

**(English Translation of Consolidated Financial Statements Originally
Issued in Chinese)**

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of JUNG SHING WIRE CO., LTD. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, JUNG SHING WIRE CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: JUNG SHING WIRE CO., LTD.

Chairman: WANG, DONG-ZE

Date: March 9, 2023



安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of JUNG SHING WIRE CO., LTD.:

Opinion

We have audited the consolidated financial statements of JUNG SHING WIRE CO., LTD. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2022 and 2021, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Please refer to Notes 4(h) "Inventories", Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(f) "Inventories" to the consolidated financial statements.

Description of key audit matter:

The inventory amount of the Group is stated at the lower of cost or net realizable value, since the sales price of the Group's products, enameled copper wire is affected by fluctuations in the price of its principal raw materials, copper; which may result in the risk of inventories cost being higher than the net realizable value. Therefore, the net realizable value assessment of inventories valuation has been identified as one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Understanding the variation of sale prices used by the management and changes in market price of inventory in a period after the reporting date, to ensure the appropriateness of the net realizable value, and engage in sampling procedure to confirm the accuracy of the statement on net realizable values of inventory.
- View inventory pool aging reports to analyze inventory pool aging changes for each period. Then engage in sampling procedure to confirm the accuracy of inventory pool aging report.
- Review the accuracy of the Group's past provision for inventories to assess the appropriateness of the current valuation method and assumptions.
- Assess whether the Group's disclosure of information relating to inventory provisions is appropriate.

Other Matter

JUNG SHING WIRE CO., LTD. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of 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 Yen-Ta Su and Po-Jen Yang.

KPMG

Taipei, Taiwan (Republic of China)
March 9, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

| | | <u>December 31, 2022</u> | | <u>December 31, 2021</u> | | | | <u>December 31, 2022</u> | | <u>December 31, 2021</u> | |
|------------------------|--|--------------------------|------------|--------------------------|------------|-------------------------------|---|--------------------------|------------|--------------------------|------------|
| Assets | | Amount | % | Amount | % | Liabilities and Equity | | Amount | % | Amount | % |
| Current assets: | | | | | | Current liabilities: | | | | | |
| 1100 | Cash and cash equivalents(note (6)(a)) | \$ 702,666 | 21 | 896,758 | 25 | 2100 | Short-term borrowings(notes (6)(l)and (8)) | \$ 537,500 | 16 | 948,000 | 26 |
| 1110 | Current financial assets at fair value through profit or loss-current(note (6)(b)) | 214,670 | 7 | 78,275 | 2 | 2110 | Short-term notes and bills payable(note (6)(l)) | - | - | 180,000 | 5 |
| 1136 | Current financial assets at amortised cost-current(note (6)(c)) | 4,950 | - | - | - | 2170 | Notes payables and trade payable | 80,122 | 3 | 86,008 | 2 |
| 1150 | Notes receivable(notes (6)(d), (t)and (7)) | 34,762 | 1 | 63,653 | 2 | 2180 | Trade payable to related parties(note (7)) | 32,276 | 1 | 23,627 | 1 |
| 1170 | Trade receivable, net(notes (6)(d)and (t)) | 625,744 | 19 | 819,359 | 23 | 2200 | Other payables(notes (6)(o)and (7)) | 107,759 | 3 | 155,408 | 4 |
| 1181 | Trade receivable due from related parties(notes (6)(d), (t)and (7)) | 35,040 | 1 | 29,063 | 1 | 2230 | Current tax liabilities | 8,790 | - | 25,155 | 1 |
| 1200 | Other receivables(note (6)(e)) | 5,542 | - | 22,338 | 1 | 2300 | Other current liabilities(notes (6)(t)and (9)) | 33,789 | 1 | 33,990 | 1 |
| 1220 | Current tax assets | 6,879 | - | 12,952 | - | 2322 | Long-term borrowings, current portion(note (6)(l)) | <u>42,000</u> | <u>1</u> | <u>33,513</u> | <u>1</u> |
| 130X | Inventories(note (6)(f)) | 353,124 | 11 | 389,607 | 11 | | Current liabilities Total | <u>842,236</u> | <u>25</u> | <u>1,485,701</u> | <u>41</u> |
| 1410 | Prepayments and other current assets(note (6)(h)) | <u>41,468</u> | <u>1</u> | <u>46,412</u> | <u>1</u> | | Non-Current liabilities: | | | | |
| | Total current assets | <u>2,024,845</u> | <u>61</u> | <u>2,358,417</u> | <u>66</u> | 2500 | Non-current financial liabilities at fair value through profit or loss(notes (6)(b)and (m)) | 1,860 | - | - | - |
| | Non-current assets: | | | | | 2530 | Bonds payable(note (6)(m)) | 188,938 | 6 | - | - |
| 1600 | Property, plant and equipment(notes (6)(h), (8)and (9)) | 1,145,042 | 35 | 1,122,489 | 31 | 2540 | Long-term borrowings(note (6)(l)) | 61,500 | 2 | 110,342 | 3 |
| 1755 | Right-of-use assets(note (6)(i)) | 72,659 | 3 | 70,468 | 2 | 2570 | Deferred tax liabilities(note (6)(p)) | 74,317 | 2 | 73,353 | 2 |
| 1760 | Investment property, net(notes (6)(j)and (n)) | 1,462 | - | 2,470 | - | 2640 | Net defined benefit liability, non-current(note (6)(o)) | - | - | 6,437 | - |
| 1821 | Intangible assets | 2,402 | - | - | - | 2645 | Other non-current liabilities | <u>1,018</u> | <u>-</u> | <u>1,586</u> | <u>-</u> |
| 1840 | Deferred tax assets(note (6)(p)) | 14,920 | - | 17,380 | - | | Non-current liabilities Total | <u>327,633</u> | <u>10</u> | <u>191,718</u> | <u>5</u> |
| 1920 | Refundable deposits | 11,721 | - | 11,803 | - | | Total liabilities | <u>1,169,869</u> | <u>35</u> | <u>1,677,419</u> | <u>46</u> |
| 1975 | Net defined benefit asset, non-current(note (6)(o)) | 4,105 | - | - | - | | Equity attributable to owners of parent (notes (6)(g), (m)and (q)): | | | | |
| 1995 | Other non-current assets(notes (6)(h)and (k)) | <u>20,759</u> | <u>1</u> | <u>32,218</u> | <u>1</u> | 3100 | Capital stock | 1,577,332 | 48 | 1,442,332 | 40 |
| | Total non-current assets | <u>1,273,070</u> | <u>39</u> | <u>1,256,828</u> | <u>34</u> | 3200 | Capital surplus | 182,250 | 5 | 75,865 | 2 |
| | | | | | | 3300 | Retained earnings | 448,767 | 14 | 526,095 | 15 |
| | | | | | | 3400 | Other equity interest | <u>(104,052)</u> | <u>(3)</u> | <u>(140,066)</u> | <u>(4)</u> |
| | | | | | | | Total equity attributable to owners of parent: | <u>2,104,297</u> | <u>64</u> | <u>1,904,226</u> | <u>53</u> |
| | | | | | | 36XX | Non-controlling interests | <u>23,749</u> | <u>1</u> | <u>33,600</u> | <u>1</u> |
| | | | | | | | Total equity | <u>2,128,046</u> | <u>65</u> | <u>1,937,826</u> | <u>54</u> |
| | | | | | | | Total liabilities and equity | <u>\$ 3,297,915</u> | <u>100</u> | <u>3,615,245</u> | <u>100</u> |
| | Total assets | <u>\$ 3,297,915</u> | <u>100</u> | <u>3,615,245</u> | <u>100</u> | | | | | | |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

