Stock code: 3011

Ji-Haw Industrial Co., Ltd.

Separate Financial Statements and Independent Auditor's Report

2022 and 2021

Address: No. 53, Baoxing Road, Xindian District, New Taipei City

TEL: (02)29189189

§TABLE OF CONTENTS§

Independent Auditor's Report

To stakeholders of Ji-Haw Industrial Co., Ltd.:

Audit opinions

We have audited the accompanying separate balance sheet of Ji-Haw Industrial Co., Ltd. as at December 31, 2022 and 2021, the separate statement of comprehensive income, separate statement of changes in equity, and separate cash flow statement from January 1 to December 31, 2022 and 2021, and notes to separate financial statements (including summary of significant accounting policies).

In our opinion, all material disclosures of the separate financial statements mentioned above were prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and presented a fair view of the separate financial position of Ji-Haw Industrial Co., Ltd. as at December 31, 2022 and 2021, and separate business performance and cash flow for the periods January 1 to December 31, 2022 and 2021.

Basis of audit opinion

We have conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and applicable auditing standards. Our responsibilities as an auditor for the separate financial statements under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed the CPA code of ethics and maintained independence from Ji-Haw Industrial Co., Ltd. when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

Key audit issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2022 separate financial statements of Ji-Haw Industrial Co., Ltd. These issues have already been addressed when we audited and formed our opinions on the separate financial statements. Therefore, we do not provide opinions separately for individual issues.

Key audit issues concerning the 2022 separate financial statements of Ji-Haw Industrial Co., Ltd. are as follows:

Recognition of sales income from goods delivered to warehouse

One of the methods by which Ji-Haw Industrial Co., Ltd. generates sales income is to deliver goods to the warehouse designated by customer and have the customer retrieve goods from the warehouse. According to IFRS 15, sale of merchandise is recognized when control of the product has been transferred to the customer, or in other words, when product has been delivered to the buyer, thereby giving the buyer full discretion over the distribution and pricing of the product while Ji-Haw Industrial Co., Ltd. has no outstanding obligation that would otherwise prevent the customer from accepting the goods. Dispatch and retrieval of goods from the warehouse is monitored by a logistics center, and given the complexity of the control procedures involved and the sizable amount of deliveries made to the warehouse in 2022, we consider the recognition of sales income from goods delivered to warehouse to be a key audit issue, and conducted additional audits on customers that exhibited significant increase in this type of sales in 2022. Disclosures relating to revenue recognition and accounting policy can be found in Notes 4 and 17 of the separate financial statements.

The following audit procedures were taken in relation to the key audit issues identified above:

1. Understanding and testing the effectiveness of internal control design and execution for the recognition of sales income from goods delivered to warehouse.
2. Sampling an adequate number of transactions from customers that exhibited a significant increase in the amount of sales via warehouse delivery, verifying proofs of transaction, and establishing the payer of sales proceeds and the collection process to determine the authenticity of sales transaction.
3. Issuing audit conformation letters and verifying year-end accounts receivable balances for customers that exhibited a significant increase in the amount of sales via warehouse delivery, and executing alternative procedures for customers that did not reply to audit confirmation in a timely manner, such as examining the proof of transaction and observing collection of receivables after the balance sheet date.

Responsibilities of the management and governing body to the separate financial statements

Responsibilities of the management were to prepare and ensure fair presentation of separate financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and to exercise proper internal control practices that are relevant to the preparation of separate financial statements so that the separate financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing separate financial statements also involved: assessing the ability of Ji-Haw Industrial Co., Ltd. to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate Ji-Haw Industrial Co., Ltd. or cease business operations, or is compelled to do so with no alternative solution.

The governance body of Ji-Haw Industrial Co., Ltd. (including the Audit Committee) is responsible for supervising the financial reporting process.

Responsibilities of the auditor when auditing separate financial statements

The purposes of our audit were to obtain reasonable assurance of whether the separate financial statements were prone to material misstatements, whether due to fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with applicable auditing principles do not necessarily guarantee detection of all material misstatements within the separate financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the separate financial statement user.

When conducting audits in accordance with applicable auditing principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing an opinion on the effectiveness of the internal control system of Ji-Haw Industrial Co., Ltd.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Ji-Haw Industrial Co., Ltd. to operate as a going concern, based on the audit

evidence obtained. We are bound to remind users of separate financial statements and make related disclosures if uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Ji-Haw Industrial Co., Ltd. no longer capable of operating as a going concern.

5. Assessing the overall presentation, structure, and contents of the consolidated financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the separate financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of equity-accounted investments held by Ji-Haw Industrial Co., Ltd., and expressing opinions on the separate financial statements. Our responsibilities as auditors are to instruct, supervise, and execute audits and form audit opinions on Ji-Haw Industrial Co., Ltd.

We have communicated with the governing body about the scope, timing and significant findings (including significant defects identified in the internal control) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governance body regarding the 2022 separate financial statements of Ji-Haw Industrial Co., Ltd. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

Deloitte Taiwan

CPA Huang Yao Lin	CPA Chou Shih Chieh
Approval reference of the Financial Supervisory Commission Jin-Guan-Zheng-Shen-1060004806	Approval reference of the Financial Supervisory Commission Jin-Guan-Zheng-Shen-1110348898

March 17, 2023

Ji-Haw Industrial Co., Ltd.

Separate balance sheet

December 31, 2022 and 2021

Unit: NTD thousands

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash (Notes 4 and 6)	$ 166,521	11	$ 107,582	6
1170	Notes and accounts receivable - net (Notes 4, 8, and 17)	192,762	13	350,080	21
1210	Other receivables - related parties (Note 24)	-	-	25,489	2
130X	Inventory - net (Notes 4 and 9)	51,889	4	67,055	4
1470	Other current assets (Notes 4 and 19)	1,794	-	4,397	-
11XX	Total current assets	412,966	28	554,603	33
	Non-current assets				
1550	Equity-accounted investments (Notes 4, 10, 21, and 24)	863,845	59	915,154	55
1600	Property, plant, and equipment (Notes 4, 11, and 25)	108,738	8	114,430	7
1760	Investment properties (Notes 4, 12, and 25)	66,374	5	67,691	4
1840	Deferred income tax assets (Notes 4 and 19)	6,607	-	6,378	1
1990	Guarantee deposits paid (Note 4)	75	-	34	-
15XX	Total non-current assets	1,045,639	72	1,103,687	67
1XXX	Total assets	$ 1,458,605	100	$ 1,658,290	100

Code	Liabilities and equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities				
2100	Short-term borrowings (Notes 13 and 25)	$ 100,000	7	$ 235,000	14
2170	Notes and accounts payable	17,144	1	9,133	1
2180	Accounts payable - related parties (Note 24)	242,380	17	328,528	20
2200	Other payables (Note 14)	21,623	1	19,102	1
2300	Other current liabilities	205	-	673	-
21XX	Total current liabilities	381,352	26	592,436	36
	Non-current liabilities				
2570	Deferred income tax liabilities (Notes 4 and 19)	54,895	4	50,032	3
2640	Net defined benefit liabilities (Notes 4 and 15)	823	-	3,859	-
2670	Other non-current liabilities (Note 4)	1,562	-	1,673	-
25XX	Total non-current liabilities	57,280	4	55,564	3
2XXX	Total liabilities	438,632	30	648,000	39
	Equity				
3100	Common share capital	1,127,192	77	1,127,192	68
3200	Capital reserve	226,697	16	226,697	14
	Cumulative losses				
3310	Legal reserve	23,586	2	23,586	1
3320	Special reserve	218,029	15	218,029	13
3350	Losses pending compensation	(494,359)	(34)	(482,931)	(29)
3300	Total cumulative losses	(252,744)	(17)	(241,316)	(15)
3400	Other equity items	(81,172)	(6)	(102,283)	(6)
3XXX	Total equity	1,019,973	70	1,010,290	61
	Total liabilities and equity	$ 1,458,605	100	$ 1,658,290	100

The accompanying notes are an integral part of the separate financial statements.

Chairman: LIN WEN HWANG Manager: WU CHIA-SHIN Head of Accounting: Judy Chu

Ji-Haw Industrial Co., Ltd.

Separate Statement of Comprehensive Income

For the periods January 1 to December 31, 2022 and 2021

Unit: NTD thousands, except earnings (losses) per share which is in dollars

Code		2022 Amount	2022 %	2021 Amount	2021 %
4000	Net operating revenues (Notes 4, 17, and 24)	$ 698,712	100	$ 880,581	100
5000	Operating costs (Notes 9 and 24)	655,692	94	841,896	95
5900	Gross profit	43,020	6	38,685	5
	Operating expenses (Notes 8, 15, and 18)				
6100	Selling expenses	36,195	5	36,048	4
6200	Administrative expenses	47,925	7	46,311	5
6300	R&D expenses	7,374	1	7,895	1
6450	Gain on reversal of expected credit impairment loss	(28)	-	(2,936)	-
6000	Total operating expenses	91,466	13	87,318	10
6900	Operating loss	(48,446)	(7)	(48,633)	(5)
	Non-operating income and expenses				
7100	Interest income	510	-	9	-
7010	Other income (Note 18)	10,143	1	10,741	1
7020	Other gains and losses (Notes 18, 24, and 26)	10,558	2	(4,251)	-
7050	Financial costs	(2,460)	-	(2,168)	-
7060	Share of gain/loss from subsidiaries accounted using the equity method (Notes 4 and 10)	20,328	3	127,109	14
7000	Total non-operating income and expenses	39,079	6	131,440	15
7900	Profit (loss) before tax	(9,367)	(1)	82,807	10
7950	Income tax expenses (Notes 4 and 19)	(4,119)	(1)	(15,878)	(2)

(Continued to next page)

(Continued from previous page)

Code		2022 Amount	2022 %	2021 Amount	2021 %
8200	Current net income (loss)	($ 13,486)	(2)	$ 66,929	8
	Other comprehensive income				
	Items not reclassified into profit or loss:				
8311	Remeasurement of defined benefit plan (Notes 4 and 15)	2,573	-	(345)	-
8349	Income tax on items not reclassified into profit or loss (Notes 4 and 19)	(515)	-	69	-
8310		2,058	-	(276)	-
	Items likely to be reclassified into profit or loss:				
8361	Exchange differences from translation of financial statements of foreign operations (Note 4)	21,111	3	(15,761)	(2)
8360					
8300	Other comprehensive income for the current year (net, after-tax)	23,169	3	(16,037)	(2)
8500	Total comprehensive income for the current year	$ 9,683	1	$ 50,892	6
	Earnings (losses) per share (Note 20)				
9750	Basic	($ 0.12)		$ 0.59	

The accompanying notes are an integral part of the separate financial statements.

Chairman: LIN WEN HWANG Manager: WU CHIA-SHIN Head of Accounting: Judy Chu

Ji-Haw Industrial Co., Ltd.

