Stock Code: 3011

Ji-Haw Industrial, Co., Ltd., and Subsidiaries

Consolidated Financial Statements and External Auditor's Report

2023 and 2022

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Representation Letter

The companies to be included by the Company in the consolidated financial statement of affiliated companies in 2023 (from January 1 to December 31, 2023), pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those to be included into the consolidated financial statements of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10. Further, the related information to be disclosed in the consolidated financial statement of affiliates has been disclosed in said consolidated financial statements of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliated companies separately.

Stated hereby

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

Responsible person: Shih Hao-Chi

March 15, 2024

Independent Auditor's Report

To Ji-Haw Industrial Co., Ltd.:

Opinions

We have duly audited the consolidated balance sheet of Ji-Haw Industrial Co., Ltd. and its subsidiaries as of December 31, 2023 and 2022, and the consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated cash flow statement from January 1 to December 31, 2023 and 2022, as well as notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the aforementioned consolidated financial statements in all major respects are in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretation, or SIC Interpretation endorsed by the Financial Supervisory Commission. They are sufficient to adequately express the consolidated financial status of the Ji-Haw Industrial Co., Ltd. and its subsidiaries as of December 31, 2023 and 2022 and its consolidated financial performance and consolidated cash flow from January 1 through December 31, 2023 and 2022.

Basis of Audit Opinion

We are entrusted to conduct the audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Ji-Haw Industrial Co., Ltd. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Issues

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Ji-Haw Industrial Co., Ltd.

and its subsidiaries for the year 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements of Ji-Haw Industrial Co., Ltd. and its subsidiaries for the year 2023 are stated as follows:

<u>Recognition of sales revenue</u>

Ji-Haw Industrial Co., Ltd. and its subsidiaries are mainly engaged in the manufacturing, processing and trading of precision electronic connectors and sockets, connectors, wires, cables and various electronic components, as well as other industrial and commercial services. However, the overall market demand has declined this year, but the revenue for the sales to certain customers grew against the trend. As the amount and proportion of such increase are considered significant, we include the recognition of sales revenue from the customer as a key audit matter for Ji-Haw Industrial Co., Ltd. and its subsidiaries. For the accounting policies related to the recognition of operating revenue and relevant disclosure information, please refer to Notes 4 and 24 to the consolidated financial statements.

The main audit procedures that we have performed with respect to the above-mentioned key audit matters are as follows:

1. Understand and test the effectiveness of the design and implementation of the main internal control related to the sales revenue recognition.
2. In order to confirm the authenticity of the sales transactions, we select appropriate samples from the transaction details of customers with significant increase in sales revenue, check transaction vouchers, and confirm the fund remittance recipient and collection process.
3. Send letters to the balance of accounts receivable at the end of the year to customers with significant increases in sales revenue, and implement alternative procedures for those who fail to receive a confirmation in a timely manner, including checking the transaction vouchers and observing the post-period collection status.

Other Matters

Ji-Haw Industrial Co., Ltd. has prepared the parent company only financial statements for 2023 and 2022, and the audit reports with unqualified opinions that we have issued are on file for reference.

Responsibilities of the Management and Governance Body to the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial

Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management's responsibilities also include assessing the ability of the Ji-Haw Industrial Co., Ltd. and its subsidiaries to continue as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting, unless the management intends to liquidate Ji-Haw Industrial Co., Ltd. and its subsidiaries or cease operations, or has no other viable alternative but to liquidate or suspend business.

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

Responsibilities of the Auditor When Auditing Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Ji-Haw Industrial Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Based on the audit evidence obtained, conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Ji-Haw Industrial Co., Ltd. and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Ji-Haw Industrial, Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of Ji-Haw Industrial, Co., Ltd. and its subsidiaries for the year 2023. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Taiwan

Huang Yao-Lin, CPA

Approval reference number of Financial Supervisory Commission
Jin-Guan-Zheng-Shen-Zi No. 1060004806

Chou Shih-Chieh, CPA

Approval reference number of Financial Supervisory Commission
Jin-Guan-Zheng-Shen-Zi No. 1110348898

March 15, 2024

Ji-Haw Industrial, Co., Ltd., and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

Unit: NT$ thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 276,271	17	$ 397,756	24
1110	Current financial assets at fair value through profit or loss (notes 4 and 7)	19,669	1	1,265	-
1136	Current financial assets at amortized cost (notes 4 and 9)	18,041	1	26,795	2
1140	Contract assets - current (Notes 4 and 24)	4,213	-	-	-
1170	Notes and accounts receivable (Notes 4, 10, and 24)	384,248	23	386,932	23
130X	Inventories (Notes 4 and 11)	253,748	15	324,255	19
1470	Other current assets (Notes 19 and 31)	26,803	2	18,436	1
11XX	Total current assets	982,993	59	1,155,439	69
	Non-current Assets				
1510	Non-current financial assets at fair value through profit or loss (notes 4 and 7)	-	-	336	-
1535	Financial assets at amortized cost - non-current (Notes 4 and 9)	9,017	-	-	-
1550	Investments accounted for using equity method (notes 4 and 13)	20,826	1	98,965	6
1600	Property, plant and equipment (Notes 4, 14 and 32)	299,794	18	264,115	16
1755	Right-of-use assets (notes 4, 15 and 16)	61,106	4	39,044	2
1760	Investment property (Notes 4, 16, and 32)	84,930	5	86,927	5
1805	Goodwill (Notes 4 and 17)	97,188	6	-	-
1821	Intangible assets (Notes 4 and 18)	9,399	1	-	-
1840	Deferred income tax assets (Notes 4 and 26)	32,531	2	28,927	2
1990	Other non-current assets (Note 19)	64,288	4	4,001	-
15XX	Total non-current assets	679,079	41	522,315	31
1XXX	Total assets	$ 1,662,072	100	$ 1,677,754	100
Code	LIABILITIES AND EQUITY				
	Current liabilities				
2100	Short-term borrowings (Notes 20 and 32)	$ 310,500	19	$ 100,000	6
2130	Contract liabilities - current (Note 24)	135	-	-	-
2170	Notes and Accounts Payable	306,859	18	309,023	18
2200	Other payables (Note 21)	39,387	2	41,760	3
2230	Current income tax liabilities (Notes 4 and 26)	89	-	8,944	1
2280	Current lease liabilities (note 4 and 15)	9,101	1	935	-
2320	Long-term borrowings due within one year (Note 20)	3,140	-	-	-
2399	Other current liabilities (Note 31)	11,146	1	87,541	5
21XX	Total current liabilities	680,357	41	548,203	33
	Non-current liabilities				
2540	Long-term borrowings (Note 20)	10,908	1	-	-
2570	Deferred income tax liabilities (Notes 4 and 26)	22,990	1	54,895	3
2580	Non-current lease liabilities (note 4 and 15)	59,520	4	45,371	3
2640	Net defined benefit liabilities (Note 4 and 22)	886	-	823	-
2645	Guarantee deposits received (Note 4)	2,209	-	2,203	-
2670	Other non-current liabilities	6,949	-	6,286	-
25XX	Total non-current liabilities	103,462	6	109,578	6
2XXX	Total liabilities	783,819	47	657,781	39
	Equity (Notes 4 and 23)				
3100	Common shares	1,127,192	68	1,127,192	67
3200	Capital surplus	226,697	14	226,697	14
	Accumulated losses				
3310	Appropriated as legal capital reserve	23,586	2	23,586	1
3320	Special reserve	218,029	13	218,029	13
3350	Losses to be offset	(626,001)	(38)	(494,359)	(29)
3300	Total accumulated losses	(384,386)	(23)	(252,744)	(15)
3400	Other equity	(91,250)	(6)	(81,172)	(5)
3XXX	Total equity	878,253	53	1,019,973	61
	Total liabilities and equities	$ 1,662,072	100	$ 1,677,754	100

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

Chairman: Shih Hao-Ji General Manager: Lin Meng-Chieh Accounting Manager: Chen Po-Jung

Ji-Haw Industrial, Co., Ltd., and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NTD Thousand, but NTD for the loss per share

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue (Note 4 and 24)	$ 1,150,689	100	$ 1,497,478	100
5000	Operating costs (Notes 11 and 25)	1,007,204	87	1,306,737	87
5950	Gross profit	143,485	13	190,741	13
	Operating expenses (Notes 10, 22, and 25)				
6100	Selling expenses	76,411	7	58,822	4
6200	Administrative expenses	151,484	13	113,840	8
6300	R&D expenses	60,855	5	50,610	3
6450	Impairment loss (reversal) of expected credit loss	11,000	1	(4,485)	-
6000	Total operating expenses	299,750	26	218,787	15
6900	Operating loss	(156,265)	(13)	(28,046)	(2)
	Non-operating income and expenses				
7100	Interest revenue (Notes 25 and 32)	4,500	-	2,933	-
7010	Other income (Notes 15 and 25)	18,370	2	24,411	2
7020	Other gains and losses (Note 25)	(19,864)	(2)	48,577	3
7050	Finance costs (Note 25)	(5,016)	-	(4,447)	-
7060	Share of the profit of associates accounted for using equity method (note 4 and 13)	(17,719)	(2)	4	-
7000	Total non-operating income and expenses	(19,729)	(2)	71,478	5

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	Profit (loss) before tax	($ 175,994)	(15)	$ 43,432	3
7950	Income tax income (expense) (Notes 4 and 26)	44,598	4	(56,918)	(4)
8200	Net loss for the year	(131,396)	(11)	(13,486)	(1)
	Other comprehensive income				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plan (Note 4 and 22)	(308)	-	2,573	-
8349	Income tax related to items not reclassified into profit or loss (Notes 4 and 26)	62	-	(515)	-
8310		(246)	-	2,058	-
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences from the translation of financial statements of foreign operations (note 4)	(10,078)	(1)	21,111	2
8360		(10,078)	(1)	21,111	2
8300	Other comprehensive income (after tax)	(10,324)	(1)	23,169	2
8500	Total comprehensive income for the year	($ 141,720)	(12)	$ 9,683	1
	Loss per share (Note 27)				
9710	Basic	($ 1.17)		($ 0.12)	

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

Chairman: Shih Hao-Ji　　General Manager: Lin Meng-Chieh　　Accounting Manager: Chen Po-Rong

Ji-Haw Industrial, Co., Ltd., and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

