

Joinsoon Electronics Mfg. Co., Ltd.**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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

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Independent Auditors' Report

To the Board of Directors of Joinsoon Electronics Mfg. Co., Ltd.:

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Equity method investments

Please refer to note (4)(h), note (6)(f) and note (5), for the accounting policy of investment in subsidiaries, investments accounted for using equity method, and the uncertainty of accounting estimations and assumptions for valuation of inventories of the subsidiaries, respectively.

(1) Valuation of subsidiaries' inventories

Description of key audit matter:

The Company's subsidiaries accounted for using equity method, mainly engaged in the processing and manufacturing of terminal electronic products. However, the rapid technological innovations and highly competitive environments in the electronic industry, in which the subsidiaries are engaged in, could possibly result in a price decline, as well as affect the prices of related components and peripheral equipment, wherein the inventory cost may exceed its net realizable value. Therefore, the valuation of inventories of the investments accounted for using equity method has been identified as one of our key audit matters.

How the matter was addressed in our audits:

Our principal audit procedures included: testing the related controls of subsidiaries' production cycle and assessing the allowance for loss due to price decline, obsolete, and slow-moving inventories to determine whether they are in compliance with the subsidiaries' accounting policies and related standards; observing the inventories, understanding the change in status of various inventories, analyzing and testing the inventory aging report; as well as testing and evaluating the adopted basis for net realizable value to verify the rationality of the management's estimates on the allowance for inventory valuation.

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent Only Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Au, Yiu-Kwan and Wang, I-Wen.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2024

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)
JOINSON ELECTRONICS MFG. CO., LTD.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 166,784	6	180,271	8	2100	Short-term borrowings (note (6)(i))	\$ 315,000	11	100,000	4
1110	Current financial assets at fair value through profit or loss (notes (6)(b) and (6)(j))	769	-	-	-	2120	Current financial liabilities at fair value through profit or loss (notes (6)(b) and (6)(j))	462	-	-	-
1170	Notes and accounts receivable, net (notes (6)(c), (6)(p) and (8))	692,198	25	563,058	25	2170	Notes and accounts payable	86,134	3	84,356	4
1180	Accounts receivable due from related parties, net (notes (6)(c), (6)(p) and (7))	7,144	-	5,805	-	2180	Accounts payable to related parties (note (7))	461,372	17	140,710	6
1200	Other receivables (note (6)(d))	274	-	34,334	1	2200	Other payables	64,670	2	83,462	4
1212	Other receivables due from related parties (notes (6)(d) and (7))	2,055	-	2,148	-	2230	Current tax liabilities	18,185	1	15,981	1
1310	Inventories (note (6)(e))	75,556	3	17,906	1	2280	Current lease liabilities (note (6)(k))	477	-	477	-
1470	Prepayments and other current assets (note (7))	16,783	1	54,365	2	2300	Other current liabilities (note (6)(p))	4,765	-	6,254	-
		<u>961,563</u>	<u>35</u>	<u>857,887</u>	<u>37</u>	2321	Bonds payable, current portion	343,385	12	-	-
								<u>1,294,450</u>	<u>46</u>	<u>431,240</u>	<u>19</u>
Non-current assets:						Non-current liabilities:					
1510	Non-current financial assets at fair value through profit or loss (notes (6)(b) and (6)(j))	-	-	519	-	2500	Non-current financial liabilities at fair value through profit or loss (notes (6)(b) and (6)(j))	-	-	2,594	-
1551	Investments accounted for using equity method (note (6)(f))	1,780,482	63	1,380,226	60	2530	Bonds payable (note (6)(j))	-	-	377,125	17
1600	Property, plant and equipment (notes (6)(g) and (8))	56,555	2	57,953	3	2560	Non-current tax liabilities	8,538	-	-	-
1755	Right-of-use assets (note (6)(h))	476	-	476	-	2570	Deferred tax liabilities (note (6)(m))	49,024	2	46,180	2
1780	Intangible assets	3,500	-	3,536	-	2640	Non-current net defined benefit liabilities (note (6)(l))	1,544	-	28,094	1
1840	Deferred tax assets (note (6)(m))	3,086	-	6,233	-	2650	Credit balances of investment accounted for using equity method (note (6)(f))	9,033	-	9,093	-
1995	Other non-current assets	170	-	158	-			<u>68,139</u>	<u>2</u>	<u>463,086</u>	<u>20</u>
		<u>1,844,269</u>	<u>65</u>	<u>1,449,101</u>	<u>63</u>			<u>1,362,589</u>	<u>48</u>	<u>894,326</u>	<u>39</u>
						Total liabilities					
						Equity (note (6)(n)):					
						3110	Ordinary shares	1,095,317	39	1,075,065	47
						3200	Capital surplus	123,428	5	101,908	4
						3310	Legal reserve	32,079	1	16,765	1
						3320	Special reserve	20,841	1	25,653	1
						3350	Unappropriated earnings	200,930	7	214,112	9
						3410	Exchange differences on translation of foreign financial statements	(29,352)	(1)	(20,841)	(1)
								<u>1,443,243</u>	<u>52</u>	<u>1,412,662</u>	<u>61</u>
						Total liabilities and equity		<u>\$ 2,805,832</u>	<u>100</u>	<u>2,306,988</u>	<u>100</u>
Total assets		<u>\$ 2,805,832</u>	<u>100</u>	<u>2,306,988</u>	<u>100</u>						

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

JOINSOON ELECTRONICS MFG. CO., LTD.**Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4100 Sales revenue, net (notes (6)(p) and (7))	\$ 2,615,436	100	2,525,053	100
5110 Cost of sales (notes (6)(e) and (7))	<u>2,409,883</u>	<u>92</u>	<u>2,314,234</u>	<u>92</u>
Gross profit	<u>205,553</u>	<u>8</u>	<u>210,819</u>	<u>8</u>
6000 Operating expenses (notes (6)(l), (6)(q) and (12)):				
6100 Selling expenses	83,156	3	69,267	3
6200 Administrative expenses	67,039	3	66,686	3
6300 Research and development expenses	23,562	1	23,028	1
6450 Expected credit losses(reversal gains) (note (6)(c))	<u>(47)</u>	<u>-</u>	<u>23</u>	<u>-</u>
	<u>173,710</u>	<u>7</u>	<u>159,004</u>	<u>7</u>
6900 Net operating income	<u>31,843</u>	<u>1</u>	<u>51,815</u>	<u>1</u>
7000 Non-operating income and expenses:				
7100 Interest income	5,799	-	731	-
7010 Other income and losses (note (6)(d))	1,353	-	5,335	-
7050 Finance costs (notes (6)(j) and (6)(k))	(11,661)	-	(6,520)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	32,223	1	90,962	4
7230 Foreign exchange gains, net (note (6)(r))	20,566	1	66,138	3
7235 Gains (losses) on financial assets at fair value through profit or loss (note (6)(j))	<u>1,440</u>	<u>-</u>	<u>(17,188)</u>	<u>(1)</u>
	<u>49,720</u>	<u>2</u>	<u>139,458</u>	<u>6</u>
7990 Profit before tax	81,563	3	191,273	7
7950 Less: Income tax expenses (note (6)(m))	<u>19,527</u>	<u>1</u>	<u>35,390</u>	<u>1</u>
Profit	<u>62,036</u>	<u>2</u>	<u>155,883</u>	<u>6</u>
8300 Other comprehensive (loss) income:				
8310 Items that may not be reclassified subsequently to profit or loss				
8311 Remeasurements of defined benefit plans	(265)	-	(3,443)	-
8349 Less: Income tax related to items that will not be reclassified to profit or loss (note (6)(m))	<u>(53)</u>	<u>-</u>	<u>(689)</u>	<u>-</u>
	<u>(212)</u>	<u>-</u>	<u>(2,754)</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	3,574	-	30,583	1
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income	(12,085)	-	8,890	-
8399 Less: Income tax related to items that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Items that will be reclassified to profit or loss	<u>(8,511)</u>	<u>-</u>	<u>39,473</u>	<u>1</u>
8300 Other comprehensive (loss) income	<u>(8,723)</u>	<u>-</u>	<u>36,719</u>	<u>1</u>
Comprehensive income	<u>\$ 53,313</u>	<u>2</u>	<u>192,602</u>	<u>7</u>
Earnings per share (NT Dollars) (note (6)(o))				
9750 Basic earnings per share	<u>\$ 0.58</u>		<u>1.45</u>	
9850 Diluted earnings per share	<u>\$ 0.54</u>		<u>1.26</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