Separate Statement of Changes in Equity

For the periods January 1 to December 31, 2022 and 2021

Unit: NTD thousands unless specified otherwise

Code		Common share capital (Note 16)	Capital reserve (Note 16)	Cumulative losses (Note 16): Legal reserve	Cumulative losses (Note 16): Special reserve	Cumulative losses (Note 16): Losses pending compensation	Cumulative losses (Note 16): Total	Other equity items (Note 4): Exchange differences on translation of financial statements of foreign operations	Other equity items (Note 4): Unrealized gains/losses on financial assets at fair value through other comprehensive income	Other equity items (Note 4): Total	Total equity
A1	Balance as at January 1, 2021	$ 1,127,192	$ 226,697	$ 23,586	$ 220,793	($ 552,348)	($ 307,969)	($ 72,522)	($ 14,000)	($ 86,522)	$ 959,398
D1	2021 net income	-	-	-	-	66,929	66,929	-	-	-	66,929
D3	2021 other comprehensive income - after tax	-	-	-	-	(276)	(276)	(15,761)	-	(15,761)	(16,037)
D5	2021 total comprehensive income	-	-	-	-	66,653	66,653	(15,761)	-	(15,761)	50,892
M3	Disposal of subsidiaries	-	-	-	(2,764)	2,764	-	-	-	-	-
Z1	Balance as at December 31, 2021	1,127,192	226,697	23,586	218,029	(482,931)	(241,316)	(88,283)	(14,000)	(102,283)	1,010,290
D1	2022 net loss	-	-	-	-	(13,486)	(13,486)	-	-	-	(13,486)
D3	2022 other comprehensive income - after tax	-	-	-	-	2,058	2,058	21,111	-	21,111	23,169
D5	2022 total comprehensive income	-	-	-	-	(11,428)	(11,428)	21,111	-	21,111	9,683
Z1	Balance as at December 31, 2022	$ 1,127,192	$ 226,697	$ 23,586	$ 218,029	($ 494,359)	($ 252,744)	($ 67,172)	($ 14,000)	($ 81,172)	$ 1,019,973

The accompanying notes are an integral part of the separate financial statements.

Chairman: LIN WEN HWANG Manager: WU CHIA-SHIN Head of Accounting: Judy Chu

Ji-Haw Industrial Co., Ltd.

Separate Cash Flow Statement

For the periods January 1 to December 31, 2022 and 2021

Unit: NTD thousands

Code		2022	2021
	Cash flow from operating activities		
A00010	Profit (loss) before tax	($ 9,367)	$ 82,807
A20010	Income, expenses, and losses:		
A20100	Depreciation expenses	7,338	7,633
A20300	Gain on reversal of expected credit impairment loss	(28)	(2,936)
A20900	Financial costs	2,460	2,168
A21200	Interest income	(510)	(9)
A22300	Share of gain/loss from subsidiaries accounted using the equity method	(20,328)	(127,109)
A23700	Inventory devaluation and obsolescence loss	353	1,920
A29900	Loss on disposal of subsidiaries	-	3,987
A24100	Unrealized loss on foreign currency exchange	2,967	91
A30000	Net change in operating assets and liabilities		
A31150	Notes and accounts receivable	155,159	(48,346)
A31200	Inventory	14,813	10,954
A31240	Other current assets	2,603	1,845
A32150	Notes and accounts payable	(78,917)	10,872
A32180	Other payables	2,521	4,303
A32230	Other current liabilities	(468)	423
A32240	Net defined benefit liabilities	(463)	(567)
A33000	Cash generated from operations	78,133	(51,964)
A33300	Interest paid	(2,460)	(2,168)
AAAA	Net cash inflow (outflow) from operating activities	75,673	(54,132)
	Cash flow from investing activities		
B02300	Net cash inflow from disposal of subsidiary	25,489	21,900
B02700	Acquisition of property, plant, and equipment	(329)	(886)
B07200	Decrease (increase) in prepayment for equipment purchase	(41)	58
B07500	Interests received	510	9
B07600	Dividends received from subsidiaries	92,748	-
BBBB	Net cash inflow from investing activities	118,377	21,081
	Net cash inflow (outflow) from financing activities		
C00100	Increase (decrease) in short-term borrowings	(135,000)	95,000
C03000	Increase (decrease) in guarantee deposits paid	(111)	80

(Continued to next page)

(Continued from previous page)

Code		2022	2021
CCCC	Net cash inflow (outflow) from financing activities	($ 135,111)	$ 95,080
EEEE	Net increase in cash	58,939	62,029
E00100	Opening cash balance	107,582	45,553
E00200	Closing cash balance	$ 166,521	$ 107,582

The accompanying notes are an integral part of the separate financial statements.

Chairman: LIN WEN HWANG Manager: WU CHIA-SHIN Head of Accounting: Judy Chu

Ji-Haw Industrial Co., Ltd.

Notes to separate financial statements

For the periods January 1 to December 31, 2022 and 2021

(Unless otherwise specified, all amounts are presented in NTD thousands)

1. Corporate history

Ji-Haw Industrial Co., Ltd. (the "Company") was incorporated on January 11, 1983. The Company is mainly involved in the manufacturing, processing, and trading of electronic parts such as sockets, connectors, wires, and cables and rendering of commercial services. Shares of the Company have been listed for trading on Taiwan Stock Exchange Corporation since July 2002.

The separate financial statements are presented using the Company's functional currency (NTD).

2. Financial statement approval date and procedures

The separate financial statements were passed during the board of directors meeting dated March 17, 2023.

3. Adoption of new and amended standards and interpretations

(1) First-time adoption of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and interpretations (IFRIC) and announcements (SIC) thereof (collectively referred to as "IFRSs" below) approved by the Financial Supervisory Commission ("FSC")

Adopting the amended version of FSC-approved IFRSs will not result in any material change to accounting policies of the Company.

(2) FSC-approved IFRSs applicable in 2023

New/amended/modified standards and interpretations	Effective date of IASB announcement
Amendments to IAS 1 regarding "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 regarding "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 regarding "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: These amendments will be applied in reporting periods starting from January 1, 2023.

Note 2: These amendments will be applied to changes in accounting estimates and accounting policies that take place in reporting periods after January 1, 2023.

Note 3: In addition to recognizing deferred income tax on the temporary differences between lease and decommissioning liabilities as at January 1, 2022, the amendment also applies to transactions that occur on and after January 1, 2022.

The Company continues to evaluate how revisions of the above standards and interpretations affect its separate financial position and business performance as of the publication date of separate financial statements. Outcomes of these assessments will be disclosed upon completion.

(3) IFRSs published by IASB but yet to be approved by FSC

New/amended/modified standards and interpretations	Effective date of IASB announcement (Note 1)
Amendments to IFRS 10 and IAS 28 regarding - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Undetermined
Amendments to IFRS 16 regarding "Lease Liability in A Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 - "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 regarding "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 regarding "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 regarding "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless otherwise specified, all new/amended/modified standards and interpretations above shall take effect from the financial year that begins after the specified date.

Note 2: For sale-and-leaseback arrangements that are signed after first-time adoption of IFRS 16, the seller-cum-lessee is required to apply IFRS 16 amendments retrospectively.

The Company continues to evaluate how revisions of the above standards and interpretations affect its separate financial position and business performance as of the publication date of separate financial statements. Outcomes of these assessments will be disclosed upon completion.

4. <u>Summary of significant accounting policies</u>

(1) Statement of compliance

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

(2) Basis of preparation

The separate financial statements have been prepared based on historical cost, except for financial instruments carried at fair value and net defined benefit liabilities calculated by deducting fair value of plan assets from present value of defined benefit obligation.

Fair value measurement is performed using level 1 to 3 inputs, depending on the ease of observation and significance of the measured item:

1. Level 1 input: Refers to quotations that can be obtained from an active market (unadjusted) on the measurement date for asset or liability of equivalent nature.
2. Level 2 input: Refers to inputs that can be observed directly (i.e. price) or indirectly (i.e. established from price) for an asset or liability, other than Level 1 quotations.
3. Level 3 input: Refers to inputs that cannot be observed for an asset or liability.

The Company accounts for subsidiary investments using the equity method when preparing separate financial statements. To ensure consistency between the amount of profit/loss, other comprehensive income, and equity presented in the separate financial statements and the amount of profit/loss, other comprehensive income, and equity attributable to owners of the Company shown in the consolidated financial statements, adjustments have been made to “equity-accounted investments,” “share of profit in equity-accounted subsidiaries,” and related equity items.

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

Current assets include:

1. Assets that are held mainly for the purpose of trading;
2. Assets that are expected to be realized within 12 months after the balance sheet date; and
3. Cash (except for those that are intended to be swapped or settled against debt more than 12 months after the balance sheet date, and those with restricted users).

Current liabilities include:

1. Liabilities that are held mainly for the purpose of trading;
2. Liabilities that are due for settlement within 12 months after the balance sheet date (these liabilities will still be classified as current even if they are refinanced or rearranged into long-term liability at any time between the balance sheet date and the announcement of financial statements).
3. Liabilities where the repayment terms cannot be extended unconditionally beyond 12 months after the balance sheet date.

Assets and liabilities that do not satisfy the above criteria are classified into non-current assets or non-current liabilities.

(4) Foreign currencies

During preparation of separate financial statements, transactions denominated in currencies other than the functional currency of the Company (i.e. foreign currency transactions) are converted and recorded in the functional currency using exchange rate as of the transaction date.

Monetary items denominated in foreign currencies are converted using closing exchange rates as of the end of each balance sheet date. Exchange differences arising from settlement or translation of monetary accounts are recognized in profit or loss in the year occurred.

Foreign currency-denominated non-monetary items carried at fair value are converted using exchange rates as at the date of fair value assessment, with exchange differences recognized in current profit or loss. However, items that have fair value changes recognized in other comprehensive income shall also have exchange differences recognized in other comprehensive income.

Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as of the date of initial transaction. No further conversion is made.

When preparing separate financial statements, assets and liabilities of foreign operations are converted into NTD using exchange rates as at each balance sheet date. Revenues, expenses, and losses are converted using average exchange rate of the given year; any exchange differences that arise as a result are recognized through other comprehensive income.

Should the Company decide to dispose of all equity interest in a foreign operation, or dispose of partial interests in a foreign subsidiary that results in a loss of control, or dispose of equity interest in a foreign associated company, any ownership interest that remains shall be treated as financial assets and accounted for in accordance with accounting policies on financial instruments. In which case, all cumulative exchange differences relating to the foreign operation will be reclassified into profit or loss.

(5) Inventory

Inventory includes raw materials and finished goods. Inventory is valued at the lower of cost or net realizable value; the lower of cost or net realizable value is compared item-by-item, except items within the same category. Net realizable value refers to the estimated selling price less all additional costs required for completion and all associated marketing expenses under normal circumstances. Cost of inventory is calculated using the weighted average method.

(6) Subsidiary investments

The Company accounts for subsidiary investments using the equity method.

A subsidiary is an entity in which the Company exercises control.

Under the equity method, investments are recognized at cost at initiation; after the acquisition date, book value may be increased or decreased by the Company’s share of profits/losses and other comprehensive income in subsidiaries. Furthermore, change in other equity items of subsidiaries are recognized proportionally at the Company’s shareholding percentage.