				Accumulated losses			Other equity			
Code		Share capital – Ordinary shares	Capital surplus	Appropriated as legal capital reserve	Special reserve	Losses to be offset	Total	Exchange differences from the translation of financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total	Total equity
A1	Balance as of January 1, 2022	$ 1,127,192	$ 226,697	$ 23,586	$ 218,029	($ 482,931)	($ 241,316)	($ 88,283)	($ 14,000)	($ 102,283)	$ 1,010,290
D1	Net loss in 2022	-	-	-	-	(13,486)	(13,486)	-	-	-	(13,486)
D3	Other comprehensive income after tax in 2022	-	-	-	-	2,058	2,058	21,111	-	21,111	23,169
D5	Total comprehensive income in 2022	-	-	-	-	(11,428)	(11,428)	21,111	-	21,111	9,683
Z1	Balance as of 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
D1	Net loss in 2023	-	-	-	-	(131,396)	(131,396)	-	-	-	(131,396)
D3	Other comprehensive income after tax in 2023	-	-	-	-	(246)	(246)	(10,078)	-	(10,078)	(10,324)
D5	Total comprehensive income in 2023	-	-	-	-	(131,642)	(131,642)	(10,078)	-	(10,078)	(141,720)
Z1	Balance as of December 31, 2023	$ 1,127,192	$ 226,697	$ 23,586	$ 218,029	($ 626,001)	($ 384,386)	($ 77,250)	($ 14,000)	($ 91,250)	$ 878,253

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

Chairman: Shih Hao-Ji General Manager: Lin Meng-Chieh Accounting Manager: Chen Po-Rong

Ji-Haw Industrial, Co., Ltd., and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flows from operating activities		
A00010	Profit (loss) before tax	($ 175,994)	$ 43,432
A20010	Adjustments:		
A20100	Depreciation expense	35,942	35,171
A20200	Amortization Expenses	89	-
A20300	Impairment loss (reversal) of expected credit loss	11,000	(4,485)
A20900	Finance costs	5,016	4,447
A21200	Interest income	(4,500)	(2,933)
A20400	Loss (gain) on financial assets at FVTPL	(425)	1,021
A22300	Share of profit or loss of affiliated companies using the equity method	17,719	(4)
A22500	Loss (gain) on disposal of property, plants, and equipment	33,063	(1,257)
A23700	Reversal of write-down of inventories	(3,224)	(12,983)
A24100	Unrealized foreign currency exchange loss (gain)	(8,882)	4,015
	Changes in operating assets and liabilities		
A31125	Contract assets	(628)	-
A31150	Notes and Accounts Receivable	16,155	241,377
A31200	Inventories	77,406	26,948
A31240	Other current assets	(8,054)	14,287
A31250	Refundable deposits	(4,548)	1,520
A32125	Contract Liabilities	128	-
A32150	Notes and Accounts Payable	(7,446)	(197,238)
A32180	Other payables	(3,489)	(12,676)
A32240	Net defined benefit liabilities	(245)	(463)
A32230	Other current liabilities	2,316	25,684
A32990	Other operating liabilities	663	1,255
A33000	Cash generated from operations	(17,938)	167,118
A33300	Interest paid	(2,807)	(4,447)
A33500	Income tax received (paid)	351	(50,592)
AAAA	Net cash inflow (outflow) from operating activities	(20,394)	112,079

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Code		2023	2022
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized cost	($ 36,387)	($ 836)
B00050	Proceeds from the disposal of financial assets at amortized cost	36,352	65,232
B00100	Acquisition of financial assets at fair value through profit or loss	(40,615)	(962)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	23,551	-
B01800	Acquisition of long-term equity investment under equity method	(20,000)	-
B02200	Acquisition of subsidiaries	(90,480)	-
B02300	Proceeds from the disposal of subsidiaries	-	25,489
B02700	Acquisition of property, plants, and equipment	(108,429)	(13,560)
B02800	Proceeds from disposal of property, plants, and equipment	8,548	1,553
B04500	Acquisition of intangible assets	(9,452)	-
B05350	Acquisition of right-of-use assets	(964)	-
B06700	Increase in other non-current assets	(54,947)	(11)
B07500	Interest received	4,500	2,933
BBBB	Net Cash Inflow (outflow) From Investing Activities	(288,323)	79,838
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term borrowings	200,000	(179,345)
C01700	Repayment of long-term borrowings	(240)	-
C03000	Decrease (increase) in guarantee deposits received	6	(68)
C04020	Repayment of principal of lease liabilities	(2,316)	(896)
CCCC	Net cash inflow (outflow) from financing activities	197,450	(180,309)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(10,218)	3,517
EEEE	Net increase (decrease) in cash and cash equivalents	(121,485)	15,125
E00100	Cash and cash equivalents at beginning of period	397,756	382,631
E00200	Cash and cash equivalents at end of period	$ 276,271	$ 397,756

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

Chairman:
Shih Hao-Ji

General Manager:
Lin Meng-Chieh

Accounting Manager:
Chen Po-Rong

Ji-Haw Industrial, Co., Ltd., and Subsidiaries

Notes to the Consolidated Financial Statements

January 1 to December 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollars unless otherwise specified)

I. Organization and operations

Ji-Haw Industrial, Co., Ltd., (the “Company”) was incorporated on January 11, 1983. The major business activities of the Company are the sale and manufacturing of precision electric ports and sockets, connectors, electric wires and cables, electronics components, and other industrial and commercial services. The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) in July 2002.

The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency.

II. Date and procedure for adopting consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on March 13, 2024.

III. New standards, amendments, and interpretations adopted

(I) The first-time adoption of any International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as "IFRSs" below) that have been endorsed and issued into effect by the Financial Supervisory Commission ("FSC")

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC does not have material impact on the accounting policies of the Company and the entities controlled by the Company (hereinafter referred to as the "consolidated company").

(II) IFRSs approved by the FSC applicable in 2024

New IFRSs	The effective date of issuance by the International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16 Regarding "Lease Liability in A Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Contractual Clauses”	January 1, 2024
Amendments to IAS 7 and IFRS 7 regarding “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: 16 days after the initial application of IFRS, the amendments to IFRS 16 should be applied retroactively for all sales and leaseback transactions signed.

Note 3: Certain requirements on the disclosure may be exempted at the time of the Company's first application of the amendments.

As of the date the consolidated financial statements were approved for issue, the consolidated company continues to evaluate the impact of the amendments to the above standards and interpretations on its financial position and financial performance. The relevant impact will be disclosed when the evaluation is completed.

(III) IFRS accounting standards issued by the IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Amendments to IAS 21 "Lack of Convertibility".	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable for annual reporting periods beginning on or after January 1, 2025. When the amendment is first applied, the impact will be recognized in retained earnings as of the initial application date. When a non-functional currency is used as the presentation currency, the impact on the exchange differences of foreign operations under equity on the date of initial application will be adjusted.

As of the date the consolidated financial statements were approved for issue, the consolidated company continues to evaluate the impact of the amendments to the above standards and interpretations on its financial position and financial performance. The relevant impact will be disclosed when the evaluation is completed.

IV. Summary of significant accounting policies

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS accounting standard endorsed and issued into effect by the FSC.

(II) Basis of preparation

Except for the financial instruments measured at fair value and the net defined benefit liabilities recognized at the present value of the defined benefit obligation less the fair value of plan assets, the consolidated financial statements have been prepared on the basis of historical cost.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) Classification of current and noncurrent assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within twelve months after the reporting period; and
3. Cash and cash equivalents unless the asset is restricted from being used for an exchange or used to settle a liability for more than twelve months after the reporting period.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date (even if a long-term refinancing or payment rearrangement agreement has been completed after the balance sheet date and before the financial statements are approved for issue, they are also classified as current liabilities); and
3. Liabilities without an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as abovementioned are classified as noncurrent.

(IV) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the financial statements of the entities (subsidiaries) controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisitions up to the effective dates of disposals, as appropriate. The financial statements of the subsidiaries have been adjusted to align their accounting policies with those of the parent company. In the preparation of the consolidated financial statements, all inter-entity transactions, account balances, revenues, and expenses have been eliminated in full. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

For details of subsidiaries, percentage of ownership, and business items, please refer to Note 12 and Tables 5 and 6.

(V) Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are recognized at the rates of exchange prevailing at the dates of the transactions and are not retranslated.

In preparing the consolidated financial statements, the assets and liabilities of foreign operations are translated into NTD at the exchange rates prevailing on each balance sheet date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company and its subsidiaries' entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

(VI) Inventories

Inventories consists of raw materials, work-in-process, and finished goods. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

(VII) Investment in associates

An associate is an entity over which the Group and its subsidiaries have significant influence and that is not a subsidiary.

The Group uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the proportionate share of equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group’s proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Company and its subsidiaries’ share of equity of associates. If the Group’s ownership interest is reduced due to non-subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be a deduction to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is deducted from retained earnings.

When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any assets, including goodwill, that compose the carrying amount. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

The profit or loss arising from the countercurrent, downstream and side-stream transactions between the consolidated company and the associate is recognized in the consolidated financial statements only to the extent that it is irrelevant to the consolidated company's interest in the associate.

(VIII) Property, plants, and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

(X) Goodwill

The goodwill acquired in a business combination is based on the amount of goodwill recognized on the acquisition date as the cost, and the subsequent measurement is the amount of cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is amortized to each cash-generating unit or group of cash-generating units (referred to as "cash-generating unit") of the consolidated company that is expected to benefit from the synergy of the merger.

The cash-generating unit with amortized goodwill is tested for impairment annually (or when there is indication that the unit may have impaired) by comparing the carrying amount of the unit including goodwill and its recoverable amount. If the goodwill allocated to a cash-generating unit is obtained through a business combination in the current year, the unit should be tested for impairment before the end of the current year. If the recoverable amount of the cash-generating unit of the assessed goodwill is lower than its carrying value, the impairment losses are to first reduce the carrying value of the cash-generating unit's assessed goodwill, and then reduce the carrying value of each asset in proportion to the carrying value of the other assets in the unit. Any impairment losses are directly recognized as losses for the current year. Goodwill impairment losses shall not be reversed in subsequent periods.

When disposing of a certain operation within the cash-generating unit of the assessed goodwill, the amount of goodwill related to the dispositioned operation is included in the carrying amount of the operation to determine the disposition profit and loss.

(XI) Intangible Assets

Intangible assets with limited useful life acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized using the straight-line method over the useful lives. The consolidated company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, while applying the effects of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

(XII) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets (excluding goodwill)

The consolidated company assesses at each balance sheet date whether there are any signs of possible impairment in property, plant and equipment, right-of-use assets, investment property and intangible assets (excluding goodwill). If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(XIII) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities not at fair value through profit or loss are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

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

(1) Measurement category

The financial assets held by the consolidated company are those at fair value through profit or loss (FVTPL) and at amortized cost, as well as investments in equity instruments at fair value through other comprehensive income (FVTOCI).

A. Financial Assets at Fair Value Through Profit or Loss

Financial asset at FVTPL is measured at FVTPL. Financial assets classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, and refundable deposits, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for the following two situations:

a. The interest revenue of purchased or originated credit-impaired financial assets shall be calculated by applying the effective interest rate to the amortized cost of a financial asset.
b. For those financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. The interest revenue shall be calculated by applying the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets become credit-impaired when the following events occur: the significant financial difficulty of the issuer or the borrower; a breach of contract; it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, high liquidity, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI.

Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets and contract assets

The consolidated company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) and contract assets based on the expected credit loss at each balance sheet date.

Accounts receivable and contract assets are recognized in loss allowance based on lifetime expected credit losses. For other financial assets, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month expected credit losses represent the portion of lifetime expected credit losses that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.
In contrast, the lifetime expected credit losses represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For internal risk management purpose, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

A. Internal or external information shows that the debtor is unlikely to pay its creditors.

B. Past due more than 90 days, unless there is reasonable evidence as the appropriate reason for the delay.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account,

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

3. Financial liabilities

(1) Subsequent measurement

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

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(XIV) Revenue recognition

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1. Revenue from sale of goods

   Revenue comes from the sale of various electronic components. Sales revenue is recognized when the customer obtains the control of good, i.e. when the good is delivered to the buyer, the buyer has discretion in establishing the sales price and channel for the specified good and there is no unsatisfied performance obligation of the Group that may impact the recognition of revenue and accounts receivable at the customer's acceptance. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Group has objective evidence that all criteria for acceptance have been satisfied.

2. Revenue from software development projects

   The software development project contracts of the consolidated company are recognized in revenue according to the progress of completion. Since the cost of development man-hours invested is directly related to the degree of completion of the performance obligation, the Consolidated company measures the progress of completion based on the ratio of the actual input cost to the expected total cost. Estimates of revenue, cost and level of completion will be revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. The consolidated company gradually recognizes contract assets and project revenue during the development process, and reclassifies it to accounts receivable when billing. If the amount received exceeds the amount of revenue recognized, the difference is recognized as contract liability.

   If the result of the performance obligation cannot be measured reliably, the project revenue is only recognized to the extent that the cost incurred to meet the performance obligation is expected to be recoverable.

3. Software information service revenue

   The consolidated company provides enterprise software information services, and recognizes labor service revenue and licensing revenue during the financial reporting period of the provision of labor services and software licensing. According to the contractual method, the fixed price contracts are based on the proportion of the actual service period to the total service period, and the revenue is recognized over time; the non-fixed price contracts are recognized as revenue according to the actual consumption.

(XV) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The sublease shall be classified by reference to the right-of-use asset rather than by reference to the underlying asset. If the head lease is a short-term lease that the entity has accounted for applying a recognition exemption, the sublease shall be classified as an operating lease.

Under an operating lease, lease payment after the deduction of lease incentives is recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets except for those meeting the definition of investment properties. Please refer to the accounting policies of investment properties for the recognition and measurement of right-of-use assets meeting the definition of investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments (including fixed payments). The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. lease liabilities are presented on a separate line in the consolidated balance sheets.

(XVI) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest, and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Group's defined benefit plan. The net defined benefit assets shall not exceed the present value of the refundable contributions from the plan or the reduced future contributions.

(XVII) Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

1. Current tax

The Group's income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. The initial recognition of assets and liabilities that are not part of a business consolidation affects neither taxable income nor accounting profits, and the transaction does not generate equivalent taxable and deductible temporary differences. The temporary differences generating therefor are not recognized as deferred income tax assets and liabilities. Meanwhile, the taxable temporary differences arising from the initial recognition of goodwill are not recognized as deferred income tax liabilities.

Deferred tax liabilities are generally recognized for all deductible temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity are recognized in the other comprehensive profit or loss or directly included in the equity.

V. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The accounting policies, estimates and basic assumptions adopted by the consolidated company have been evaluated by the management of the consolidated company and are free of significant accounting judgments, estimates and assumptions uncertainty.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 1,168	$ 1,559
Checking accounts and demand deposits	98,013	319,032
Cash equivalents (investment with original maturity date of less than 3 months)		
Time deposits	177,090	77,165
	$ 276,271	$ 397,756

VII. Financial instruments at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets – current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
- Overseas (OTC) stock	$ 1,634	$ 1,265
- Fund beneficiary certificate	18,035	-
	$ 19,669	$ 1,265
Financial assets – non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
- Foreign unlisted (OTC) stock	$ -	$ 336

VIII. Financial Assets at Fair Value Through Other Comprehensive Income

These investments in ordinary shares of Chunghwa Picture Tubes, Ltd., Soyo Link Energy Co., Ltd., Li Wang Technology Co., Ltd., and S SQUARE SYSTEM LTD., are held for medium to long-term strategic purposes. The management elected to designate these investments as FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The Group is unable to recover the investment costs as Chunghwa Picture Tubes, Ltd., Soyo Link Energy Co., Ltd., and Li Wang Technology Co., Ltd., have discontinued their operation and S SQUARE SYSTEM LTD., has been incurring losses for several years. Their fair value was assessed to be zero.

IX. Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current		
Foreign investments		
Time deposits with original maturities of more than 3 months	$ 18,041	$ 26,795
Non-current		
Foreign investments		
Time deposits with original maturities of more than 12 months	$ 9,017	$ -

As of December 31, 2023 and 2022, the market interest rate ranges for time deposits with original maturities over 3 months were 0.60% to 2.23% and 0.15% to 1.00% per annum, respectively.

As of December 31, 2023, the market interest rate for time deposits with original maturity over 12 months was 1.70% per annum.

X. Notes and Accounts Receivable

	December 31, 2023	December 31, 2022
Notes receivable		
Measured at amortized cost	$ 3,978	$ 441
Accounts receivable		
Measured at amortized cost		
Gross carrying amount	402,583	394,030
Less: allowance	(22,313)	(7,539)
	380,270	386,491
Notes and Accounts Receivable	$ 384,248	$ 386,932

Accounts receivable

The Group's average credit period for sales is 30 to 165 days, and the accounts receivable do not accrue interest. The rating of major customers is given by using public financial information that is readily available and historical transaction records. The Group’s credit exposures and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty credit limits that are reviewed and approved by the management annually.

In order to reduce the credit risk, the Group assigns a team responsible for the determination and approval of credit limits and takes other monitoring measures to ensure that proper actions have been taken to recover the overdue accounts receivable. Additionally, the Group reviews the recoverable amount of receivables one by one on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables. Accordingly, the management of the Company believes that the Group’s credit risk has been significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provisions for all trade receivables. The expected credit losses on trade receivables are estimated considering the past default experience of the debtor and the debtor’s current financial position. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activities to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables:

December 31, 2023

	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 91 days past	Total
Expected credit loss rate	0.28%	14.81%	18.80%	44.36%	100.00%	
Gross carrying amount	$ 354,538	$ 20,849	$ 9,042	$ 2,917	$ 15,237	$ 402,583
Loss allowance (lifetime ECL)	(994)	(3,088)	(1,700)	(1,294)	(15,237)	(22,313)
Amortized cost	$ 353,544	$ 17,761	$ 7,342	$ 1,623	$ -	$ 380,270

December 31, 2022

	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 91 days past	Total
Expected credit loss rate	0.25%	1.01%	4.68%	0.00%	100.00%	
Gross carrying amount	$ 371,323	$ 12,753	$ 3,655	$ 1	$ 6,298	$ 394,030
Loss allowance (lifetime ECL)	(941)	(129)	(171)	-	(6,298)	(7,539)
Amortized cost	$ 370,382	$ 12,624	$ 3,484	$ 1	$ -	$ 386,491

The movements of the loss allowance of trade receivables were as follows:

	2023	2022
Balance, beginning of year	$ 7,539	$ 12,380
Plus: Impairment loss recognized for the current year	11,000	-
Less: Reversal	-	(4,485)
Less: Written off	-	(574)
Acquisition of subsidiaries	4,114	-
Effect of foreign currency exchange difference	(340)	218
Balance, end of year	$ 22,313	$ 7,539

XI. Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 170,193	$ 191,745
Work in process	17,203	37,035
Raw materials	66,352	95,475
	$ 253,748	$ 324,255

The operating cost related to inventories of the consolidated company includes the inventory loss recognized by offsetting the inventory cost to the net realizable value and the inventory reversal profit recognized by the increase in net realizable value during the financial reporting period. The amounts are listed as follows:

	2023	2022
Gain on net inventory recovery	$ 3,224	$ 12,983

XII. Subsidiaries

Subsidiaries included in the consolidated financial statements

The entities included in the preparation of these consolidated financial statements are as follows:

Investor	Name of subsidiary	Nature of business activities	Proportion of Ownership (%) December 31, 2023	Proportion of Ownership (%) December 31, 2022	Remarks
Ji-Haw Industrial, Co., Ltd.	Ji-Haw Artificial Intelligence Technology (Kunshan) Co.,Ltd. (hereinafter referred to as J.H.K)	Manufacturing and trading of computer cables or plugs	100.00	100.00	Note 1
	J.B.T Industrial Co., Ltd. (hereinafter referred to as J.B.T)	Manufacturing and trading of computer cables or plugs	100.00	100.00	-
	Ji-Haw Opto-Electrical (Kunshan) Co., Ltd. (hereinafter referred to as J.H.P)	Manufacturing and trading of precision ceramics, precision molds, and computer cables and plugs	40.48	40.48	Note 2
	Ji-Haw Investment Co., Ltd. (hereinafter referred to as J.H.I.)	Investing in overseas financial products and stocks	100.00	100.00	-
	JI-HAW TECHNOLOGY VN CO., LTD (hereinafter referred to as J.H.V)	Manufacturing and trading of computer cables or plugs	100.00	-	Note 3
	CHINTEK INC. (hereinafter referred to as CHINTEK)	Software development and design	100.00	-	Note 4
J.B.T	J.H.P	Manufacturing and trading of precision ceramics, precision molds, and computer cables and plugs	59.52	59.52	Note 2

Note 1: The Company was renamed from "Ji-Haw Electronics (Kunshan) Co., Ltd." to "Ji-Haw Artificial Intelligence Technology (Kunshan) Co.,Ltd." on September 25, 2023.

Note 2: 40.48% held directly by the Company and 59.52% held directly by the 100% owned subsidiary, J.B.T.

Note 3: In response to the market demand, the Company completed the registration of its incorporation on September 27, 2023.

Note 4: In order to expand the products and markets of the in-vehicle business, the consolidated company acquired 100% equity of the company at the price of

NT$98,000 thousand in cash on October 27, 2023. Please refer to Note 28 for details.