JOINSOON ELECTRONICS MFG. CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Other components of equity Exchange differences on translation of foreign financial statements	Total equity
Balance on January 1, 2022	\$ 1,046,858	68,589	-	-	167,656	(60,314)	1,222,789
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	16,765	-	(16,765)	-	-
Special reserve appropriated	-	-	-	25,653	(25,653)	-	-
Cash dividends of ordinary shares	-	-	-	-	(64,255)	-	(64,255)
	-	-	16,765	25,653	(106,673)	-	(64,255)
Profit for the year	-	-	-	-	155,883	-	155,883
Other comprehensive income for the year	-	-	-	-	(2,754)	39,473	36,719
Total comprehensive income for the year	-	-	-	-	153,129	39,473	192,602
Due to recognition of equity component of convertible bonds issued	-	18,250	-	-	-	-	18,250
Conversion of convertible bonds	28,207	15,069	-	-	-	-	43,276
Balance on December 31, 2022	<u>1,075,065</u>	<u>101,908</u>	<u>16,765</u>	<u>25,653</u>	<u>214,112</u>	<u>(20,841)</u>	<u>1,412,662</u>
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	15,314	-	(15,314)	-	-
Cash dividends of ordinary shares	-	-	-	-	(64,504)	-	(64,504)
Reversal of special reserve	-	-	-	(4,812)	4,812	-	-
	-	-	15,314	(4,812)	(75,006)	-	(64,504)
Profit for the year	-	-	-	-	62,036	-	62,036
Other comprehensive loss for the year	-	-	-	-	(212)	(8,511)	(8,723)
Total comprehensive (loss) income for the year	-	-	-	-	61,824	(8,511)	53,313
Conversion of convertible corporate bonds	20,252	21,520	-	-	-	-	41,772
Balance on December 31, 2023	<u>\$ 1,095,317</u>	<u>123,428</u>	<u>32,079</u>	<u>20,841</u>	<u>200,930</u>	<u>(29,352)</u>	<u>1,443,243</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)
JOINSOON ELECTRONICS MFG. CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Profit before tax	\$ <u>81,563</u>	<u>191,273</u>
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	3,583	3,692
Amortization expense	556	270
Expected credit losses	34	425
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(2,382)	2,185
Interest expense	11,661	6,520
Interest income	(5,799)	(731)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(32,223)	(90,962)
Others	-	41
Total adjustments to reconcile profit	<u>(24,570)</u>	<u>(78,560)</u>
Changes in operating assets and liabilities:		
(Increase) decrease in notes and accounts receivable	(130,432)	228,090
Increase (decrease) in other receivables	34,102	(13,378)
Increase in inventories	(57,650)	(2,314)
Decrease (increase) in other operating assets	37,582	(39,019)
Increase (decrease) in notes and accounts payable	322,440	(244,685)
Decrease (increase) in other payable	(19,346)	18,527
Decrease in other current liabilities	(1,489)	(901)
Decrease in net defined benefit liability	(26,815)	(6,612)
Total changes in operating assets and liabilities	<u>158,392</u>	<u>(60,292)</u>
Total adjustments	<u>133,822</u>	<u>(138,852)</u>
Cash inflow generated from operations	215,385	52,421
Interest received	5,769	597
Interest paid	(3,475)	(4,105)
Income taxes (paid) refund	(2,741)	107
Net cash flows from operating activities	<u>214,938</u>	<u>49,020</u>
Cash flows used in investing activities:		
Decrease in restricted deposits	-	30,005
Acquisition of investments accounted for using equity method	(387,669)	(212,816)
Acquisition of property, plant and equipment	(1,150)	(119)
Decrease (increase) in refundable deposits	(12)	16
Acquisition of intangible assets	(520)	(572)
Dividends received	11,065	5,977
Net cash flows used in investing activities	<u>(378,286)</u>	<u>(177,509)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	215,000	(61,000)
Proceeds from issuance of bonds	-	395,000
Repayments of long-term borrowings	-	(100,323)
Payment of lease liabilities	(635)	(635)
Cash dividends paid	(64,504)	(64,255)
Net cash flows from financing activities	<u>149,861</u>	<u>168,787</u>
Net (decrease) increase in cash and cash equivalents	(13,487)	40,298
Cash and cash equivalents at beginning of period	180,271	139,973
Cash and cash equivalents at end of period	<u>\$ <u>166,784</u></u>	<u>\$ <u>180,271</u></u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

JOINSOON ELECTRONICS MFG. CO., LTD.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

Joinsoon Electronics Mfg. Co., Ltd. (the “Company”) was incorporated in March 22, 1977, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The major business activities of the Company are the manufacture and sale of computer peripheral equipment and electronic components.

(2) Approval date and procedures of the financial statements:

These parent company only financial statements were authorized for issue by the Board of Directors on March 12, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

In addition, the Company has adopted Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules” on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, because on December 31, 2023, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Company operates and no related deferred taxes were recognized at that date, the retrospective application has no impact on the Company’s parent company only financial statements. The Company is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax, and expects to disclose the mandatory relief and the new disclosures in the Company’s consolidated financial statements for the year ended December 31, 2023.

(Continued)

JOINSOON ELECTRONICS MFG. CO., LTD.
Notes to the Parent Company Only Financial Statements

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

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

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

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

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

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

(4) Summary of material accounting policies:

The significant material policies presented in the parent company only financial statements are summarized as below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

- (a) Statement of compliance

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

- (b) Basis of preparation

- (i) Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 6(n).

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JOINSOON ELECTRONICS MFG. CO., LTD.
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(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) Foreign currency transactions

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting 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.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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JOINSOON ELECTRONICS MFG. CO., LTD.
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- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

2) Fair value through profit or loss (FVTPL)

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

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

3) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

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JOINSOON ELECTRONICS MFG. CO., LTD.
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4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

5) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

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6) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

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

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

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

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

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JOINSOON ELECTRONICS MFG. CO., LTD.
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4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

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

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

(h) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the amounts net income, other comprehensive income and equity attributable to shareholders of the Company in the parent company only financial statements are equal to those in the consolidated financial statements.

Change in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies. When the Company holds 20% to 50% of the voting rights of the investees, it is assumed to have significant influence.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases.

Unrealized gains resulting from transactions between the Company and an associate have been eliminated within the scope of the Company's equity interests in the investees. Unrealized losses can be eliminated in the same way as unrealized gains, only if there is no evidence of impairment.

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

- 1) Buildings and construction: 55 years
- 2) Building improvement: 7 years
- 3) Machinery and instruments: 5~10 years
- 4) Other equipment: 3~6 years

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

(k) Leases

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

(i) As a lessee

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

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

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

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

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

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

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

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

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

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

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

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(ii) As a lessor

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

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

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

(l) Intangible assets

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

The estimated useful lives of computer software cost for the current and comparative years are amortized by straight line method over one to five years.

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

(m) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

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

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

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

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

(n) Revenue from contracts with customers

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

(i) Sale of goods

The Company manufactures and sells electronic components to downstream manufacturers. The Company recognizes revenue when control of the products has transferred and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

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(ii) Financing components

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

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

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(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(q) Income taxes

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

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

The Company has determined that the global minimum top-up tax - which it is required to pay under Pillar Two legislation - is an income tax in the scope of IAS12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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

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

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- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The surtax on unappropriated earnings is recoded as current tax expense in the following year after the resolution to appropriate retained earnings is approved in a stockholders' meeting.

- (r) Earnings per share

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

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(s) Operating segments

The operating segment information is disclosed in the consolidated financial statements. Therefore, the Company will not disclose the operating segment information in the parent company only financial statements.

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

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

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

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the parent company only financial statements.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follow:

(a) Inventory valuation of investments accounted for using equity method

As inventories are stated at the lower of cost or net realizable value, the Company writes down the cost of inventories to net realizable value, the net realizable value of the inventory is mainly determined based on assumptions as to future sales price less selling costs. Due to the transformation in industry and market, there may be changes in the net realizable value of inventories. Please refer to note (6)(e) of the consolidated financial statements for further description on the inventory valuation of subsidiaries.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 398	419
Checking accounts and demand deposits	89,574	76,940
Time deposits	<u>76,812</u>	<u>102,912</u>
Cash and cash equivalents in the statements of cash flows	<u>\$ 166,784</u>	<u>180,271</u>

Please refer to note (6)(r) for the interest rate risk, exchange rate risk and sensitivity analysis of the financial assets of the Company.

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

	December 31, 2023	December 31, 2022
Current financial assets at fair value through profit or loss :		
Held-for-trading financial assets:		
Forward exchange contracts	\$ 627	-
Asset components of convertible corporate bonds	142	-
Total	\$ 769	-
Non-current financial assets at fair value through profit or loss		
Asset components of convertible corporate bonds	\$ -	519
	December 31, 2023	December 31, 2022
Current financial liabilities at fair value through profit or loss		
Liability components of convertible corporate bonds	\$ 462	-
Non-current financial liabilities at fair value through profit or loss		
Liability components of convertible corporate bonds	\$ -	2,594

The Company uses derivative financial instruments to hedge the certain foreign exchange and interest rate risk the Company exposures arising from its operating activities. As of December 31, 2023, the following derivative instruments, without the application of hedge accounting, were classified as held-for-trading financial assets:

	December 31, 2023		
	Amount in thousands	Currency	Maturity Date
Financial assets:			
Forward exchange contracts			
purchased	USDS <u>500</u>	USD/THB	2024.1.11~2024.1.17

Please refer to note (6)(j) for assets and liabilities components of convertible corporate bonds.

