Stock code: 3011

Ji-Haw Industrial Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditor’s Report

2022 and 2021

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Declaration Concerning Consolidated Financial Statements of Affiliated Enterprises

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were identical to the affiliated companies subject to the preparation of consolidated financial statements under International Financial Reporting Standards No. 10 (IFRS 10) for financial year 2022 (from January 1 to December 31, 2022). All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements, therefore no separate consolidated financial statements of affiliated enterprises were prepared.
This declaration is solemnly made by

Company name: Ji-Haw Industrial Co., Ltd.

Person-in-charge: LIN WEN HWANG

March 17, 2023

Independent Auditor's Report

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

Audit opinions

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

In our opinion, all material disclosures of the consolidated financial statements mentioned above were prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the version of International Financial Reporting Standards, International Accounting Standards, and interpretations thereof approved and published by the Financial Supervisory Commission, and presented a fair view of the consolidated financial position of Ji-Haw Industrial Co., Ltd. and subsidiaries as at December 31, 2022 and 2021, and consolidated 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 consolidated financial statements under the above mentioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Ji-Haw Industrial Co., Ltd. and subsidiaries 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 consolidated financial statements of Ji-Haw

Industrial Co., Ltd. and subsidiaries. These issues have already been addressed when we audited and formed our opinions on the consolidated financial statements. Therefore, we do not provide opinions separately for individual issues.

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

Recognition of sales income from goods delivered to warehouse

One of the methods by which Ji-Haw Industrial Co., Ltd. and subsidiaries generate 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 the 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. and subsidiaries have 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 22 of the consolidated 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 transactions.
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.

Other matters

Ji-Haw Industrial Co., Ltd. has prepared separate financial statements for 2022 and 2021, to which we have issued an independent auditor's report with an unqualified opinion.

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

Responsibilities of the management were to prepare and ensure fair presentation of consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the version of International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved and promulgated by the Financial Supervisory Commission, and to exercise proper internal control practices that are relevant to the preparation of consolidated financial statements so that the consolidated financial statements are free of material misstatements, whether caused by fraud or error.

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

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

Responsibilities of the auditor when auditing consolidated financial statements

The purposes of our audit were to obtain reasonable assurance of whether the consolidated 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 consolidated 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 consolidated 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 opinion on the effectiveness of internal control system of Ji-Haw Industrial Co., Ltd. and subsidiaries.
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. and subsidiaries to operate as a going concern, based on the audit evidence obtained. We are bound to remind users of consolidated financial statements and make related disclosures if uncertainties exist in regards to the above mentioned 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. and subsidiaries 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 consolidated financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of equity-accounted investments held by Ji-Haw Industrial Co., Ltd. and subsidiaries, and expressing opinions on the consolidated financial statements. Our responsibilities as auditors are to instruct, supervise, and execute audits and form audit opinions on the group.

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 consolidated financial statements of Ji-Haw Industrial Co., Ltd. and subsidiaries 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. and Subsidiaries

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NTD thousands

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 397,756	24	$ 382,631	19
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,265	-	437	-
1136	Financial assets carried at amortized cost - current (Notes 4 and 9)	26,795	2	87,845	4
1170	Notes and accounts receivable - net (Notes 4, 10, and 22)	386,932	23	627,483	31
1210	Other receivables - related parties (Notes 26 and 29)	2,097	-	27,555	1
130X	Inventory - net (Notes 4 and 11)	324,255	19	349,301	17
1470	Other current assets (Notes 17 and 24)	16,339	1	30,675	2
11XX	Total current assets	1,155,439	69	1,505,927	74
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	336	-	1,061	-
1550	Equity-accounted investments (Notes 4 and 13)	98,965	6	97,562	5
1600	Property, plant, and equipment (Notes 4, 14, and 30)	264,115	16	280,174	14
1755	Right-of-use assets (Notes 4 and 15)	39,044	2	36,243	2
1760	Investment properties (Notes 4, 16, and 30)	86,927	5	87,063	4
1840	Deferred income tax assets (Notes 4 and 24)	28,927	2	31,873	1
1990	Other non-current assets (Note 17)	4,001	-	5,510	-
15XX	Total non-current assets	522,315	31	539,486	26
1XXX	Total assets	$ 1,677,754	100	$ 2,045,413	100

Code	Liabilities and equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities				
2100	Short-term borrowings (Notes 18 and 30)	$ 100,000	6	$ 279,345	13
2170	Notes and accounts payable	309,023	18	505,374	25
2200	Other payables (Note 19)	41,760	3	54,436	3
2230	Current income tax liabilities (Notes 4 and 24)	8,944	1	43	-
2280	Lease liabilities - current (Notes 4 and 15)	935	-	1,678	-
2300	Other current liabilities (Note 29)	87,541	5	83,068	4
21XX	Total current liabilities	548,203	33	923,944	45
	Non-current liabilities				
2570	Deferred income tax liabilities (Notes 4 and 24)	54,895	3	50,032	3
2580	Lease liabilities - non-current (Notes 4 and 15)	45,371	3	49,985	3
2640	Net defined benefit liabilities (Notes 4 and 20)	823	-	3,859	-
2645	Guarantee deposits received	2,203	-	2,271	-
2670	Other non-current liabilities (Note 4)	6,286	-	5,032	-
25XX	Total non-current liabilities	109,578	6	111,179	6
2XXX	Total liabilities	657,781	39	1,035,123	51
	Equity				
3100	Common share capital	1,127,192	67	1,127,192	55
3200	Capital reserve	226,697	14	226,697	11
	Cumulative losses				
3310	Legal reserve	23,586	1	23,586	1
3320	Special reserve	218,029	13	218,029	11
3350	Losses pending compensation	(494,359)	(29)	(482,931)	(24)
3300	Total cumulative losses	(252,744)	(15)	(241,316)	(12)
3400	Other equity items	(81,172)	(5)	(102,283)	(5)
3XXX	Total equity	1,019,973	61	1,010,290	49
	Total liabilities and equity	$ 1,677,754	100	$ 2,045,413	100

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

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

Ji-Haw Industrial Co., Ltd. and Subsidiaries

Consolidated 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

		2022		2021	
Code		Amount	%	Amount	%
4000	Net operating revenues (Notes 4 and 22)	$ 1,497,478	100	$ 1,574,747	100
5000	Operating costs (Notes 11 and 23)	1,306,737	87	1,452,643	92
5950	Gross profit	190,741	13	122,104	8
	Operating expenses (Notes 10, 20, and 23)				
6100	Selling expenses	58,822	4	70,872	4
6200	Administrative expenses	113,840	8	94,256	6
6300	R&D expenses	50,610	3	51,273	3
6450	Gain on reversal of expected credit impairment loss	(4,485)	-	(5,323)	-
6000	Total operating expenses	218,787	15	211,078	13
6900	Operating loss	(28,046)	(2)	(88,974)	(5)
	Non-operating income and expenses				
7100	Interest income (Notes 23 and 29)	2,933	-	1,942	-
7010	Other income (Notes 15 and 23)	17,279	1	19,835	1
7020	Other gains and losses (Notes 16, 23, 29, and 31)	55,709	4	173,967	11
7050	Finance costs (Note 23)	(4,447)	-	(4,775)	-
7060	Share of gain/loss from associated companies accounted using the equity method (Notes 4 and 13)	4	-	161	-
7000	Total non-operating income and expenses	71,478	5	191,130	12
7900	Profit before tax from continuing operations	43,432	3	102,156	7