If share of losses on a subsidiary equals to or exceeds the Company’s equity ownership (including book value of the equity-accounted subsidiary and other long-term equity that makes up a component of the Company’s net investment in the subsidiary), the Company will continue recognizing subsidiary’s losses at the current shareholding percentage.

Impairments are assessed for individual cash-generating units and presented consistently throughout the financial statements by comparing recoverable amounts with book values. Should the recoverable amount increase in subsequent years, the amount previously impaired can be reversed and recognized as gains. However, the asset’s book value after reversal cannot exceed the amount of book value less amortization before the impairment took place.

If control is lost in a subsidiary, the Company will account for the remaining value of the former subsidiary using fair value as at the day control is lost. Any difference between the fair value and the disposal proceeds and book value of investment on the day control is lost is recognized as gain/loss for the current period.

Under other comprehensive income, the Company recognizes all amounts relating to subsidiaries by applying the same accounting treatments and basis as the Company would when disposing of its own assets or liabilities.

Any unrealized gains/losses arising from downstream transactions between the Company and subsidiaries have been eliminated in the separate financial statements. Gains/losses arising from upstream transactions and transactions among subsidiaries are recognized in the separate financial statements only when the Company exercises no control over the subsidiary.

(7) Property, plant, and equipment

Property, plant, and equipment are initially recognized at cost, and subsequently presented at cost less accumulated depreciation and impairment.

Property, plant, and equipment are depreciated using the straight line method over their useful lives. Depreciation is provided separately for each major component. The Company reviews estimated useful life, residual value, and depreciation method at least once at the end of each year. Impacts of changes in accounting estimates are applied prospectively.

Gains or losses arising from decommissioned property, plant, and equipment are calculated as the difference between disposal proceeds and the asset’s book value, and are recognized through profit or loss in the year occurred.

(8) Investment properties

Investment properties are real estate properties held for rental income or capital gain, or both.

Investment properties are initially recognized at cost (including transaction cost) and subsequently presented at cost after accumulated depreciation and impairment.

All investment properties are depreciated on a straight-line basis.

Difference between the net disposal proceed and book value of investment properties removed is recognized in current profit or loss.

(9) Impairment of property, plant, equipment, and investment properties

The Company evaluates all property, plant, equipment, and investment properties for signs of impairment every balance sheet date. Assets that exhibit any sign of impairment will have recoverable amount estimated. If the recoverable amount cannot be estimated on an individual basis, the Company will instead estimate recoverable amount for the entire cash-generating unit.

Recoverable amount is the higher between “fair value less selling costs” and the “utilization value”. If recoverable amount of an asset or cash-generating unit falls below its book value, the book value of that particular asset/cash-generating unit is reduced to the recoverable amount with impairment losses recognized through profit or loss.

When impairment losses are reversed on a later date, the book value of corresponding assets/cash-generating units shall be adjusted upwards to the recoverable amount. However, the increased book value shall not exceed the book value (less amortization or depreciation) of the asset/cash-generating unit before impairment losses were recognized in the first place. Reversal of impairment loss is recognized through profit or loss.

(10) Financial instruments

Financial assets and financial liabilities are recognized in the separate balance sheet when the Company becomes a party to the instrument/contract.

When recognizing financial assets and liabilities at initiation, those that are not designated to be carried at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities. Transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities carried at fair value through profit or loss are recognized immediately through profit or loss.

1. Financial assets

Routine transactions of financial asset are recognized on or removed from balance sheet based on principles of trade date accounting.

(1) Measurement categories

Financial assets held by the Company are distinguished into the following categories: financial assets carried at amortized cost and equity instruments at fair value through other comprehensive income.

A. Financial assets carried at amortized cost

Financial asset investments held by the Company that satisfy both the following conditions are carried at amortized cost:

a. The financial asset is held for a specific business model, and the purpose of which is to hold the financial asset and collect contractual cash flow; and

b. The contractual terms give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

For financial assets carried at amortized cost (including cash, notes, accounts, and other receivables carried at amortized cost, and guarantee deposits paid), the effective interest method is used to determine the book value at initiation. They are subsequently presented net of impairments and amortization. Any gain/loss from currency exchange incurred on these financial assets is recognized through profit or loss.

Except for the two circumstances explained below, interest income is calculated by multiplying the book value of financial asset with effective interest rate:

a. Acquisition or creation of credit-impaired financial assets; in which case interest income is calculated by multiplying the cost of financial assets after amortization with credit-adjusted effective interest rate.
b. Financial assets that were not credit-impaired at the time of acquisition or origination, but become credit-impaired on a later date; in which case interest income is calculated by multiplying the cost of financial assets after amortization with the effective interest rate starting from the reporting period after credit impairment.

Financial assets are considered credit-impaired if the issuer or debtor exhibits major financial distress, default, likely bankruptcy, financial restructuring, or any financial difficulty that may render the financial asset no longer available on the active market.

B. Equity instruments at fair value through other comprehensive income

For equity instruments that are neither held for trading nor recognized/received as a consideration for business acquisition, the Company is entitled to an irrevocable option to account them at fair value through other comprehensive income at initial recognition.

Equity instruments at fair value through other comprehensive income are measured at fair value; subsequent fair value changes are recognized through other comprehensive income and accumulated under other equity items. Upon disposal of investment, the amount of cumulative gain/loss is transferred directly into retained earnings and is not reclassified through profit or loss.

Dividends from equity instruments at fair value through other comprehensive income are recognized in profit or loss when the entitlement to receive is confirmed, unless the dividends clearly represent a partial recovery of the investment cost.

(2) Impairment of financial assets

On each balance sheet date, the Company assesses impairment losses on financial assets carried at amortized cost (including accounts receivable) based on expected credit losses.

All accounts receivable have loss provisions recognized based on expected credit losses over their duration. For other financial assets, the Company first evaluates whether there is significant increase in credit risk since initial recognition. If there is no significant increase in credit risk, loss provisions are recognized based on 12-month expected credit loss; if there is significant increase in credit risk, loss provisions are recognized based on expected credit loss over the remaining duration.

Expected credit losses are determined as average credit loss weighed against the risk of default. 12-month expected credit losses represent the amount of credit losses that the financial instrument is likely to incur due to default event in the next 12 months, whereas expected credit losses for the remaining duration represent the amount of credit losses that the financial instrument is likely to incur due to all possible default events for the remaining duration.

For the purpose of internal credit risk management, a financial asset is deemed to have defaulted in any of the following circumstances, without considering the presence of collaterals:

A. There is internal or external information to indicate that the debtor is unable to settle outstanding debts.

B. Payment is overdue for more than 90 days, unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

All impairment losses on financial assets are recognized using allowance accounts, which reduce book value of the corresponding financial asset.

(3) Removal of financial assets

Financial assets can be removed from balance sheet only if all contractual cash flow entitlements have ended, or if the asset has been transferred with virtually all risks and returns assumed by another party.

Difference between the book value of financial asset carried at amortized cost and the amount of consideration received for the asset's removal is recognized through profit or loss. When an equity instrument at air value through other comprehensive income is removed from balance sheet, the amount of cumulative gain/loss is transferred directly into retained earnings and is not reclassified to profit or loss.

2. Equity instrument

Equity instruments issued by the Company are classified into equity depending on the terms of the underlying contract and the definitions of equity used.

3. Financial liabilities

(1) Subsequent measurements

All financial liabilities are carried at amortized cost using the effective interest method.

(2) Removal of financial liabilities

When a financial liability is removed, the difference between book value and the consideration paid (including any non-cash assets transferred or any additional liabilities borne) is recognized through profit or loss.

(11) Revenue recognition

The Company first identifies performance obligations in a contract it signs with customer, then divides and allocates the transaction sum to various obligations, and recognizes revenue when each obligation is fulfilled.

Revenue from sale of merchandise refers to the sale of electronic parts. Sales revenues and accounts receivable are recognized when control of product is transferred to the customer; or in other words, when product has been delivered to the buyer, thereby giving the buyer full discretion over the distribution and pricing of the product while the Company has no outstanding obligation that would otherwise prevent the customer from accepting the goods. Product transfer is deemed to have completed when product is shipped to the designated location and customer accepts the product according to the terms of the sales contract, or if there is objective evidence to prove that acceptance has been made, and thereby transferring all risks associated with obsolescence and loss to the customer.

Raw materials that are outsourced for processing involve no transfer of ownership or control, therefore no revenue is recognized on the transaction.

(12) Leases

The Company evaluates whether a contract meets the criteria of (or contains arrangements characterized as) lease on the day of establishment.

<u>Where the Company is a lessor</u>

A lease arrangement is classified as a finance lease if the terms involve a transfer of virtually all risks and returns associated with ownership of the underlying asset to the lessee. All other lease arrangements are classified as operating lease.

Proceeds received from operating leases net of lease incentives are recognized as income on a straight-line basis over the lease tenor. All initial direct costs incurred in relation to the establishment of operating lease are added to the book value of the underlying asset, and recognized as expenses using the straight-line method over the lease tenor.

If a lease arrangement encompasses both a land component and a building component, the Consolidated Entity will classify these components into finance lease or operating lease by assessing whether almost all risks and returns have been transferred to the lessee. The amount of lease payable is allocated proportionally between land and building components based on their relative leasehold fair values as at the contract establishment date. If lease payments can be reliably allocated into the two components, they will be subjected to accounting treatments that match the lease category of the underlying components. If lease payments cannot be reliably allocated into the two components, the entire lease arrangement is classified as finance lease, unless both components clearly satisfy the operating lease criteria and in which case the lease arrangement is classified as operating lease.

(13) Employee benefits

1. Short-term employee benefits

Liabilities associated with short-term employee benefits are measured in non-discounted amount of cash that is expected to be paid in exchange for employees' service.

2. Retirement benefits

Contributions to the defined contribution plan are recognized as expenses over the duration of employees' service.

For defined benefit plans, the cost of benefit (including service cost, net interest, and effect of remeasurement) is estimated using the Projected Unit Credit Method. Service costs (including current service costs) and net interests on net defined benefit plan liabilities are recognized as employee welfare expense at time of occurrence. Effects of remeasurement (including actuarial gains/losses and return on plan assets net of interest) are recognized under other comprehensive income and added to retained earnings at the time of occurrence. This amount is not reclassified into profit or loss in subsequent periods.

Net defined benefit liabilities represent the shortfall of contributions made to the defined benefit plan. Net defined benefit plan assets may not exceed the amount of contributions refundable or the present value of reducible contributions in the future.

(14) Income tax

Income tax expense represents the sum of current year's income tax and deferred income tax.

1. Current income tax

The Company reports current period income (loss) and calculates income tax payable (refundable) according to tax laws.

Pursuant to the Income Tax Act of the Republic of China, undistributed earnings are subject to additional income tax, which is recognized in the year shareholders resolve to retain the earning.

Adjustments to income taxes reported in previous years are recognized as income tax expenses in the period the adjustment is made.

2. Deferred income tax

Deferred income taxes are tax effects of temporary differences, given rise by the different book value of assets and liabilities presented in the financial statement and those reported for tax filing.

