in cash.

(v) Terms of conversion

1) After 3 months from the date of issue, the holders of the above-mentioned convertible bonds may convert their bonds into ordinary shares in accordance with the conversion method stipulated by the Company.

2) Pricing of convertible bonds:

Although the conversion price at the time of issuance was $42.2, the conversion price may be adjusted according to the formula prescribed in the conversion method in the event of a change in the Company's ordinary shares or a re-issuance of the conversion rights of the ordinary shares at a conversion price below the current price per share after the corporate bonds have been issued.

The conversion price of the Company’s 4th domestic convertible bonds on September 15, 2023 amounted to $37.65 per share. As of December 31, 2023, the Company’ s 4th domestic convertible bonds, with a accumulated face value of $100 thousand per share, had been converted into 3,000 ordinary shares.

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(o) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 1,928	1,802
Non-current	$ 3,214	5,036

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expense on lease liabilities (recorded under finance costs)	$ 72	86
Expenses relating to short-term leases	$ 92	-
Expenses relating to leases of low-value assets	$ 48	48

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

	2023	2022
Total cash outflow for leases	$ 2,126	2,076

(i) Buildings leases

The Company leases buildings for its plants, office space and retail stores. The leases of office space and retail stores typically run for a period of 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases vehicles, with lease terms of two to three years. In some cases, the Company has options to purchase the assets at the end of the contract term.

The Company also leases other equipment with contract terms of two years. These leases are short-term and leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(p) Employee benefits

(i) Defined benefit plans

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

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 97,879	95,536
Fair value of plan assets	(24,574)	(24,125)
Net defined benefit liabilities	**$ 73,305**	**71,411**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2023, the balance of the employee pension reserve account with Bank of Taiwan amounted to $17,398 thousand and the balance of pension account for executive officers amounted to $7,176 thousand. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

	2023	2022
Defined benefit obligations at January 1	$ 95,536	97,147
Current Service costs and interst cost	3,599	2,575
Remeasurements gain	555	(4,186)
Benefits paid	(1,811)	-
Defined benefit obligations at December 31	**$ 97,879**	**95,536**

CviLux Corporation
Notes to the Parent Company Only Financial Statements

3) Movements of defined benefit plan assets

		2023	2022
Fair value of plan assets at January 1	$	24,125	20,984
Expected return on plan assets		421	131
Remeasurements gain			
-Return on plan assets excluding interest income		(53)	1,170
Contributions paid by the employer		1,892	1,840
Benefits paid		(1,811)	-
Fair value of plan assets at December 31	**$**	**24,574**	**24,125**

4) Movements of the effect of the asset ceiling

For the years ended December 31, 2023 and 2022, there were no movements in the effect of plan assets ceiling.

5) Expenses recognized in profit or loss

		2023	2022
Current service costs	$	2,127	2,034
Net interest of net liabilities for defined benefit obligations		1,472	541
Expected return on plan assets		(421)	(131)
	$	**3,178**	**2,444**

		2022	2022
Operating costs	$	318	244
Selling expenses		2,860	2,200
	$	**3,178**	**2,444**

6) The remeasurement of the not defined benefit liabilities recognized in other comprehensive income.

		2023	2022
Balance at January 1	$	(25,017)	(30,373)
Recognized during the period		(608)	5,356
Balance at December 31	**$**	**(25,625)**	**(25,017)**

7) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.625 %	1.750 %
Future salary rate increase	3.000 %	3.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date of 2023 is $1,861 thousand.

The weighted-average lifetime of the defined benefits plans for the year ended December 31, 2023 is 12.24 years.

8) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions for each measurement date, including discount rates and future salary changes. Any changes in the actuarial assumptions may significantly influence the amount of the defined benefit obligations.

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

	Impact on defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2023		
Discount rate	(1,504)	1,557
Future salary increasing rate	1,502	(1,461)
December 31, 2022		
Discount rate	(1,576)	1,640
Future salary increasing rate	1,578	(1,534)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

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

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(ii) Defined contribution plans

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

The pension cost incurred from the contributions to the Bureau of the Labor Insurance amounted to $6,119 thousand and $6,284 thousand for the years ended December 31, 2023 and 2022, respectively.

(q) Income taxes

(i) The components were as follows:

		2023	2022
Current tax expenses			
Current period	$	(43,830)	(20,973)
Adjustment for prior periods		501	(4,888)
		(43,329)	(25,861)
Deferred tax expense			
Origination and reversal of temporary differences		(26,515)	(65,912)
Income tax expenses	**$**	**(69,844)**	**(91,773)**

The amounts of income tax recognized in other comprehensive income were as follows:

		2023	2022
Remeasurement from defined benefit plans	**$**	**122**	**(1,071)**

Reconciliation of income tax expense and income before tax were as follows.

		2023	2022
Income before tax	**$**	**287,753**	**423,282**
Income tax using the Company's domestic tax rate	$	(57,550)	(84,656)
Gain on domestic investments		36	7,657
Additional tax on unappropriated earnings		(6,870)	(3,391)
Adjustment for perior periods		501	(4,888)
Non-deductible expense		(961)	(927)
Others		(5,000)	(5,568)
	$	**(69,844)**	**(91,773)**

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	**December 31, 2022**
Unrecognized deferred tax liabilities:		
Aggregate amount of temporary differences related to investments in subsidiaries	$ **289,071**	**282,816**

2) Recognized deferred tax assets and liabilities

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

	Defined Benefit Plan	**Deferred Losses**	**Allowance for obsolete inventories**	**Others**	**Total**
Deferred tax assets:					
Balance at January 1, 2023	$ 14,314	3,096	9,929	849	28,188
Recognized in profit or loss	257	1,408	(142)	(311)	1,212
Recognized in other comprehensive income	122	-	-	-	122
Balance at December 31, 2023	$ **14,693**	**4,504**	**9,787**	**538**	**29,522**
Balance at January 1, 2022	$ 15,233	5,305	6,903	146	27,587
Recognized in profit or loss	152	(2,209)	3,026	703	1,672
Recognized in other comprehensive income	(1,071)	-	-	-	(1,071)
Balance at December 31, 2022	$ **14,314**	**3,096**	**9,929**	**849**	**28,188**

	Gain on investment	**Others**	**Total**
Deferred tax liabilities:			
Balance at January 1, 2023	$ 269,905	8,932	278,837
Recognized in profit or loss	28,719	(992)	27,727
Balance at December 31, 2023	$ **298,624**	**7,940**	**306,564**
Balance at January 1, 2022	$ 209,545	1,708	211,253
Recognized in profit or loss	60,360	7,224	67,584
Balance at January 1, 2022	$ **269,905**	**8,932**	**278,837**

(iii) Assessment

The Company's income tax returns for all years through 2020 were assessed by the tax authorities.