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Code		2022 Amount	2022 %	2021 Amount	2021 %
7950	Income tax expenses (Notes 4 and 24)	($ 56,918)	(4)	($ 26,942)	(2)
8000	Current net income (loss) from continuing operations	(13,486)	(1)	75,214	5
8100	Loss from discontinued operations (Note 26)	-	-	(8,285)	(1)
8200	Current net income (loss)	(13,486)	(1)	66,929	4
	Other comprehensive income				
	Items not reclassified into profit or loss:				
8311	Remeasurement of defined benefit plan (Notes 4 and 20)	2,573	-	(345)	-
8349	Income tax on items not reclassified into profit or loss (Notes 4 and 24)	(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	2	(15,761)	(1)
8360					
8300	Other comprehensive income for the current year (net, after-tax)	23,169	2	(16,037)	(1)
8500	Total comprehensive income for the current year	$ 9,683	1	$ 50,892	3
	Earnings (losses) per share (Note 25)				
	From continuing operations				
9710	Basic	($ 0.12)		$ 0.67	
	From continuing and discontinued operations				
9750	Basic	($ 0.12)		$ 0.59	

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

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

Ji-Haw Industrial Co., Ltd. and Subsidiaries

Consolidated statement of changes in equity

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

Unit: NTD thousands

				Cumulative losses (Note 21)				Other equity items (Note 4)			
Code		Common share capital (Notes 4 and 21)	Capital reserve (Note 21)	Legal reserve	Special reserve	Losses pending compensation	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains/losses on financial assets at fair value through other comprehensive income	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 consolidated financial statements.

Chairman: LIN WEN HWANG

Manager: WU CHIA-SHIN

Head of Accounting: Judy Chu

Ji-Haw Industrial Co., Ltd. and Subsidiaries

Consolidated 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 before tax	$ 43,432	$ 102,156
A00020	Loss before tax from discontinued operations	-	(8,285)
A10000	Pre-tax profit for the current period	43,432	93,871
A20010	Income, expenses, and losses:		
A20100	Depreciation expenses	35,171	34,734
A20300	Gain on reversal of expected credit impairment loss	(4,485)	(5,323)
A20900	Financial costs	4,447	4,775
A21200	Interest income	(2,933)	(1,942)
A20400	Loss on financial assets at fair value through profit or loss	1,021	1,596
A22300	Share of profits/losses from equity-accounted associated companies	(4)	(161)
A22500	Gain on disposal and scrapping of property, plant, and equipment	(1,257)	(461)
A23100	Loss on disposal of subsidiaries	-	3,987
A22700	Gain on disposal of investment property	-	(174,104)
A23700	Inventory devaluation and obsolescence losses (or reversal gains)	(12,983)	13,432
A24100	Unrealized loss on foreign currency exchange	4,015	1,882
	Net change in operating assets and liabilities		
A31150	Notes and accounts receivable	241,377	(150,098)
A31180	Guarantee deposits paid	1,520	(1,848)
A31200	Inventory	26,948	(24,904)
A31240	Other current assets	14,287	25,437
A32150	Notes and accounts payable	(197,238)	14,639
A32180	Other payables	(12,676)	13,554
A32240	Net defined benefit liabilities	(463)	(567)
A32230	Other current liabilities	25,684	(9,071)
A32990	Other operating liabilities	1,255	(25)
A33000	Cash generated from operations	167,118	(160,597)
A33300	Interest paid	(4,447)	(4,775)
A33500	Income tax refunded (paid)	(50,592)	193
AAAA	Net cash inflow (outflow) from operating activities	112,079	(165,179)

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Code		2022	2021
	Cash flow from investing activities		
B00040	Acquisition of financial assets at amortized cost	($ 836)	($ 929)
B00050	Disposal of financial assets at amortized cost	65,232	2
B00100	Acquisition of financial assets at fair value through profit or loss	(962)	(311)
B02300	Net cash inflow from disposal of subsidiary	25,489	21,900
B02700	Acquisition of property, plant, and equipment	(13,560)	(14,579)
B02800	Proceeds from disposal of property, plant, and equipment	1,553	1,999
B05500	Proceeds from disposal of investment property	-	198,901
B06700	Decrease (increase) in other non-current assets	(11)	413
B07500	Interests received	2,933	1,942
BBBB	Net cash inflow from investing activities	79,838	209,338
	Cash flow from financing activities		
C00100	Increase (decrease) in short-term borrowings	(179,345)	139,345
C03000	Decrease in guarantee deposits paid	(68)	(3,714)
C04020	Repayment of lease principal	(896)	(1,092)
CCCC	Net cash inflow (outflow) from financing activities	(180,309)	134,539
DDDD	Effect of exchange rate variation on cash and cash equivalents	3,517	(8,378)
EEEE	Net increase in cash and cash equivalents	15,125	170,320
E00100	Opening balance of cash and cash equivalents	382,631	212,311
E00200	Closing balance of cash and cash equivalents	$ 397,756	$ 382,631

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

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

Ji-Haw Industrial Co., Ltd. and Subsidiaries
Notes to consolidated 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 the Taiwan Stock Exchange Corporation since July 2002.

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

2. Financial statement approval date and procedures

The consolidated 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 and its controlled entities (collectively referred to as "Consolidated Entity").

(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 Consolidated Entity expected no material impact from the above amendments and interpretations on its financial position and business performance as of the publication date of consolidated financial statements.

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

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

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC-approved IFRSs.

(2) Basis of preparation

The consolidated 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.

(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 and cash equivalents (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 uses).

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 can not 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) Basis of consolidation

The consolidated financial statements include the Company and entities that the Company has control over (i.e. subsidiaries). The consolidated statement of comprehensive income already accounts for operating profits/losses of subsidiaries acquired or disposed of during the current year since the acquisition date or up until the disposal date. Subsidiaries have had financial reports adjusted to ensure alignment of accounting policies with those of the Consolidated Entity. All transactions, account balances, income, expenses, and losses between entities of the consolidated financial statement have been eliminated during consolidation. Total comprehensive income generated by subsidiaries is divided into amounts that are attributable to owners of the Company and amounts that are attributable to non-controlling shareholders, even if the allocation would put non-controlling equity in negative balance.

Changes in ownership of subsidiary without losing control are treated as equity transactions. Equity of the Consolidated Entity and non-controlling shareholders have been adjusted to reflect changes of equity ownership in subsidiaries. Difference between the adjusted amount of non-controlling equity and the fair value of consideration paid/received is directly recognized as equity attributable to owners of the Company.

Refer to Note 12, Appendix 5, and Appendix 6 for details, shareholding percentages, and business activities of subsidiaries.

(5) Foreign currencies

During preparation of financial statements, transactions denominated in currencies other than the functional currency of the respective entity (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 consolidated 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 Consolidated Entity 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.