XIII. Investments accounted for using equity method

Investment in associates

	December 31, 2023	December 31, 2022
Individual non-significant associates		
Chuzhou Dingwang Investment Development Co., Ltd. (hereinafter referred to as Chuzhou Dingwang)	$ 1,672	$ 98,965
CERMAX CO., LTD. (hereinafter referred to as CERMAX)	19,154	-
	$ 20,826	$ 98,965

The proportion of the Group's ownership in the equity and voting rights of associates on the balance sheet date was as follows:

Investee	December 31, 2023	December 31, 2022
Chuzhou Dingwang	39.00%	39.00%
CERMAX	25.04%	-

For the main business items of the above-mentioned associates, please refer to Table 5 "Information on Investees, Location, etc." and Table 6 "Information on Investments in Mainland China."

In 2023, the consolidated company acquired CERMAX as an individually insignificant associate at the price of NT$20,000 thousand in cash. The goodwill generated from the acquisition of these companies, NT$14,075 thousand, is stated into the cost of investment in associates.

Financial information about associates was as follows:

	2023	2022
The Group's share of		
Net income (loss) and total comprehensive income for the year	($ 17,719)	$ 4

XIV. Property, plants, and equipment

	Proprietary Land	Buildings	Machinery and equipment	Transportation Equipment	Other equipment	Total
Cost						
Balance on January 1, 2023	$ 92,044	$ 296,588	$ 501,834	$ 19,040	$ 110,385	$ 1,019,891
Additions	96,179	426	10,088	741	995	108,429

Disposals	-	-	(234,672)	(4,039)	(48,527)	(287,238)
Acquisition of subsidiaries	-	-	-	818	375	1,193
Reclassified	-	(149)	-	-	-	(149)
Net exchange differences	31	(3,763)	242	(122)	(571)	(4,183)
Balance as of December 31, 2023	$ 188,254	$ 293,102	$ 277,492	$ 16,438	$ 62,657	$ 837,943
Accumulated Depreciation						
Balance on January 1, 2023	$ -	$ 232,559	$ 412,359	$ 14,378	$ 96,480	$ 755,776
Depreciation expense	-	12,363	14,484	1,221	2,320	30,388
Disposals	-	-	(198,238)	(3,582)	(43,807)	(245,627)
Acquisition of subsidiaries	-	-	-	605	169	774
Net exchange differences	-	(3,140)	588	(111)	(499)	(3,162)
Balance as of December 31, 2023	$ -	$ 241,782	$ 216,030	$ 12,511	$ 54,663	$ 538,149
Net on December 31, 2023	$ 188,254	$ 51,320	$ 61,462	$ 3,927	$ 7,994	$ 299,794
Cost						
Balance as of January 1, 2022	$ 91,796	$ 288,284	$ 522,140	$ 19,082	$ 108,013	$ 1,029,315
Additions	-	3,706	6,379	1,077	2,398	13,560
Disposals	-	-	(40,645)	(1,479)	(2,016)	(44,140)
Reclassified	-	(1,297)	-	-	-	(1,297)
Net exchange differences	248	5,895	13,960	360	1,990	22,453
Balance as of December 31, 2022	$ 92,044	$ 296,588	$ 501,834	$ 19,040	$ 110,385	$ 1,019,891

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	Proprietary Land	Buildings	Machinery and equipment	Transportation Equipment	Other equipment	Total
Accumulated Depreciation						
Balance as of January 1, 2022	$ -	$ 215,783	$ 425,384	$ 14,359	$ 93,615	$ 749,141
Depreciation expense	-	12,266	14,960	1,215	3,068	31,509
Disposals	-	-	(40,468)	(1,431)	(1,945)	(43,844)
Net exchange differences	-	4,510	12,483	235	1,742	18,970
Balance as of December 31, 2022	$ -	$ 232,559	$ 412,359	$ 14,378	$ 96,480	$ 755,776
Net Balance as of December 31, 2022	$ 92,044	$ 64,029	$ 89,475	$ 4,662	$ 13,905	$ 264,115

The above items of property, plants, and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	5-24 years
Machinery and equipment	5-20 years
Transportation Equipment	3-20 years
Other equipment	1-33 years

Depreciation is calculated over the estimated useful life of 5 to 24 years for each material component of buildings which includes the main building, electrical and mechanical construction, and improvements.

For the amount of property, plant and equipment pledged for loans, please refer to Note 32.

XV. Lease agreement

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amounts		
Land	$ 37,703	$ 39,044
Buildings	14,940	-
Transportation Equipment	8,463	-
	$ 61,106	$ 39,044

	2023	2022
Additions to right-of-use assets	$ 21,982	$ -
Depreciation charge for right-of-use assets		
Land	$ 1,483	$ 1,423
Buildings	982	-
Transportation Equipment	769	-
	$ 3,234	$ 1,423
Revenue from sublease of right-of-use assets (recognized as other income)	($ 6,562)	($ 7,136)

Except for the above additions and recognized depreciation expenses, there was no significant sublease or impairment of the consolidated company's right-of-use assets in 2023 and from January 1 to December 31, 2022.

The land leased by the Group in Thailand is subleased under operating leases. Related right-of-use assets are reported as investment properties and set out in Note 16. Right-of-use assets disclosed above do not include those meeting the definition of investment properties.

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of the lease liabilities		
Current	$ 9,101	$ 935
Non-current	$ 59,520	$ 45,371

Range of discount rates for lease liabilities was as follows:

	December 31, 2023	December 31, 2022
Land	4.46%	4.46%
Buildings	1.84%~2.10%	-
Transportation Equipment	2.10%~5.22%	-

(III) Other lease information

Lease arrangements under operating leases for the leasing out of property, plants, and equipment and investment properties are set out in Note 16.

	2023	2022
Total Cash Outflow From Leases	$ 4,471	$ 3,711

XVI. Investment properties

	Proprietary Land	Right-of-use assets	Buildings	Total
Cost				
Balance on January 1, 2023	$ 60,240	$ 19,408	$ 52,245	$ 131,893
Disposals	-	(1,922)	-	(1,922)
From property, plant and equipment	-	-	149	149
Net exchange differences	-	162	174	336
Balance as of December 31, 2023	$ 60,240	$ 17,648	$ 52,568	$ 130,456

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	Proprietary Land	Right-of-use assets	Buildings	Total
Accumulated Depreciation				
Balance on January 1, 2023	$ -	$ 2,557	$ 42,409	$ 44,966
Disposals	-	(1,922)	-	(1,922)
Depreciation expense	-	653	1,667	2,320
Net exchange differences	-	20	142	162
Balance as of December 31, 2023	$ -	$ 1,308	$ 44,218	$ 45,526
Net on December 31, 2023	$ 60,240	$ 16,340	$ 8,350	$ 84,930
Cost				
Balance as of January 1, 2022	$ 60,240	$ 18,670	$ 49,624	$ 128,534
From property, plant and equipment	-	-	1,297	1,297
Net exchange differences	-	738	1,324	2,062
Balance as of December 31, 2022	$ 60,240	$ 19,408	$ 52,245	$ 131,893
Accumulated Depreciation				
Balance as of January 1, 2022	$ -	$ 1,782	$ 39,689	$ 41,471
Depreciation expense	-	620	1,619	2,239
Net exchange differences	-	155	1,101	1,256
Balance as of December 31, 2022	$ -	$ 2,557	$ 42,409	$ 44,966
Net Balance as of December 31, 2022	$ 60,240	$ 16,851	$ 9,836	$ 86,927

The land leased by the Group in Thailand is subleased under operating leases and reported as right-of-use assets in investment properties.

The lease term of investment properties is 1 to 2 years with the option to extend. The rent will be adjusted based on market price when the lessee exercises the option to renew, which is included in the terms of all lease contracts. The lessee is not granted the bargain purchase option at the end of lease term.

Lease payments receivable under operating leases of investment properties in the future was as follows:

	December 31, 2023	December 31, 2022
Year 1	$ 8,967	$ 10,389
Year 2	645	4,295
	$ 9,612	$ 14,684

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Right-of-use assets	30 years
Buildings	5-24 years

Depreciation is calculated over the estimated useful life of 5 to 24 years for each material component of buildings which includes the main building, electrical and mechanical construction, and improvements.

The fair value of the Group's investment property situated in Taiwan has been initially valued by an independent valuer and measured with Level 3 input value by the management of the Group on each subsequent balance sheet date. The evaluation is based on the evaluation of the above-mentioned independent appraiser, with reference to market evidence of real estate transaction prices in the neighboring region, and regularly evaluates the fair value of the consolidated company's investment properties. The fair value derived from evaluation is as follows:

	December 31, 2023	December 31, 2022
Land and buildings held under freehold interests	$ 279,634	$ 279,540

As the investment property in Thailand is located on state-owned industrial land, there are no active transactions in the comparative market nor alternative reliable measurement of fair value. Therefore, the Group concluded that the fair value of the investment properties is not reliably measurable.

Please refer to Note 32 for the amount of investment property pledged for loans.

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31, 2023	December 31, 2022
Lease commitments for investment properties	$ 9,612	$ 14,684

XVII. Goodwill

	2023	2022
Cost		
Balance, beginning of year	$ -	$ -
Acquired through business combination in the current year (Note 28)	97,188	-
Balance, end of year	$ 97,188	$ -
Accumulated impairment loss		
Balance, end of year	$ -	$ -
Net, end of year	$ 97,188	$ -

XVIII. Intangible Assets

	Software licensing	Technology licensing	Computer Software	Total
Cost				
Balance on January 1, 2023	$ -	$ -	$ -	$ -
Acquired separately	8,513	939	-	9,452
Acquisition of subsidiaries	-	-	470	470
Balance as of December 31, 2023	$ 8,513	$ 939	$ 470	$ 9,922
Accumulated Amortization				
Balance on January 1, 2023	$ -	$ -	$ -	$ -
Amortization Expenses	71	-	18	89
Acquisition of subsidiaries	-	-	434	434
Balance as of December 31, 2023	$ 71	$ -	$ 452	$ 523
Net on December 31, 2023	$ 8,442	$ 939	$ 18	$ 9,399

The consolidated company holds the license of AI-related software. As of December 31, 2023, the carrying amount was NT$8,442 thousand and will be fully amortized within 10 years.

Amortization expenses are accrued on a straight-line basis over the following useful lives:

Software licensing	10 years
Technology licensing	10 years
Computer Software	3 years

Summary of amortization expenses by function:

	2023	2022
Operating costs	$ 71	$ -
R&D expenses	18	-
	$ 89	$ -

XIX. Other Assets

	December 31, 2023	December 31, 2022
Prepayments for land, building and construction	$ 54,627	$ -
Prepayments	18,418	7,412
Refundable deposits	7,884	3,336
Excess VAT paid	5,878	5,635
Other receivables	1,882	2,857
Prepayments for equipment	1,777	665
Income tax refund receivable (Note 26)	625	435
Other receivables - Related parties (Note 31)	-	2,097
	$ 91,091	$ 22,437

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	December 31, 2023	December 31, 2022
Current	$ 26,803	$ 18,436
Non-current	64,288	4,001
	$ 91,091	$ 22,437

XX. Borrowings

(I) Short-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings (Note 32)		
Bank borrowing	$ 310,500	$ 100,000

As of December 31, 2023 and 2022, the annual interest rates for revolving bank borrowings ranged from 1.99% to 2.74% and 2.24%, respectively.