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(r) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the Company's authorized share capital consisted of $1,000,000 thousand shares of ordinary shares, with par value of $10 per share, and the paid-in capital amounted to $789,561 thousand and $789,534 thousand, of which 78,956 thousands shares and 78,953 thousands shares, where issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

	December 31, 2023	December 31, 2022
Cash subscription in excess of par value of shares	$ 1,336	1,336
Additional paid-in capital from bond conversion	558,402	558,321
Stock options	43,757	43,766
Difference between actual acquiring or disposing subsidiary's equity and carrying amount	4,660	4,660
Changes in equity of associates and joint ventures accounted for using equity method	7,057	-
Other	17	17
	$ 615,229	**608,100**

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

(iii) Retained earnings

The Company's articles of incorporation stipulate that the Company's net earnings should first be used to offset the prior years'deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve. In addition, special reserve shall be appropriated according to related regulations, and then any remaining profit together with any distributable earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

In accordance with the provisions of the preceding Article, Item 5 of Article 240 and Item 1 of Article 241 of the Company Act, the distributable dividends and bonuses, in whole or in part, may be paid in cash after a resolution has been adopted by a majority vote at a board meeting attended by two thirds of the total number of directors; thereafter, to be reported at the shareholders' meeting.

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

According to the Company's dividend policy, taking into account the future capital and investment requirement, foreign and domestic competition, as well as shareholders' interests, the profit sharing for shareholders shall not be lower than 15% of the total distributable dividends for the year.

Dividends for shareholders may be distributed in stocks or cash, however the cash dividends shall not be less than 10% of the total dividends.

1) Legal reserve

According to the Company Act, a company should provide 10% of its after tax net profit as Legal reserve until it is equal to its capital. If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion in excess of 25% of the share capital.

2) Special reserve

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the current period's total net reduction of other shareholders equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2022 and 2021 had been decided by the resolutions adopted at the board meeting and general meeting of the shareholders held on March 22, 2023 and June 23, 2022, respectively, as follows:

	2022		2021	
	Amount per share (in dollar)	**Total amount**	**Amount per share (in dollar)**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 2.00	$ 157,907	2.00	157,907

CviLux Corporation
Notes to the Parent Company Only Financial Statements

On March 14, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	2023	
	Amount per share (in dollar)	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 1.38	$ 110,184

(iv) Other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements
Beginning balance at January 1, 2023	$ (92,225)
Exchange differences on translation of foreign financial statements	(263)
Exchange differences on associates accounted for using equity method	(56,414)
Balance at December 31, 2023	**$ (148,902)**

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2022	$ (121,778)
Exchange differences on translation of foreign financial statements	242
Exchange differences on associates accounted for using equity method	29,311
Balance at December 31, 2022	**$ (92,225)**

(s) Earnings per share (“EPS”)

(i) Basic EPS

	2023	**2022**
Profit attributable to ordinary shareholders of the Company	**$ 217,909**	**331,509**
Weighted average number of ordinary shares outstanding during the period (thousand shares)	**$ 78,954**	**78,953**
Basic earnings per share (in dollars)	**$ 2.76**	**4.20**

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(ii) Diluted EPS

		2023	2022
Profit attributable to ordinary shareholders of Company	$	217,909	331,509
Interest expense and other gains and losses on convertible bonds, net of tax		5,181	6,398
Profit attributable to ordinary shareholders of Company (after adjusting the effect of potentially dilutive ordinary shares)	$	**223,090**	**337,907**
Weighted-average number of ordinary shares (in thousands shares)		78,954	78,953
Effect of potentially dilutive ordinary shares:			
Employee remuneration (in thousand shares)		679	1,270
Convertible bonds (thousand shares)		11,847	11,848
Weighted-average number of ordinary shares (after adjusting the effect of potentially dilutive ordinary shares) (in thousand shares)		**91,480**	**92,071**
Diluted earnings per share (in dollars)	$	**2.44**	**3.67**

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

		Electronics components	
		2023	2022
Primary geographical markets:			
Asia	$	1,430,278	1,662,146
Europe		384,763	592,615
Others		109,210	130,207
	$	**1,924,251**	**2,384,968**

(ii) Contract balance

		December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$	586,758	642,872	846,776
Less: loss allowance		(4,514)	(4,514)	(4,557)
Total	$	**582,244**	**638,358**	**842,219**
Contract liabilities (be included in other non-current liabilities)	$	**3,071**	**4,437**	**4,068**

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

For details on notes and accounts receivable (including related parties) and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the year that was included in the contract liability balance at the beginning of the period were as follows:

	2023	2022
Revenue recognized	$ 2,674	3,607

(u) Remuneration to employees and directors

In accordance with the articles of incorporation the Company should contribute 5%~12% of the profit as employees' remuneration and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The company allocate the remuneration to directors in cash.

The Company estimated its employee remuneration and directors' and supervisors' remuneration based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares, one day before the date of the meeting of Board of Directors.

The Company's estimated is as follows:

	2023	2022
Employees’ remuneration	$ 23,211	34,143
Directors’ remuneration	6,995	10,290
	$ 30,206	44,433

There was no difference between the actual distributed amounts as determined by the Board of Directors and those recognized in the Company's parent-company-only financial statements of the years ended December 31, 2023 and 2022. The related information can be found on Market Observation Post System website.

(v) Non-operating income and expenses

(i) Interest income

	2023	2022
Interest income from bank deposits	$ 5,698	1,288
Other interest income	2,984	1,359
	$ 8,682	2,647

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(ii) Other income

	2023	2022
Rent income	$ 414	175

(iii) Other gains and losses

	2023	2022
Foreign exchange gains	$ 7,641	57,233
Gain (losses) on disposals of property, plant and equipment	73	(206)
Losses on financial assets at fair value through profit or loss	(520)	(5,257)
Consultant income	26,308	14,892
Government grants income	623	396
Others	14,600	(1,582)
	$ 48,725	65,476

(iv) Finance costs

	2023	2022
Interest expense on bank borrowings and bonds	$ (11,225)	(9,371)
Interest expense on lease liabilities	(72)	(86)
	$ (11,297)	(9,457)

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

As at reporting date, the Company's exposure to credit and the maximum exposure were mainly from:

- The carrying amount of financial assets recognized in the consolidated balance sheet; and
- As of December 31, 2023 and 2022, the financial guarantees, provided by the Company to its, directly or indirectly, fully owned subsidiaries, amounted to $198,718 thousand and $262,436 thousand, respectively.

CviLux Corporation
Notes to the Parent Company Only Financial Statements

2) Concentration of credit risk

Accounts receivable were due from many customers and regional distributions were decentralized. Therefore, there was no concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Company continually evaluates each customer's financial situation. However, the Company does not require its customers to provide collaterals.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(d).