(6) Inventory

Inventory includes raw materials, work-in-progress, 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.

(7) Investment in associated companies

An associated company is an organization in which the Consolidated Entity has significant influence, but does not meet the criteria of a subsidiary.

The Consolidated Entity accounts for associated companies using the equity method.

Under the equity method, associated companies are recognized at cost at initiation; after the acquisition date, book value may be increased or decreased by the Consolidated Entity’s share of profits/losses and other comprehensive income in associated companies. Furthermore, changes in the equity of associated companies are recognized at the Company's shareholding percentage.

Acquisition costs in excess of the Consolidated Entity's share of net identifiable assets and liabilities (i.e. fair value) in an associated company on the date of acquisition are recognized as goodwill. This goodwill includes book value of the investment and is not amortized. Share of net identifiable assets and liabilities (i.e. fair value) in an associated company that exceeds acquisition cost on the date of acquisition is recognized as gains for the current year.

In the event that the Consolidated Entity does not subscribe proportionally to new shares issued by an associated company, and thereby causing a change of ownership percentage, the amount of increase or decrease is adjusted simultaneously to "capital reserve - change in net worth of equity-accounted associated companies" and book value of equity-accounted investment. If the Company does not subscribe at its existing holding percentage and causes a reduction in equity ownership over an associated company, any amounts previously recognized in other comprehensive income relating to the associated company will be reclassified according to the percentage of ownership reduction. These changes are accounted on the same basis as if the associated company has directly disposed of its assets or liabilities. If the above adjustment involves a debit to capital reserve when there is insufficient capital reserve from the equity-accounted investment to offset the adjustment, the difference will be debited to retained earnings instead.

If share of losses in an associated company equals to or exceeds the Consolidated Entity's equity ownership in the associated company (including book value of the equity-accounted associated company and other long-term equity components that make up the Consolidated Entity's net investment in the associated company), the Consolidated Entity will cease to recognize further losses. The Consolidated Entity will recognize extra losses and liabilities only for legal obligations and constructive obligations occurred, or payments made on behalf of associated companies.

When assessing impairments, the Consolidated Entity treats the entire account as a single asset and tests for impairment by comparing book value (including goodwill) with recoverable amount. Any impairment losses recognized are presented as part of the book value of the investment, including goodwill, without amortization.

Reversal of impairment loss can be recognized up to the sum of subsequent increases in the recoverable amount of the investment.

Gains/losses arising from upstream and downstream transactions and transactions among associated companies are recognized in the consolidated financial statements only when the Consolidated Entity exercises no control over the associated company.

(8) 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 Consolidated Entity 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.

(9) 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.

(10) Impairment of property, plant, equipment, right-of-use assets, and investment properties

The Consolidated Entity evaluates all property, plant, equipment, right-of-use assets, 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 can not be estimated on an individual basis, the Consolidated Entity 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.

(11) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Consolidated Entity 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 Consolidated Entity are distinguished into the following categories: financial assets at fair value through profit or loss, financial assets carried at amortized cost, and equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss mainly comprise financial assets that are mandatory to be measured at fair value with fair value changes recognized through profit or loss. Financial assets that are mandatory to be measured at fair value with fair value changes recognized through profit or loss include equity instruments that are not specified to be carried at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, with gains and losses (excluding dividends or interests generated from the financial asset) recognized in profit or loss.

B. Financial assets carried at amortized cost

Financial asset investments held by the Consolidated Entity 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 and cash equivalents, 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.

Cash equivalents include time deposits with less than 3 months until maturity that are highly liquid, readily convertible into defined amounts of cash, and less prone to the risk of fair value changes. Cash equivalents are held for the purpose of meeting short-term cash commitments.

C. 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 Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity 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 fair 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 Consolidated Entity 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.

(12) Revenue recognition

The Consolidated Entity 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.

<u>Revenue from sale of merchandise</u>

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 the product has been delivered to the buyer, thereby giving the buyer full discretion over the distribution and pricing of the product while the Consolidated Entity 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.

(13) Leases

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

1. Where the Consolidated Entity is a lessor

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.

When sub-leasing right-of-use assets, the Consolidated Entity classifies the sublease based on the right-of-use asset involved (instead of the underlying asset). However, where the main lease is a short-term lease that is exempted from lease recognition, the Consolidated Entity would classify the sublease as an 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 can not 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.

2. Where the Consolidated Entity is a lessee

The Consolidated Entity recognizes right-of-use assets and lease liabilities from the lease start date for each lease arrangement, except for exempted low-value and short-term leases where expenses are recognized on a straight-line basis over the lease tenor.

Right-of-use assets are measured at cost at initiation, and subsequently at cost less accumulated depreciation and impairment with adjustments made to the remeasurement account for lease liability. Right-of-use assets are presented individually on the consolidated balance sheet, except for items that meet the definition of investment property. Please refer to accounting policy on investment properties for recognition and measurement of right-of-use assets that meet the definition of investment property.

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of useful life or until expiry of the lease term, whichever is earlier.

Lease liabilities are carried at the present value of lease payments (including fixed payments) at initiation. Lease payments are discounted at the implicit interest rate if it can be determined easily. If the interest rate can not be determined easily, the lessee's incremental borrowing rate is used instead.

Subsequently, lease liability is carried at amortized cost using the effective interest method, whereas interest expense is amortized over the lease tenor. The Consolidated Entity will remeasure its lease liabilities and make corresponding adjustments to right-of-use asset. If, however, the book value of right-of-use asset has already been reduced to zero, any subsequent remeasurements are recognized through profit or loss. Lease liabilities are presented individually on the consolidated balance sheet.

(14) 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.

(15) Income tax

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

1. Current income tax

The Consolidated Entity reports current period income (loss) and calculates income tax payable (refundable) according to tax laws stipulated by the local tax jurisdiction.

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 Consolidated Entity is very likely to generate taxable income in the future to offset deductible temporary differences.

Taxable temporary differences arising from investment in subsidiaries and associated companies are recognized as deferred income tax liabilities, except in cases where the Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity 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	$ 1,559	$ 1,535
Check and demand deposit	319,032	168,088
Cash equivalents (refers to investments with an initial tenor of 3 months or less)		
Time deposit	77,165	213,008
	$ 397,756	$ 382,631

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	0.0001%～1.05%	0.001%～0.35%
Time deposit	0.25%～1.25%	0.1%～1.1%

7. Financial instruments at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets - current		
Mandatory at fair value throughout profit or loss		
Non-derivative financial assets		
- Foreign listed shares	$ 1,265	$ 437
Financial assets - non-current		
Mandatory at fair value throughout profit or loss		
Non-derivative financial assets		
- Foreign unlisted shares	$ 336	$ 1,061

8. Financial assets at fair value through other comprehensive income

The Consolidated Entity 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 Consolidated Entity 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.

9. Financial assets carried at amortized cost

	December 31, 2022	December 31, 2021
Current		
Foreign investments		
Time deposit with initial maturity of more than 3 months	$ 26,795	$ 87,845

As at December 31, 2022 and 2021, time deposits with initial tenors of 3 months or longer accrued interests at 0.15%-1.00% and 0.15%-0.60% per annum, respectively.