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(c) Notes and accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	\$ 526	29
Accounts receivable—measured at amortized cost	628,801	533,656
Accounts receivable—fair value through other comprehensive income	<u>70,015</u>	<u>35,225</u>
	699,342	568,910
Less: Loss allowance	<u>-</u>	<u>(47)</u>
	<u>\$ 699,342</u>	<u>568,863</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as historical experiences considering the expected loss rate of overdue accounts, which also incorporated forward looking information, including the macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	December 31, 2023		
	Carrying amount of notes and accounts receivable	Lifetime expected credit loss rate	Loss allowance provision
Current	\$ 660,961	0%	-
1 to 90 days past due	38,079	0%	-
91 to 120 days past due	88	0%	-
121 to 270 days past due	<u>214</u>	0%	<u>-</u>
	<u>\$ 699,342</u>		<u>-</u>
	December 31, 2022		
	Carrying amount of notes and accounts receivable	Lifetime expected credit loss rate	Loss allowance provision
Current	\$ 519,910	0%	-
1 to 90 days past due	44,849	0.02%	9
91 to 120 days past due	712	0%	-
121 to 270 days past due	<u>3,439</u>	1.10%	<u>38</u>
	<u>\$ 568,910</u>		<u>47</u>

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

	<u>2023</u>	<u>2022</u>
The beginning of period	\$ 47	24
Impairment losses recognized	-	23
Amounts written off	<u>(47)</u>	<u>-</u>
The end of period	<u>\$ -</u>	<u>47</u>

The Company entered into factoring agreements with different financial institutions to sell its accounts receivable. Under the agreement, the Company will guarantee the debtors' ability to repay when the debts are transferred or fulfilled. This factoring transaction is with recourse; thus, the Company retains all the risks and rewards of such receivables and does not qualify for derecognition of financial assets. As of December 31, 2023, the carrying amounts of transferred receivables and related financial liabilities, which are not yet to be derecognized, were as follows:

<u>December 31, 2023</u>				
<u>Purchaser</u>	<u>Accounts receivable transferred</u>	<u>Quota</u>	<u>Amount advanced (recognized as short-term borrowings)</u>	<u>Range of Interest rate</u>
Financial institutions	<u>\$ 70,015</u>	<u>60,000</u>	<u>-</u>	1.59%
<u>December 31, 2022</u>				
<u>Purchaser</u>	<u>Accounts receivable transferred</u>	<u>Quota</u>	<u>Amount advanced (recognized as short-term borrowings)</u>	<u>Range of Interest rate</u>
Financial institutions	<u>\$ 35,225</u>	<u>136,800</u>	<u>-</u>	1.88%

(d) Other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables – current	\$ 274	34,334
Other receivables – non-current	751	751
Other receivables due from related parties	10,689	10,701
Less: Loss allowance	<u>(9,385)</u>	<u>(9,304)</u>
	<u>\$ 2,329</u>	<u>36,482</u>

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JOINSOON ELECTRONICS MFG. CO., LTD.
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The movements in the allowance for other receivables (including current and non-current) were as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 9,304	8,902
Impairment loss	81	402
Ending balance	<u>\$ 9,385</u>	<u>9,304</u>

(e) Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Raw materials	\$ 188	-
Finished goods and merchandise inventories	75,368	17,906
	<u>\$ 75,556</u>	<u>17,906</u>

(i) For the years ended December 31, 2023 and 2022, the cost of inventory recognized as the cost of goods sold and expenses amounted to \$2,410,202 and \$2,314,120, respectively. For the year ended December 31, 2023, a large amount of inventories were sold, resulting in an increase in the net realizable value and decrease in the cost of goods sold amounting to \$319. For the year ended December 31, 2022, the inventories written down to net realizable value amounted to \$114.

(ii) As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral for its loans.

(f) Investments accounted for using equity method

The details of the Company's financial information for investments accounted for using the equity method at the reporting date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries	\$ 1,662,800	1,252,194
Associates	108,649	118,939
Add: Credit balance of investments in equity method of subsidiary	9,033	9,093
	<u>\$ 1,780,482</u>	<u>1,380,226</u>

(i) Subsidiaries

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

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(ii) Associates

The Company's financial information for investments accounted for using equity method that are individually insignificant was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of individually insignificant associates' equity	\$ <u>108,649</u>	<u>118,939</u>

The Company has 15.59% shareholding in Teamplus and the investment is accounted for using equity method because the Company has significant influence in Teamplus. The Company's share of net assets of Teamplus as of December 31, 2023, and 2022, amounted to \$53,340 and \$56,905, respectively. The difference between carrying amount and net assets as of December 31, 2023, and 2022, amounted to \$55,309 and \$62,034, respectively and were identified as goodwill and patent at fair value within carrying amount accounted for investments using equity method, amounted to \$20,042, \$35,267, \$26,767 and \$35,267, respectively.

	<u>2023</u>	<u>2022</u>
The Company's share of the net income of associates:		
Profit from continuing operations	\$ 774	5,437
Other comprehensive income	-	-
	<u>\$ 774</u>	<u>5,437</u>

(iii) As of December 31, 2023 and 2022, the Company did not provide any investments accounted for using the equity method as collateral for its loans.

(g) Property, plant and equipment

The movements of cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and instruments</u>	<u>Office and transportation equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost:						
Balance on January 1, 2023	\$ 22,334	60,293	21,620	7,285	119	111,651
Additions	-	-	450	1,100	-	1,550
Disposals	-	-	(4,751)	-	-	(4,751)
Transfer	-	-	-	119	(119)	-
Balance on December 31, 2023	<u>\$ 22,334</u>	<u>60,293</u>	<u>17,319</u>	<u>8,504</u>	<u>-</u>	<u>108,450</u>
Balance on January 1, 2022	\$ 22,334	60,293	21,620	7,285	-	111,532
Additions	-	-	-	-	119	119
Balance on December 31, 2022	<u>\$ 22,334</u>	<u>60,293</u>	<u>21,620</u>	<u>7,285</u>	<u>119</u>	<u>111,651</u>

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	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and instruments</u>	<u>Office and transportation equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Depreciation and impairment loss:						
Balance on January 1, 2023	\$ -	28,802	18,806	6,090	-	53,698
Depreciation	-	1,070	1,135	743	-	2,948
Disposals	-	-	(4,751)	-	-	(4,751)
Balance on December 31, 2023	<u>\$ -</u>	<u>29,872</u>	<u>15,190</u>	<u>6,833</u>	<u>-</u>	<u>51,895</u>
Balance on January 1, 2022	\$ -	27,731	17,457	5,446	-	50,634
Depreciation	-	1,071	1,349	644	-	3,064
Balance on December 31, 2022	<u>\$ -</u>	<u>28,802</u>	<u>18,806</u>	<u>6,090</u>	<u>-</u>	<u>53,698</u>
Carrying amounts:						
Balance on December 31, 2023	<u>\$ 22,334</u>	<u>30,421</u>	<u>2,129</u>	<u>1,671</u>	<u>-</u>	<u>56,555</u>
Balance on January 1, 2022	<u>\$ 22,334</u>	<u>32,562</u>	<u>4,163</u>	<u>1,839</u>	<u>-</u>	<u>60,898</u>
Balance on December 31, 2022	<u>\$ 22,334</u>	<u>31,491</u>	<u>2,814</u>	<u>1,195</u>	<u>119</u>	<u>57,953</u>

As of December 31, 2023 and 2022, the Company had provided parts of the property, plant and equipment as collateral for its short-term borrowings; please refer to note (8).

(h) Right-of-use assets

The Company leases many assets including buildings and construction. The movements of leases for which the Company is a lessee were as below:

	<u>Buildings and construction</u>
Cost:	
Balance on January 1, 2023	\$ 2,511
Additions	<u>635</u>
Balance on December 31, 2023	<u>\$ 3,146</u>
Balance on January 1, 2022	\$ 1,876
Additions	<u>635</u>
Balance on December 31, 2022	<u>\$ 2,511</u>
Accumulated depreciation and impairment losses:	
Balance on January 1, 2023	\$ 2,035
Depreciation for the year	<u>635</u>
Balance on December 31, 2023	<u>\$ 2,670</u>
Balance on January 1, 2022	\$ 1,407
Depreciation for the year	<u>628</u>
Balance on December 31, 2022	<u>\$ 2,035</u>

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	Buildings and construction
Carrying amounts:	
Balance on December 31, 2023	\$ <u>476</u>
Balance on January 1, 2022	\$ <u>469</u>
Balance on December 31, 2022	\$ <u>476</u>

(i) Short-term borrowings

The short-term borrowings are summarized as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ 155,000	-
Secured bank loans	<u>160,000</u>	<u>100,000</u>
	\$ 315,000	100,000
Unused credit lines	<u>\$ 273,000</u>	<u>180,000</u>
Range of interest rates	<u>1.70%~1.88%</u>	<u>1.88%</u>

(i) For information on the Company's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(r).

(ii) The Company pledged parts of the non-current assets as collateral for parts of the borrowings. Furthermore, several management personnels also pledged their personal properties as collateral, and jointly act as guarantor for the borrowings. Please refer to notes (7) and (8).