Financial assets at amortized cost includes other receivables and restricted deposits. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f). All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	$ 150,000	150,940	150,940	-	-	-
Notes and accounts payable, other payable (including related parties) and lease liabilities	532,429	537,596	534,309	1,625	1,662	-
Long-term borrowings (including current portion)	89,855	93,061	10,187	67,559	15,315	-
Bonds payable (including current portion)	495,083	499,900	499,900	-	-	-
	$ 1,267,367	**1,281,497**	**1,195,336**	**69,184**	**16,977**	**-**
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings	$ 210,000	211,495	211,495	-	-	-
Notes and accounts payable, other payable (including related parties) and lease liabilities	757,960	758,258	753,056	1,914	3,288	-
Long-term borrowings (including current portion)	100,681	105,616	8,845	8,847	84,609	3,315
Bonds payable	488,756	500,000	-	-	500,000	-
	$ 1,557,397	**1,575,369**	**973,396**	**10,761**	**587,897**	**3,315**

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

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(iii) Currency risk

1) Exposure to currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 28,107	30.705	863,026	30,505	30.71	936,809
CNY	11,064	4.327	47,874	15,235	4.408	67,156
HKD	1,011	3.929	3,972	1,599	3.938	6,297
EUR	1,151	33.98	39,111	2,772	32.720	90,700
JPY	1,929	0.217	419	7,370	0.232	1,710
Non-monetary items						
USD	40	30.705	1,221	-	-	-
Financial liabilities						
Monetary items						
USD	12,875	30.705	395,327	18,803	30.71	577,440
HKD	474	3.929	1,862	694	3.938	2,733
Non-monetary items						
KRW	160,671	0.0239	3,842	45,671	0.0245	1,121
USD	-	30.705	-	45	30.71	1,385

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value, financial assets at amortized cost, borrowing, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) 5 % of the NTD against the USD, CNY, HKD, EUR, JPY, as of December 31, 2023 and 2022 would have increased (decreased) the net income before tax by $27,861 thousand and $26,126 thousand, respectively. The analysis is performed on the same basis for 2022.

3) Foreign exchange gains and losses on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gains (losses) (including realized and unrealized portions) on monetary items were disclosed by total amounts:

	2023	2022
Foreign exchange gains (losses)	$ 7,641	57,233

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(iv) Interest rate risk

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

The interest rate risk is mainly due to the Company's borrowing at variable rates and fair value throught profit or loss at fixed-interest rate. If the interest rate increased (decreased) by 0.5% with all other variable factors remaining constant on the reporting date, the Company's profit loss before tax would increased (decreased) as follows:

	Impact on income (loss) before tax	
	Increase by 0.5%	**Decreases by 0.5%**
December 31, 2023	$ (3,640)	3,640
December 31, 2022	$ (3,975)	3,975

(v) Other market price risk

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

	2023		2022	
Price of securities at the reporting date	**Other Comprehensive Income after tax**	**Net income**	**Other Comprehensive Income after tax**	**Net income**
increase 5%	$ -	187	-	183
decrease 5%	$ -	(187)	-	(183)

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and the investments in equity instrument that are not quoted in an active market and can not reliably measure at fair value, disclosure of fair value information is not required:

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

	December 31, 2023				
	Book value	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Non-derivative financial assets mandatorily measured at fair value through profit or loss:					
Foreign corporate bonds	$ 11,861	-	11,861	-	11,861
Funds	4,783	4,783	-	-	4,783
Designated at fair value through profit or loss:					
Preferred stock listed on foreign markets	306	-	306	-	306
Total	**$ 16,950**	**4,783**	**12,167**	**-**	**16,950**
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 298,058	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	727,113	-	-	-	-
Guarantee deposits paid	423	-	-	-	-
Total	**$ 1,025,594**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost:					
Bank borrowing (short-term and long-term)	$ 239,855	-	-	-	-
Bounds payable	495,083	-	-	-	-
Notes and account payable, other payables (including related parties) and lease liabilities	532,429	-	-	-	-
Total	**$ 1,267,367**	**-**	**-**	**-**	**-**

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

	December 31, 2022				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
Non-derivative financial assets mandatorily measured at fair value through profit or loss:					
Foreign corporate bonds	$ 10,744	-	10,744	-	10,744
Funds	4,573	4,573	-	-	4,573
Derivative financial assets mandatorily measured at fair value through profit or loss	50	-	50	-	50
Designated at fair value through profit or loss:					
Preferred stock listed on foreign markets	513	-	513	-	513
Total	**$ 15,880**	**4,573**	**11,307**	**-**	**15,880**
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 565,386	-	-	-	-
Restricted deposits (current)	30,204	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	686,404	-	-	-	-
Guarantee deposits paid	350	-	-	-	-
Total	**$ 1,282,344**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost:					
Bank borrowing (short-term and long-term)	$ 310,681	-	-	-	-
Bounds payable	488,756	-	-	-	-
Notes and account payable, other payables (including related parties) and lease liabilities	757,960	-	-	-	-
Total	**$ 1,557,397**	**-**	**-**	**-**	**-**

(Continued)

2) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instrument is regarded as being quoted in active market if quoted prices are readily as the fair value.

3) Transfer between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 in 2023 and 2022.

4) Reconciliation of Level 3: None.

(x) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Structure of risk management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's inter-department management and committee, which consists of managers from all departments, is responsible for monitoring the Company's risk management policies and reports regularly to the Board of Directors on its activities.

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

The Company's Board of Directors and Audit Committee oversee how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The Company's Board of Directors and Audit Committee are assisted in its oversight role by the Internal Audit. The Internal Audit undertakes both regular and adhoc review of risk management controls and procedures, the results of which are reported to the Board of Directors and Audit Committee.

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations and arises principally from the Company's notes and accounts receivable from the customers and bank deposits.

1) Accounts receivable and other receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In accordance with the Company's policy for providing loans to others, the Company must analyze an individual customer's credit rating before granting payment terms and credit lines. For a customer rated as high risk, future transactions with that customer shall require an advance payment. Credit limited is offered to each customer as the limit of transaction and is reviewed regularly.

With a broad customer base, the Company's transactions are not concentrated within one single customer, and its sales market are spread in different regions; therefore, there is no concentration of credit risk. Also, the Company mitigates its exposure by regularly evaluating its customers' financial position, taking into account the possibility of collectable accounts receivable and making provision for bad debts, which are within management's expectations.

2) Investments

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

3) Guarantees

According to the Company's policy, the Company can only provide financial guarantees to an entity, wherein the Company owns 50% of its shares and has business transactions within. As of December 31, 2023 and 2022, the Company has provided guarantees for subsidiaries wherein 100% equity interest was directly or indirectly owned by the Company.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

CviLux Corporation
Notes to the Parent Company Only Financial Statements

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

The loan was an important source of liquidity for the Company. As of December 31, 2023 and 2022, the Company had unused credit facilities for short-term and long-term loans as follows:

	December 31, 2023	December 31, 2022
Unused bank credit lines	$ 872,059	809,600

(v) Market risk

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

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company entities, primarily the NTD. The currencies used in these transactions are the NTD, EUR, USD, HKD, JPY and RMB. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied it these circumstances.

2) Interest rate risk

The Company has borrowed funds at fixed and variable interest rates, wherein the Company is exposed to risks associated with fair value change and cash flow. The Company manages its interest rate risk by maintaining a proper components of fixed interest rate and floating interest rate. Additionally, the Company's short-term loans bear interest at floating rates. The effective rate varies depending on the market interest rate, thereby fluctuating the Company's future cash flow.

3) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is held for trading. The management of the Company minimizes the risk by holding different investment portfolios. The Company's exposure to equity price risk is mainly due to the equity financial instruments in Taiwan.

(y) Capital management

The Board of Directors' policy is to maintain a strong capital base to ensure the confidence of investors, creditors, and the market and to sustain future development of the business.

(Continued)

CviLux Corporation
Notes to the Parent Company Only Financial Statements

The Company's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 1,724,507	1,950,105
Less: cash and cash equivalents	(268,670)	(565,386)
Net liabilities	**$ 1,455,837**	**1,384,719**
Total equity	**$ 3,075,340**	**3,065,345**
Debt-to-equity ratio	**47.34 %**	**45.17 %**

As of December 31, 2023, there were no changes in the Company's approach to capital management.

(z) Financing activities not affecting current cash flow

(i) For right-of-use assets under leases, please refer to note 6(i).

(ii) Reconciliation of liabilities arising from financing activities (with non-cash changes) were as follows:

	January 1, 2023	Cash flows	Non-cash changes	December 31, 2023
Lease liabilities (current and non-current)	**$ 6,838**	**(1,914)**	**218**	**5,142**

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Lease liabilities (current and non-current)	**$ 8,081**	**(1,942)**	**699**	**6,838**

(7) Related-party transactions

(a) Names and relationship with the Company

Name of related party	Relationship with the Company
CONTEC (B.V.I.) Corporation (CONTEC)	Subsidiary
Cvilux USA Corporation (CUC)	Subsidiary
Cvilux Korea Corporation (CKC)	Subsidiary
Cvicloud Corporation (CTT)	Subsidiary
CviMall International Corporation (CMI)	Subsidiary
HICON (B.V.I.) Corporation (HICON)	Sub-subsidiary
Cvilux (B.V.I.) Corporation (CBC)	Sub-subsidiary
Cvilux Lao Co., Ltd. (CLC)	Sub-subsidiary
CviLux Technology (Suzhou) Co.,Ltd. (HBC)	Sub-subsidiary

CviLux Corporation
Notes to the Parent Company Only Financial Statements

Name of related party	Relationship with the Company
Dongguan Qunhan Electronics Co., Ltd. (DQH)	Sub-subsidiary
CviLux Electronics (Dongguan) Co., Ltd. (CED)	Sub-subsidiary
CviLux Technology (Chongqing) Corporation (CQC)	Sub-subsidiary
CviLux Technology (Shenzhen) Corporation (CTS)	Sub-subsidiary
CviCloud Ltd. (CTH)	Sub-subsidiary (Note)
CviCloud (SZ) Ltd. (CTA)	Sub-subsidiary
Anhui Cvilux Technology Co.,Ltd. (AHC)	Sub-subsidiary
Shanghai Han Duo Trading co., Ltd. (SHC)	Sub-subsidiary (Note 1)
Allsor Technology Corporation (Allsor)	The entity's chairman is the second immediate family member of the chairman of the Company
Tvsoga Co., Ltd.	The entity's chairman is the second immediate family member of the chairman of the Company
Yangtek Corporation	The entity's chairman is the second immediate family member of the chairman of the Company

Note 1: The liquidation of CTH had been approved by the Company's board in November 2022, wherein all relevant registration procedures had been completed in the 4th quarter of 2023.

Note 2: The liquidation of SHC had been approved by the Company's board in December 2021, wherein all relevant registration procedures had been completed in the 2nd quarter of 2023.

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales and outstanding balance by the Company to related parties were as follows:

	2023	2022
Subsidiary	$ 50,499	61,543
Other related parties	6,267	7,304
	$ 56,766	**68,847**

CviLux Corporation
Notes to the Parent Company Only Financial Statements

Items	Type of related party	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiary	$ 31,803	20,816
Accounts receivable	Other related parties	1,374	2,161
		$ 33,177	22,977

Except for the payables to, and receivables from, related parties, which had been offset against each other, the payment terms are the same as those of the arm's length transactions.

(ii) Purchases

The amounts of significant purchases and outstanding balances by the Company from related parties were as follows:

	2023	2022
Subsidiary-HBC	$ 436,750	554,467
Subsidiary-CED	511,372	729,429
Subsidiary-CQC	167,792	181,656
Subsidiary-DQH	141,510	214,862
Subsidiary-Others	52,037	36,971
	$ 1,309,461	1,717,385

Items	Type of related party	December 31, 2023	December 31, 2022
Accounts payable	Subsidiary-HBC	$ 126,785	188,265
Accounts payable	Subsidiary-CED	111,231	203,425
Accounts payable	Subsidiary-CQC	50,337	54,908
Accounts payable	Subsidiary-DQH	35,833	46,259
Accounts payable	Subsidiary-CBC	46,841	74,507
Accounts payable	Subsidiary-Others	13,695	17,541
		$ 384,722	584,905

Since the items purchased from related parties are not the same with those of other vendors, the purchase price could not be compared. The additional payment terms, which are not significantly different from those offered by other vendors, are offset against the receivables from related parties.

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(iii) Leases

The Company's rent income from related parties (included in other income) and the outstanding balances were as follows:

	2023	2022
Rent income-Subsidiary-CTT	$ 36	36
Rent income-Subsidiary-CMI	36	36
Rent income-Other related parties-Allsor	36	36
	$ 108	**108**

Items	Type of related party	December 31, 2023	December 31, 2022
Other receivables-related parties	Other related parties	**$ 3**	**3**

(iv) Consultant income

The Company provided services to its subsidiaries, including human resources wherein the revenues are recognized as consultant income under other gains and losses. The transaction amount and outstanding balance were listed as follows:

	2023	2022
Subsidiary-HBC	$ 9,211	5,603
Subsidiary-CED	7,392	3,259
Subsidiary-DQH	3,346	2,090
Subsidiary-CQC	4,234	1,951
Subsidiary-CLC	2,125	1,235
Subsidiary-Others	-	754
	$ 26,308	**14,892**

Items	Type of related party	December 31, 2023	December 31, 2022
Other receivables-related parties	Subsidiaries	**$ 19,551**	**729**

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(v) Other income

As of December 31, 2023 and 2022, the amounts of other revenue of the Company from related parties (included in other gains and losses) were as follows:

	2023	2022
Subsidiary-HBC	$ 13,101	-
Subsidiary-CED	690	190
Subsidiary-DQH	108	1,372
Subsidiary-CQC	47	12
	$ 13,946	**1,574**

(vi) Property transactions

1) Equipment is sold to related parties of the Company and outstanding balance were as follows:

	2023	2022
Subsidiary－CLC－Sale price	**$ 158**	**1,246**
Subsidiary－CLC－Gain (loss) on sales	**$ 5**	**34**

2) Equipment is purchased from related parties of the Company and outstanding balance were as follows:

	2023	2022
Subsidiary－HBC－Purchase price	$ -	1,123
Subsidiary－DQH－Purchase price	-	253
Subsidiary－CMI－Purchase price	-	189
	$ -	**1,565**

Items	Type of related party	December 31, 2023	December 31, 2022
Other payables-related parties	Subsidiary-DQH	-	232
Other payables-related parties	Subsidiary-CMI	-	189
		$ -	**421**

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(vii) Loans to related parties

Loans to related parties and outstanding balance were listed as follows:

	December 31, 2023	December 31, 2022
Subsidiary-CLC	$ 122,820	46,065

Interest income from the Company's loans to related parties (included in interest income) and the outstanding balances were as follows:

Interest income:

	December 31, 2023	December 31, 2022
Subsidiary-CLC	$ 2,438	537
Subsidiary-CMI	140	-
	$ 2,578	537

Items	Type of related party	December 31, 2023	December 31, 2022
Other receivables-related parties	Subsidiary-CLC	$ 1,509	538

The interest rates of the Company’s unsecured loans to related parties were between 2% and 4%, wherein the Company assessed not to recognize any impairment loss.