10. Notes and accounts receivable, net

	December 31, 2022	December 31, 2021
Notes receivable		
Carried at amortized cost	$ 441	$ 25
Accounts receivable		
Carried at amortized cost		
Total book value	394,030	639,838
Less: loss provisions	(7,539)	(12,380)
	386,491	627,458
Notes and accounts receivable, net	$ 386,932	$ 627,483

Accounts receivable

The average credit term granted on the sale of merchandise is 30~165 days. Accounts receivable do not accrue interest. The Consolidated Entity rates its main customers based on publicly available financial information and transaction history. The Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity's credit risks have been significantly reduced due to the above measures.

The Consolidated Entity 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 can not be reasonably estimated, the Consolidated Entity will directly offset loss provisions against accounts receivable. In which case, the Consolidated Entity 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	0.25%	1.01%	4.68%	0.00%	100.00%	
Total book value	$ 371,323	$ 12,753	$ 3,655	$ 1	$ 6,298	$ 394,030
Loss provision (expected credit loss over the duration)	(941)	(129)	(171)	-	(6,298)	(7,539)
Cost after amortization	$ 370,382	$ 12,624	$ 3,484	$ 1	$ -	$ 386,491

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	0.22%	1.63%	5.00%	50.00%	100.00%	
Total book value	$ 618,375	$ 7,221	$ 2,778	$ 1,370	$ 10,094	$ 639,838
Loss provision (expected credit loss over the duration)	(1,344)	(118)	(139)	(685)	(10,094)	(12,380)
Cost after amortization	$ 617,031	$ 7,103	$ 2,639	$ 685	$ -	$ 627,458

Changes in loss provision on accounts receivable are explained below:

	2022	2021
Opening balance	$ 12,380	$ 18,123
Less: Impairment losses reversed in the current period	(4,485)	(5,323)
Less: Actual charge-offs made in the current year	(574)	(344)
Foreign currency translation difference	218	(76)
Closing balance	$ 7,539	$ 12,380

11. Net inventory

	December 31, 2022	December 31, 2021
Finished goods	$ 191,745	$ 202,249
Work-in-progress	37,035	70,497
Raw materials	95,475	76,555
	$ 324,255	$ 349,301

Cost of sale by nature:

	2022	2021
Cost of inventory sold	$ 1,319,720	$ 1,439,211
Inventory devaluation losses (reversal gains) (1)	(12,983)	13,432
	$ 1,306,737	$ 1,452,643

(1) Gain from reversal of inventory devaluation was attributed to the recovery of net realizable value.

12. Subsidiaries

Subsidiaries included in the consolidated financial statements

The consolidated financial statements encompass the following:

			Shareholding percentage		
Name of investor	Name of subsidiary	Business activities	December 31, 2022	December 31, 2021	Remarks
Ji-Haw Industrial Co., Ltd.	Jinhao Electronics (Kunshan) Co., Ltd. (referred to as J.H.K below)	Production and trading of computer wires and connectors	100.00	100.00	Note 3
	J.B.T INDUSTRIAL CO., LTD. (referred to as J.B.T below)	Production and trading of computer wires and connectors	100.00	100.00	-
	Jinhao Optoelectronics (Kunshan) Co., Ltd. (referred to as J.H.P below)	Production and trading of precision ceramics, precision mold, computer wires, and connectors	40.48	40.48	Note 1
	Jinhao Optoelectronics (Anhui) Co., Ltd. (referred to as J.H.E below)	Production and sale of precision mold, precision optoelectronic connector, fiber converter and accessories, radio antenna, computer peripherals, and new electronic components	-	-	Note 2
	JI-HAW INVESTMENT CO., LTD. (referred to as J.H.I below)	Investment of overseas financial instruments and shares	100.00	100.00	-

J.B.T	J.H.P	Production and trading of precision ceramics, precision mold, computer wires, and connectors	59.52	59.52	Note 1

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: On September 10, 2021, the Consolidated Entity 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.

Note 3: 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 decision had yet to be fully executed as of December 31, 2022.

13. Equity-accounted investments

Investment in associated companies

	December 31, 2022	December 31, 2021
Individually immaterial associated companies		
Chuzhou Dingwang Investment Co., Ltd. (referred to as Chuzhou Dingwang below)	$ 98,965	$ 97,562

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

Company name	December 31, 2022	December 31, 2021
Chuzhou Dingwang	39.00%	39.00%

Main business activities of the above associated companies are explained in Appendix 6 - “Information related to investments in Mainland China.”

Summary financial information of associated companies under the Consolidated Entity is presented below:

	2022	2021
Consolidated Entity’s share of equity		
Net income and total comprehensive income for the current year	$ 4	$ 161

14. Property, plant, and equipment

	Proprietary land	Buildings	Machinery equipment	Transportation equipment	Other equipment	Total
Cost						
Balance as at January 1, 2022	$ 91,796	$ 288,284	$ 522,140	$ 19,082	$ 108,013	$ 1,029,315
Addition	-	3,706	6,379	1,077	2,398	13,560
Disposal	-	-	(40,645)	(1,479)	(2,016)	(44,140)
Reclassification	-	(1,297)	-	-	-	(1,297)
Net exchange difference	248	5,895	13,960	360	1,990	22,453
Balance as at December 31, 2022	$ 92,044	$ 296,588	$ 501,834	$ 19,040	$ 110,385	$ 1,019,891
Accumulated depreciation						
Balance as at January 1, 2022	$ -	$ 215,783	$ 425,384	$ 14,359	$ 93,615	$ 749,141
Depreciation expenses	-	12,266	14,960	1,215	3,068	31,509
Disposal	-	-	(40,468)	(1,431)	(1,945)	(43,844)
Net exchange difference	-	4,510	12,483	235	1,742	18,970
Balance as at December 31, 2022	$ -	$ 232,559	$ 412,359	$ 14,378	$ 96,480	$ 755,776
Net balance as at December 31, 2022	$ 92,044	$ 64,029	$ 89,475	$ 4,662	$ 13,905	$ 264,115
Cost						
Balance as at January 1, 2021	$ 92,301	$ 332,152	$ 540,294	$ 24,353	$ 110,545	$ 1,099,645
Addition	-	264	10,700	498	3,117	14,579
Disposal	-	-	(4,449)	(3,990)	(1,197)	(9,636)
Disposal of subsidiaries	-	(38,205)	(4,626)	(1,249)	(2,869)	(46,949)
Net exchange difference	(505)	(5,927)	(19,779)	(530)	(1,583)	(28,324)
Balance as at December 31, 2021	$ 91,796	$ 288,284	$ 522,140	$ 19,082	$ 108,013	$ 1,029,315
Accumulated depreciation						
Balance as at January 1, 2021	$ -	$ 225,914	$ 438,516	$ 18,481	$ 95,406	$ 778,317
Depreciation expenses	-	13,285	12,981	897	3,224	30,387
Disposal	-	-	(3,420)	(3,509)	(1,169)	(8,098)
Disposal of subsidiaries	-	(18,602)	(4,056)	(1,124)	(2,383)	(26,165)
Net exchange difference	-	(4,814)	(18,637)	(386)	(1,463)	(25,300)
Balance as at December 31, 2021	$ -	$ 215,783	$ 425,384	$ 14,359	$ 93,615	$ 749,141
Net balance as at December 31, 2021	$ 91,796	$ 72,501	$ 96,756	$ 4,723	$ 14,398	$ 280,174

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

Buildings	5 to 24 years
Machinery equipment	1 to 20 years
Transportation equipment	1 to 20 years
Other equipment	2 to 33 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 30.