(j) Convertible bonds payable

(i) Unsecured convertible bonds

- 1) The Company issued the fourth domestic unsecured convertible bonds with the face values of \$400,000 on September 6, 2022. As bondholders could require the Company to redeem the converted bonds held by them in cash using the par value of the bonds plus interest in July 2024, the Company classified the unsecured convertible bonds as current liabilities on December 31, 2023. The details were as follows:

	December 31, 2023	December 31, 2022
Total convertible corporate bonds issued	\$ 400,000	400,000
Less: Cumulative converted amount	(44,300)	(900)
Unamortized discounted corporate bonds payable	<u>(9,952)</u>	<u>(17,759)</u>
	345,748	381,341
Unamortized issuing costs of corporate bonds payable	<u>(2,363)</u>	<u>(4,216)</u>
Corporate bonds issued balance at year-end	\$ 343,385	377,125

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	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Embedded derivative – call option, included in current financial assets at fair value through profit or loss	\$ <u>142</u>	<u>-</u>
Embedded derivative – call option, included in non-current financial liabilities at fair value through profit or loss	\$ <u>-</u>	<u>519</u>
Embedded derivative – put option, included in current financial liabilities at fair value through profit or loss	\$ <u>462</u>	<u>-</u>
Embedded derivative – put option, included in non-current financial liabilities at fair value through profit or loss	\$ <u>-</u>	<u>2,594</u>
Equity component – conversion rights, included in capital surplus	\$ <u>16,272</u>	<u>18,209</u>
	<u>2023</u>	<u>2022</u>
Embedded derivative – gains (losses) on put option and call option remeasured at fair value, included in gains (loss) on financial assets (liabilities) measured at fair value through profit or loss	\$ <u>1,755</u>	<u>(635)</u>
Interest expense	\$ <u>(8,032)</u>	<u>(2,622)</u>

The effective rates of the fourth unsecured convertible bonds payable was 2.143%.

The significant terms of the aforementioned convertible corporate bonds were as follows:

- a) Interest rate: 0%
- b) Duration: Three years (September 6, 2022 to September 6, 2025)
- c) Redemption methods

Within the period between three month after the issuance date and 40 days before the last convertible date, if the closing price of the Company's ordinary shares on the TWSE for a period of 30 consecutive trading days before redemption has been at least 30% of the conversion price in effect on each such trading day, or the outstanding balance of convertible bonds is lower than \$40,000 (10% of the total amount originally issued), the Company may redeem all the bonds in cash, at par value, within five business days after the base date of reclamation of the bonds.

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d) Redemption at the option of bondholders

The bondholders may request the Company to redeem the convertibles bonds at par value added with interests for compensation in the form of cash within 40 days before the second issuance anniversary of the convertible bonds. The interest compensated should be 101.0025% of the bond's par value (0.50% of actual yield rate).

e) Terms of conversion

i) The debtors may opt to have its bonds converted into the Company's ordinary share at par value and at the conversion price at the time the conversion is requested, from the day following the expiration of three month after the issue of the convertible corporate debt, up to the expiry date, except for the following: the period during which the transfer of ordinary shares of the Company is suspended in accordance with the law and the period commencing from the date on which the transfer of bonus share issued ceases, the date on which the transfer of cash dividends ceases or 15 business days before the date on which the transfer of shares of cash capital increase ceases, until the date of record for the distribution of the rights or benefits; The period starts from the date of record of the capital decrease and ends on the date prior to the trading of the reissuance shares after the capital decrease, where conversion request is denied; from the conversion cease date of changing par value of shares until the day before trading of reissuance shares with new shares. The conversion cease date of the changing par value of shares mentioned in previous paragraph refers to one business day before the change of registration is applied to Ministry of Economic Affairs.

ii) Conversion price: NT\$21.43 per share.

2) The Company separated the convertible options from liability, and the information of equity and liabilities recognized was as follows:

The compound interest present values of the convertible bonds' face value	\$ 380,080
The embedded derivative asset at issuance – call option	(920)
The embedded derivative liability at issuance – put option	2,360
The equity components at issuance	<u>18,480</u>
The total amount of the convertible bonds at issuance	<u><u>\$ 400,000</u></u>

3) The fourth convertible corporate bonds converted into ordinary shares of the Company from January 1 to December 31, 2022. The par value of corporate bond amounting to \$900 were converted to ordinary shares of \$408, then write down corporate bond payables with a discount of \$51 resulted in a capital surplus of \$440.

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- 4) The fourth convertible corporate bonds converted into ordinary shares of the Company from January 1 to December 31, 2023. The par value of corporate bond converted amounted to \$43,400, and converted to ordinary shares of \$20,252, then write down corporate bond payables with a discount of \$1,628 resulted in a capital surplus of \$21,520.
- 5) As the bondholders may request the Company to buy back the convertible corporate bonds after two years of issuance, the Company conservatively classified all the above-mentioned convertible corporate bonds as current liabilities starting from July 2023. However, it does not mean that all the convertible corporate bonds will be fully settled in the next year.
- (ii) Secured convertible bonds
- 1) As of March 17, 2021, the domestic third secured convertible corporate bonds amounting to \$170,000, guaranteed by the bank and issued by the Company, were as follows:

	December 31, 2022
Total convertible corporate bonds issued	\$ 170,000
Less: Cumulative converted amount	(170,000)
Unamortized discounted corporate bonds payable	-
	-
Unamortized issuing costs of corporate bonds payable	-
Corporate bonds issued balance at year-end	\$ -
	2022
Embedded derivative – losses on put option and call option remeasured at fair value, included in loss on financial assets (liabilities) measured at fair value through profit or loss	\$ (380)
Interest expense	\$ (18)

- 2) The third convertible corporate bonds converted into ordinary shares of the Company from January 1 to December 31, 2022. The par value of corporate bond amounting to \$43,700, were converted to ordinary shares of \$27,799, then write down corporate bond payable with a discount of \$1,272 resulted in a capital surplus of \$14,629. As of December 31, 2022, the Company's third convertible corporate bonds had been fully converted.
- 3) Please refer to note (8) for the disclosures of mortgaged and pledged assets.

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(k) Lease liabilities

The details of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	\$ <u>477</u>	<u>477</u>

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	\$ <u>5</u>	<u>5</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>319</u>	<u>357</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>61</u>	<u>33</u>

The amounts recognized in the statements of cash flows were as follows:

	2023	2022
Total cash outflow for leases	\$ <u>1,020</u>	<u>1,030</u>

(i) Real estate leases

The Company leases buildings for its warehouse, with lease terms of 1 year.

(ii) Other leases

Certain leases on warehouse and equipment of the Company have contract terms of 1 year. These leases are short-term and the Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(l) Employee benefits

(i) Defined benefit plans

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

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 15,300	40,989
Fair value of plan assets	<u>(13,756)</u>	<u>(12,895)</u>
Net defined benefit liabilities (assets)	\$ <u>1,544</u>	<u>28,094</u>

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

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$13,756 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Company were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligations at January 1	\$ 40,989	36,927
Current service cost and interest cost	470	184
Remeasurement of net liabilities (assets) for defined benefit obligations	296	3,878
Contributions paid by the employer	<u>(26,455)</u>	<u>-</u>
Defined benefit obligations at December 31	<u>\$ 15,300</u>	<u>40,989</u>

3) Movements in fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ (12,895)	(5,664)
Expected return on plan assets	(230)	(35)
Contributions paid by the employer	(600)	(6,761)
Remeasurement of net liabilities (assets) for defined benefit obligations	<u>(31)</u>	<u>(435)</u>
Fair value of plan assets at December 31	<u>\$ (13,756)</u>	<u>(12,895)</u>
Actual return on plan assets	<u>\$ 261</u>	<u>470</u>

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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Net interest of net liabilities for defined benefit obligations	\$ 470	184
Expected return on plan assets	(230)	(35)
Allocated to subsidiaries	<u>(17)</u>	<u>(11)</u>
	<u>\$ 223</u>	<u>138</u>
Selling expenses (excluding pension paid by subsidiaries)	\$ 26	16
Administration expenses (excluding pension paid by subsidiaries)	109	68
Research and development expenses (excluding pension paid by subsidiaries)	<u>88</u>	<u>54</u>
	<u>\$ 223</u>	<u>138</u>

5) Actuarial assumptions

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.625 %	1.750 %
Future salary increase rate	2.000 %	1.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$600.

The weighted average lifetime of the defined benefits plans is 12.01 years.

6) Sensitivity analysis

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

(Continued)

JOINSOON ELECTRONICS MFG. CO., LTD.
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If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2023		
Discount rate	\$ (410)	427
Future salary increasing rate	415	(404)
December 31, 2022		
Discount rate	\$ (366)	377
Future salary increasing rate	373	(364)

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

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

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$3,227 and \$2,958 for the years ended December 31, 2023 and 2022, respectively.

(m) Income taxes

(i) Income tax expenses

1) The components of income tax in the years 2023 and 2022 were as follows:

	2023	2022
Current tax expense		
Current period	\$ 9,577	12,932
Unappropriated earnings	3,906	3,049
	13,483	15,981
Deferred tax expense		
Origination and reversal of temporary differences	6,044	19,409
Income tax expense	\$ 19,527	35,390

(Continued)

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- 2) There were no income tax expenses recognized in equity for the years ended December 31, 2023 and 2022.
- 3) The amounts of income tax recognized in other comprehensive income for 2023 and 2022 were as follows:

	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ <u>(53)</u>	<u>(689)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ <u>-</u>	<u>-</u>

- 4) Reconciliations of income tax and profit before tax for 2023 and 2022 were as follows:

	2023	2022
Profit before tax	\$ <u>81,563</u>	<u>191,273</u>
Income tax using the Company's domestic tax rate	16,313	38,255
Change in tax losses for which no deferred tax asset was recognized	-	(1,209)
Change in unrecognized temporary differences	(5,936)	(9,727)
Surtax on undistributed earnings	3,906	3,049
Others	<u>5,244</u>	<u>5,022</u>
	<u>\$ 19,527</u>	<u>35,390</u>

(ii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax liabilities: None.
- 2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 29,090	36,080
Tax effect of deductible temporary differences	<u>5,320</u>	<u>4,266</u>
	<u>\$ 34,410</u>	<u>40,346</u>

The Company is able to control the timing of the reversal of the temporary differences associated with investments in its subsidiaries. Also, it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax assets.