(viii) Guarantees and endorsements

As of December 31, 2023 and 2022, the endorsements provided by the Company to its subsidiaries amounted to $198,718 thousand and $262,436 thousand, where the actual amounts of $25,353 thousand and $68,388 thousand, respectively, had been used.

(ix) Advances to related parties and advances from related parties

Receivables and payables arising from payments made by the Company and related parties on behalf of each other for transactions were as follows:

Items	Type of related party	December 31, 2023	December 31, 2022
Other receivables-related parties	Subsidiaries	$ 608	598

Items	Type of related party	December 31, 2023	December 31, 2022
Other payables-related parties	Subsidiaries	$ 132	778

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(x) Other receivables from related parties and other payables to related parties were listed as follows:

	Items	December 31, 2023	December 31, 2022
Other receivables:			
	Other receivables－rent	$ 3	3
	Other receivables－consultant income	19,551	729
	Other receivables－loans	122,820	46,065
	Other receivables－interest	1,509	538
	Other receivables－others	608	598
		$ 144,491	**47,933**
Other payables:			
	Other payables－equipment	-	421
	Other payables－others	132	778
		$ 132	**1,199**

(c) Key management personnel compensation

	2023	2022
Short-term employee benefits	$ 32,683	38,974
Post-employment benefits	2,079	2,079
	$ 34,762	**41,053**

(8) Pledged assets

The carrying values of assets pledged as security were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Land	Long-term borrowings	$ 66,819	66,819
Building and structure	〃	43,488	44,753
		$ 110,307	**111,572**

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(9) Commitments and contingencies

The agreements purchases of the equipment and Intangible assets was as follows:

	December 31, 2023	December 31, 2022
Total contract price	$ 1,142	13,241
Unexecuted amount	$ 688	4,476

(10) Losses due to major disasters: None

(11) Subsequent events: None.

(12) Other

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

By function / By item	2023 Operating costs	2023 Operating expenses	2023 Total	2022 Operating costs	2022 Operating expenses	2022 Total
Employee benefits						
Salary	10,831	166,866	177,697	15,747	174,377	190,124
Labor and health insurance	1,245	14,177	15,422	1,699	12,682	14,381
Pension	822	8,475	9,297	1,028	7,700	8,728
Remuneration of directors	-	9,909	9,909	-	12,444	12,444
Others	920	7,350	8,270	1,440	7,706	9,146
Depreciation	2,456	10,708	13,164	3,523	7,114	10,637
Amortization	12	11,196	11,208	77	9,821	9,898

As of December 31, 2023 and 2022, the additional information for employee numbers and employee benefits were as follows:

	2023	2022
Employees number	178	184
Directors number without serving concurrently as employees	4	3
Average employee benefit	$ 1,211	1,229
Average employee salary	$ 1,021	1,050
Average adjustment rate of employee salaries	(2.76)%	3.75 %
Supervisor's remuneration	$ -	-

CviLux Corporation
Notes to the Parent Company Only Financial Statements

Directors: Directors (including independent directors) are entitled to remuneration for the performance of their duties, irrespective of the Company's profits or losses; directors' remuneration shall be determined by the board of directors in accordance with the value of their participation in, and contribution to, the operation of the Company, with reference to the industry levels.

Managers and employees: Their remunerations, which comprise their basic salaries, meal allowances and fringe benefits based on their job positions, shall be determined according to their educational background, work experience, individual performance, the " Regulations Governing Management of Salaries and Wages" , the" Regulations Governing Distribution of Employee Remuneration" , as well as the performance of the Company.

(b) In October 2016, the owner of the Company was prosecuted by the New Taipei District Prosecutors Office for violating the Securities and Exchange Act, by selling LED CHIPS between the 2nd of 2014 and 2015. In November 2019, the owner of the Company was acquitted by the New Taipei District Prosecutors Office. However, in February 2020, the prosecutor filed an appeal regarding the above case to the Taiwan High Court, who sentenced the owner of the Company to a prison term of 1 year and 10 months, in which the owner of the Company disagreed with such decision; hence, filed an appeal to the Supreme Court. The Company engaged a lawyer to handle the case. On January 5, 2024, the Company received a notification from the Supreme Court, stating that the conviction against the Company's responsible party was partially revoked and remanded the case to the Taiwan High Court for retrial. The above case did not have any material impact on the financial and business operation of the Company.

CVILUX CORPORATION
Notes to the Parent Company Only Financial Statements

(13)Other disclosures

(a)Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2023:

i. Loan to other parties:

Unit:USD in thousand/NTD in thousand)

Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2)
												Item	Value		
0	The Company	CMI	Other receivables - related parties	20,000 (NTD20,000)	-	-	2%	2	-	Operating Captial	-	None	-	307,534	615,068
0	The Company	Cvilux Lao	Other receivables - related parties	187,530 (USD6,000)	184,230 (USD6,000)	122,820 (USD4,000)	2%	2	-	Operating Captial	-	None	-	307,534	615,068
0	The Company	CviLux Korea	Other receivables - related parties	3,243 (USD100)	3,071 (USD100)	-	2%	2	-	Operating Captial	-	None	-	307,534	615,068

Note1：Purposes of fund financing for the borrower as follows:

(1)For entries the Company has business transactions with.

(2)For entries with short-term financing needs.

Note2：For entities with short-term financing needs, the total amount available for financing shall not exceed 20% of the Company's net worth. Any individual entity shall not exceed 10% of the Company's net worth.