15. Lease agreements

(1) Right-of-use assets

	December 31, 2022	December 31, 2021
Book value of right-of-use assets		
Land	$ 39,044	$ 36,243

	2022	2021
Depreciation on right-of-use assets		
Land	$ 1,423	$ 1,553
Income from subleasing of right-of-use assets (presented as other income)	($ 7,136)	($ 9,094)

The Consolidated Entity subleases land in Thailand and China in the form of operating lease. Right-of-use over the leased land is presented as investment property. Please see Note 16 for details. The amount of right-of-use assets presented above does not include right-of-use assets that meet the definition of investment property.

(2) Lease liability

	December 31, 2022	December 31, 2021
Book value of lease liabilities		
Current	$ 935	$ 1,678
Non-current	$ 45,371	$ 49,985

Discount rate range for lease liabilities:

	December 31, 2022	December 31, 2021
Land	4.46%	4.46%

(3) Other lease information

The Consolidated Entity leases out its property, plant, equipment, and investment properties in the form of operating lease. Please see Note 16 for more details on lease agreements.

	2022	2021
Total cash outflow from lease	$ 3,711	$ 3,548

16. Investment property

	Proprietary land	Right-of-use assets	Buildings	Total
Cost				
Balance as at January 1, 2022	$ 60,240	$ 18,670	$ 49,624	$ 128,534
Property, plant, and equipment	-	-	1,297	1,297
Net exchange difference	-	738	1,324	2,062
Balance as at December 31, 2022	$ 60,240	$ 19,408	$ 52,245	$ 131,893
Accumulated depreciation				
Balance as at January 1, 2022	$ -	$ 1,782	$ 39,689	$ 41,471
Depreciation expenses	-	620	1,619	2,239
Net exchange difference	-	155	1,101	1,256
Balance as at December 31, 2022	$ -	$ 2,557	$ 42,409	$ 44,966
Net balance as at December 31, 2022	$ 60,240	$ 16,851	$ 9,836	$ 86,927
Cost				
Balance as at January 1, 2021	$ 60,240	$ 38,659	$ 151,490	$ 250,389
Disposal in current year	-	(16,474)	(98,766)	(115,240)
Net exchange difference	-	(3,515)	(3,100)	(6,615)
Balance as at December 31, 2021	$ 60,240	$ 18,670	$ 49,624	$ 128,534
Accumulated depreciation				
Balance as at January 1, 2021	$ -	$ 3,341	$ 129,374	$ 132,715
Depreciation expenses	-	1,067	1,727	2,794
Disposal in current year	-	(1,695)	(88,748)	(90,443)
Net exchange difference	-	(931)	(2,664)	(3,595)
Balance as at December 31, 2021	$ -	$ 1,782	$ 39,689	$ 41,471
Net balance as at December 31, 2021	$ 60,240	$ 16,888	$ 9,935	$ 87,063

Right-of-use assets under investment properties relate to the sublease of land located in Thailand and China, which take the form of operating lease.

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 an operating lease is as follows:

	December 31, 2022	December 31, 2021
Year 1	$ 10,389	$ 15,506
Year 2	4,295	6,735
	$ 14,684	$ 22,241

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

Right-of-use assets	30 to 50 years
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 of the Consolidated Entity's investment properties located in Taiwan 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

In August 2021, the board of directors of the Consolidated Entity passed a resolution after taking into consideration the real estate appraisal report to sell the right-of-use of land and buildings located on Changjiang South Road, Kunshan City, Jiangsu Province, in August 2021. The sales proceeds net necessary expenses totaled NT$198,901 thousand; gain on disposal was calculated at NT$174,104 thousand and presented as non-operating income and expense - other gains and losses.

The Consolidated Entity's investment property in Thailand has been designated for use by national industries only; for this reason, transactions are infrequent and there is no reliable estimate of fair value that can be used as an alternative.

For disclosure on the amount of investment property pledged as collaterals, please refer to Note 30.

Lease commitments with lease tenor starting after balance sheet date:

	December 31, 2022	December 31, 2021
Lease commitment on investment properties	$ 14,684	$ 22,241

17. Other assets

	December 31, 2022	December 31, 2021
Prepayments	$ 7,412	$ 12,971
Tax credit	5,635	15,333
Guarantee deposits paid	3,336	4,856
Other receivables	2,857	1,991
Prepayment for equipment purchase	665	654
Tax refund receivable (Note 24)	435	380
	$ 20,340	$ 36,185
Current	$ 16,339	$ 30,675
Non-current	4,001	5,510
	$ 20,340	$ 36,185

18. Short-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings (Note 30)		
Bank borrowings (1)	$ 100,000	$ 235,000
Accounts receivable financing (2)	-	44,345
	$ 100,000	$ 279,345

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

2. Accounts receivable financing was partially secured with accounts receivable - related parties of subsidiary - J.H.P. Effective interest rate of the borrowing as at December 31, 2022 was 0.85%.

19. Other payables

	December 31, 2022	December 31, 2021
Accrued expenses	$ 24,284	$ 26,066
Wages payable	16,582	17,460
Taxes payable	894	10,910
	$ 41,760	$ 54,436

20. 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.

Meanwhile, J.B.T, J.H.K, and J.H.P take part in a defined contribution plan in which they make contributions proportionate to the contributions paid from employees' salaries. These contributions are deposited into a dedicated pension fund account that is managed by the local designated insurance institution. Employees may withdraw their contributions along with the interests accrued from the pension fund account upon retirement.

J.H.I has not established its own employee retirement policy.

(2) Defined benefit plan

The Consolidated Entity 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 the 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 consolidated 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, 2022	$ 9,425	($ 5,566)	$ 3,859
Balance as at January 1, 2021	$ 9,425	($ 5,566)	$ 3,859
Service costs for the current period	75	-	75
Interest expense	45	-	61
Expected return on plan assets	-	(28)	(28)
Recognized in profit or loss	120	(28)	92

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	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
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

21. 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 shareholders' meeting. Refer to Note 23(7) - 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.