(II) Long-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings		
Bank borrowing	$ 14,048	$ -
Less: portion due within 1 year	(3,140)	-
Long-term borrowings	$ 10,908	$ -

The balance of long-term borrowings as of December 31, 2023 was repaid on a monthly basis with a maturity period of July 2028. As of December 31, 2023, the effective interest rate was 2.095%.

XXI. Other payables

	December 31, 2023	December 31, 2022
Payables for salaries	$ 20,357	$ 16,582
Payables for expenses	17,970	24,284
Payables for taxes	1,060	894
	$ 39,387	$ 41,760

XXII. Post-retirement benefit plan

(I) Defined contribution plan

The Company of the Group adopted a pension plan under the Labor Pension Act (the “LPA”), a state-managed defined contribution plan. Under the LPA, the entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

The J.B.T, J.H.K, J.H.P, and CHINTEK within the consolidated company adopt a defined contribution retirement plan. A certain percentage of the pension fund appropriated from the employees' salaries is deposited into the retirement fund account.

The dedicated account is managed by the local statutory insurance agency. Upon retirement, employees will receive funds and relative yield from the special account.

J.H.I and J.H.V within the consolidated company have not yet set forth their employee retirement regulations.

(II) Defined benefit plans

The defined benefit plan adopted by the Company of the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 5.8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor. The Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect to the Group's defined benefit plans were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 1,935	$ 7,522
Fair value of plan assets	(1,049)	(6,699)
Net defined benefit liabilities	$ 886	$ 823

Movements in net defined benefit liabilities were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2022	$ 9,425	($ 5,566)	$ 3,859
Current service cost	75	-	75
Net interest expense	45	-	45
Expected return on plan assets	-	(28)	(28)
Recognized in profit or loss	120	(28)	92

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Remeasurement			
Actuarial profit or loss - changes in assumptions	($ 951)	($ 550)	($ 1,501)
Actuarial profit or loss - changes in experience	(1,072)	-	(1,072)
Recognized in other comprehensive income	(2,023)	(550)	(2,573)
Contributions from the employer	-	(555)	(555)
Balance as of December 31, 2022	$ 7,522	($ 6,699)	$ 823
Balance on January 1, 2023	$ 7,522	($ 6,699)	$ 823
Current service cost	66	-	66
Net interest expense	127	-	127
Expected return on plan assets	-	(118)	(118)
Recognized in profit or loss	193	(118)	75
Remeasurement			
Actuarial profit or loss - changes in assumptions	102	22	124
Actuarial profit or loss - changes in experience	184	-	184
Recognized in other comprehensive income	286	22	308
Contributions from the employer	-	(320)	(320)
Benefits paid	(6,066)	6,066	-
Balance as of December 31, 2023	$ 1,935	($ 1,049)	$ 886

An analysis by function of the amounts recognized in profit or loss in respect to the defined benefit plans is as follows:

	2023	2022
Administrative expenses	$ 75	$ 92

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1. Investment risk: The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
2. Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.222%	1.694%
Expected return on plan assets	1.222%	1.694%
Expected rate of salary increase	0.500%	0.500%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 55)	($ 186)
0.25% decrease	$ 57	$ 192
Expected rate of salary increase		
0.25% increase	$ 56	$ 192
0.25% decrease	($ 54)	($ 187)
Expected return on plan assets		
0.25% increase	($ 1)	($ 1)
0.25% decrease	$ 1	$ 1

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2023	December 31, 2022
The expected contributions to the plan for the next year	$ 230	$ 558
The average duration of the defined benefit obligation	11.75 years	10.29 years

XXIII. EQUITY

(I) Share capital – Ordinary shares

	December 31, 2023	December 31, 2022
Number of shares authorized (in thousands)	180,000	135,000
Amount of shares authorized	$ 1,800,000	$ 1,350,000
Number of shares issued and fully paid (in thousands)	112,719	112,719
Amount of shares issued	$ 1,127,192	$ 1,127,192

Fully paid ordinary shares, with a par value of NT$10, each of which carries one vote per share and carry a right to receive dividends. The portion of authorized capital reserved for the issuance of employee stock options is 27,000,000 shares.

(II) Capital surplus

	December 31, 2023	December 31, 2022
It may be used to offset losses, distribute cash, or allocate to share capital.		
Additional paid-in capital	$ 200,025	$ 200,025
Treasury share transactions	25,915	25,915
Donated assets received	757	757
	$ 226,697	$ 226,697

The capital surplus could be used to offset a deficit and distribute as cash dividends or transfer to capital when the Company has no deficit (limited to a certain percentage of the Company's paid-in capital and once a year).

(III) Retained earnings and dividend policy

According to the earnings distribution policy in the Company's Articles of Incorporation, if there is a profit in the Company's annual final accounts, it shall first pay tax and make up for the accumulated losses of the past years, and then appropriate 10% as the legal reserve, unless the legal reserve has reached the amount of the Company's paid-in capital. Meanwhile, the special reserve shall be appropriated or reversed subject to the Company's business needs or in accordance with the law. If there is any surplus, 10%~100% of the remaining balance, plus the accumulated undistributed earnings in previous years, shall be appropriated based on the distribution proposal drafted by the Board of Directors and resolved by a shareholders' meeting. Please refer to Note 25(7) for the policy on the distribution of employees' and directors' remuneration as stipulated in the Company's Articles of Incorporation.

The cash dividend shall not be less than 30% of the total dividend. However, if the cash dividend per share is less than NT$0.1, it may be changed to a stock dividend. The percentage of earnings distribution may be adjusted based on the actual profit, capital budget and fund status of the current year.

Appropriation of earnings to the legal reserve could be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. When the company has no losses, the portion of the statutory surplus reserve exceeding 25% of the total paid-in capital may be used for capitalization, and the remainder may be distributed in cash.

The company held shareholder meetings on June 29, 2023, and June 20, 2022, respectively, and passed resolutions for the appropriation of losses for the years 2022 and 2021.

The loss compensation proposed by the Company's Board of Directors on March 13, 2024 is expected to be resolved at the annual general meeting in June 2024.

XXIV. Revenue

	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	$ 1,149,729	$ 1,497,478
Project, licensing, and labor service income	960	-
	$ 1,150,689	$ 1,497,478

(I) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (note 10)	$ 402,583	$ 394,030	$ 639,838
Contract assets			
Sales of goods	$ 4,213	$ -	$ -
Contract Liabilities			
Sales of goods	$ 135	$ -	$ -

Changes in contract assets and contract liabilities are mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

The consolidated company recognizes loss allowance for contract assets based on lifetime expected credit losses. The contract assets will be reclassified as accounts receivable when the bill is issued, and the credit risk characteristics are the same as the accounts receivable generated from similar contracts. Therefore, the consolidated company believes that the expected credit loss rate of accounts receivable can also be applied to contracts assets.

	December 31, 2023	December 31, 2022
Expected credit loss rate	-	-
Gross carrying amount	$ 4,213	$ -
Loss allowance (lifetime ECL)	-	-
	$ 4,213	$ -

(II) Explanation on contracts with customers

For the breakdown of revenue from contracts with customers, please refer to Note 36.

XXV. Net profit

(I) Interest income

	2023	2022
Bank deposits	$ 4,485	$ 2,933
Others	15	-
	$ 4,500	$ 2,933

(II) Other income

	2023	2022
Rental income	$ 15,890	$ 17,279
Others	2,480	7,132
	$ 18,370	$ 24,411

(III) Other gains and losses

	2023	2022
Gain (loss) on disposal of property, plant and equipment	($ 33,063)	1,257
Net foreign exchange gain	14,202	52,556
Gain (loss) arising from financial assets and financial liabilities		
Financial assets mandatorily classified as FVTPL	425	(1,021)
Others	(1,428)	(4,215)
	($ 19,864)	$ 48,577

(IV) Finance costs

	2023	2022
Interest expense from bank borrowing	$ 2,807	$ 1,632
Interest expense from lease liabilities	2,209	2,815
	$ 5,016	$ 4,447

(V) Depreciation and amortization

	2023	2022
Property, plants, and equipment	$ 30,388	$ 31,509
Investment properties	2,320	2,239
Right-of-use assets	3,234	1,423
Intangible Assets	89	-
Total	$ 36,031	$ 35,171
Analysis of depreciation by function		
Operating costs	$ 21,310	$ 22,859
Operating expenses	12,312	10,073
Other gains and losses	2,320	2,239
	$ 35,942	$ 35,171
Summary of amortization expenses by function		
Operating costs	$ 71	$ -
R&D expenses	18	-
	$ 89	$ -

(VI) Employee benefits

	2023	2022
Retirement benefits		
Defined contribution plan	$ 9,963	$ 10,389
Defined benefit plans	75	92
Other employee benefits	249,385	217,368
Total	$ 259,423	$ 227,849
Analysis of employee benefits by function		
Operating costs	$ 108,229	$ 109,145
Operating expenses	151,194	118,704
	$ 259,423	$ 227,849

(VII) Compensation of employees and remuneration of directors and supervisors

In accordance with the Articles of Incorporation, the Company appropriated the remuneration of employees and remuneration of directors at the ratio of 3% to 15% and 1% to 5% of the profit before tax before the distribution of remuneration to employees and directors of the same year, respectively. There were net loss before tax and net profit before tax from January 1 to December 31, 2023 and 2022. However, the Company still has accumulated losses, so employees' remuneration and directors' remuneration have not been estimated.

If the amounts in the annual consolidated financial statements change after the date of issuance, they will be adjusted in the following year's financial statements in accordance with accounting estimates.

At the board meetings held on March 17, 2023 and March 29, 2022, the Company passed resolutions not to distribute employees' remuneration and directors' remuneration for 2022 and 2021, respectively. There is also no difference from the amounts recognized in 2022 and 2021 consolidated financial statements.

Information on employee compensation and directors' compensation resolved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(VIII) Foreign exchange gain or loss

	2023	2022
Total foreign exchange gain	$ 63,684	$ 116,634
Total foreign exchange loss	(49,482)	(64,078)
Net profit or loss	$ 14,202	$ 52,556

XXVI. Taxation

(I) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	2023	2022
Current tax		
In respect of the current year	($ 9,490)	$ 49,128
Deferred tax		
In respect of the current year	(35,108)	7,790
Income tax expense (benefit) recognized in profit or loss	($ 44,598)	$ 56,918

The reconciliation of accounting income and income tax expense (benefit) is as follows

	2023	2022
Income tax expense (profit) on net income (loss) before tax calculated at statutory tax rate	($ 52,728)	$ 16,997
Non-deductible expenses in determining taxable income	1,640	(576)
Unrecognized loss carryforwards	34,530	10,760
Adjustments for prior years	(28,040)	29,737
Income tax expense (benefit) recognized in profit or loss	($ 44,598)	$ 56,918

The tax rate applicable to subsidiaries in China is 25%. J.H.P obtained the high-tech enterprise certificate in 2023, so the applicable tax rate should be 15%. The tax amount arising in other jurisdictions is calculated in accordance with the tax rate applicable to the respective jurisdiction.