Note3：The maximum balance and ending balance of the fund loans are converted into New Taiwan Dollars at the exchange rate at the end of each month, with the approval of the board.

ii. Guarantees and endorsements for other partie:

Number	Endorsement/ Guarantee Provider	Counter - party of guarantee and endorsement		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 3)	Ending Balance (Note 2)	Amount Actually Drawn	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum amount for guarantees and endorsements (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship with the company (Note 1)										
0	The Company	CTT	Note 1	Net worth*30% 922,602	130,000	100,000	10,000	-	3.25 %	1,537,670	Y	N	N
0	The Company	CTA	Note 1	Net worth*30% 922,602	18,212	-	-	-	- %	1,537,670	Y	N	Y
0	The Company	CED	Note 1	Net worth*30% 922,602	33,282	17,308	-	-	0.56 %	1,537,670	Y	N	Y
0	The Company	Cvilux Lao	Note 1	Net worth*30% 922,602	64,850	61,410	15,353	-	2.00 %	1,537,670	Y	N	N
0	The Company	CMI	Note 1	Net worth*30% 922,602	20,000	20,000	-	-	0.65 %	1,537,670	Y	N	N

Note 1：A subsidiary fully owned by the guarantor.

Note 2：The ending balance of guarantees and endorsements are converted into NTD at the exchange rate at the end of each month, with the approval of the board.

Note 3：The amount available for financing purposes for any individual entity shall not exceed 30% of the Company's net worth; and for other entity, the amount available for financing purposes shall not exceed 30% of the Company's net worth, and the total amount shall not exceed 50% of the Company's net worth.

CVILUX CORPORATION
Notes to the Parent Company Only Financial Statements

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

Unit:Shares/Units

Name of investee	Marketable Security Type and Name	Relationship with the company	Financial Statement Account	December 31,2023				Note
				Shares/Units	Book value	Percentage of Owership	Fair value	
CCT	CTL 6 1/2 Preferred stock	None	Financial assest at fair value through profit or loss-curreny	1,000	306	-	306	
〃	BT100145 AT&T Bonds	〃	〃	50,000	1,072	-	1,072	
〃	ETH6 Citigroup Corporate Bonds	〃	〃	80,000	2,369	-	2,369	
〃	ETP5 Pfizer Corporate Bonds	〃	〃	80,000	2,299	-	2,299	
〃	Allianz Global Investors Income and Growth Fund(RMB)	〃	〃	44,148.7	1,553	-	1,553	
〃	Allianz Global Investors Income and Growth Fund(RMB)	〃	〃	22,383.3	787	-	787	
〃	Allianz Global Investors Income and Growth Fund(RMB)	〃	〃	43,909.8	1,545		1,545	
〃	Allianz Global Investors Income and Growth Fund(RMB)	〃	〃	22,215.1	782	-	782	
〃	Goldman Sachs RMB Corporate Bonds GS 3.8 05/05/25	〃	〃	500,000	2,088		2,088	
〃	D1709-Citigroup Global Securities RMB Corporate Bond	〃	〃	950,000	4,033		4,033	
〃	00888 SinoPac Taiwan ESG Equity Fund	〃	〃	8,000	116	-	116	
HBC	China Life Lnsurance Company Limited Sotck	〃	〃	5,700	699	-	699	
〃	Northeast Securities CO., LTD Sotck	〃	〃	10,000	307	-	307	
〃	Goldmantis Sotck	〃	〃	5,000	82	-	82	
〃	Suntak Technology Co., LTD Convertible bonds	〃	〃	10	5	-	5	
CQC	Goldmantis Sotck	〃	〃	10,000	163	-	163	
〃	China Minsheng Banking Stock	〃	〃	20,000	323	-	323	
〃	E Fund CSI Bio-Tech Them ETF	〃	〃	320,100	738	-	738	
〃	Vats liquor chain store management joint management joint stock co.,Ltd Stock	〃	〃	7,000	554	-	554	
					19,821		19,821	

iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
v. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
vi. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

vii. Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock

Name of company	Related party	Nature of relationship (Note1)	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
CED	The Company	1	Sale	511,372	71%	60 days	-	no comparators	111,231	63%	〃
The Company	CED	1	Purchase	511,372	36%	〃	-	no significant difference	(111,231)	26%	〃
HBC	The Company	1	Sale	436,750	56%	〃	-	no comparators	126,785	50%	〃
The Company	HBC	1	Purchase	436,750	31%	〃	-	no significant difference	(126,785)	30%	〃
DQH	The Company	1	Sale	141,510	44%	〃	-	no comparators	35,833	46%	〃
The Company	DQH	1	Purchase	141,510	10%	〃	-	no significant difference	(35,833)	9%	〃
CQC	The Company	1	Sale	167,792	39%	〃	-	no comparators	50,337	34%	〃
The Company	CQC	1	Purchase	167,792	12%	〃	-	no significant difference	(50,337)	12%	〃

Note 1: Relationship with the company is as follows:
1) Parent company to subsidiary 1
2) Subsidiary to subsidiary

viii. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
Accounts receivable								
CED	The Company	Parent company	111,231	-	-		75,965	-
HBC	The Company	Parent company	126,785	-	-		70,933	-
Other receivables								
CLC	The Company	Parent company	124,352	-	-		31,280	-

ix. Trading in derivative instruments: None.

CVILUX CORPORATION
Notes to the Parent Company Only Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in mainland China):

Unit:USD in thousand/NTD in thousand

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Highest balance during the year			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares/Units	Percentage of ownership	Carrying value			
The Company	CONTEC	British Virgin Islands	Holding Company	481,884 (USD15,266)	481,884 (USD15,266)	15,265,948	100%	3,382,674	143,445	136,412	
The Company	Cvilux USA	United States	Sale of connectors, cable assemblies	30,669 (USD1,000)	30,669 (USD1,000)	100,000	100%	1,221	2,884	2,884	
The Company	Cvilux Korea	Korea	Sale of connectors, cable assemblies	8,820 (USD300)	8,820 (USD300)	35,000	100%	(3,842)	(2,736)	(2,736)	
The Company	CTT	Taiwan	Integration services for IoT, hardware and software system	187,000	187,000	11,514,800	100%	40,723	(1,210)	(1,210)	
The Company	CMI	Taiwan	Development and sale of e-commerce and cosmetics	56,245	56,245	2,999,900	100%	3,330	1,392	1,392	
CONTEC	HICON	British Virgin Islands	Holding Company	328,341 (USD10,370)	328,341 (USD10,370)	10,370,000	100%	1,986,916	106,450	106,450	
CONTEC	Cvilux (B.V.I.)	British Virgin Islands	Holding Company	342,813 (USD11,262)	342,813 (USD11,262)	11,102,371	100%	1,392,434	36,643	36,643	
Cvilux (B.V.I.)	CTH	Hong Kong	Holding Company	-	98,609 (USD3,232)	-	-	-	-	-	
HBC	Cvilux Lao	Lao	Manufacture and sale of connectors, cable assemblies	149,313 (USD5,000)	149,313 (USD5,000)	-	92.59%	(32,018)	(39,019)	(36,127)	

CVILUX CORPORATION
Notes to the Parent Company Only Financial Statements

(c) Information on investment in mainland China:

The following is the information on investees in mainland China for the year ended December 31, 2023:

Unit:NTD in thousand/USD,RMB,HKD in dollar)