22. Revenues

	2022	2021
Revenue from contracts with customers		
Revenue from sale of merchandise	$ 1,497,478	$ 1,574,747

(1) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 10)	$ 394,030	$ 639,838	$ 505,173

(2) Explanation on contracts with customers

Please see Note 33 for breakdown of income from contracts with customers

23. Net income

(1) Interest income

	2022	2021
Bank deposits	$ 2,933	$ 1,942

(2) Other income

	2022	2021
Rental income	$ 17,279	$ 19,835

(3) Other gains and losses

	2022	2021
Net gain (loss) on currency exchange	$ 52,556	($ 3,519)
Gain on disposal of property, plant, and equipment	1,257	416
Gain/loss on financial assets and financial liabilities		
Financial assets mandatory to be carried at fair value through profit or loss	(1,021)	(1,596)
Gain on disposal of investment property	-	174,104
Loss on disposal of subsidiaries	-	(3,987)
Others	2,917	8,549
	$ 55,709	$ 173,967

(4) Financial cost

	2022	2021
Interest on bank borrowings	$ 1,632	$ 2,319
Interest expense on lease liabilities	2,815	2,456
	$ 4,447	$ 4,775

(5) Depreciation and amortization

	2022	2021
Property, plant and equipment	$ 31,509	$ 30,387
Investment properties	2,239	2,794
Right-of-use assets	1,423	1,553
Total	$ 35,171	$ 34,734
Depreciation expense by accounting classification		
Operating costs	$ 22,859	$ 26,566
Operating expenses	10,073	5,374
Other gains and losses	2,239	2,794
	$ 35,171	$ 34,734

(6) Employee welfare expenses

	2022	2021
Retirement benefits		
Defined contribution plan	$ 10,389	$ 9,054
Defined benefit plan	92	144
Other employee benefits	217,368	209,129
Total	$ 227,849	$ 218,327
By accounting classification		
Operating costs	$ 109,145	$ 106,450
Operating expenses	118,704	111,877
	$ 227,849	$ 218,327

(7) 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 consolidated 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 consolidated 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.

(8) Gain/loss on foreign currency exchange

	2022	2021
Total gain on currency exchange	$ 116,634	$ 54,189
Total loss on currency exchange	(64,078)	(57,708)
Net gain/loss	$ 52,556	($ 3,519)

24. Income tax expense for continuing operations

(1) Income tax recognized in profit or loss

Main components of income tax expense:

	2022	2021
Current income tax		
Incurred in the current year	$ 20,219	$ 12,318
Adjustment of previous year figures	28,909	-
	49,128	12,318
Deferred income tax		
Incurred in the current year	6,962	14,485
Adjustment of previous year figures	828	139
	7,790	14,624
Income tax expense recognized in profit or loss	$ 56,918	$ 26,942

Reconciliation of accounting income and income tax expense:

	2022	2021
Income tax derived by applying the statutory tax rate to pre-tax profit	$ 16,997	$ 20,115
Tax impact of non-deductible expenses and losses	(576)	(709)
Unrecognized amounts of losses carried forward	10,760	7,397
Adjustment of previous year figures	29,737	139
Income tax expense recognized in profit or loss	$ 56,918	$ 26,942

Chinese subsidiaries are subject to a corporate tax rate of 25%, except J.H.P which obtained certificate for high-tech enterprise in 2019 and therefore is entitled to a tax rate of 15%. Taxes of other locations are calculated using locally applicable tax rates.

(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 and liabilities

	December 31, 2022	December 31, 2021
Current income tax assets (presented as other current assets)		
Tax refund receivable	$ 435	$ 380
Current income tax liabilities		
Income tax payable	$ 8,944	$ 43

(4) Deferred income tax assets and liabilities

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

2022

Deferred income tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Closing balance
Allowance for inventory devaluation and obsolescence	$ 21,862	($ 1,323)	$ -	$ 341	$ 20,880
Defined benefit plan	2,071	(93)	(515)	-	1,463
Impairment loss on property, plant, and equipment	2,000	(2,042)	-	42	-
Losses in excess of provision	1,861	(757)	-	34	1,138
Unrealized net loss on exchange	66	745	-	-	811
Unrealized impairment loss on financial assets	2,800	-	-	-	2,800
Others	1,213	543	-	79	1,835
	$ 31,873	($ 2,927)	($ 515)	$ 496	$ 28,927

Deferred income tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Closing balance
Net gain on equity-accounted investments	$ 50,032	$ 4,863	$ -	$ -	$ 54,895

2021

Deferred income tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Closing balance
Allowance for inventory devaluation and obsolescence	$ 19,951	$ 2,195	$ -	($ 284)	$ 21,862
Defined benefit plan	2,115	(113)	69	-	2,071
Impairment loss on property, plant, and equipment	2,009	-	-	(9)	2,000
Losses in excess of provision	2,424	(553)	-	(10)	1,861
Unrealized net loss on exchange	-	400	-	(334)	66
Unrealized impairment loss on financial assets	2,800	-	-	-	2,800
Others	1,543	(528)	-	198	1,213
	$ 30,842	$ 1,401	$ 69	($ 439)	$ 31,873

Deferred income tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Closing balance
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) Deductible temporary differences not recognized as deferred income tax asset and losses carried forward not utilized in the consolidated balance sheet

	December 31, 2022	December 31, 2021
Losses carried forward		
Expiring 2021	$ -	$ 13,104
Expiring 2022	-	-
Expiring 2023	14,073	18,816
Expiring 2024	46,971	56,512
Expiring 2025	64,045	138,129
Expiring 2026	53,454	89,187
Expiring 2027	70,987	70,987
Expiring 2029	85,725	67,882
Expiring 2030	50,643	50,643
Expiring 2031	79,357	79,357
Expiring 2032	25,825	-
	$ 491,080	$ 584,617
Deductible temporary differences		
Inventory devaluation losses	$ -	$ 2,690
Bad debt losses	-	101
	$ -	$ 2,791

(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.

J.H.K, J.H.P, and J.B.T had completed income tax filing within the deadlines stipulated by the local tax authorities.

J.H.I is registered in Samoa, and therefore has no income tax burden

25. 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:

Current net income (loss)

	2022	2021
From continuing operations	($ 13,486)	$ 75,214
From discontinued operations	-	(8,285)
From continuing and discontinued operations	($ 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

26. Disposal of subsidiary

The Consolidated Entity signed an agreement on September 10, 2021 to dispose of 100% equity interest in J.H.E, a subsidiary that specializes in the production and sale of precision molds and precision optoelectronic connectors. The Consolidated Entity completed the disposal on December 29, 2021, at which time it lost control over J.H.E.

(1) Consideration received

	J.H.E
Cash and cash equivalents	($ 3,782)
Proceeds from disposal of investment	51,171
Total consideration received	$ 47,389

(2) Analysis of the assets and liabilities in which control was lost

	J.H.E
Current assets	
Cash and cash equivalents	$ 3,782
Accounts receivable, net	14,670
Other receivables	20
Inventory	297
Other current assets	717
Non-current assets	
Property, plant and equipment	20,784
Right-of-use assets	9,094
Current liabilities	
Other payables	(766)
Non-current liabilities	
Other non-current liabilities	(44)
Net assets disposed of	$ 48,554

(3) Loss on disposal of subsidiary

	J.H.E
Consideration received	$ 51,171
Net assets disposed of	(48,554)
Cumulative exchange differences reclassified from equity to profit or loss following the loss of control in subsidiary	(6,604)
Loss on disposal	($ 3,987)

(4) Details of gain/loss from discontinued operations

	J.H.E
Operating revenues	$ 23,102
Operating costs	(29,038)
Gross profit (loss)	(5,936)
Selling expenses	(34)
Administrative expenses	(3,471)
Net operating loss	(9,441)
Other income	1,155
Other gains and losses	1
Loss before tax	(8,285)
Current losses	(8,285)
Loss from discontinued operations	($ 8,285)

(5) Net cash inflow from disposal of subsidiary

	J.H.E
Consideration received in cash and cash equivalents	$ 51,171
Less: Balance of cash and cash equivalents disposed of	(3,782)
Less: Amount received in 2021	(21,900)
	$ 25,489

27. Capital risk management

The Consolidated Entity 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 Consolidated Entity'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 Consolidated Entity may balance its capital structure by paying dividends, raising debts from financial institutions, or by repaying existing debts.