Tax impacts arising from taxable temporary differences are recognized as deferred income tax liabilities; deferred income tax assets are recognized under the condition that the Company is very likely to generate taxable income in the future to offset deductible temporary differences.

Taxable temporary differences arising from investment in subsidiaries are recognized as deferred income tax liabilities, except in cases where the Company is able to control the timing of which temporary differences are reversed, and that such temporary differences are highly likely to be kept from reversing in the foreseeable future. Deductible temporary differences relating to these investments are recognized as deferred income tax assets only to the extent that sufficient taxable income can be earned to realize the temporary differences, and that reversal is expected in the foreseeable future.

Book value of deferred income tax asset is re-assessed on each balance sheet date. The Company will reduce book value when it is no longer highly likely to generate enough taxable income to realize part or all of the assets. Temporary differences that were not initially recognized as deferred income tax assets are also subject to re-assessment on every balance sheet date. These differences may be recognized to increase the book value of deferred income tax asset if the Company considers it highly likely to generate taxable income for full or partial recovery of such asset in the future.

Deferred income tax assets and liabilities are estimated using expected tax rate applicable at the time the liability/asset is expected to be settled/realized. This expected tax rate is determined based on the tax rate and tax laws prevailing as at the balance sheet date. Deferred income tax liabilities and assets represent tax impacts of the method by which the Company expects to recover/settle the book value of its assets and liabilities as at the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized through profit or loss, except for source accounts that are recognized under other comprehensive income or directly as other equity item, in which case current and deferred income taxes are also recognized under other comprehensive income or directly as equity.

5. Main source of uncertainty for major accounting judgments, estimates and assumptions

When applying accounting policies, the management is required to make judgments, estimates, and assumptions based on historical experience or other relevant factors in situations where information cannot be easily obtained from available sources. The actual outcome may differ from initial estimates.

The management will continually review its estimates and basic assumptions. If a revision of accounting estimate affects only the current period, the effect shall be recognized only for the current period. If a revision of accounting estimate affects current and future periods, the effect shall also be recognized for current and future periods.

6. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash and cash on hand	$ 1,055	$ 1,100
Check and demand deposit	165,466	106,482
	$166,521	$107,582

Range of interest rates applicable to bank deposits as at the balance sheet date is shown below:

	December 31, 2022	December 31, 2021
Demand deposit	0.15%~1.05%	0.001%~0.03%

7. Financial assets at fair value through other comprehensive income

The Company holds common shares of Chunghwa Picture Tubes Ltd., Soyo Link Energy Co., Ltd., Li Wang Technology Co., Ltd., and S SQUARE SYSTEM LTD. as medium-term and long-term strategic investments. Management of the Company is of the opinion that recognizing short-term fair value changes through profit or loss on such investments does not conform with the long-term investment plans described above, and therefore has chosen to account for such investments at fair value through other comprehensive income.

Chunghwa Picture Tubes Ltd., Soyo Link Energy Co., Ltd., and Li Wang Technology Co., Ltd. have all ceased business operation, whereas S SQUARE SYSTEM LTD. has reported losses for many consecutive years. All above investments are deemed unrecoverable and therefore carry zero fair value.

8. Notes and accounts receivable, net

	December 31, 2022	December 31, 2021
Notes receivable		
Carried at amortized cost	$ -	$ 25
Accounts receivable		
Carried at amortized cost		
Total book value	$192,808	$350,129
Less: loss provisions	(46)	(74)
	$192,762	$350,055
Notes and accounts receivable, net	$192,762	$350,080

Accounts receivable

The average credit term granted on the sale of merchandise is 30~135 days. Accounts receivables do not accrue interest. The Company rates its main customers based on publicly available financial information and transaction history. The Company monitors credit exposure and counterparties' credit ratings. It diversifies transactions across customers of adequate credit rating, and controls counterparty exposure through credit limits reviewed and approved annually by the management.

For mitigation of credit risk exposure, the management has assigned a dedicated team to set credit limits, approve credit applications, execute monitoring procedures, and ensure that appropriate actions are taken to recover overdue receivables. Furthermore, the Company verifies the recoverable amount of every receivable account on each balance sheet date, and recognizes impairment loss where appropriate for amounts that are deemed unrecoverable. The management believes that the Company's credit risks have been significantly reduced due to the above measures.

The Company adopts the simplified approach of IFRS 9 and recognizes loss provisions on accounts receivable based on expected credit losses over the remaining duration. Expected credit loss over the remaining duration is determined after taking into consideration the counterparty's past due history and current financial position. Since previous credit loss records showed no significant difference in loss pattern across customer groups, the provision matrix did not distinguish between customer groups, but merely used different expected credit loss rates for the number of days receivable balance remains outstanding.

If there is evidence to suggest that the counterparty is undergoing severe financial crisis and the recoverable amount cannot be reasonably estimated, the Company will directly offset loss provisions against accounts receivable. In which case, the Company will continue collection efforts on the receivables, and any amounts recovered will be recognized through profit or loss.

Loss provision of accounts receivable is explained below:

December 31, 2022

	Current	Overdue 1 - 30 days	Overdue 31 - 60 days	Overdue 61 - 90 days	Overdue 91 days and above	Total
Expected credit loss rate	0.02%	3.17%	-	-	-	
Total book value	$ 192,745	$ 63	$ -	$ -	$ -	$ 192,808
Loss provision (expected credit loss over the duration)	(44)	(2)	-	-	-	(46)
Cost after amortization	$ 192,701	$ 61	$ -	$ -	$ -	$ 192,762

December 31, 2021

	Current	Overdue 1 - 30 days	Overdue 31 - 60 days	Overdue 61 - 90 days	Overdue 91 days and above	Total
Expected credit loss rate	0.01%	3.51%	-	-	-	
Total book value	$ 348,940	$ 1,189	$ -	$ -	$ -	$ 350,129
Loss provision (expected credit loss over the duration)	(32)	(42)	-	-	-	(74)
Cost after amortization	$ 348,908	$ 1,147	$ -	$ -	$ -	$ 350,055

Changes in loss provision on accounts receivable are explained below:

	2022	2021
Opening balance	$ 74	$ 3,010
Less: Impairment losses reversed in the current period	(28)	(2,936)
Closing balance	$ 46	$ 74

9. Net inventory

	December 31, 2022	December 31, 2021
Finished goods	$ 51,586	$ 65,443
Raw materials	303	1,612
	$ 51,889	$ 67,055

Cost of sale by nature:

	2022	2021
Cost of inventory sold	$ 655,339	$ 839,976
Inventory devaluation losses	353	1,920
	$ 655,692	$ 841,896

10. Equity-accounted investments

Subsidiary investments

Name of subsidiary	December 31, 2022	December 31, 2021
J.B.T INDUSTRIAL CO., LTD.(J.B.T)	$ 523,976	$ 475,570
Jinhao Optoelectronics (Kunshan) Co., Ltd. (J.H.P)	256,234	224,623
Jinhao Electronics (Kunshan) Co., Ltd. (J.H.K)	79,358	210,229
JI-HAW INVESTMENT CO., LTD.(J.H.I)	4,277	4,732
	$ 863,845	$ 915,154

Percentage of ownership and voting interests in subsidiaries as at the balance sheet date:

	December 31, 2022	December 31, 2021
J.B.T	100.00%	100.00%
J.H.P (Note 1)	40.48%	40.48%
J.H.K (Note 2)	100.00%	100.00%
J.H.I	100.00%	100.00%
J.H.E (Note 3)	-	-

Note 1: The Company holds 40.48% direct interest in the investment while its 100%-owned subsidiary - J.B.T holds 59.52% direct interest in the investment.

Note 2: The board of directors of the Consolidated Entity passed a resolution on June 28, 2022 to terminate operations of Mainland subsidiary - J.H.K; this disposal had yet to be fully executed as of December 31, 2022.

Note 3: On September 10, 2021, the Company signed an equity transfer agreement to dispose of 100% equity interest in subsidiary - J.H.E. The disposal plan was completed on December 29, 2021, at which time control of J.H.E was transferred to the acquirer.

11. Property, plant, and equipment

	Proprietary land	Buildings	Machinery equipment	Transportation equipment	Other equipment	Total
Cost						
Balance as at January 1, 2022	$ 88,310	$ 15,903	$ 42,219	$ 3,910	$ 4,862	$ 155,204
Addition	-	-	-	-	329	329
Disposal	-	-	(435)	-	(2,348)	(2,783)
Balance as at December 31, 2022	$ 88,310	$ 15,903	$ 41,784	$ 3,910	$ 2,843	$ 152,750
Accumulated depreciation						
Balance as at January 1, 2022	$ -	$ 11,426	$ 23,696	$ 1,814	$ 3,838	$ 40,774
Depreciation expenses	-	749	4,319	623	330	6,021
Disposal	-	-	(435)	-	(2,348)	(2,783)
Balance as at December 31, 2022	$ -	$ 12,175	$ 27,580	$ 2,437	$ 1,820	$ 44,012
Net balance as at December 31, 2022	$ 88,310	$ 3,728	$ 14,204	$ 1,473	$ 1,023	$ 108,738
Cost						
Balance as at January 1, 2021	$ 88,310	$ 15,903	$ 43,228	$ 3,910	$ 4,633	$ 155,984
Addition	-	-	378	-	508	886
Disposal	-	-	(1,387)	-	(279)	(1,666)
Balance as at December 31, 2021	$ 88,310	$ 15,903	$ 42,219	$ 3,910	$ 4,862	$ 155,204
Accumulated depreciation						
Balance as at January 1, 2021	$ -	$ 10,677	$ 20,551	$ 1,163	$ 3,732	$ 36,123
Depreciation expenses	-	749	4,532	651	385	6,317
Disposal	-	-	(1,387)	-	(279)	(1,666)
Balance as at December 31, 2021	$ -	$ 11,426	$ 23,696	$ 1,814	$ 3,838	$ 40,774
Net balance as at December 31, 2021	$ 88,310	$ 4,477	$ 18,523	$ 2,096	$ 1,024	$ 114,430

Depreciation expenses are provided on a straight-line basis over useful years shown as follows:

Buildings	5 to 24 years
Machinery equipment	5 to 8 years
Transportation equipment	5 years
Other equipment	2 to 5 years

Major components of buildings include plant building, electromechanical works, and improvements. Depreciation is provided over useful life of 5 to 24 years.

For disclosure on the amount of property, plant, and equipment pledged as collaterals, please refer to Note 25.