(Continued)

JOINSOON ELECTRONICS MFG. CO., LTD.
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3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Aggregate amount of temporary differences related to investments in subsidiaries	Others	Total
Deferred tax liabilities:			
Balance on January 1, 2023	\$ 42,226	3,954	46,180
Recognized in profit or loss	<u>4,902</u>	<u>(2,058)</u>	<u>2,844</u>
Balance on December 31, 2023	<u>\$ 47,128</u>	<u>1,896</u>	<u>49,024</u>
Balance on January 1, 2022	\$ 30,332	4,009	34,341
Recognized in profit or loss	<u>11,894</u>	<u>(55)</u>	<u>11,839</u>
Balance on December 31, 2022	<u>\$ 42,226</u>	<u>3,954</u>	<u>46,180</u>
Unused tax			
	losses	Others	Total
Deferred tax assets:			
Balance on January 1, 2023	-	6,233	6,233
Recognized in profit or loss	-	(3,200)	(3,200)
Recognized in other comprehensive income	<u>-</u>	<u>53</u>	<u>53</u>
Balance on December 31, 2023	<u>-</u>	<u>3,086</u>	<u>3,086</u>
Balance on January 1, 2022	6,286	6,828	13,114
Recognized in profit or loss	<u>(6,286)</u>	<u>(1,284)</u>	<u>(7,570)</u>
Recognized in other comprehensive income	<u>-</u>	<u>689</u>	<u>689</u>
Balance on December 31, 2022	<u>-</u>	<u>6,233</u>	<u>6,233</u>

(iii) Assessment of tax

The Company's tax returns for the years through 2021 were assessed by the Taipei National Tax Administration.

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(n) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the number of authorized ordinary shares were 200,000 thousand shares with par value of New Taiwan dollars \$10 per share. The total value of authorized ordinary shares amounted to \$2,000,000 of which \$47,000 were reserved for the exercising of employee share options. As of that date, 109,532 thousand shares (2022: 107,507 thousand shares) of ordinary shares were issued. All issued shares were paid up upon issuance.

The convertible corporate bonds for the years ended 2023 and 2022 were converted into 2,025 thousand and 2,820 thousand ordinary shares of the Company's capital at amounts of \$20,252 and \$28,207, respectively. As of December 31, 2023, there were 2,025 thousand ordinary shares that have not completed the registration procedure.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 106,792	83,335
Equity recognized for convertible bonds issued	16,272	18,209
Recognition of changes in ownership interests in subsidiaries	364	364
	<u>\$ 123,428</u>	<u>101,908</u>

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

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the board of directors and submitted to the stockholders' meeting for approval. The Company may allocate more than 10 percent of its distributable earnings for the year to distribute dividends to its shareholders for financial, business and operation factors, except when the distributable earnings is less than \$5,000. The earnings distribution may be distributed by way of cash dividend and/or stock dividend. The distribution ratio for cash dividend should not be less than 10% of the total dividend distribution.

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JOINSOON ELECTRONICS MFG. CO., LTD.
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1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Earnings distribution

On June 15, 2023 and June 16, 2022, the appropriation of the earnings in 2022 and 2021 was resolved in the general meeting of shareholders respectively.

Earnings distribution for 2021 was decided by the resolution adopted at the general meeting of the shareholders held on June 16, 2022, wherein the Company's board of directors resolved to adjust the cash dividend per share on August 5, 2022. The relevant dividend distributions to shareholders were as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Amount per share (NTD)</u>	<u>Amount</u>	<u>Amount per share (NTD)</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ <u>0.6</u>	<u>64,504</u>	<u>0.59790454</u>	<u>64,255</u>

On March 12, 2024, the Company's board of directors resolved to appropriate the year 2023 earnings. These earnings were appropriated as follows:

	<u>2023</u>	
	<u>Amount per share (NTD)</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders:		
Cash	\$ <u>0.25</u>	<u>27,423</u>

Related information would be available at the Market Observation Post System website.

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(o) Earnings per share

For the years ended December 31, 2023 and 2022, the Company's earnings per share were calculated as follows:

	2023	2022
Basic earnings per share (NTD)		
Profit attributable to ordinary shareholders of the Company	\$ <u>62,036</u>	<u>155,883</u>
Weighted-average number of outstanding ordinary shares (thousand shares)	<u>107,857</u>	<u>107,341</u>
Basic earnings per share (NTD)	\$ <u>0.58</u>	<u>1.45</u>
Diluted earnings per share (NTD)		
Profit attributable to ordinary shareholders of the Company	\$ 62,036	155,883
Interest and other gains or losses on convertible bonds, net of tax	<u>5,969</u>	<u>3,436</u>
Profit attributable to ordinary shareholders of the Company (after adjusting of potential dilutive ordinary share)	\$ <u>68,005</u>	<u>159,319</u>
Weighted-average number of outstanding ordinary shares (thousand shares)	107,857	107,341
Effect of the conversion of convertible bonds	18,285	18,141
Effect of employee share bonus	<u>308</u>	<u>640</u>
Weighted-average number of outstanding ordinary shares (thousand shares) (after adjusting of potential dilutive ordinary share)	<u>126,450</u>	<u>126,122</u>
Diluted earnings per share (NTD)	\$ <u>0.54</u>	<u>1.26</u>

(p) Revenue from contracts with customers

(i) Details of revenue

	2023			
	Connecting components segment	Electronics segment	High-speed internet segment	Total
Primary geographical markets:				
China	\$ 1,091,497	1,165	7,245	1,099,907
Taiwan	129,953	7,912	-	137,865
United States	45,734	76,477	484,152	606,363
Hong Kong	20,046	119,892	169,213	309,151
Thailand	266,362	-	-	266,362
Others	<u>112,888</u>	<u>82,900</u>	<u>-</u>	<u>195,788</u>
	<u>\$ 1,666,480</u>	<u>288,346</u>	<u>660,610</u>	<u>2,615,436</u>

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	2022			
	Connecting components segment	Electronics segment	High-speed internet segment	Total
Primary geographical markets:				
China	\$ 1,015,165	3,291	64,285	1,082,741
Taiwan	168,576	8,457	-	177,033
United States	32,186	65,125	538,374	635,685
Hong Kong	19,587	129,279	143,019	291,885
Thailand	237,247	-	-	237,247
Others	46,883	53,579	-	100,462
	<u>\$ 1,519,644</u>	<u>259,731</u>	<u>745,678</u>	<u>2,525,053</u>

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	\$ 699,342	568,910	797,000
Less: allowance for impairment	-	(47)	(24)
	<u>\$ 699,342</u>	<u>568,863</u>	<u>796,976</u>
Contract liabilities (advance sales receipts)	<u>\$ 1,360</u>	<u>2,662</u>	<u>5,045</u>

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period, were \$1,606 and \$4,282, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(q) Remuneration for employees, directors, and supervisors

In accordance with the articles of incorporation the Company should contribute 5% to 15% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$4,362 and \$10,229, and directors' and supervisors' remuneration amounting to \$1,309 and \$3,069, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, minus the accumulated deficits and multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses during the period. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the

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day before the approval by the board of directors. There is no difference between the amount approved in the board of directors' meeting and recognized in the financial statements in 2023 and 2022. Related information would be available at the Market Observation Post System website.

(r) Financial instruments

(i) Credit risk

1) The maximum exposure to credit risk

The carrying amount of financial assets represent the maximum amount exposed to credit risk.

2) Concentration of credit risk

The majority of the Company's customers are mostly those in the high-tech industry. In order to reduce accounts receivable credit risk, the Company continuously assesses the financial condition of its customers. As of December 31, 2023 and 2022, the Company's major customers who generated 10% of the total revenue accounted for 32% and 28%, respectively, of the accounts receivable; therefore, the management believes there is concentration of credit risk. For information on the Company's credit risk management policy, please refer to note (6)(s).

3) Credit risk of receivables

For credit risk exposure of note and account receivables, please refer to note (6)(c). For other financial assets at amortized cost including other receivables, please refer to note (6)(d).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 315,000	(315,544)	(315,544)	-	-
Notes and accounts payable (including related parties)	547,506	(547,506)	(547,506)	-	-
Other payables	64,670	(64,670)	(64,670)	-	-
Bonds payable	343,385	(355,700)	-	-	(355,700)
Current lease liabilities	477	(480)	(480)	-	-
Derivative financial liabilities					
Embedded derivative - convertible bond	462	-	-	-	-
	<u>\$ 1,271,500</u>	<u>(1,283,900)</u>	<u>(928,200)</u>	<u>-</u>	<u>(355,700)</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	\$ 100,000	(100,432)	(100,432)	-	-
Notes and accounts payable (including related parties)	225,066	(225,066)	(225,066)	-	-
Other payables	83,462	(83,462)	(83,462)	-	-
Bonds payable	377,125	(399,100)	-	-	(399,100)
Current lease liabilities	477	(480)	(480)	-	-
Derivative financial liabilities					
Embedded derivative - convertible bond	2,594	-	-	-	-
	<u>\$ 788,724</u>	<u>(808,540)</u>	<u>(409,440)</u>	<u>-</u>	<u>(399,100)</u>

(iii) Currency risk

1) Exposure to foreign currency risk

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

(Unit: in thousands)

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets						
Monetary items						
USD	\$ 27,281	USD/TWD =30.725	838,209	25,514	USD/TWD =30.72	783,790
Financial liabilities						
Monetary items						
USD	\$ 10,260	USD/TWD =30.725	315,238	8,502	USD/TWD =30.72	261,181

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the TWD against the USD as of December 31, 2023 and 2022 would have increased (decreased) the net profit before tax as follows. The analysis assumes that all other variables remain constant and ignores any impact of forecast sales and purchases. The analysis is performed on the same basis for both periods.