28. 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 consolidated balance sheet at book values that resemble their fair values.

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

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investment in equity instruments				
- Foreign public-listed securities	$ 1,265	$ -	$ -	$ 1,265
- Foreign unlisted securities	-	-	336	336
	$ 1,265	$ -	$ 336	$ 1,601

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investment in equity instruments				
- Foreign public-listed securities	$ 437	$ -	$ -	$ 437
- Foreign unlisted securities	-	-	1,061	1,061
	$ 437	$ -	$ 1,061	$ 1,498

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

2. Reconciliation of level 3 fair value assessment on financial instruments

2022

Financial assets	Equity instruments at fair value through profit or loss
Opening balance	$ 1,061
Recognized in profit or loss (Other gains and losses)	(816)
Foreign currency translation difference	(91)
Closing balance	$ 336

2021

Financial assets	Equity instruments at fair value through profit or loss
Opening balance	$ 2,646
Recognized in profit or loss (Other gains and losses)	(1,529)
Foreign currency translation difference	(56)
Closing balance	$ 1,061

3. Level 3 fair value measurement technique and input

Foreign unlisted shares were assessed using the asset approach.

(3) Types of financial instrument

	December 31, 2022	December 31, 2021
Financial assets		
Measured at fair value through profit or loss		
Mandatory at fair value throughout profit or loss	$ 1,601	$ 1,498
Financial assets carried at amortized cost (Note 1)	819,773	1,132,361
Financial liabilities		
Carried at amortized cost (Note 2)	411,226	796,993

Note 1: Balance includes cash and cash equivalents, financial assets carried at amortized cost, net notes and accounts receivable, other receivables (presented as other current assets), other receivables -related parties, and guarantee deposits paid (presented as other non-current assets).

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

(4) Purpose and policy of financial risk management

The Consolidated Entity 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 Consolidated Entity to credit risk, liquidity risk, and market risk.

The Consolidated Entity 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 Consolidated Entity is able to create a disciplined and constructive control environment to minimize the potential adverse effects of the above risks on the Consolidated Entity.

1. Market risk

    Business activities of the Consolidated Entity 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 Consolidated Entity manages and assesses market risk exposure of its financial instruments.

    (1) Exchange rate risk

        The Consolidated Entity is exposed to exchange rate risks for engaging in foreign currency denominated sales and purchases. In terms of risk management practice, the Consolidated Entity 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 31 for book values of monetary assets and liabilities that were denominated in currencies other than the functional currency as of the balance sheet date (including monetary items denominated in non-functional currencies that were eliminated over the course of consolidation).

        Sensitivity analysis

        The Consolidated Entity 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 Consolidated Entity. 1% is the rate of sensitivity adopted by the Consolidated Entity's management when making an 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 if NTD weakens against other currencies by 1%. Effects on pre-tax profit 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	$ 3,280	$ 3,823

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 fair value changes due to interest rate		
Financial assets	$ 103,960	$ 317,458
Financial liabilities	46,306	51,663
Risk of cash flow changes due to interest rate		
Financial assets	318,133	151,388
Financial liabilities	100,000	279,345

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$2,181 thousand and NT$(1,280) 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 Consolidated Entity.

(3) Other price risks

The Consolidated Entity is exposed to the risk of equity price variation due to investment in domestic and foreign listed equity securities. The Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity'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 consolidated balance sheet.

To mitigate credit risks, the Consolidated Entity 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 Consolidated Entity'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 Consolidated Entity may grant credit limits after taking into account external information. This practice ensures proper control of credit risks. Furthermore, the Consolidated Entity 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 Consolidated Entity being unable to settle financial liabilities with cash or other financial assets, or being unable to fulfill relevant obligations. The Consolidated Entity 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 Consolidated Entity. As at December 31, 2022 and 2021, the Consolidated Entity 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 Consolidated Entity 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	More than 5 years
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 71,034	$ 149,239	$ 88,749	$ 2,203	$ -
Lease liabilities	-	-	3,596	14,384	71,920
Floating rate instruments	-	-	100,111	-	-
	$ 71,034	$ 149,239	$ 192,456	$ 16,587	$ 71,920

Additional information for maturity analysis of lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liabilities	$ 3,596	$ 14,384	$ 17,980	$ 17,980	$ 17,980	$17,980

December 31, 2021

	Repayable upon demand or within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 113,544	$ 229,207	$ 172,626	$ 2,271	$ -
Lease liabilities	-	-	3,357	16,785	70,497
Floating rate instruments	109,514	15,314	155,121	-	-
	$ 223,058	$ 244,521	$ 331,104	$ 19,056	$ 70,497

Additional information for maturity analysis of lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liabilities	$ 3,357	$ 16,785	$ 16,785	$ 16,785	$ 16,785	$20,142

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.

29. Related party transactions

All transactions, account balances, income, expenses, and losses between the Company and subsidiaries (being the Company's related parties) have been eliminated during consolidation, and therefore were not disclosed in the footnote. In addition to disclosures made in other footnotes, the Consolidated Entity had the following transactions with other related parties.

(1) Name of related party and relationship

Name of related party	Relationship with the Consolidated Entity
Chuzhou Dingwang	Associated company
Unicomm Group Limited (U.G.L)	Substantive related party

(2) Related party receivables

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

(3) Disposal of other assets

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

(4) Loans to related parties

Presentation account	Name of related party	December 31, 2022	December 31, 2021
Other receivables - related party	Associated company	$ 2,097	$ 2,066

Short-term loans granted by the Consolidated Entity to associated companies bear lending rates that are equivalent to the market rate. All loans granted by the Consolidated Entity to associated companies are unsecured.

As at December 31, 2022 and 2021, all of the above balances receivable from associated companies (presented as Other receivables - related parties) bore interest.

(5) Other related party transactions

Presentation account	Name of related party	December 31, 2022	December 31, 2021
Other current liabilities	Chuzhou Dingwang	$ 80,447	$ 79,310

Chuzhou Dingwang passed a resolution during the shareholder meeting held in November 2020 to reduce capital by 78%. The Consolidated Entity received the refund of investment capital in November 2020, but because Chuzhou Dingwang had not completed the change of company registration, the proceeds received through capital reduction were temporarily presented as other current liabilities.

(6) Compensation to key management

	2022	2021
Short-term employee benefits	$ 6,769	$ 6,357
Retirement benefits	352	316
	$ 7,121	$ 6,673

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

30. 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

Accounts receivable financing represents bank borrowings that subsidiary - J.H.P had undertaken using accounts receivable from Ji-Haw Industrial Co., Ltd. as collateral. Balances of accounts receivable - related parties have been eliminated when preparing consolidated financial statements.