12. Investment property

	Proprietary land	Buildings	Total
Cost			
Balance as at January 1 and December 31, 2022	$ 60,240	$ 31,840	$ 92,080
Accumulated depreciation			
Balance as at January 1, 2022	$ -	$ 24,389	$ 24,389
Depreciation expenses	-	1,317	1,317
Balance as at December 31, 2022	$ -	$ 25,706	$ 25,706
Net balance as at December 31, 2022	$ 60,240	$ 6,134	$ 66,374
Cost			
Balance as at January 1 and December 31, 2021	$ 60,240	$ 31,840	$ 92,080
Accumulated depreciation			
Balance as at January 1, 2021	$ -	$ 23,073	$ 23,073
Depreciation expenses	-	1,316	1,316
Balance as at December 31, 2021	$ -	$ 24,389	$ 24,389
Net balance as at December 31, 2021	$ 60,240	$ 7,451	$ 67,691

Investment properties are leased for a tenor of 1 to 2 years with the option to extend at expiry. All lease agreements contain clauses that enable the lessor to adjust rent according to the market rate if the lessee chooses to renew lease at the end of the lease tenor. The lessees are not entitled to any privileges to purchase the leased properties at the end of the lease tenor.

Sum of lease payments collectible on investment properties leased out through operating lease is as follows:

	December 31, 2022	December 31, 2021
Year 1	$ 5,787	$ 11,574
Year 2	-	5,787
	$ 5,787	$ 17,361

Depreciation expenses are provided on investment property on a straight-line basis over the number of useful years shown as follows:

Buildings	5 to 24 years

Major components of buildings include plant building, electromechanical works, and improvements. Depreciation is provided over useful life of 5 to 24 years.

All investment properties have had fair values initially determined by independent valuers. Fair values are subsequently determined by the management on each balance sheet date using level 3 inputs and valuation models that are commonly accepted among market participants. This valuation approach takes into consideration the initial independent valuation as well as proof of transaction prices of real estate properties nearby, and is performed regularly to assess the fair value of investment properties held in possession. Fair value derived from valuation:

	December 31, 2022	December 31, 2021
Proprietary land and building	$279,540	$228,405

For disclosure on the amount of investment property pledged as collaterals, please refer to Note 25.

Lease commitments with lease tenor starting after balance sheet date:

	December 31, 2022	December 31, 2021
Lease commitment on investment properties	$ 5,787	$ 17,361

13. Short-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings (Note 25)		
Bank borrowings	$100,000	$235,000

Working capital bank borrowings bore interest rates of 2.24% and 1.17% as at December 31, 2022 and 2021, respectively.

14. Other payables

	December 31, 2022	December 31, 2021
Accrued expenses	$ 14,270	$ 11,919
Wages and bonuses payable	7,353	7,183
	$ 21,623	$ 19,102

15. Retirement benefit plan

(1) Defined contribution plan

The Company is subject to the pension scheme introduced under the "Labor Pension Act." It is a government-managed defined contribution plan, for which the Company contributes an amount equal to 6% of employees' monthly salary into their individual pension accounts held with the Bureau of Labor Insurance.

(2) Defined benefit plan

The Company is also subject to the pension scheme introduced under the "Labor Standards Act," which is a government-managed defined benefit plan. Under this plan, employees' pension benefits are calculated based on their years of service and 6-month average salary leading up to their retirement. The Company makes monthly pension contributions equivalent to 5.8% of employees' monthly salaries into an account held under Bank of Taiwan in the Labor Pension Supervisory Committee's name. In the event that the account is estimated to be short of balance to pay workers who are expected to meet their retirement criteria in the following year, the Company will reimburse the shortfall in one contribution by no later than the end of March next year. The account is managed by Bureau of Labor Funds, Ministry of Labor. The Company has no influence whatsoever over the investment strategy.

The following amounts relating to the defined benefit plan have been recognized on the separate balance sheet:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 7,522	$ 9,425
Fair value of plan assets	(6,699)	(5,566)
Net defined benefit liabilities	$ 823	$ 3,859

Changes in net defined benefit liability:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as at January 1, 2021	$ 16,549	($ 12,468)	$ 4,081
Service costs for the current period	130	-	130
Interest expense	61	-	61
Expected return on plan assets	-	(47)	(47)
Recognized in profit or loss	191	(47)	144
Remeasurement			
Actuarial gains/losses - change in financial assumption	(46)	(142)	(188)
Actuarial gains/losses - adjustment based on past experience	533	-	533
Recognized in other comprehensive income	487	(142)	345
Employer's contribution	-	(711)	(711)
Benefits paid	(7,802)	7,802	-
Balance as at December 31, 2021	$ 9,425	($ 5,566)	$ 3,859

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as at January 1, 2022	$ 9,425	($ 5,566)	$ 3,859
Service costs for the current period	75	-	75
Interest expense	45	-	45
Expected return on plan assets	-	(28)	(28)
Recognized in profit or loss	120	(28)	92
Remeasurement			
Actuarial gains/losses - change in financial assumption	(951)	(550)	(1,501)
Actuarial gains/losses - adjustment based on past experience	(1,072)	-	(1,072)
Recognized in other comprehensive income	(2,023)	(550)	(2,573)
Employer's contribution	-	(555)	(555)
Balance as at December 31, 2022	$ 7,522	($ 6,699)	$ 823

Amounts of defined benefit plan recognized through profit or loss, by function:

	2022	2021
Administrative expenses	$ 92	$ 144

The Company is exposed to the following risks due to adoption of pension scheme introduced under the “Labor Standards Act”:

1. Investment risks: The Bureau of Labor Funds, Ministry of Labor, manages the labor pension fund either on its own or by engaging outside parties. The labor pension fund is being allocated into equity securities, debt securities, and bank deposits local and abroad; however, the Company estimates return on plan assets at a rate no less than the 2-year time deposit rate offered by local banks.
2. Interest rate risk: A decrease in corporate bond yield would increase the present value of defined benefit obligations while at the same time increase return of plan assets invested in debt instruments. The overall effect on net defined benefit liabilities is partially offset.
3. Salary risk: The present value of defined benefit obligations is calculated by taking into consideration plan participants’ future salary levels. An increase in salary level would raise the present value of defined benefit obligations.

The present value of defined benefit obligations is determined based on actuarial estimates made by certified actuaries. Below are the main assumptions used on the date of measurement:

	December 31, 2022	December 31, 2021
Discount rate	1.694%	0.481%
Expected return on plan assets	1.694%	0.481%
Expected salary increase	0.500%	0.500%

A reasonable change in main actuarial assumptions would increase (decrease) defined benefit liabilities by the following amounts, provided that all other assumptions remain unchanged:

	December 31, 2022	December 31, 2021
Discount rate		
0.25% increase	($ 186)	($ 253)
0.25% decrease	$ 192	$ 262
Expected salary increase		
0.25% increase	$ 192	$ 259
0.25% decrease	($ 187)	($ 251)
Expected return on plan assets		
0.25% increase	($ 1)	($ 1)
0.25% decrease	$ 1	$ 1

Actuarial assumptions tend to be intercorrelated. It is unlikely to see only one assumption changing at one time, therefore the above sensitivity analysis may not truly reflect changes in the present value of defined benefit obligation.

	December 31, 2022	December 31, 2021
Expected contributions in the next year	$ 558	$ 715
Average maturity of defined benefit obligations	10.29 years	11.04 years

16. Equity

(1) Common share capital

	December 31, 2022	December 31, 2021
Authorized shares (thousands)	135,000	135,000
Authorized capital	$ 1,350,000	$ 1,350,000
Shares issued and fully paid up (thousands)	112,719	112,719
Issued share capital	$ 1,127,192	$ 1,127,192

(2) Capital reserve

	December 31, 2022	December 31, 2021
Can be offset against losses, distributed in cash, or capitalized into share capital		
Share premium	$200,025	$200,025
Treasury stock transaction	25,915	25,915
Assets received through donation	757	757
	$226,697	$226,697

This capital reserve can be offset against losses, or distributed in cash or capitalized into share capital when the Company has no cumulative losses outstanding. However, capitalization of this capital reserve is capped at a certain percentage of the Company's paid-up share capital each year.

(3) Retained earnings and dividend policy

According to the Company's Articles of Incorporation, annual surpluses concluded by the Company are first subject to taxation and compensation of previous losses, followed by a 10% provision for legal reserves. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws may require. The residual balance can then be added to undistributed earnings carried from previous years and distributed as shareholder dividends or retained at board of directors' proposal, subject to resolution in a shareholder meeting. Refer to Note 18(5) - Employee and director/supervisor remuneration for the Company's employee and director/supervisor remuneration policy outlined in the Articles of Incorporation.

Dividends can be distributed by ways of capitalized earning, capitalized reserve, and cash, in which cash dividends shall not be less than 10% of total dividends. The Company may decide to distribute a certain percentage of the dividend in shares and the remainder in cash in an attempt to retain capital for future expansion and capital spending, or to maintain earnings per share, cash flow, and operating profits at a certain level.

The Company is required to continue providing for legal reserve until the balance equals its paid-up capital. Legal reserves can be taken to offset previous losses. If there are no cumulative losses, the amount of legal reserves that exceeds paid-up capital by 25% or above can be distributed in cash or capitalized into share capital.

The Company held its annual general meeting on June 20, 2022 and July 26, 2021, during which it passed loss compensation resolutions for 2021 and 2020, respectively.

The 2022 loss compensation has yet to be proposed by the board of directors, and is expected to be resolved during the annual general meeting scheduled for June 2023.

17. Revenues

	2022	2021
Revenue from contracts with customers		
evenue from sale of merchandise	$ 698,712	$ 880,581

(1) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 8)	$ 192,808	$ 350,129	$ 299,234

(2) Details of revenue from contracts with customers

2022

	Reportable segment			
	Connecting wire	Optic fiber	Materials	Total
Type of product or service				
Revenue from sale of merchandise	$ 691,382	$ 2,988	$ 4,342	$ 698,7122

2021

	Reportable segment			
	Connecting wire	Optic fiber	Materials	Total
Type of product or service				
enue from sale of merchandise	$ 836,282	$ 42,197	$ 2,102	$ 880,581

18. Net income

(1) Other income

	2022	2021
Rental income	$ 10,143	$ 10,741

(2) Other gains and losses

	2022	2021
Net gain on currency exchange	$ 11,933	$ 209
Loss on disposal of subsidiaries (Notes 21 and 24)	-	(3,987)
Others	(1,375)	(473)
	$ 10,558	($ 4,251)

(3) Depreciation expenses

	2022	2021
Property, plant and equipment	$ 6,021	$ 6,317
Investment properties	1,317	1,316
Total	$ 7,338	$ 7,633

Depreciation expense by accounting classification		
Operating expenses	$ 6,021	$ 6,317
Other gains and losses	1,317	1,316
	$ 7,338	$ 7,633

(4) Employee welfare expenses

	2022	2021
Retirement benefits		
Defined contribution plan	$ 2,210	$ 2,049
Defined benefit plan	92	144
Other employee benefits	58,000	55,240
Total	$ 60,302	$ 57,433
By accounting classification		
Operating expenses	$ 60,302	$ 57,433

(5) Employee and director/supervisor remuneration

The Company follows its Articles of Incorporation and allocates employee remuneration at 3%-12% and director/supervisor remuneration at 1%-3% of profit before tax and employee/director/supervisor remuneration.

If the amount changes after annual separate financial statements are approved and announced to the public, the difference will be treated as a change of accounting estimate and recognized as a gain or loss in the following year.