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	2023	2022
USD (against the TWD)		
Strengthening 5%	\$ 26,149	26,130
Weakening 5%	(26,149)	(26,130)

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gain (loss), net (including realized and unrealized portions) amounted to \$20,566 and \$66,138, respectively.

(iv) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Variable rate instruments:		
Financial assets	\$ 88,907	76,824
Financial liabilities	(165,000)	(50,000)
	\$ (76,093)	26,824

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the Company's net income before tax would have increased or decreased by \$190 for the year ended December 31, 2023 and the net income before tax would have decreased or increased by \$67 for the year ended December 31, 2022, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates, restricted deposits and demand deposits.

(v) Fair value of financial instruments

1) Evaluation process and fair value hierarchy

The Company's accounting policies and disclosures included fair value method on financial assets and liabilities. The Company's management is responsible in performing independent test on fair value by using independent source of information to obtain the fair value which is close to the market status. The management also confirms the independence, reliability and matching of the information source, and regularly test the

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valuation model, update the input and other information, and make necessary adjustment to ensure the output of valuation is reasonable.

The Company uses observable market data to evaluate its assets and liabilities when it is possible. The different inputs of levels of fair value hierarchy in determination the fair value are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

2) Categories of financial instruments and fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss are measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss	\$ <u>769</u>	-	627	142	769
Subtotal	<u>769</u>				
Financial assets measured at amortized cost:					
Cash and cash equivalents	166,784	-	-	-	-
Notes and accounts receivable, net (including related parties)	699,342	-	-	-	-
Other receivables (including related parties)	2,329	-	-	-	-
Refundable deposits (recognized as other non-current assets)	<u>170</u>	-	-	-	-
	<u>868,625</u>				
	<u>\$ 869,394</u>				

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3) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

b) Financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

4) Valuation techniques for financial instruments measured at fair value

Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the binomial tree pricing model. Fair value of forward currency is usually determined by the forward currency exchange rate.

5) There was no transfer between the different levels of fair value hierarchy for the December 31, 2023 and 2022.

6) Reconciliation of Level 3 fair values

	At fair value through profit or loss	
	Derivative financial assets- convertible bonds	Derivative financial liabilities - convertible bonds
Balance on January 1, 2023	\$ 519	(2,594)
Total gains and losses:		
Recognized in profit or loss	(377)	2,132
Balance on December 31, 2023	\$ 142	(462)
Balance on January 1, 2022	\$ 393	(13)
Issued	920	(2,360)
Total gains and losses:		
Recognized in profit or loss	(794)	(221)
Balance on December 31, 2022	\$ 519	(2,594)

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For the years ended December 31, 2023 and 2022, total gains and losses that were included in “gains (losses) on financial assets (liabilities) at fair value through profit or loss” were as follows:

	2023	2022
Total gains and losses		
Recognized in profit or loss:		
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	\$ <u>1,755</u>	<u>(1,015)</u>

- 7) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial assets at fair value through profit or loss – convertible bonds redemption rights and financial liabilities – convertible bonds put option that use Level 3 inputs only has a significant unobservable input value.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial assets/liabilities - convertible bonds redemption rights/ put option.	Convertible binomial tree pricing model	Volatility (35.19% and 50.31%, respectively, on December 31, 2023 and 2022)	The higher the volatility, the higher the fair value

- 8) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company’s measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions that may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Input	Move up or down	Profit or loss	
			Favorable change	Unfavorable change
December 31, 2023				
Financial assets/liabilities at fair value through profit or loss	Volatility	5%	\$ <u>177</u>	<u>(78)</u>
December 31, 2022				
Financial assets/liabilities at fair value through profit or loss	Volatility	5%	\$ <u>160</u>	<u>(279)</u>

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The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(s) Financial risk management

(i) Overview

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

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

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

(ii) Structure of risk management

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

The Company's internal auditors oversee how management monitors compliance with the Company's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Company. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Company has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, and these limits are reviewed periodically. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

(Continued)

JOINSOON ELECTRONICS MFG. CO., LTD.
Notes to the Parent Company Only Financial Statements

The majority of the Company's customers are mostly those in the high-tech industry. In order to reduce accounts receivable credit risk, the Company continuously assesses the financial condition of its customers. If it is necessary, the Company will ask for guarantees or warranties. The Company regularly assesses the likelihood of collectability of accounts receivable and sets aside allowance for bad debts, based on the result of management's evaluation of the overall amounts of bad debts.

The Company set the allowance for bad debt account to reflect the estimated losses for accounts receivable and other receivables. This allowance for bad debt account consists of specific losses relating to individually significant exposure and the unrecognized losses arising from similar assets groups. The allowance for bad debt account is based on historical collection record of similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with financial institutions and corporate organizations with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties. As management actively monitors credit ratings, it is not expected that any transaction counterparty will be unable to fulfill its obligations.

3) Guarantees

The Company policy provides only financial security to subsidiaries with over 50% voting rights.

Please refer to note (13)(a) for details of the subsidiaries' endorsements and guarantees provided by the Company as of reporting date.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities, the financial ratio maintained by loan contracts and ensures in compliance with the terms of the loan agreements.

Bank borrowing is an essential liquidity source for the Company. As of December 31, 2023 and 2022, the Company's unused credit line please refer to note (6)(i).

(v) Market risk

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

(Continued)

JOINSOON ELECTRONICS MFG. CO., LTD.
Notes to the Parent Company Only Financial Statements

1) Currency risk

The functional currency of the Company is mainly TWD. The Company's exposure to the risk of fluctuation in foreign currency exchange rates relates primarily to the Company's sales, purchases, and borrowings transactions, and those are denominated in a currency different from the functional currencies of the Company. These transactions are denominated in RMB, USD and THB.

Other monetary assets and liabilities denominated in foreign currencies are using the current exchange rates to maintain the net currency risk at the acceptable level.

2) Interest rate risk

The Company borrows funds on variable interest rates, which has a risk exposure to cash flow. The Company regularly evaluates and adopts cost-effective financing and hedging strategies.

3) Other market price risk

The Company is exposed to equity price risk due to the investments in unlisted equity securities at fair value measured by valuation method and open-end fund at fair value measured by open quotation. The Company's investment portfolios of equity instruments are reviewed regularly by management, and significant investment decision is approved by the board of directors.

(t) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. The management uses the appropriate total liability/equity ratio to determine the optimal capital for the merger. The Company aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time. The Company's liability to equity ratio at the end of each reporting period was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 1,362,589	894,326
Total equity	1,443,243	1,412,662
Debt-to-equity ratio	94 %	63 %

The increase in debt-to-equity ratio on December 31, 2023 was due to the increase of short-term borrowings and increase of accounts payable due to related parties, resulting the increase in liabilities. As of December 31, 2023, the Company had not changed its capital management method.

(Continued)

JOINSOON ELECTRONICS MFG. CO., LTD.
Notes to the Parent Company Only Financial Statements

(u) Investing and financing activities not affecting current cash flow

(i) The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

1) For conversion of convertible bonds to ordinary shares, please refer to note (6)(j).

(ii) Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-Cash changes Others	December 31, 2023
Short-term borrowings	\$ 100,000	215,000	-	315,000
Bonds payable	377,125	-	(33,740)	343,385
Lease liabilities	477	(635)	635	477
Total liabilities from financing activities	<u>\$ 477,602</u>	<u>214,365</u>	<u>(33,105)</u>	<u>658,862</u>

	January 1, 2022	Cash flows	Non-cash changes Others	December 31, 2022
Short-term borrowings	\$ 161,000	(61,000)	-	100,000
Bonds payable	42,410	395,000	(60,285)	377,125
Long-term borrowings (including current portion)	100,323	(100,323)	-	-
Lease liabilities	477	(635)	635	477
Total liabilities from financing activities	<u>\$ 304,210</u>	<u>233,042</u>	<u>(59,650)</u>	<u>477,602</u>

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Conquest International Holding Corporation (Conquest – BVI)	Subsidiary of the Company
Evergrand Holding Limited (Evergrand)	"
Volex-JEM Co., Ltd. (Volex-JEM)	"
Joinsoon Electronics Manufacturing Co.,Ltd. (Thailand Joinsoon)	"
Dongguan Jian-Wei Electronics Products Co.,Ltd. (Dongguan Jianwei)	Subsidiary of the Company's subsidiary
Dongguan Jian-Yi Electronics Co., Ltd. (Dongguan Jianyi)	"

(Continued)

JOINSOON ELECTRONICS MFG. CO., LTD.
Notes to the Parent Company Only Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
Samoa Brighton Goal Limited (Brighton Goal)	Subsidiary of the Company's subsidiary
Fast Cosmos Limited (Fast Cosmos)	"
Suzhou Jian-Ho Precision Electronics Co., Ltd. (Suzhou Jianho)	"
Volex-JEM Cable Precision (Dongguan) Co., Ltd. (Dongguan Volex)	"

(b) Significant transactions with related parties

(i) Sale revenue

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

	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ <u>1,667</u>	<u>4,621</u>

The selling prices and payment terms of raw materials sold by the Company to its subsidiaries have no comparable transaction data available. There is no similar and comparable transaction data for the product price the Company offered. There is no significant difference between the payment terms the Company offered to other related parties and for third parties.