(II) Income tax recognized in other comprehensive income

	2023	2022
Deferred tax		
In respect of the current year		
Re-measurement of defined benefit plans	$ 62	($ 515)

(III) Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current income tax assets (stated into the "other current assets")		
Tax refund receivable	$ 625	$ 435
Current Income Tax Liabilities		
Income tax payable	$ 89	$ 8,944

(IV) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

2023

	Balance, beginning of year	Acquisition of subsidiaries	Recognized in profit or loss	Recognized in other comprehensive income	Exchange Differences	Balance, end of year
Deferred tax assets						
Allowance for write-down of inventories	$ 20,880	$ -	($ 139)	$ -	($ 290)	$ 20,451
Defined benefit obligation	1,463	-	(49)	62	-	1,476
Allowance in excess of the deductible limit	1,138	750	1,798	-	(52)	3,634
Unrealized net exchange losses (gains)	811	(19)	(1,060)	-	-	(268)
Unrealized impairment loss of financial assets	2,800	-	-	-	-	2,800
Others	1,835	-	2,653	-	(50)	4,438
	$ 28,927	$ 731	$ 3,203	$ 62	($ 392)	$ 32,531
Deferred tax liabilities						
Share of the net profit of associates accounting for using equity method	$ 54,895	$ -	($ 31,905)	$ -	$ -	$ 22,990

2022

Deferred tax assets	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Exchange Differences	Balance, end of year
Allowance for write-down of inventories	$ 21,862	($ 1,323)	$ -	$ 341	$ 20,880
Defined benefit obligation	2,071	(93)	(515)	-	1,463
Impairment loss on Property, Plant and equipment	2,000	(2,042)	-	42	-
Allowance in excess of the deductible limit	1,861	(757)	-	34	1,138
Net unrealized foreign exchange loss	66	745	-	-	811
Unrealized impairment loss of financial assets	2,800	-	-	-	2,800
Others	1,213	543	-	79	1,835
	$ 31,873	($ 2,927)	($ 515)	$ 496	$ 28,927
Deferred tax liabilities					
Share of the net profit of associates accounting for using equity method	$ 50,032	$ 4,863	$ -	$ -	$ 54,895

(V) Recognize deductible temporary differences and unused loss carryforwards of deferred income tax assets in the consolidated balance sheet

	December 31, 2023	December 31, 2022
Loss carryforwards		
Expiry in 2024	$ 62,512	$ 46,971
Expiry in 2025	108,657	64,045
Expiry in 2026	53,454	53,454
Expiry in 2027	70,987	70,987
Expiry in 2028	48,272	-
Expiry in 2029	67,882	67,882
Expiry in 2030	50,643	50,643
Expiry in 2031	79,357	79,357
Expiry in 2032	-	25,825
Expiry in 2033	105,413	-
	$ 647,177	$ 459,164

(VI) Income tax assessments

The profit-seeking enterprise income tax of the Company and CHINTEK up to 2021 has been approved by the tax collection agency.

J.H.K, J.H.P, J.B.T and J.H.V have completed the income tax return by the deadline set by the local tax collection authority.

Since JHI was established in Samoa, there is no relevant income tax burden.

XXVII. Loss per share

The net loss and the weighted average number of ordinary shares used to calculate the loss per share are as follows:

Net loss for the year

	2023	2022
Net loss for the year	($ 131,396)	($ 13,486)

Shares

Unit: Thousand shares

	2023	2022
Weighted average number of ordinary shares used to calculate basic net earnings (losses) per share	112,719	112,719

XXVIII. Business combination

(I) Acquisition of subsidiaries

	Main operating activities	Date of acquisition	Owner's equity with voting rights/percentage of acquisition (%)	Transfer consideration
CHINTEK	Software development and design	October 27, 2023	100	$ 98,000

The consolidated company paid NT$98,000 thousand in cash, and completed the first stage of delivery and transferred 820 thousand shares (51.25%) on October 27, 2023; then, it completed the second stage of delivery and transferred the remaining equity, 780 thousand shares (48.75%), on November 17, 2023.

The consolidated company acquired CHINTEK in 2023 to expand the software development and design business of the consolidated company.

(II) Assets acquired and liabilities assumed on the date of acquisition

	CHINTEK
Current assets	
Cash and cash equivalents	$ 7,520
Current financial assets at fair value through profit or loss	556
Contract assets - current	3,585
Accounts receivable, net	14,444
Current tax assets	83
Inventories	2,752
Other current assets	224
Non-current Assets	
Property, plants, and equipment	419
Right-of-use assets	3,210
Intangible Assets	36
Other non-current assets	1,523
Current liabilities	

Short-term borrowings	(10,500)
Contract liabilities - current	(7)
Accounts payable	(3,796)
Other payables	(1,116)
Other current liabilities	(666)
Non-current liabilities	
Long-term borrowings	(14,288)
Lease liabilities - non-current	(3,167)
	$ 812

The original accounting treatment of the acquisition of CHINTEK was only tentative at the balance sheet date. For the purpose of taxation, the taxation basis of the assets of CHINTEK shall be re-determined in accordance with the market value of the assets. As of the date the consolidated financial statements were approved for issue, the required market evaluation and other calculations have not yet been completed, so only the best estimate of the consolidated company's management level is used to determine the possible taxable value.

The fair value of the accounts receivable (mainly accounts receivable) acquired from CHINTEK in the business combination was NT$14,444 thousand, and its total contractual amount was NT$19,110 thousand, respectively, and the best estimate of the cash flow for the contractual cash not expected to be recovered on the date of acquisition is NT$4,666 thousand.

(III) Goodwill arising from acquisition

	CHINTEK
Transfer consideration	$ 98,000
Less: Fair value of identifiable net assets acquired	(812)
Goodwill arising from acquisition	$ 97,188

The goodwill generated from the acquisition of CHINTEK is mainly from the control premium. Meanwhile, the consideration paid for the merger includes the expected synergy of the merger, revenue growth, future market development, and the value of the employees of CHINTEK. However, such benefits do not meet the recognition criteria of identifiable intangible assets, so they are not recognized separately.

The expected deductible income tax of the goodwill arising from the merger is NT$97,188 thousand, and the tax deduction is based on the 15-year average amortization amount.

(IV) Acquisition of net cash outflow from subsidiaries

CHINTEK

Consideration paid in cash	$ 98,000
Less: Balance of cash and cash equivalents acquired	(7,520)
	$ 90,480

(V) Effect of business combination on operating results

From the date of acquisition, the operating results of the acquiree are as follows:

	CHINTEK
Operating income	$ 5,858
Net loss for the year	($ 8,396)

If the October 2023 acquisition of CHINTEK occurred on January 1, 2023, the consolidated company's imputed operating revenue and net loss for 2023 would have been NT$45,896 thousand and NT$3,798 thousand, respectively. Such amounts do not reflect the actual revenue and operating results that the consolidated company would generate if the business combination were completed on the commencement date of the acquisition year, and should not be used as a forecast for future operating results.

The management has taken into account the following factors when compiling the imputed revenue and net profit of the hypothetical consolidated company's acquisition of CHINTEK from the beginning of the fiscal year of the acquisition:

1. Depreciation is calculated based on the fair value of the plant and property at the time of the original accounting treatment of the business combination instead of the carrying amount recognized in the pre-acquisition financial statements; and
2. The borrowing cost is estimated based on the capital position, credit rating, and debt-to-equity ratio of the consolidated company after the merger.

XXIX. Capital management

In consideration of the industry characteristics and future developments, as well as external environmental factors, the Group plans its needs for future working capital, research and development expenses, and dividend payments, in order to ensure that entities in the Group will be able to continue as going concerns while maximizing shareholder value in the long run through maintaining optimal capital structure and the optimization of the debt and equity balance.

The Group’s management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on the management’s recommendations, the Group expects to balance its capital structure through the payment of dividends, borrowings from financial institutions or the payment of old debt.

The consolidated company is not subject to other external capital requirements.

XXX. Financial instruments

(I) Fair value of financial instruments that are not measured at fair value

The Group believes the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximated their fair values.

(II) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
Fund beneficiary certificate	$ 18,035	$ -	$ -	$ 18,035
Foreign listed (OTC) stocks	1,634	-	-	1,634
	$ 19,669	$ -	$ -	$ 19,669

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
Foreign listed (OTC) stocks	$ 1,265	$ -	$ -	$ 1,265
Foreign unlisted (OTC) stocks	-	-	336	336
	$ 1,265	$ -	$ 336	$ 1,601

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2. Reconciliation of Level 3 fair value measurements of financial instruments

2023

Financial assets	FVTPL Equity instruments
Balance, beginning of year	$ 336
Recognized in profit or loss (other gains and losses)	(341)
Effect of foreign currency exchange difference	5
Balance, end of year	$ -

2022

Financial assets	FVTPL Equity instruments
Balance, beginning of year	$ 1,061
Recognized in profit or loss (other gains and losses)	(816)
Effect of foreign currency exchange difference	91
Balance, end of year	$ 336

3. Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

For foreign unlisted shares, their fair values were measured under the asset-based approach

(III) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
FVTPL		
Financial assets mandatorily classified as at FVTPL	$ 19,669	$ 1,601
Financial assets at amortized cost (note 1)	697,343	819,773
Financial liabilities		
Measured at amortized cost (note 2)	633,620	411,226

Note 1: The balance includes cash and cash equivalents, financial assets at amortized cost, net accounts receivable, other receivables (stated into other current assets), and refundable deposits (stated into other non-current assets), and other financial assets measured at amortized cost.

Note 2: The balances include short-term borrowings, notes and accounts payable, other payables, long-term borrowings (including current portion), guarantee deposits received, and other financial liabilities measured at amortized cost.

(IV) Financial risk management objectives and policies

The Group's operating activities require the use of multiple financial instruments, including equity investments, accounts receivable, accounts payable, and bank borrowings. However, due to the aforementioned financial instruments and operating activities, the Group is exposed to risks such as credit risks, liquidity risks, and market risks.

To avoid the possible adverse impacts from the aforementioned financial risks on the Group, the Group has been dedicated to analyzing, identifying, and evaluating relevant financial risks. The financial risk management framework of the Group is supervised by the Board of Directors. The accounting department establishes and follows financial risk management policies. Financial risk control procedures are regularly and intermittently reviewed by the internal auditors and related results are reported to the Board of Directors on a regular basis. The Group is committed to developing a disciplined and constructive control environment to reduce the potential adverse impact of the aforementioned risks on the Group.

1. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There were no changes in the exposures of financial instruments to market risk and the management and measurement of such exposures.

(1) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed by hedging which was not for the purpose of making profits. Foreign currency inflows and outflows resulted in natural hedging effects in the long run, and exchange rate changes had little impact on the Company's operations. Therefore, the Company only adjusted the cash reserves of foreign currency deposits and did not use accounts receivable/payable as derivative products for hedging. However, the hedging for exchange rate risk will be carried out through relevant commodities in a timely manner based on the exchange rate movement and the evaluation report of financial institutions.

For the carrying amounts of the consolidated company's monetary assets and monetary liabilities denominated in non-functional currencies at the balance sheet date (including monetary items denominated in non-functional currencies that have been offset in the consolidated financial statements), please refer to Note 34.

Sensitivity Analysis

The Group is primarily affected by fluctuations in the U.S. dollar exchange rate.

The following schedule details the sensitivity analysis of the Group when the New Taiwan Dollar (functional currency) strengthens or weakens by 1% against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible changes in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1%

change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening by 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, pre-tax profits would have decreased by the same amount.

	USD impact	
	2023	2022
Profit or loss	$ 2,181	$ 3,280

This was mainly due to the Group's bank deposits and receivables and payables denominated in U.S. dollars that were outstanding and not cash flow hedged at the balance sheet date.

(2) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial assets	$ 69,756	$ 103,960
Financial liabilities	68,621	46,306
Risk of cash flow changes due to interest rate		
Financial assets	231,423	318,133
Financial liabilities	324,548	100,000

Sensitivity Analysis

The sensitivity analyses below have been determined on the basis of the exposure to interest rates for non-derivative instruments on balance sheet dates. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the asset and liability outstanding on the balance sheet dates outstanding for the entire period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the interest rate increases/decreases by 100 basis points, and all other variables remain unchanged, the consolidated company's net loss/profit before tax for 2023 and 2022 would have increased by NT$ 931 thousand and NT$2,181 thousand, respectively. This is mainly due to the consolidated company's net position of variable interest rate deposits and variable interest rate borrowings.

(3) Other price risk

The Group was exposed to equity price risk through its investments in domestic and foreign listed equity securities. The Group does not actively trade these investments. Relevant personnel have been assigned to the supervision of price risk and assessment of the timing of increasing the hedging.

As the amount of equity investment was not material, there was no significant price risk of changes in equity price.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the balance sheet date, the Group’s maximum exposure to credit risk resulting from the counterparty’s default on its contractual obligations and the Group’s provision of financial guarantee is the carrying amount of the financial assets on the consolidated balance sheets.

To mitigate the impact of credit risk, the Group considers the default risk by industries and countries of each customer, as well as the nature of the counterparty (capital scale, loan status, etc), based on which credit policies, payment terms, and trade terms were established by the accounting department. If necessary, a third-party risk assessment institution is engaged to assess its risk. Relevant terms are reviewed and audited by the audit office regularly.

Given that most of the major customers are well-known domestic listed (TWSE/TPEx) companies with normal transaction records, the default risks are quite low. The risk from new small customers is managed by only receiving advance payments or cash. After the transaction basis becomes stable, the credit limit is updated by referring to external information. Hence, there is a limited impact of credit risk on the Group. Furthermore, the Group has established a provision policy, set an allowance account, and presented this in the statement to reflect the estimation of the potential loss resulting from the credit risk.

3. Liquidity risk

Liquidity risk refers to the risk that relevant obligations are not fulfilled due to the Group's failure to settle the financial liabilities in cash or other financial assets. The share capital and working capital of the Group is sufficient, therefore there is no liquidity risk from the inability to raise capital for fulfilling contractual obligations. Bank borrowing is an important source of liquidity for the Group. As of December 31, 2023 and 2022, the undrawn financing facilities of the consolidated company were NT$106,000 thousand and NT$ 320,000 thousand, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The analysis for the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods has been drawn up based on the undiscounted cash flows (including both the principal and estimated interests) of financial liabilities from the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clauses were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

The undiscounted interest payment relating to borrowing with variable interest rates was extrapolated based on the yield curve as of the end of the reporting period.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Non-derivative Financial Liabilities					
Non-interest bearing liabilities	$ 55,583	$ 168,461	$ 86,083	$ 2,209	$ -
Lease liabilities	749	1,500	9,397	27,787	59,815
Variable interest rate liabilities	104,440	527	224,724	11,333	-
	$ 160,772	$ 170,488	$ 320,204	$ 41,329	$ 59,815

Further information on the analysis for contractual maturities for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	More than 20 Years
Lease liabilities	$ 11,646	$ 27,787	$ 15,741	$ 15,741	$ 15,741	$12,592

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 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
Variable interest rate liabilities	-	-	100,111	-	-
	$ 71,034	$ 149,239	$ 192,456	$ 16,587	$ 71,920

Further information on the analysis for contractual maturities for lease liabilities was as follows:

	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

The amounts included above for variable interest rate instruments for non-derivative financial liabilities were subject to change if changes in variable interest rates were to differ from those estimates of interest rates determined at the end of the reporting period.

XXXI. Related-party transactions

Transactions, balances, revenues, and expenses between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. In addition to those disclosed in other notes, details of transactions between the Group and other related parties were disclosed below:

(I) Related party name and category

Related Party Name	Relationship with the consolidated company
Chuzhou Dingwang	Associate

(II) Receivables from related parties

Account Item	Related Party Name	December 31, 2023	December 31, 2022
Other receivables – related parties (included in other current assets)	Associate	$ -	$ 2,097

The interest rate of short-term loans to related parties was equal to the market rate. The loans provided by the Group to related parties are unsecured loans.

As of December 31, 2022, said other receivables of the consolidated company from associates - related parties are interest receivable.

(III) Other related party transactions

Account Item	Related Party Name	December 31, 2023	December 31, 2022
Other current liabilities	Chuzhou Dingwang	$ -	$ 80,447

In November 2020, the shareholders' meeting of Chuzhou Dingwang passed a resolution to reduce the capital by 78%. The consolidated company has fully received the investment funds returned from the capital reduction in November 2020. As of December 31, 2022, Chuzhou Dingwang has not yet completed the registration of change in the relevant procedures and, therefore, stated the refund received from the capital decrease as other current liabilities.

(IV) Compensation to key management of the Group

	2023	2022
Short-term employee benefits	$ 11,443	$ 6,769
Retirement benefits	509	352
	$ 11,952	$ 7,121

The remuneration to directors and key management was determined by the remuneration committee based on individual performance and markets.

XXXII. Pledged assets

The following assets were provided as collateral for bank borrowings:

	December 31, 2023	December 31, 2022
Property, plants, and equipment, net	$ 91,289	$ 92,038
Investment properties, net	65,061	66,374
	$ 156,350	$ 158,412

In addition to said assets, the collateral for the consolidated company's financing loans is also indirectly guaranteed by the credit guarantee fund.

XXXIII. Subsequent Events

On March 13, 2024, the Company's Board of Directors approved the equity investment of NT$40,000 thousand.

XXXIV. Significant Assets and Liabilities Denominated in Foreign Currencies

The following information is aggregated by foreign currencies other than the functional currencies of the Group. The exchange rates disclosed refer to the rates at which the foreign currencies were converted into functional currencies. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign currencies	Exchange Rate	Carrying Amount
Foreign Currency Assets			
Monetary Item			
USD	$ 6,861	30.705 (USD:NTD)	$ 210,667
USD	12,280	7.0827 (USD:CNY)	377,057
USD	213	34.0523 (USD:THB)	6,540
USD	100	0.0012 (USD:VND)	3,071
Foreign Currency Liabilities			
Monetary Item			
USD	9,277	30.705 (USD:NTD)	284,850
USD	2,661	7.0827 (USD:CNY)	81,706
USD	413	34.0523 (USD:THB)	12,681

December 31, 2022

	Foreign currencies	Exchange Rate	Carrying Amount
Foreign Currency Assets			
Monetary Item			
USD	$ 10,969	30.71 (USD:NTD)	$ 336,858
USD	11,195	6.9647 (USD:CNY)	343,798
USD	20	34.3474 (USD:THB)	614

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	Foreign currencies	Exchange Rate	Carrying Amount
Foreign Currency Liabilities			
Monetary Item			
USD	$ 8,353	30.71 (USD:NTD)	$ 256,521
USD	2,928	6.9647 (USD:CNY)	89,919
USD	223	34.3474 (USD:THB)	6,848

The Group was mainly subject to the foreign exchange risk of USD. The following information is summarized based on the entity holding foreign currencies and expressed in functional currency. The exchange rates disclosed are used to translate the functional currencies into the expressing currency. Foreign exchange gains and losses with material influence (including realized and unrealized) are as follows:

	2023		2022	
Functional currency	Functional currency to currency presented	Net exchange gains (losses)	Functional currency to currency presented	Net exchange gains (losses)
THB	0.9 (THB:NTD)	$ 502	0.86 (THB:NTD)	($ 501)
NTD	1 (NTD:NTD)	4,105	1 (NTD:NTD)	11,933
CNY	31.16 (CNY:NTD)	9,595	4.43 (CNY:NTD)	41,124
		$ 14,202		$ 52,556

XXXV. Other Disclosures

(I) Information on significant transactions

1. Financing provided to others. (None)
2. Endorsements/guarantees provided. (None)
3. Marketable securities held - ending (excluding investments in subsidiaries and associates). (Table 1)
4. Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 2)
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)
9. Trading in derivative instruments. (None)
10. Other: The business relationship between the parent and the subsidiaries and significant transactions between them. (Table 4)

(II) Information on investees (Table 5)

(III) Information on investment in mainland China

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
   (3) The amount of property transactions and the amount of the resultant gains or losses.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
   (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
   (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

(IV) Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 7)

XXXVI. Segment information

(I) Segment revenue and results

The revenue and operating results of the consolidated company are analyzed by reportable segment as follows:

	Segment Revenue		Segment Income (Loss)	
	2023	2022	2023	2022
Connection cables	$ 1,105,749	$ 1,458,122	$ 7,827	$ 79,732
Others	44,940	39,356	(1,608)	1,577
Segment net worth	$ 1,150,689	$ 1,497,478	6,219	81,309
Administrative expenses			(151,484)	(113,840)
Expected credit impairment reversal gain (loss)			(11,000)	4,485
Interest income			4,500	2,933
Other income			18,370	24,411
Other gains and losses			(19,864)	48,577
Finance costs			(5,016)	(4,447)
Share of profit or loss of affiliates under the equity method			(17,719)	4
Profit (loss) before income tax			($ 175,994)	$ 43,432

The above revenue were generated through transactions with external customers. There were no inter-segment sales in 2023 and 2022.