During the annual general meetings held on June 20, 2022 and July 26, 2021, resolutions were made to forgo allocation of employee/director/supervisor remuneration for 2021 and 2020, and the final amounts resolved were indifferent from amounts previously recognized in the 2021 and 2020 separate financial statements, respectively.

Please visit "Market Observation Post System" for more information regarding employee/director/supervisor remuneration resolved during the Company's board of directors meetings.

(6) Gain on currency exchange

	2022	2021
Total gain on currency exchange	$ 43,638	$ 17,711
Total loss on currency exchange	(31,705)	(17,502)
Net gain	$ 11,933	$ 209

19. Income tax

(1) Income tax recognized in profit or loss

Main components of income tax expense:

	2022	2021
Deferred income tax		
Incurred in the current year	$ 3,291	$ 15,739
Adjustment of previous year figures	828	139
Income tax expense recognized in profit or loss	$ 4,119	$ 15,878

Reconciliation of accounting income and income tax expense:

	2022	2021
Income tax expense (benefit) derived by applying the statutory tax rate to pre-tax profit	($ 1,874)	$ 16,561
Unrecognized deductible temporary differences	5,165	(822)
Adjustment of previous year figures	828	139
Income tax expense recognized in profit or loss	$ 4,119	$ 15,878

(2) Income tax recognized under other comprehensive income

	2022	2021
Deferred income tax		
Incurred in the current year		
Remeasurement of defined benefit plan	($ 515)	$ 69

(3) Current income tax assets

	December 31, 2022	December 31, 2021
Current income tax assets (presented as other current assets)		
Tax refund receivable	$ 49	$ 6

(4) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are explained below:

2022

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred income tax assets				
Allowance for inventory devaluation and obsolescence	$ 1,461	$ 71	$ -	$ 1,532
Defined benefit plan	2,071	(93)	(515)	1,463
Unrealized net loss on exchange	16	796	-	812
Unrealized impairment loss on financial assets	2,800	-	-	2,800
Losses in excess of provision	30	(30)	-	-
	$ 6,378	$ 744	(515)	$ 6,607
Deferred income tax liabilities				
Net gain on equity-accounted investments	$ 50,032	$ 4,863	$ -	$ 54,895

2021

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred income tax assets				
Allowance for inventory devaluation and obsolescence	$ 1,077	$ 384	$ -	$ 1,461
Defined benefit plan	2,115	(113)	69	2,071
Unrealized net loss on exchange	-	16	-	16
Unrealized impairment loss on financial assets	2,800	-	-	2,800
Losses in excess of provision	170	(140)	-	30
	$ 6,162	$ 147	$ 69	$ 6,378
Deferred income tax liabilities				
Net gain on equity-accounted investments	$ 33,622	$ 16,410	$ -	$ 50,032
Unrealized net gain on exchange	385	(385)	-	-
	$ 34,007	$ 16,025	$ -	$ 50,032

(5) Losses carried forward not utilized in the separate balance sheet

	December 31, 2022	December 31, 2021
Losses carried forward		
Expiring 2021	$ -	$ 13,104
Expiring 2023	14,073	14,073
Expiring 2024	46,971	46,971
Expiring 2025	64,045	64,045
Expiring 2026	53,454	53,454
Expiring 2027	70,987	70,987
Expiring 2029	67,882	67,882
Expiring 2030	50,643	50,643
Expiring 2031	79,357	79,357
Expiring 2031	25,825	-
	$ 473,237	$ 460,516

(6) Assessment of income tax return

The Company's profit-seeking business income tax filings have been certified by the tax authority up until 2020.

20. Earnings (losses) per share

Net income (loss) and the number of weighted average common shares used for calculating earnings (losses) per share are explained below:

	2022	2021
Current net income (loss)	($ 13,486)	$ 66,929

Shares

Unit: thousand shares

	2022	2021
Weighted average common shares used for calculating basic earnings (losses) per share	112,719	112,719

21. Disposal of subsidiary investments

The Company signed an agreement on September 10, 2021 to dispose of 100% equity interest in J.H.E, which specializes in the production and trading of precision mold, precision optoelectronic connector, fiber converter and accessories, radio antenna, computer peripherals, and new electronic components. The Company completed the disposal on December 29, 2021, at which time it lost control over J.H.E. Please refer to Notes 12, 23, and 26 of the Company's 2022 consolidated financial statements for a description on the disposal of J.H.E.

22. Capital risk management

The Company plans future capital requirements, R&D expenses, and dividend outlays after taking into consideration the current industry characteristics, future prospects, and changes in the external environment to ensure that all businesses within the group are able to maintain the optimal capital structure of debt and equity needed to sustain business operations while maximizing shareholder value.

The management reviews the Company's capital structure on a regular basis to address the costs and risks associated with various types of capital. Depending on the recommendations of its management, the Company may balance its capital structure by paying dividends, raising debts from financial institutions, or by repaying existing debts.

23. Financial instruments

(1) Fair value information - financial instruments that are not measured at fair value

In the management's opinion, all financial assets and liabilities that are not measured at fair value have been presented on the separate balance sheet at book values that resemble their fair values.

(2) Fair value information - financial instruments with fair value measured on a recurring basis

Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
- Domestic and foreign unlisted shares	$ -	$ -	$ -	$ -

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
- Domestic and foreign unlisted shares	$ -	$ -	$ -	$ -

In periods 2022 and 2021, there was no change of fair value measurement between level 1 and level 2.

(3) Types of financial instrument

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets carried at amortized cost (Note 1)	$359,398	$484,190
Financial liabilities		
Carried at amortized cost (Note 2)	375,356	574,334

Note 1: Balance includes cash, net notes and accounts receivable, other receivables (presented as other current assets), and guarantee deposits paid (presented as other non-current assets).

Note 2: The balance includes short-term borrowing, notes payable, accounts payable, accounts payable - related parties, other payables, guarantee deposits received, and financial liabilities carried at amortized cost.

(4) Purpose and policy of financial risk management

The Company uses a multitude of financial instruments including equity investments, accounts receivable, accounts payable, and bank borrowings as part of its business operations. Uses of the above financial instruments and engagement of business activities expose the Company to credit risk, liquidity risk, and market risk.

The Company commits significant attention to analyzing, identifying, and evaluating the above financial risks in order to avoid the adverse effects. By having the board of directors supervise financial risk management framework, the Finance Department develop and control financial risk management policies, and internal auditors conduct routine as well as ad-hoc financial risk management tasks and report findings regularly to the board of directors, the Company is able to create a disciplined and constructive control environment to minimize the potential adverse effects of the above risks on the Company.

1. Market risk

Business activities of the Company are susceptible to risks of exchange rate variation (see (1) below) and interest rate variation (see (2) below).

There has been no change in how the Company manages and assesses market risk exposure of its financial instruments.

(1) Exchange rate risk

The Company is exposed to exchange rate risks for engaging in foreign currency denominated sales and purchases. In terms of risk management practice, the Company aims only to hedge exchange rate risks and not to profit. Purchasing and selling in foreign currencies already produces natural hedge effect over the long term, and given the insignificant impact that exchange rate variation has on business operations, the Company merely adjusts the amount of foreign currency deposits held in possession and does not use derivatives to hedge the balance of trade proceeds receivable/payable. However, financial instruments may still be used to hedge exchange rate risks, depending on exchange rate movements and the reports produced by financial institutions.

See Note 26 for book values of monetary assets and liabilities that were denominated in currencies other than the functional currency as of the balance sheet date.

<u>Sensitivity analysis</u>

The Company is prone to the impact of changes in the USD exchange rate.

The following sensitivity analysis shows how a 1% strengthening/weakening in NTD (the functional currency) against foreign currency may affect the Company. 1% is the rate of sensitivity adopted by the Company's management when making internal report of exchange rate risks. It also represents the management's reasonable estimate of exchange rate variation. The sensitivity analysis only covered monetary items denominated in foreign currency, and the analysis was performed by making a 1% adjustment to the exchange rate applicable at the end of the period. Positive value in the following table represents the amount of increase in pre-tax profit/decrease in pre-tax loss if NTD weakens against other currencies by 1%. Effects on pre-tax profit/loss following a 1% strengthening of NTD against the respective foreign currencies would be a negative figure of the same amount.

	Effect of USD	
	2022	2021
Gain/loss	$ 803	$ 1,149

Profit or loss effects of the foreign currencies presented above are mainly attributed to USD-denominated bank deposits, receivables, and payables that remained outstanding and were not hedged as at the balance sheet date.

(2) Interest rate risk

The book value of financial assets and financial liabilities susceptible to interest rate risks as at the balance sheet date is presented below:

	December 31, 2022	December 31, 2021
Risk of cash flow changes due to interest rate		
Financial assets	$164,570	$106,390
Financial liabilities	100,000	235,000

Sensitivity analysis

The following sensitivity analysis has been prepared based on interest rate risk exposures of non-derivatives as at the balance sheet date. For assets and liabilities that bear floating interest, the analysis is conducted by assuming that the amount of assets and liabilities outstanding as at the balance sheet date remained outstanding throughout the reporting period. Interest rate sensitivity analyses are reported to the management by applying a variance of 100 basis points above and below. This variance conforms with the management's expectation about the possible and reasonable range of interest rate variation.

A 100 basis point increase/decrease in interest rate would have increased/decreased pre-tax profit/loss by NT$645 thousand and NT$1,286 thousand for the period ended 2022 and 2021, respectively, if all other variables remained unchanged. This change is mainly attributed to floating interest deposits held and floating rate loans borrowed by the Company.

(3) Other price risks

The Company is exposed to the risk of equity price variation due to investment in domestic and foreign listed equity securities. The Company does not actively trade such investments, but assigns dedicated personnel to oversee price risks and evaluate when to take additional hedging actions.

Given the immaterial sum of equity investments, the Company is not exposed to any significant risk of equity price variation.

2. Credit risk

Credit risk refers to the risk of financial loss due to counterparties' failure in fulfilling contractual obligations. As at the balance sheet date, the Company's maximum exposure to the risk of counterparties' default on contractual obligations and loss on financial guarantees offered is represented by the book value of financial assets shown on the separate balance sheet.

To mitigate credit risks, the Company would evaluate the default risks associated with customers' industries and countries and have the Finance Department develop credit policies, payment terms, and trade terms for specific counterparties (depending on the size of capital, outstanding loans etc.). Third-party risk assessment institutions may be engaged if necessary to evaluate risk exposure. These terms are reviewed on a regular basis and are subject to regular audits of the Internal Audit Office.

Most of the Company's key customers are reputable TWSE/TPEX listed companies. Business dealings have been normal and the risk of default is negligible. All newly added small-size customers are required to deal on a prepaid or cash basis for risk management purpose; once they have accumulated good track records, the Company may grant credit limits after taking into account external information. This practice ensures proper control of credit risks. Furthermore, the Company adopts a provisioning policy and uses provision accounts to properly reflect potential losses attributed to credit risk in the financial statements.