(ii) Purchases

The amounts of significant purchase by the Company from related parties were as follows:

	<u>2023</u>	<u>2022</u>
Dongguan Jianwei	\$ 1,265,685	1,241,498
Thailand Joinsoon	465,034	344,594
Suzhou Jianho	<u>416,894</u>	<u>456,845</u>
	<u>\$ 2,147,613</u>	<u>2,042,937</u>

The inventory purchased from subsidiary by the Company is priced by percentages agreed upon on the invoice. The payment duration is adjusted depending on funding requirement of both parties.

(iii) Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable due from related parties	Suzhou Jianho	\$ 122	5,805
Accounts receivable due from related parties	Thailand Joinsoon	<u>6,565</u>	<u>-</u>
		<u>\$ 7,144</u>	<u>5,805</u>

(Continued)

JOINSOON ELECTRONICS MFG. CO., LTD.
Notes to the Parent Company Only Financial Statements

(iv) Prepayments

The prepayments from related parties were as follows:

<u>Account</u>	<u>Related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments	Dongguan Jianwei	\$ -	37,813

(v) Other receivables from related parties

Other receivables arising from purchases of raw materials, fixed assets and receipts under custody for related parties by the Company for subsidiary were recognized under other receivables due from related parties, the details were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Dongguan Volex	\$ 10,522	10,534
Subsidiaries	167	167
	10,689	10,701
Less: Impairment loss allowance	(8,634)	(8,553)
	<u>\$ 2,055</u>	<u>2,148</u>

(vi) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable to	Suzhou Jianho	\$ 163,536	114,442
related parties			
"	Dongguan Jianwei	239,909	-
"	Thailand Joinsoon	57,927	26,268
		<u>\$ 461,372</u>	<u>140,710</u>

(c) Key management personnel compensation

(i) Key management personnel compensation comprised:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 44,643	18,509
Post-employment benefits	218	382
	<u>\$ 44,861</u>	<u>18,891</u>

(Continued)

JOINSOON ELECTRONICS MFG. CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) Guarantee

Certain credit lines of the long and short term borrowings of the Company were guaranteed by selected key management personnel with their personal property and they also act as joint guarantor. The real estate of the subsidiaries was pledged as guarantee for the Company's corporate bonds payable.

(8) Pledged assets:

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

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment — land and construction	Short-term borrowings	\$ <u>52,755</u>	<u>53,825</u>

(9) Commitments and contingencies:

The Company passed the resolution on November 5, 2019 to amend the company policy, "Acquisition and Disposal of Assets procedure" in respect to capital increase for Dongguan Jianwei each year in future. The Company promised to Taipei Exchange that it would not back out from the capital increase for Conquest-BVI each future year. Conquest-BVI and Suzhou Jianho would not back out from the cash capital increase for Dongguan Jianwei each year in future, if the Company and Conquest-BVI want to back out from the capital increase or conduct a shares disposal of the above entities in future, resolution from the board of directors has to be passed beforehand.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

A summary of employee benefit, depreciation, and amortization expenses by function, is as follows:

By item	By function	2023			2022		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		-	74,682	74,682	-	75,105	75,105
Labor and health insurance		-	5,957	5,957	-	5,707	5,707
Pension		-	3,450	3,450	-	3,096	3,096
Remuneration of directors		-	4,159	4,159	-	5,514	5,514
Others		-	4,157	4,157	-	3,728	3,728
Depreciation		-	3,583	3,583	-	3,692	3,692
Amortization		-	556	556	-	270	270

The information about number of employees and employee benefit expenses for the years ended December 31, 2023 and 2022 was as follows:

(Continued)

JOINSOON ELECTRONICS MFG. CO., LTD.
Notes to the Parent Company Only Financial Statements

	2023	2022
Number of employees	68	63
Non-employee directors	3	3
Average benefit expense per employee	\$ 1,358	1,461
Average salary expense per employee	\$ 1,149	1,252
Average salary expense adjustment per employee	(8.23)%	
Remuneration of supervisors	\$ -	165

The Company's information of remuneration policy (including board of directors, supervisors, managers and employees) was as follows:

The remuneration to board of directors and supervisors of the Company are evaluated according to article of incorporation and "The remuneration process for directors and supervisors". The remuneration to managements are conducted according to "The remuneration process for managements" in respect to the Company's overall operation performance, as well as the personal contribution toward the Company and individual performance achievements. Beside the salary, employee compensation includes seniority and performance for annual bonus.

(13) Other disclosures:

(a) Information on significant transactions:

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

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	Thailand Joinsoon	2	216,486	44,945 (USD1,463 thousand)	44,945	-	-	3.12 %	432,973	Y	N	N

Note 1: The labeling method is as follows:

1. "0" represents the Parent Company
2. "1" represents the Subsidiaries

Note 2: There are seven conditions in which the Company may have guarantees or endorsements for other parties:

1. Having business relationship.
2. The entity directly or indirectly owned more than 50% by the Company.
3. The entity directly or indirectly own more than 50% of the Company.
4. The Company holds more than 90% of voting shares in the entity, directly and indirectly.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. The stockholders of the Company provide guarantees or endorsements for the entity in proportion to percentage of ownership for joint investment.
7. The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for preconstruction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to the Company's "Procedures for Endorsement and Guarantee", for external endorsements/ guarantees, the total amount of endorsements/ guarantees the Company is permitted to make shall not exceed 30% of the Company's net worth, and the total amount of endorsements/ guarantees the Company or the Company is permitted to make shall not exceed 15% of the Company's net worth.

(Continued)

JOINSOON ELECTRONICS MFG. CO., LTD.
Notes to the Parent Company Only Financial Statements

- (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars/Thousand Shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	-	Investment accounted for using equity method	Thailand Joinsoon	100% owned subsidiary	6,543	588,272	4,283	387,669	-	-	-	-	10,826	975,941

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	Owner	Relationship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Others
Thailand Joinsoon	Building	March 1, 2023	THB 360,000 thousand	THB 287,870 thousand	Fah Chun Development company	Non-related party	-	-	-	-	According to contract term	Operation plan	-

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Dongguan Jianwei	100% owned subsidiaries	Purchase	1,265,685	52 %	Collect payment and make payment depending on funding requirement after offsetting debts and claims in each month.	N/A	N/A	Accounts payable (239,909)	(45)	
The Company	Thailand Joinsoon	"	"	465,034	19 %	"	"	"	Accounts payable (57,927)	(11)	
The Company	Suzhou Jianho	100% owned subsidiaries by Brighton Goal	"	416,894	17 %	"	"	"	Accounts payable (163,536)	(30)	
Dongguan Jianwei	The Company	Fully owned parent company	(Sale)	(1,265,685)	(78) %	"	"	"	Accounts receivable 239,909	63	

(Continued)

JOINSOON ELECTRONICS MFG. CO., LTD.
Notes to the Parent Company Only Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Thailand Joinsoon	The Company	Fully owned parent company	"	(465,034)	(91) %	Collect payment and make payment depending on funding requirement after offsetting debts and claims in each month.	N/A	N/A	Accounts receivable 57,927	58	
Suzhou Jianho	The Company	100% owned the parent company by Brighton Goal	"	(416,894)	(98) %	"	"	"	Accounts receivable 163,536	95	

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts	Note
					Amount	Action taken			
Suzhou Jianho	The Company	Parent company	163,536	2.88	-		71,694	-	
Dongguan Jianwei	The Company	Parent company	239,909	5.28	-		91,247	-	-

Note 1: For the information as of February 27, 2024.

(ix) Trading in derivative instruments: Please refer to note (6)(b).

(b) Information on investees:

The following is the information on investees for the year 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/(losses) of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Conquest BVI and subsidiaries	Dongguan city, Guangdong province	General investments and processing of computer peripherals	323,663	323,663	6,500	100 %	409,273	34,953	34,953	
"	Teampus	Taiwan	Electronic information provider	21,034	21,034	2,385	15.59 %	108,649	48,099	774	
"	Evergrand and its subsidiaries	Samoa and Suzhou city, Jiangsu province	Investments holdings and processing of computer peripherals	91,616	91,616	3,000	100 %	312,618	23,979	23,979	
"	Thailand Joinsoon	Thailand	Processing of computer peripherals	975,941	588,272	10,826	100 %	949,942	(29,194)	(27,376)	Note 1
"	Vollex-JEM	Taiwan	Processing of computer peripherals	17,752	17,752	1,775	57 %	(9,033)	(188)	(107)	
Evergrand	Brighton Goal	Samoa	Investment holding	90,630	90,630	3,000	100 %	312,620	23,979	23,979	

Note1: The Company has taken into account the relevant provisions in Thailand that 0.2 thousands shares of Thailand Joinsoon equity is held in the name of third parties with whom the Company has entered into contracts setting out the rights and obligations of both parties to safeguard the safety of assets.