Name of investee	Main businesses and products	Total amount of capital surplus (Note 5)		Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023		Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023		Net income (losses) of the investee	Investment income (losses) (Notes 3)	Book value (Note 3)	Accumulated remittance of earnings in current period	Note
							Outflow	Inflow							
Cvilux Dongguan Changping Electronic Plant	Manufacture and sale of connectors	-	-	Note 1	USD460,000	15,244	-	-	USD460,000	15,244	-	-	-	-	
HBC	Manufacture and sale of connectors, cable assemblies	USD 6,620,000	217,775	Note 2-1	USD6,620,000	217,775	-	-	USD6,620,000	217,775	76,133	76,133	1,594,301	214,994	
DQH	Manufacture and sale of connectors, cable assemblies	HKD 25,590,000	105,194	Note 2-1	USD77,400 CNY 1,458,724 HKD 23,058,801	104,231	-	-	USD77,400 CNY 1,458,724 HKD 23,058,801	104,231	(2,899)	(2,899)	195,726	13,706	
CED	Manufacture and sale of connectors, cable assemblies, electronic modules	USD 9,000,000	264,623	Note 2-1	USD3,123,530	92,747	-	-	USD3,123,530	92,747	81,450	81,450	840,952	-	
CQC	Manufacture and sale of connectors, cable assemblies	USD 8,750,000	272,335	Note 2-1	USD2,000,000	58,380	-	-	USD2,000,000	58,380	70,681	70,681	822,595	115,175	
CTS	Sale of connectors, cable assemblies	HKD 2,000,000	7,784	Note 2-1	-	-	-	-	-	-	10,330	10,330	273,132	-	
CTA	Integration services for IoT, hardware and software system	USD 1,890,000	55,014	Note 2-1	USD1,000,000	28,110	-	-	USD1,000,000	28,110	2,387	2,387	13,075	-	
AHC	Manufacture and sale of connectors, cable assemblies	CNY 10,000,000	46,170	Note 2-1	-	-	-	-	-	-	1,166	1,166	40,631	-	
HRT	Development and sales of e-commerce and cosmetics	-	-	Note 2-2	USD200,000	6,110	-	6,110	-	-	(2)	(2)	0	-	
Shenzhen Recon Health care Cloud Techco., Ltd.	Manufacture and sale of medical care products	CNY 7,730,000	33,332	Note 2-1	-	-	-	-	-	-	(11,214)	(2,901)	(2,710)	-	
Cvilux Sensor Technology (Dongguan) Co., Ltd.	Manufacture and sale of Sensors and electronic components	CNY 10,010,000	44,158	Note 2-1	-	-	-	-	-	-	(135)	(27)	8,628	-	

ii. Limitation on investment in mainland China:

Unit:NTD in thousand/USD,RMB,HKD in dollar

Accumulated Investment in Mainland China as of December 31, 2023 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 6)	Upper Limit on Investment (Note 7)
516,487 (USD 13,280,930、CNY 1,458,724 and HKD 23,058,801)	728,981 (USD 19,978,600、CNY 1,458,724 and HKD 27,800,000)	1,845,204

Note 1: Since Cvilux Dongguan Changping Electronic Plant, a plant established by Cvilux (B.V.I.) in mainland China who engaged in processing materials provided by customers in accordance with the agreement, is not one of the Group's subsidiaries, it is not deemed as an "investment" as defined in Articles 4 and 6 of the “Regulations Governing the Approval of Investment or Technical Cooperation in mainland China” by the Investment Commission. Therefore, the above information only discloses the name of the plant and its principal business activities.

Note 2: 1.The Company indirectly invested in the company in mainland China through a third region：CONTEC(B.V.I.) Corp.、Cvilux(B.V.I.) Corp.、HICON(B.V.I.) Corp.
2.The Company indirectly invested in the company in mainland China through Taiwan region.

Note 3: The amount consist of invesment gain or loss and carrying values as of December 31, 2023, recognized by the Company which indirectly invested through a third region.

Note 4: The investment in mainland China was recorded at the exchange rates prevailing at the transaction date. The equity in the earnings (losses) was translated into NTD at the average rates prevailing at the transaction date.

Note 5: In addition to the accumulated investment in mainland China, the paid-in capital included the asset valuation and capital surplus transferred to common stock.

Note 6: In addition to the accumulated investment in mainland China, the investment amounts authorized by the Investment Commission, MOEA included the asset valuation and capital surplus transferred to common stock, with the exchange rate of USD：NTD = 1：30.705；HKD：NTD = 1：3.929；CNY：NTD = 1：4.327 on December 31, 2023.

Note 7: The investment amount should not exceed 60% of the net worth of the Company or the Group.

iii. Significant transactions

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

(d) Major shareholders

Shareholding / Shareholder's Name	Shares	Percentage
Yangtek Corporation	6,761,000	8.56%

Note : The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

(14)Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

CviLux Corporation

Statement of cash and cash equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		$ 535
Demand deposits		63,762
Demand deposits-foreign	(USD5,756,286.07、HKD596,693.40、JPY1,496,611.00、EUR193,100.11、CNY4,038,862.02 and VND14,686,981.00)	203,472
Time deposits	(CNY7,000,000, Due date on 2024.02.18~2024.03.27, annual interest rate is 2.399%~2.5%)	30,289
		$ 298,058

The ending rates of foreign deposits are as follows:

USD：NTD＝1：30.705

HKD：NTD＝1：3.929

JPY：NTD＝1：0.217

EUR：NTD＝1：33.98

RMB：NTD＝1：4.327

VND：NTD＝1：0.001245

CviLux Corporation

Statement of notes receivable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Company A	$ 1,038
Company B	916
Company C	851
Company D	395
Others (each amount was less than 5%)	362
	$ 3,562

Statement of accounts receivable

Item	Amount
Company E	$ 78,845
Company F	75,512
Company G	51,079
Company H	44,976
Company I	34,754
Others (each amount was less than 5%)	264,853
	550,019
Less: loss allowance	(4,514)
	$ 545,505

CviLux Corporation

Statement of other receivables

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Other receivables	Interest receivable and advance refunds for business trip	$ 378

Statement of inventories

Item	Amount: Book value (Note)	Amount: Net realizable value
Finished goods	$ 2,881	4,236
Work in progress	1,281	1,281
Raw materials	-	218
Supplies	118	280
Merchandise	68,930	116,132
Total	$ 73,210	122,147

Note: The amounts includeds the allowance to reduce inventory to market and obsolescence.