3. Liquidity risk

Liquidity risk represents risk of the Company being unable to settle financial liabilities with cash or other financial assets, or being unable to fulfill relevant obligations. The Company maintains sufficient share capital and working capital to meet all contractual obligations, and hence is not exposed to the risk of being unable to meet contractual obligations due to insufficient liquidity. Bank borrowing constitutes a main source of liquidity for the Company. As at December 31, 2022 and 2021, the Company had undrawn short-term bank limits of NT$320,000 thousand and NT$65,000 thousand, respectively.

Liquidity and interest rate risk of non-derivative financial liabilities

Contract maturity analysis for non-derivative financial liabilities was prepared based on the earliest repayment dates possible, using undiscounted cash flows (including principal and estimated interest). The following table shows the earliest times that the Company may be demanded to make immediate repayment of bank loans, without considering the likelihood of such demands. Maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment date.

Undiscounted amounts of floating interest cash flow are estimated using yield curve as at the balance sheet date.

December 31, 2022

	Repayable upon demand or within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 104,422	$ 81,013	$ 74,089	$ 1,562
Floating rate instruments	-	-	100,111	-
	$ 104,422	$ 81,013	$ 174,200	$ 1,562

December 31, 2021

	Repayable upon demand or within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 56,358	$ 137,128	$ 144,175	$ 1,673
Floating rate instruments	65,197	15,314	155,121	-
	$ 121,555	$ 152,442	$ 299,296	$ 1,673

For non-derivative financial liabilities that bear floating interest rates, the fair value may change due to differences between the actual floating interest rate and the interest rate estimated on the balance sheet date.

24. Related party transactions

In addition to disclosures made in other footnotes, the Company had the following transactions with other related parties.

(1) Name of related party and relationship

Name of related party	Relationship with the Company
J.B.T	Subsidiary
J.H.P	Subsidiary
Unicomm Group Limited (U.G.L.)	Substantive related party

(2) Operating revenues

Presentation account	Substantive related party	2022	2021
Sales revenue	Subsidiary	$ 4,342	$ 2,102

(3) Operating costs

Presentation account	Name of related party	2022	2021
Manufacturing overhead	J.H.P	$ 582,852	$ 775,139

(4) Related party receivables

Presentation account	Name of related party	December 31, 2022	December 31, 2021
Other receivables - related parties	U.G.L.	$ -	$ 25,489

(5) Related party payables (excluding loans to related parties)

Presentation account	Name/category of related party	December 31, 2022	December 31, 2021
Accounts payable - related parties	J.H.P	$ 241,811	$ 328,460
	Subsidiary	569	68
		$ 242,380	$ 328,528

The Company sells raw materials to subsidiaries to have them made into finished goods. Some of the finished goods are repurchased by the Company either directly or through triangular trade for resale to customers. These sale-and-repurchase of raw materials have been eliminated from the financial statements. The price of finished goods purchased from subsidiaries have been netted against the amount of raw materials sold to subsidiaries in the first place; the net difference is treated as processing expenses (presented as manufacturing overhead) on the financial statements.

Raw materials sold to subsidiaries are priced by applying a markup to cost. Collection term is 150 days after month-end.

Finished goods purchased from subsidiaries, whether directly or through triangular trade, are priced at the final selling price of finished goods. Any accounts payable that arise as a result are netted against accounts receivable from the sale of raw materials. Payment term is 150 days after month-end.

(6) Disposal of other assets

		Disposal proceeds		Loss on disposal	
Name of related party	Presentation account	2022	2021	2022	2021
U.G.L.	Disposal of subsidiaries	$ -	$ 51,171	$ -	($ 3,987)

(7) Compensation to key management

	2022	2021
Short-term employee benefits	$ 2,975	$ 3,185
Retirement benefits	154	154
	$ 3,129	$ 3,339

Compensation to directors and members of the executive management is determined by the Remuneration Committee based on individual performance and market trends.

25. Pledged assets

The following assets have been pledged as collateral for loans:

	December 31, 2022	December 31, 2021
Property, plant, and equipment - net	$ 92,038	$ 92,787
Investment property - net	66,374	67,691
	$158,412	$160,478

26. Foreign currency-denominated assets and liabilities of material impact

The following is a summarized presentation of foreign currencies used by various segments within the Company other than the functional currency. The exchange rates disclosed are the rates at which the respective foreign currency is converted into the functional currency. Foreign currency assets and liabilities of material effect:

December 31, 2022

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 10,969	30.71 (USD:NTD)	$ 336,844
Monetary items			
Equity-accounted investments			
USD	11,067	30.71 (USD:NTD)	339,869
THB	586,037	0.8941 (THB:NTD)	523,976
Foreign currency liabilities			
Monetary items			
USD	8,353	30.71 (USD:NTD)	256,511

December 31, 2021

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 16,234	27.68 (USD:NTD)	$ 449,359
Monetary items			
Equity-accounted investments			
USD	15,881	27.68 (USD:NTD)	439,584
THB	569,750	0.8347 (THB:NTD)	475,570
Foreign currency liabilities			
Monetary items			
USD	12,083	27.68 (USD:NTD)	334,450

Foreign currency gains/losses of material impact (including realized and unrealized):

Foreign currency	2022 Exchange rate	2022 Net gain/loss on exchange	2021 Exchange rate	2021 Net gain/loss on exchange
USD	30.71 (USD:NTD)	$11,933	28.01 (USD:NTD)	$ 209

27. Other disclosures

(1) Information relating to significant transactions:

1. Loans to external parties. (None)
2. Endorsement/guarantee to external parties. (None)
3. End-of-period holding position of marketable securities (excluding investment in subsidiaries and associated companies). (Appendix 1)
4. Cumulative purchase or sale of a single security totaling more than NT$ 300 million or 20% of paid-up capital. (None)
5. Acquisition of real estate properties amounting to more than NT$ 300 million or 20% of paid-up capital. (None)
6. Disposal of real estate properties amounting to more than NT$ 300 million or 20% of paid-up capital. (None)
7. Sales and purchases to/from related parties amounting to more than NT$ 100 million or 20% of paid-up capital. (Appendix 2)
8. Related party receivables amounting to more than NT$ 100 million or 20% of paid-up capital. (Appendix 3)
9. Derivative transactions. (None)

(2) Information on business investments (Appendix 4)

(3) Information related to investments in Mainland China

1. Name, business activities, paid-up capital, method of investment, transfer of capital, shareholding percentage, gain/loss on investment, year-end book value, investment gains recovered in cash, and investment limit of Mainland investments. (Appendix 5)
2. Significant transactions with Mainland investees through directly or indirectly held businesses in another country, and the price, payment terms, and unrealized gains/losses involved: (None)

(1) Amount and percentage of purchases made and balance and percentage of corresponding payables at the end of period.

(2) Amount and percentage of sales made and balance and percentage of corresponding receivables at the end of period.

(3) Property transactions and the resulting gains and losses.

(4) Closing balances and purposes of endorsed notes, guarantees, or pledged collaterals.

(5) Maximum loan balance, closing loan balance, interest rate range, and total interests in the current period.

(6) Other gains/losses or transactions of significant financial impact in the current period, such as provision or acceptance of labor services:

(4) Major shareholders: Names of shareholders with more than 5% ownership interest, and the number and percentage of shares held. (Appendix 6)

Ji-Haw Industrial Co., Ltd. and Subsidiaries

Marketable securities held at year-end

December 31, 2022

Appendix 1

Unit: NTD thousands unless specified otherwise

Holder	Name and type of securities	Relationship with the securities issuer	Presentation account	End-of-period				Remarks
				No. of shares	Book value	Shareholding percentage (%)	Fair value	
Ji-Haw Industrial Co., Ltd.	Shares							
	Chunghwa Picture Tubes Ltd.	—	Financial assets at fair value through other comprehensive income - current	604	$ -	-	$ -	Note 2
	Soyo Link Energy Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	300,000	-	7.14	-	Note 2
	Li Wang Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	185,185	-	6.90	-	Note 2
	S SQUARE SYSTEM LTD.	—	Financial assets at fair value through other comprehensive income - non-current	747	-	3.19	-	Note 2
J.H.I	Shares							
	Vision Works Inc.	—	Financial assets at fair value through profit or loss - non-current	190,000	336	19.00	336	Note 2
	ING Group N.V.	—	Financial assets at fair value through profit or loss - current	3,000	1,121	-	1,121	Note 2
	TESLA MORTORS INC	—	Financial assets at fair value through profit or loss - current	30	113	-	113	Note 2
	BEYOND MEAT INC	—	Financial assets at fair value through profit or loss - current	80	31	-	31	Note 2

Note 1: Securities mentioned in the chart refers to shares, as specified in IFRS 9 “Financial Instruments.”

Note 2: None of which was placed as collateral, pledged for loan, or subjected to other encumbrances.

Ji-Haw Industrial Co., Ltd. and Subsidiaries

Sales and purchases to/from related parties amounting to more than NT$100 million or 20% of paid-up capital

2022

Appendix 2

Unit: NTD thousands unless specified otherwise

Name of buyer (seller)	Counterparty	Relationship	Transaction summary				Distinctive terms of trade and reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	As a percentage to total purchases (sales) (%)	Credit term	Unit price	Credit term	Balance	As a percentage of total notes and accounts receivable (payable) (%)	
Ji-Haw Industrial Co., Ltd.	J.H.P	Subsidiary	Processing expenses	$ 582,852	83	Note 2	Note 1	Note 2	($ 241,811)	93	—
J.H.P	Ji-Haw Industrial Co., Ltd.	Parent company	Income from processing	(582,852)	45	Note 2	Note 1	Note 2	241,811	57	—

Note 1: The amount charged is calculated as the final selling price of finished goods less raw material costs and markup.

Note 2: Balance of receivables netted against payables is collected 150 days after month-end.

Ji-Haw Industrial Co., Ltd. and Subsidiaries

Related party receivables amounting to more than NT$ 100 million or 20% of paid-up capital

December 31, 2022

Appendix 3

Unit: NTD thousands unless specified otherwise

Companies presented as receivables	Counterparty	Relationship	Balance of related party receivables	Turnover rate	Overdue balance of related party receivables		Amount of related party receivables collected after the balance sheet date	Loss provisions made
					Amount	Treatment		
J.H.P	Ji-Haw Industrial Co., Ltd.	Parent company	$241,811	2.04	$ -	—	Note 1	$ -

Note 1: Receivables are netted against payables.

Ji-Haw Industrial Co., Ltd. and Subsidiaries

Investees' profile, location, and relevant information

2022

Appendix 4

Unit: NTD thousands unless specified otherwise

Name of investor	Name of investee	Location	Main business activities	Amount of initial investment		End-of-period holding position			Current period profit/loss of the investee	Investment gains/losses recognized in the current period (Note 1)	Remarks
				Current period-end	End of previous year	No. of shares	Percentage (%)	Book value			
Ji-Haw Industrial Co., Ltd.	J.B.T	227, M003, Laem Chabang Industrial Estate, Sukhumvit Road, Thungsukla, Sriracha, Chonburi 20230 Thailand	Production and trading of computer wires and connectors	$ 207,215	$ 207,215	18,600,000	100.00	$ 523,976	$ 31,214	$ 31,214	−
	J.H.I	Sertus Chambers, P.O. Box 603, Apia, Samoa.	Investment of overseas financial instruments and shares	9,649	9,649	300,000	100.00	4,277	(944)	(944)	−

Note 1: Calculated based on audited financial statements for the corresponding period.