(Continued)

JOINSOON ELECTRONICS MFG. CO., LTD.
Notes to the Parent Company Only Financial Statements

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars /foreign currencies)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
Dongguan Jianwei	Processing and manufacturing of computer peripherals	Capital has been verified: 431,664 (HK\$108,500) (Note 4)	Through Conquest-BVI and Suzhou Jianho	323,663	-	-	323,663	48,243	100%	48,243	558,460	-	(Note 1)
Dongguan Jianyi	Processing and manufacturing of computer peripherals	29,520 (RMB\$6,000)	Indirect investment(b) (c)	-	-	-	-	(3,290)	100%	(3,290)	(2,007)	-	
Suzhou Jianho	Processing and manufacturing of computer peripherals	94,170 (Capital has been verified: USD\$3,000)	Indirect investment through Evergrand and Brighton Goal	94,170 (US\$3,000)	-	-	94,170 (US\$3,000)	23,980	100%	23,980	312,320	-	
Dongguan Volex	Processing and manufacturing of computer peripherals	25,585 (US\$800) (Note 3)	Indirect investment through Volex-JEM and Suzhou Jianho (a) (c)	17,903 (US\$560)	-	-	17,903 (US\$560)	(268)	70%	(188)	(15,925)	-	

Note 1: The financial statements were audited by the parent's external accountants.

Note 2: Investment methods are classified into the following three categories.

(a) Direct investment in Mainland China.

(b) Indirect investment Mainland China through an existing company registered in the third region. (Please specify the investor in the third region.)

(c) Others

Note 3: Of which US\$240 thousands was invested by Suzhou Jianho from its own capital.

Note 4: Of which HK\$27,500 thousands was invested by Suzhou Jianho under its own capital.

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
The Company	410,961 (USD7,709 thousands, HKD44,267 thousands)	410,961 (USD7,709 thousands, HKD44,267 thousands)	867,037
Volex-JEM	17,206 (USD560 thousands)	17,206 (USD560 thousands)	80,000

Note 1: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the historical foreign exchange rate on the reporting date.

(iii) Significant transactions:

Please refer to information on significant transactions and business relationships and significant intercompany transaction for the information on significant direct or indirect transactions between the Group and the investee companies in Mainland China for the year ended December 31, 2023.

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JOINSOON ELECTRONICS MFG. CO., LTD.
Notes to the Parent Company Only Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Jianhua Investment Co., Ltd.		6,208,803	5.66 %
Chairman: Chin-Hsiung Huang		5,706,268	5.20 %

Note: 1) Information about the substantial shareholders of this form is provided by the General Insurance Company on the last business day of each quarter. The total number of ordinary shares in which the calculation of shareholders' holding company has completed the unincorporated delivery is more than 5%. As to the number of shares recorded in the Company's financial reports that are not physically registered as delivered by the Company, the basis of the calculation may differ or vary.

2) The above information, in the case of a shareholder's delivery of shares to a trust, is disclosed by the individual sub-account of the principal who opened the trust in favor of the trustee. As to the declaration of the shareholders' shareholding of an insider in excess of 10% by virtue of the Securities Trading Act, the shareholding of the shareholders includes the addition of the shares of the shareholders in trust and the application of the right of decision in respect of the trust property, and so on. For information on the declaration of the rights of the insider, please refer to the Public Information Observatory.

(14) Segment information:

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

Joinsoon Electronics Mfg. Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ <u>378</u>
Petty cash	NTD	<u>20</u>
Checking accounts and demand deposits	NTD	7,869
	Foreign currency (USD2,613 thousands, JPY666 thousands, RMB41 thousands, THB587 thousands and HKD144 thousands)	81,705
Time deposits	Foreign currency (USD2,500 thousands)	<u>76,812</u>
	Subtotal	<u>166,386</u>
		<u>\$ 166,784</u>

Note : The exchange rate is 30.725 New Taiwan dollars for 1 US dollar; 0.2175 New Taiwan dollars for 1 JPY dollar; 0.8989 New Taiwan dollars for 1 THB dollar; 3.933 New Taiwan dollars for 1 HK dollar; 4.33 New Taiwan dollars for 1 CNY dollar.

Joinsoon Electronics Mfg. Co., Ltd.
Statement of Notes and Accounts Receivables
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Accounts and notes receivable :		
Company CNSD001	Third party sales	\$ 103,468
Company CNQT001	"	87,615
Company CNLJ001	"	83,606
Company CNHH001	"	78,552
Company USAP001	"	45,568
Company HKIO001	"	45,109
Others (Note)	"	<u>248,280</u>
		<u>\$ 692,198</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

Statement of Inventories
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Cost</u>	<u>Net realizable value</u>
Materials	\$ 188	188
Finished goods	<u>75,368</u>	<u>96,001</u>
	<u>\$ 75,556</u>	<u>96,189</u>

Note: Allowance for loss on inventory valuation resulting from the inventories is measured at the lower of cost or net realizable value and the unmoved inventories at the extent over six months.

Joinsoon Electronics Mfg. Co., Ltd.
Statement of Changes In Investments Accounted For Using The Equity
Method
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning balance		Increase (Note 2)		Decrease (Note1)		Share of profit (loss) recognized	Other adjustment amount	Ending balance			Exchanges differences on translation of foreign financial statements	Ending balance	December 31, 2023 Market price or net value	Collaterals or pledged assets
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Percentage of ownership	Amount				
Conquest-BVI	6,500	\$ 296,648	-	-	-	-	34,953	-	6,500	100 %	331,601	77,672	409,273	409,273	None
Teamplus	2,385	118,938	-	-	-	(11,065)	774	-	2,385	15.59 %	108,647	2	108,649	53,340	"
Evergrand	3,000	320,150	-	-	-	-	23,979	-	3,000	100 %	344,129	(31,511)	312,618	312,618	"
Thailand Joinsoon	6,543	585,039	4,283	387,669	-	-	(27,376)	-	10,826	100 %	945,332	4,610	949,942	949,942	"
Volex-JEM	1,755	(9,121)	-	-	-	-	(107)	-	1,755	57 %	(9,228)	195	(9,033)	(9,033)	"
Total		1,311,654		387,669		(11,065)	32,223	-			1,720,481	<u>50,968</u>	1,771,449		
Exchanges differences on translation of foreign financial statements		59,479		-		(8,511)	-	-			50,968				
Credit balances of investments in equity method		9,093		-		-	-	(60)			9,033		9,033		
		<u>\$ 1,380,226</u>		<u>387,669</u>		<u>(19,576)</u>	<u>32,223</u>	<u>(60)</u>			<u>1,780,482</u>		<u>1,780,482</u>		

Note 1: The cash dividends amounting to \$11,065 were distributed from Teamplus.

Note 2: The Company invested the additional cash of \$387,669 in Thailand Joinsoon in 2023.

Joinsoon Electronics Mfg. Co., Ltd.
Statement of Changes in Property, Plant and
Equipment

For the year ended December 31, 2023

Please refer to note (6)(g).

Statement of Short-Term Borrowings
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Type of loan</u>	<u>Description</u>	<u>Contract period</u>	<u>Range of interest rates (%)</u>	<u>Loan commitments</u>	<u>Collaterals or pledged assets</u>	<u>Ending balance</u>
Borrowing from financial institutions	Secured loans	December 8, 2023- January 8, 2024	1.85%	\$ 20,000	Yes	\$ 20,000
"	"	January 25, 2023- January 25, 2024	1.83%	55,000	Yes	55,000
"	"	December 29, 2023- January 2, 2024	1.88%	105,000	Yes	85,000
"	Credit loans	October 20, 2023- January 19, 2024	1.59%	60,000	No	25,000
"	"	December 21, 2023- March 21, 2024	1.79%	50,000	No	50,000
"	"	December 5, 2023- March 4, 2024	1.7%	80,000	No	<u>80,000</u>
						<u><u>\$ 315,000</u></u>

Joinsoon Electronics Mfg. Co., Ltd.
Statement of Notes and Accounts Payable
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Notes Payables	Third party operating cost	\$ <u>442</u>
Account Payables :		
Company P12WK002	"	75,741
Others (Note)		<u>9,951</u>
Total		<u>85,692</u>
		\$ <u>86,134</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

Statement of Operating Revenue
For the year ended December 31, 2023

<u>Item</u>	<u>Quantity (thousand units)</u>	<u>Amount</u>
Wire-mounted (including connectors)	40,950	\$ 1,929,039
Electronic products	1,989	254,621
Antennas	35,737	65,143
Materials and others	46,221	<u>366,633</u>
Net sales revenue		\$ <u>2,615,436</u>

Joinsoon Electronics Mfg. Co., Ltd.
Statement of Operating Costs
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Inventories, beginning of the year	\$ 18,781
Add: Purchases (including in-transit inventory)	2,444,099
Outsourcing processing expenses	(16)
Less: Inventories, end of the year	(76,112)
Gain on reversal of allowance for inventory valuation loss	(319)
Others	<u>23,450</u>
Operating costs	<u><u>\$ 2,409,883</u></u>

Statement of Operating Expenses
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Wages and salaries	\$ 25,711	39,034	17,546
Shipping expenses	3,808	122	13
Depreciation	1	2,366	1,216
Commission expenses	38,369	-	-
Import and export charges	2,251	127	-
Professional service fee	1,901	7,681	149
Others (Note)	<u>11,115</u>	<u>17,709</u>	<u>4,638</u>
	<u><u>\$ 83,156</u></u>	<u><u>67,039</u></u>	<u><u>23,562</u></u>

Note: The amount of each item included in others does not exceed 5% of the account balance.