CviLux Corporation

Statement of prepayments and other current assets

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	
Input Tax		$	2,286
Prepaid expenses	Prepaid Vietnam office related fees and other prepaid expense		311
Prepayments to suppliers			253
		$	**2,850**

Statement of other non-current assets

Item	Description	Amount	
Tax refund receivables	Enterprise tax refund receivable	$	4,177
Loss allowance-tax refund receivable			(4,177)
Guarantee deposits paid	Guarantee deposits of paid building rent		423
		$	**423**

CviLux Corporation

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance Amount	Beginning Balance Shares	Increase Amount	Increase Shares	Decrease Amount	Decrease Shares	Investment income (loss)	Other	Exchange differences on translation of foreign financial statements	Ending balance Shares	Ending balance Percentage of ownership	Ending balance Amount	Collateral or pledge
Investments accounted for using the equity method:													
CONTEC (B.V.I.) Corp.	$ 3,295,437	15,266	-	-	-	-	136,412	7,125	(56,300)	15,266	100.00 %	3,382,674	None
CviCloud Corp.	42,140	11,515	-	-	-	-	(1,210)	-	(207)	11,515	100.00 %	40,723	None
CviMall International Corp.	1,845	3,000	-	-	-	-	1,392	-	93	3,000	100.00 %	3,330	None
Cvluex USA Corp.	(1,385)	-	-	-	-	-	2,884	-	(278)	-	100.00 %	1,221	None
	3,338,037		-		-		139,478	7,125	(56,692)			3,427,948	
Credit balance of investments accounted for using the equity method:													
CVILUX KOREA CO., LTD.	(1,121)	-	-	-	-	-	(2,736)	-	15	-	100.00 %	(3,842)	None
	(1,121)		-		-		(2,736)	-	15			(3,842)	
Total	**$ 3,336,916**		**-**		**-**		**136,742**	**7,125**	**(56,677)**			**3,424,106**	

CviLux Corporation

Statement of short-term borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Lender	Item	Ending balance	Range of annual interest rate	Due date	Financing credit lines	Collateral or pledge
Mega Bank	Credit loan	$ 50,000	1.800 %	2024.03.05	50,000	None
Citi Bank	〃	30,000	1.800 %	2024.03.22	159,600	〃
Hua Nan Bank	〃	20,000	1.790 %	2024.01.02	80,000	〃
The Export-Import Bank of the Republic of China	〃	50,000	1.8222 %	2024.09.20	100,000	〃
		$ 150,000				

Statement of accounts payable

Item	Amount
Company J	$ 10,847
Company K	5,408
Company L	1,793
Company M	1,524
Others (each amount was less than 5%)	13,653
	$ 33,225

CviLux Corporation

Statement of other payables

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Saliaries, bonuses and pensions payable	$ 42,904
Payable on employees' remuneration	23,211
Payable on ditectors' remuneration	6,995
Other payables	38,855
Total	**$ 111,965**

Statement of other current liabilities

Item	Description	Amount
Contract liabilities-Current	Advance receipt	$ 3,071
Receipts under custody	Receipts under custody of mold	14,632
Other advance receipt	Parking rental	7
		$ 17,710

CviLux Corporation

Statement of long-term borrowings and long-term borrowings current portion

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

	Amount					
Lender	Current amount expired within one year	Non current amount expired after one year	Period	Range of annual interest rate	Collateral or pledge (Book value)	
Hua Nan Bank	$ 8,551	23,763	2012/8/27~2027/8/27	2.245%	Building and structure	34,073 thousand
					Land	50,277 thousand
Esun Bank	-	57,541	2022/10/31~2025/10/31	1.73%	Building and structure	9,415 thousand
					Land	16,542 thousand
Total	$ 8,551	81,304				

Statement of bonds payable

Item	Issued date	Issued amount	Ending balance	Unamortized discounted	Book value	Note
The fourth unsecured domestic convertible bonds	2021.10	$ 500,000	499,900	4,817	495,083	

CviLux Corporation

Statement of operating revenue

For the year ended December 31, 2023

Item	Quantity	Amount
Connector	833,861,336 PCS	$ 1,446,942
Cable assemblies	92,187,044 PCS	455,118
IoT	12,549 PCS	11,348
Electronic components	202 PCS	6,523
New retailing e-commerce	8,718 PCS	4,320
		$ 1,924,251

CviLux Corporation

Statement of operating costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Beginning balance of raw materials	$ 219
Add: purchases	2,171
Less: ending balance of raw materials	(218)
Others	(4)
Raw materials used	2,168
Supplies	
Beginning balance of supplies	403
Add: purchases	1,085
Gains on inventory count	6
Less: ending balance of supplies	(280)
Others	(61)
Disposal of supplies	(66)
Supplies used	1,087
Direct labor	3,885
Manufacturing overhead	13,585
Processing expenses	3,847
Manufacturing cost	24,572
Add: beginning balance of work in process	1,143
Transferred from merchandise and finished goods	82,377
Less: ending balance of work in process	(1,281)
Transferred to merchandise	(42,524)
Unallocated production overheads	(1,061)
Cost of work in process	63,226
Add: beginning balance of finished goods	8,766
Purchase	4,978
Gains on inventory count	11
Less: ending balance of finished goods	(4,236)
Transferred to work in process	(19,180)
Disposal of finished goods	(179)
Others	(8)
Cost of sales of finished goods	53,378
Beginning balance of merchandise	149,695
Add: purchase	1,417,064
Transferred from work in process	42,524
Gains on inventory counts	16
Less: ending balance of merchandise	(116,132)
Transferred to work in process	(63,197)
Disposal of merchandise	(2,897)
Others	(355)
Cost of sales of merchandise	1,426,718
Loss of inventory disposal	3,142
(Reversal of) loss on valuation of inventories and obsolescence	(710)
Gains on inventory counts	(33)
Unallocated production overheads	1,061
Scrap income	(579)
Others	8
Total operating cost	**$ 1,482,985**

CviLux Corporation

Statement of operating expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salary and wages expense	$ 48,354	109,298	19,123
Export expenses	41,556	-	-
Insurance expenses	4,977	8,181	1,877
Commissions expenses	6,748	-	-
Professional service fees	27	9,591	632
Design and inspection fees	3,664	4,068	6,529
Depreciation	521	7,015	3,172
Amortization	-	9,572	1,624
Others (each amount was less than 5%)	21,726	24,227	4,297
	$ 127,573	**171,952**	**37,254**

Other

Item	Description
Statement of financial assets at fair value through profit or loss-current	Disclosed in note 6(b)
Statement of accounts receivable－related parties	Disclosed in note 7
Statement of other receivables－related parties	Disclosed in note 7
Statement of financial assets at fair value through profit or loss－non current	Disclosed in note 6(n)
Statement of changes of property, plant and equipment	Disclosed in note 6(h)
Statement of changes of property, plant and equipment's accumulated depreciation	Disclosed in note 6(h)
Statement of changes of right-of-use assets	Disclosed in note 6(i)
Statement of changes of right-of-use assets's accumulated depreciation	Disclosed in note 6(i)
Statement of prepayments for business facilities	Disclosed in note 6(j)
Statement of changes of intangible assets	Disclosed in note 6(k)
Statement of changes of intangible assets's accumulated amortization	Disclosed in note 6(k)
Statement of deferred tax assets	Disclosed in note 6(q)
Statement of accounts payable－related parties	Disclosed in note 7
Statement of other payables－related parties	Disclosed in note 7
Statement of lease liabilities	Disclosed in note 6(o)
Statement of deferred tax liabilities	Disclosed in note 6(q)
Statement of other income	Disclosed in note 6(v)
Statement of other gains and losses	Disclosed in note 6(v)
Statement of finance costs	Disclosed in note 6(v)