Note 2: See Appendix 5 for information relating to Mainland investees.

Ji-Haw Industrial Co., Ltd. and Subsidiaries

Information related to investments in Mainland China

2022

Appendix 5

Unit: NTD thousands unless specified otherwise

Name of Mainland investee	Main business activities	Paid-up capital	Method of investment	Opening cumulative balance of investment capital invested from Taiwan	Investment capital contributed or recovered during the current period		Closing cumulative balance of investment capital invested from Taiwan	Current period profit/loss of the investee (Note 1)	The Company's direct or indirect holding percentage	Investment gains/losses recognized in the current period (Note 1)	Closing book value of investment (Note 1)	Investment gains recovered to date	Remarks
					Invested	Recovered							
J.H.K	Production and trading of computer wires and connectors	US$100 thousand	The Company contributes 100% of direct capital	$ 3,071 (US$100 thousand)	$ -	$ 92,748	$ 3,071 (US$100 thousand)	($ 36,656)	100.00%	($ 36,656)	$ 79,358	$ 277,250	-
J.H.P	Production and trading of precision ceramics, precision mold, computer wires, and connectors	US$12,600 thousand	The Company holds 40.48% direct interest in the investment while its 100%- owned subsidiary - J.B.T holds 59.52% direct interest in the investment	294,816 (US$9,600 thousand)	-	-	294,816 (US$9,600 thousand)	65,998	100.00%	65,998	632,989	-	Note 3
Chuzhou Dingwang Investment Co., Ltd.	Investment and development	RMB 60,180 thousan	The Company's 100%-owned subsidiary - J.H.P holds direct ownership interest	-	-	-	-	10	39.00%	4	98,965	-	—

Closing cumulative balance of investment capital transferred from Taiwan into the Mainland	Investment limit authorized by Investment Commission, Ministry of Economic Affairs	Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing into Mainland China
NT$ 297,887 (US$9,700 thousand)	NT$ 390,017 (US$12,700 thousand)	NT$ 611,983 (Note 4)

Note 1: Calculated based on audited financial statements for the corresponding period.

Note 2: Investees' current profit/loss and gain/loss on investment recognized in the current period were calculated using average exchange rate between January 1 and December 31, 2022, whereas balances were calculated using spot exchange rate at the end of December 2022.

Note 3: NT$65,998 thousand of gains on investment were recognized in the current year; NT$26,714 thousand of which were recognized based on a 40.48% shareholding percentage, Whereas the remaining NT$39,284 thousand were recognized through the 100%-owned subsidiary - J.B.T, which held a 59.52% shareholding interest.

Note 4: Calculated according to Note Three of Principles for the Review of Investment or Technical Joint Venture in Mainland China stipulated by the Ministry of Economic Affairs, which was the higher between corporate net worth or 60% of consolidated net worth.

Ji-Haw Industrial Co., Ltd.

Information on Major Shareholders

December 31, 2022

Appendix 6

Name of major shareholder	Shareholding	
	Shares held (shares)	Shareholding percentage
LIN WEN HWANG	5,852,901	5.19%

Note: Information on major shareholders, as presented in this chart, was taken from records of Taiwan Depository & Clearing Corporation as at the final business day of the reported quarter, and included parties holding book-entry common and preferred shares (including treasury stock) for an aggregate ownership of 5% and above. Share capital reported in the Company's separate financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.

§LIST OF MAJOR ACCOUNTS§

Ji-Haw Industrial Co., Ltd.

Cash account

December 31, 2022

Chart 1 Unit: NTD thousands unless specified otherwise

Name	Amount
Cash	
Petty cash and cash on hand (Note 1)	$ 1,055
Check deposit	896
Demand deposit (Note 2)	164,570
	$166,521

Note 1: Petty cash and cash on hand include the following: (presented in units of the respective currencies)

Currency	Amount in foreign currency	Exchange rate
JPY	$ 897	0.2809
USD	448	30.71
THB	6,364	1.648
RMB	171,149	4.4716
MYR	780	8.5936
HKD	31,599	4.3245
SGD	2,240	23.2164
HUF	20,700	0.1631
PHP	715	1.0749
DKK	136	5.5351
SEK	292	4.2329
EUR	26	15.9657
CZK	1,100	1.4855
IDR	7,100,000	0.0028

Note 2: Includes US$4,799 thousand, which is converted at the rate of US$1=NT$30.71.

Ji-Haw Industrial Co., Ltd.

Accounts receivable account

December 31, 2022

Chart 2 Unit: NTD thousands

Customer name	Amount
CH416	$ 80,049
CH045	32,110
CH199	13,433
TA835	14,006
CH382	9,700
Others (Note)	43,510
Total	192,808
Less: loss provisions	46
Net amount	$192,762

Note: No customer represented more than 5% of account balance.

Ji-Haw Industrial Co., Ltd.

Inventory account

December 31, 2022

Chart 3 Unit: NTD thousands

Name	Amount	
	Cost	Market price (Note 1)
Raw materials	$ 3,954	$ 372
Finished goods	55,593	55,347
Total	59,547	$ 55,719
Less: allowance for devaluation (Note 2)	7,658	
Net amount	$ 51,889	

Note 1: Represents net realizable value.

Note 2: Allowance for devaluation was provided on devalued and slow-moving inventory.

Ji-Haw Industrial Co., Ltd.

Equity-accounted investment variation account

December 31, 2022

Chart 4

Unit: NTD thousands unless specified otherwise

Name	Face value per share	Opening balance: No. of shares	Opening balance: Shareholding percentage (%)	Opening balance: Amount	Current year changes: Decrease	Current year changes: Investment loss (Note 1)	Current year changes: Exchange differences on translation of financial statements of foreign operations	Closing balance: No. of shares	Closing balance: Shareholding percentage (%)	Closing balance: Amount	Remarks
Unlisted company											
J.B.T	THB 10	18,600,000	100.00	$475,570	$ -	$ 31,214	$ 17,192	18,600,000	100.00	$523,976	—
J.H.P		-	100.00	224,623	-	26,714	4,897	-	100.00	256,234	Note 3
J.H.K		-	100.00	210,229	(92,748)	(36,656)	(1,467)	-	100.00	79,358	Note 4
J.H.I	USD 1	300,000	100.00	4,732	-	(944)	489	300,000	100.00	4,277	—
				$915,154	($ 92,748)	$ 20,328	$ 21,111			$863,845	

Note 1: Calculated based on 2022 audited financial statements.

Note 2: None of the long-term equity investments was pledged or placed as collateral in the current year.

Note 3: NT$65,998 thousand of gains from J.H.P were recognized in the current year; NT$26,714 thousand of which were recognized based on a 40.48% shareholding percentage, whereas the remaining NT$39,284 thousand were recognized through the 100%-owned subsidiary - J.B.T, which held a 59.52% shareholding interest.

Note 4: Decreases in the current year were attributed to distribution of subsidiaries' earnings.

Ji-Haw Industrial Co., Ltd.

Short-term borrowings account

December 31, 2022

Chart 5 Unit: NTD thousands

Loan category and lender	Loan tenor	Annual interest rate (%)	Amount	Financing limit	Collateral
Secured bank borrowing					
Mega Bank	October 19, 2022 - April 21, 2023	2.24%	$ 100,000	$ 420,000	Property, plant, equipment, investment property (Baoxing Road, Xindian District, New Taipei City)

At the end of 2022, the Company had undrawn short-term borrowing limits of NT$320,000 thousand.

Ji-Haw Industrial Co., Ltd.

Operating cost account

2022

Chart 6 Unit: NTD thousands

Name	Amount
Cost of self-produced goods	
Opening raw materials	$ 6,715
Plus: purchases for the current year	52,945
Less: closing raw materials	3,954
Cost of raw materials sold	4,342
Reclassified to expense	15
Raw materials used	51,349
Manufacturing overhead	587,867
Manufacturing cost	639,216
Plus: opening finished products	67,645
Less: closing finished products	55,593
Reclassified to expense	271
Inventory devaluation and obsolescence loss	353
Cost of self-produced goods	651,350
Cost of trade	
Sale of raw materials	4,342
Total operating cost	$ 655,692

Ji-Haw Industrial Co., Ltd.

Operating expense account

2022

Chart 7 Unit: NTD thousands

Item	Selling expense	Administrative expenses	R&D expenses	Total
Salary	$ 18,418	$ 33,411	$ 2,559	$ 54,388
Depreciation	4,226	1,441	1,671	7,338
Insurance premium	3,194	2,644	313	6,151
Others (Note)	10,357	10,429	2,831	23,617
Subtotal	$ 36,195	$ 47,925	$ 7,374	91,494
Gain on reversal of expected credit impairment loss				(28)
Total				$ 91,466

Note: No item represented more than 5% of account balance.

Ji-Haw Industrial Co., Ltd.

Summary of current employee welfare, depreciation, and amortization by function

For the periods January 1 to December 31, 2022 and 2021

Chart 8 Unit: NTD thousands

	2022			2021		
	Presented as operating cost	Presented as operating expense	Total	Presented as operating cost	Presented as operating expense	Total
Employee welfare expenses						
Salary expense	$ -	$ 51,621	$ 51,621	$ -	$ 48,942	$ 48,942
Labor/health insurance premium	-	4,272	4,272	-	4,227	4,227
Pension expense	-	2,302	2,302	-	2,193	2,193
Directors' remuneration	-	465	465	-	360	360
Other employee welfare expenses	-	1,642	1,642	-	1,710	1,710
	$ -	$ 60,302	$ 60,302	$ -	$ 57,432	$ 57,432
Depreciation expenses	$ -	$ 7,338	$ 7,338	$ -	$ 7,633	$ 7,633

Note 1: The Company employed a total of 62 employees in the current year and 61 employees in the previous year; the number of directors without concurrent role as employee was 2 in the current year and 2 in the previous year. The same employee base was used for calculating employee welfare expenses.

Note 2: (1) Employee welfare expenses averaged NT$997 thousand per employee in the current year and NT$967 thousand in the previous year.

(2) Salary expenses averaged NT$860 thousand per employee in the current year and NT$830 thousand in the previous year.

(3) Change in average employee salary expenses was calculated at 3.61%.

(4) Supervisors' remuneration was reported at NT$180 thousand in the current year and NT$180 thousand in the previous year.

(5) Salary and compensation policy (including directors, supervisors, managers, and employees):

Directors' and supervisors' compensation: The amounts to be allocated are proposed by the Remuneration Committee according to the Articles of Incorporation, resolved by the board of directors, and reported in a shareholder meeting before final payment.

Managers' and employees' compensation: The compensation standard encompasses factors such as nature of work, education, area of specialization etc., whereas salary adjustment and bonus decisions are made based on corporate performance and individual performance. Managers' compensations are proposed by the Remuneration Committee for approval of the board of directors.