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

The following is a summarized presentation of foreign currencies used by various segments within the Consolidated Entity 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)	$ 336,858
USD	11,195	6.9647 (USD:RMB)	343,798
USD	20	34.3474 (USD:THB)	614

Foreign currency liabilities			
Monetary items			
USD	8,353	30.71 (USD:NTD)	256,521
USD	2,928	6.9647 (USD:RMB)	89,919
USD	223	34.3474 (USD:THB)	6,848

December 31, 2021

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 16,234	27.68 (USD:NTD)	$ 449,357
USD	14,756	6.3674 (USD:RMB)	408,446
USD	117	33.1616 (USD:THB)	3,239
Foreign currency liabilities			
Monetary items			
USD	12,083	27.68 (USD:NTD)	334,457
USD	4,728	6.3674 (USD:RMB)	130,871
USD	485	33.1616 (USD:THB)	13,425

USD represents the main source of exchange risk to the Consolidated Entity. The following information is presented in the functional currency of the respective foreign currency-holding entity. The exchange rates disclosed are the rates at which functional currencies are converted into the presentation currency. Foreign currency gains/losses of material impact (including realized and unrealized):

	2022		2021	
Functional currency	Functional and presentation currencies	Net gain/loss on exchange	Functional and presentation currencies	Net gain/loss on exchange
THB	0.86 (THB:NTD)	($ 501)	0.88 (THB:NTD)	$ 1,545
NTD	1 (NTD:NTD)	11,933	1 (NTD:NTD)	209
RMB	4.43 (RMB:NTD)	41,124	4.34 (RMB:NTD)	(5,273)
		$ 52,556		($ 3,519)

32. 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 the paid-up capital. (None)
5. Acquisition of real estate properties amounting to more than NT$ 300 million or 20% of the paid-up capital. (None)
6. Disposal of real estate properties amounting to more than NT$ 300 million or 20% of the paid-up capital. (None)
7. Sales and purchases to/from related parties amounting to more than NT$ 100 million or 20% of the paid-up capital. (Appendix 2)
8. Related party receivables amounting to more than NT$ 100 million or 20% of the paid-up capital. (Appendix 3)
9. Derivative transactions. (None)
10. Others: Major business dealings between the parent company and subsidiaries, and transactions between subsidiaries. (Appendix 4)

(2) Information on business investments (Appendix 5)

(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 6)
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 7)

33. Segment information

(1) Segment income and performance

The Consolidated Entity's income and business performance from continuing operations, reported by segments, are as follows:

	Segment revenues		Segment profit (loss)	
	2022	2021	2022	2021
Connecting wire	$ 1,481,451	$ 1,419,366	$ 96,302	($ 3,360)
Optic fiber	16,027	155,381	(14,993)	3,319
Net amount from continuing operations	$ 1,497,478	$ 1,574,747	81,309	(41)
Interest income			2,933	1,942
Other income			17,279	19,835
Other gains and losses			55,709	173,967
Financial costs			(4,447)	(4,775)
Share of profits/losses from equity-accounted associated companies			4	161
Administrative expenses			(113,840)	(94,256)
Gain on reversal of expected credit impairment loss			4,485	5,323
Profit before tax from continuing operations			$ 43,432	$ 102,156

All income reported above had arisen from transactions with external customers. No inter-segment sale took place in 2022 and 2021.

Segment gain refers to profits made by each segment. It excludes allocated amounts of interest income, other gains and losses, financial cost, share of profit/loss from equity-accounted associated companies, administrative expenses, expected credit impairment loss/reversal gain, and income tax expense. These amounts are reported to the decision maker for allocation of segment resources and evaluation of segment performance.

(2) Segment assets

Segment assets are shown as zero because carrying amounts of asset are not provided to the decision maker.

(3) Income from main products and services

Analysis of income from main products and services offered by Consolidated Entity's continuing operations:

	2022	2021
Connecting wire	$ 1,481,451	$ 1,419,366
Optic fiber	16,027	155,381
	$ 1,497,478	$ 1,574,747

(4) Regional disclosure

The Consolidated Entity and subsidiaries operate at three main locations - Taiwan, China, and Thailand. Revenues from continuing operations by region are presented below:

	Revenues from external customers	
	2022	2021
Taiwan	$ 694,370	$ 878,479
China	722,184	646,521
Thailand	80,924	49,747
	$ 1,497,478	$ 1,574,747

(5) Information on major customers

NT$582,030 thousand and NT$733,770 thousand of consolidated revenues in 2022 and 2021, respectively, were generated from key customers of the group.

Customers that individually accounted for more than 10% of the Consolidated Entity's revenues:

	2022	2021
Customer A	$ 211,315	$ 260,375
Customer B	207,262	259,190
Customer C	163,453	214,205
	$ 582,030	$ 733,770

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 the 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.

Note 3: All transactions listed above have been eliminated when preparing consolidated financial statements.

Ji-Haw Industrial Co., Ltd. and Subsidiaries

Related party receivables amounting to more than NT$ 100 million or 20% of the 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.

Note 2: All transactions listed above have been eliminated when preparing consolidated financial statements.

Ji-Haw Industrial Co., Ltd. and Subsidiaries

Major business dealings between the parent company and subsidiaries, and transactions between subsidiaries

2022

Appendix 4

Unit: NTD thousands unless specified otherwise

Serial No. (Note 1)	Name of transacting party	Transaction counterparty	Relationship with the transacting party (Note 2)	Transaction summary			
				Account	Amount	Transaction terms	As a percentage of consolidated revenues or total assets (%) (Note 3)
0	Ji-Haw Industrial Co., Ltd.	J.H.P	1	Processing expenses	$ 582,852	At agreed price	37%
		J.H.P	1	Accounts payable	241,811	150 days after month-end	8%

Note 1: 0 represents parent company; each subsidiary is numbered in sequential order starting from 1.

Note 2: 1 represents the Company to subsidiary.

Note 3: Calculation for transaction sum as a percentage of total consolidated revenues or total assets is explained as follows: for balance sheet items, percentage of period-end balance is calculated relative to consolidated total assets; for profit and loss items, percentage of cumulative amount is calculated relative to consolidated total revenues.

Note 4: All transactions listed above have been eliminated when preparing consolidated financial statements.

Ji-Haw Industrial Co., Ltd. and Subsidiaries

Investees' profile, location, and relevant information

2022

Appendix 5

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 6 for information relating to Mainland investees.

Note 3: Investment gains/losses between investees and net worth of equity-accounted investments and investees held by the respective investors have been fully eliminated when preparing the consolidated financial statements.

Ji-Haw Industrial Co., Ltd. and Subsidiaries

Information related to investments in Mainland China

2022

Appendix 6

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 thousand	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.

Note 5: With the exception of Chuzhou Dingwang, investment gains/losses between investees and net worth of equity-accounted investments and investees held by the respective investors have been fully eliminated when preparing the consolidated financial statements.

Ji-Haw Industrial Co., Ltd.

Information on Major Shareholders

December 31, 2022

Appendix 7

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 consolidated financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.