The segment profit refers to the profit earned by each segment, excluding amortizable administrative expenses, expected credit impairment reversal gain (loss), interest income, other income, other gains and losses, finance costs, and shares of profit or loss of associates accounted for using the equity method, and income tax gains (expenses). This is the measure reported to the Group’s chief operating decision maker to allocate resources to each segment and evaluate its performance.

(II) Segment assets

As the measured amount of total assets and liabilities is not provided to the operating decision makers, the measured amount of total assets and liabilities is not disclosed.

(III) Revenue from major products and services

The following is an analysis of the Group’s revenue from continuing operations from its major products and services.

	2023	2022
Connection cables	$ 1,105,749	$ 1,458,122
Others	44,940	39,356
	$ 1,150,689	$ 1,497,478

(IV) Geographical information

The consolidated company mainly operates business in three regions, including Taiwan, China and Thailand.

The consolidated company's revenue from external customers by business location is as follows:

	Revenue from External Customers	
	2023	2022
Taiwan	$ 540,087	$ 694,370
China	528,442	722,184
Thailand	82,160	80,924
	$ 1,150,689	$ 1,497,478

(V) Information on major customers

Of the 2023 and 2022 consolidated revenue, NT$467,982 thousand and NT$582,030 thousand were derived from the Group's main customers.

Income from a single customer which exceeds ten percent of total income of the Group is as follows:

	2023	2022
Customer A	$ 190,482	$ 211,315
Customer B	138,870	207,262
Customer C	138,630	163,453
	$ 467,982	$ 582,030

Ji-Haw Industrial, Co., Ltd., and Subsidiaries

Marketable Securities Held - ending

December 31, 2023

Table 1

Unit: Unless otherwise stated, in NT$ thousands.

Holding Company Name	Marketable Securities Type and Name	Relationship with the issuer of securities	Financial Statement Account	End of the period				Remarks
				Shares/Units	Carrying Amount	Shareholding ratio	Fair value	
Ji-Haw Industrial, Co., Ltd.	shares							
	Chunghwa Picture Tubes, Ltd.	-	Current financial assets at fair value through other comprehensive income	604	$ -	-	$ -	Note 2
	Soyo Link Energy Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	300,000	-	7.14	-	Note 2
	Li Wang Technology Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	185,185	-	6.90	-	Note 2
	S SQUARE SYSTEM LTD.	-	Non-current financial assets at fair value through other comprehensive income	747	-	3.19	-	Note 2
J.H.I	shares							
	Vision Works Inc.	-	Non-current financial assets at fair value through profit or loss	190,000	-	19.00	-	Note 2
	ING Group N.V.	-	Current financial assets at fair value through profit or loss	3,000	1,383	-	1,383	Note 2
	TESLA MORTORS INC	-	Current financial assets at fair value through profit or loss	30	229	-	229	Note 2
	BEYOND MEAT INC	-	Current financial assets at fair value through profit or loss	80	22	-	22	Note 2
J.B.T	Fund beneficiary certificate							
	KTGOV3M12	-	Current financial assets at fair value through profit or loss	2,000,000	18,034	-	18,034	Note 2
	KTSS		Current financial assets at fair value through profit or loss	44.9214	1	-	1	Note 2

Note 1: Marketable securities referred to in this table are stocks that fall within the scope of IFRS 9 - "Financial Instruments."

Note 2: There are no guarantees, pledges of loans, or other restrictions.

Ji-Haw Industrial, Co., Ltd., and Subsidiaries

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital

January 1 to December 31, 2023

Table 2

Unit: Unless otherwise stated, in NT$ thousands.

Buyer (Seller)	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remarks
			Purchase (Sale)	Amount	Percentage to Total Sales (Purchases) (%)	Collection/Payment terms	Unit Price	Collection/Payment terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable) (%)	
Ji-Haw Industrial, Co., Ltd.	J.H.P	Subsidiaries	Purchase	$ 495,404	97	Note 1	-	Note 1	($ 267,822)	94	-
J.H.P	Ji-Haw Industrial, Co., Ltd.	Parent	Sales	(495,404)	48	Note 1	-	Note 1	267,822	59	-

Note 1: O/A 150 days.

Note 2: All transactions listed above have been eliminated in the consolidated financial statements.

Ji-Haw Industrial, Co., Ltd., and Subsidiaries

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital

December 31, 2023

Table 3

Unit: Unless otherwise stated, in NT$ thousands.

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
J.H.P	Ji-Haw Industrial, Co., Ltd.	Parent	$ 267,822	1.95	$ -	—	$ 96,306	$ -

Note 1: All transactions listed above have been eliminated in the consolidated financial statements.

Ji-Haw Industrial, Co., Ltd., and Subsidiaries

The business relationship between the parent and the subsidiaries and significant transactions between them

January 1 to December 31, 2023

Table 4

Unit: Unless otherwise stated, in NT$ thousands.

No. (Note 1)	Investee Company	Counterparty	Relationship (Note2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	Percentage to Total Sales or Assets (%) (Note 3)
0	Ji-Haw Industrial, Co., Ltd.	J.H.P	1	Purchase	$ 495,404	By contract terms	43
		J.H.P	1	Accounts payable	267,822	150 days from the end of month	16

Note 1: "0" stands for the parent company. Subsidiaries are numbered from "1".

Note 2: 1 represents the company's transactions with its subsidiaries. 2 represents transactions between subsidiaries.

Note 3: Regarding calculation of the percentage of transaction amount to the total consolidated revenue or assets, for assets and liabilities, amounts are shown as a percentage to consolidated total assets as of December 31, 2022, while revenues, costs, and expenses are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2022.

Note 4: All transactions listed above have been eliminated in the consolidated financial statements.

Ji-Haw Industrial, Co., Ltd., and Subsidiaries

Information on investees

January 1 to December 31, 2023

Table 5

Unit: Unless otherwise stated, in NT$ thousands.

Investor	Investee	Location	Main Business Activities	Initial investment amount		Holding at period end			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by the Company for the year ended December 31, 2021	Remarks
				At the End of the Current Period	At the End of Last Year	No. of shares	Percentage of ownership (%)	Carrying Amount			
Ji-Haw Industrial, Co., Ltd.	J.B.T	227, M003, Laem Chabang Industrial Estate, Sukhumvit Road, Thungsukla, Sriracha, Chonburi 20230 Thailand	Manufacturing and trading of computer cables or plugs	$ 207,215	$ 207,215	18,600,000	100.00	$ 472,224	($ 47,211)	($ 47,211)	-
	J.H.I	Sertus Chambers, P.O. Box 603, Apia, Samoa.	Investing in overseas financial products and stocks	9,649	9,649	300,000	100.00	4,415	139	139	-
	J.H.V	3rd Floor, No. 87 89 Khuat Duy Tien Street, Nhan Chinh Ward, Thanh Xuan District, Hanoi	Manufacturing and trading of computer cables or plugs	3,159	-	-	100.00	2,768	(114)	(114)	-
	CHINTEK INC.	19F-6, No. 7, Sec. 3, New Taipei Boulevard, Xinzhuang District, New Taipei City	Development and sales of automotive electronics and other software products	98,000	-	1,600,000	100.00	89,604	(18,979)	(8,396)	Note 2
	CERMAX CO., LTD.	No. 36, Lane 816, Bo'ai Street, Zhubei City, Hsinchu County	Manufacturing and trading of precision ceramics, precision instruments and machinery	20,000	-	1,250,000	25.04	19,154	(13,234)	(846)	Note 2

Note 1: Please refer to Table 6 for information on investees in Mainland China.

Note 2: The investment loss recognized in the current year is recognized in accordance with the shareholding ratio from the date of acquisition.

Note 3: All the inter-investee investment gains and losses, the investment company's investment under the equity method, and the investee's net equity listed in the above table have been written off when the consolidated financial statements are prepared, except for CERMAX.

Ji-Haw Industrial, Co., Ltd., and Subsidiaries

Information on investment in mainland China

January 1 to December 31, 2023

Table 6

Unit: Unless otherwise stated, in NT$ thousands.

Investee	Main Business Activities	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan at the End of the Current Period	Net profit (loss) of the investee for the year ended December 31, 2021	Percentage of Ownership of Direct or Indirect Investment	Investment net profit (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Remarks
					Outward	Inward							
J.H.K	Manufacturing and trading of computer cables or plugs	US$100,000	Direct investment with 100% ownership	$ 3,070 (US$ 100,000)	$ -	$ -	$ 3,070 (US$ 100,000)	$ 914	100.00%	$ 914	$ 78,917	$ 277,250	—
J.H.P	Manufacturing and trading of precision ceramics, precision molds, and computer cables and plugs	US$12,600,000	40.48% held directly by the Company and 59.52% held directly by the 100% owned subsidiary, J.B.T.	294,768 (US$9,600,000)	-	-	294,768 (US$9,600,000)	(50,656)	100.00%	(50,656)	572,693	-	Note 2
Chuzhou Dingwang	Investment development	CNY60,180,000	Held directly by the 100% owned subsidiary, J.H.P.	-	-	-	-	(42,290)	39.00%	(16,873)	1,672	-	—

Accumulated Outward Remittance from Taiwan for Investment in Mainland China at the End of the Current Period	Investment Amounts Authorized by Investment Commission, MOEA	Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 297,838 (US$9,700,000)	$ 389,953 (US$12,700,000)	$ 526,951 (Note 3)

Note 1: The calculation is based on the spot exchange rate at the end of December 2023, except for the investee's profit and loss and investment profit and loss recognized in the current period, which are based on the average exchange rate from January 1 to December 31, 2023.

Note 2: For the investment losses of NT$50,656 thousand recognized in the current year, except for the investment losses of NT$20,504 thousand recognized by the Company based on 40.48% of the Company's shareholding, the remaining investment losses of NT$30,152 thousand were recognized through 100% owned subsidiary J.B.T subject to the shareholding of 59.52%.

Note 3: Calculated pursuant to Article 3 of "Principle of investment or Technical Cooperation in Mainland China", MOEA, which was the higher of the net worth of the entity or 60% of the consolidated net worth.

Note 4: The above table shows the investment profit and loss of the reinvestments, the investment of the investing company using the equity method and the net equity value of the invested companies. Except for Chuzhou Dingwang, has been written off when the consolidated financial statements are prepared.

Ji-Haw Industrial, Co., Ltd.

Information on major shareholders

December 31, 2023

Table 7

Name of The Major Shareholder	Shares	
	Number of Shares Owned	Shareholding ratio
No data for this quarter	-	-

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The number of shares stated in the consolidated financial statements of the company may differ from the actual number of shares delivered without physical registration, potentially due to variations in the calculation methodology or other factors.