| | | For the Year Ended December 31, | | | |
|------|--|---------------------------------|------------|------------------|-----------|
| | | 2022 | | 2021 | |
| | | Amount | % | Amount | % |
| 4000 | Operating revenue (notes (6)(t)and (7)) | \$ 3,581,378 | 100 | 4,619,634 | 100 |
| 5000 | Operating costs (notes (6)(f), (o), (r), (u), (7)and (12)) | <u>3,329,477</u> | <u>93</u> | <u>4,063,671</u> | <u>88</u> |
| 5900 | Gross profit from operations | <u>251,901</u> | <u>7</u> | <u>555,963</u> | <u>12</u> |
| 6000 | Operating expenses (notes (6)(d), (n), (o), (r), (u), (7)and (12)): | | | | |
| 6100 | Selling expenses | 48,353 | 1 | 50,872 | 1 |
| 6200 | Administrative expenses | 223,296 | 6 | 218,552 | 5 |
| 6300 | Research and development expenses | 18,726 | 1 | 17,671 | - |
| 6450 | Expected credit loss (gain) | <u>4,105</u> | <u>-</u> | <u>(491)</u> | <u>-</u> |
| | Total operating expenses | <u>294,480</u> | <u>8</u> | <u>286,604</u> | <u>6</u> |
| 6900 | Net operating income (loss) | <u>(42,579)</u> | <u>(1)</u> | <u>269,359</u> | <u>6</u> |
| 7000 | Non-operating income and expenses (notes (6)(l), (m), (n), (v)and (12)): | | | | |
| 7100 | Interest income | 2,941 | - | 1,886 | - |
| 7010 | Other income | 6,118 | - | 6,567 | - |
| 7020 | Other gains and losses | 110,158 | 3 | (13,245) | - |
| 7050 | Finance costs | <u>(12,110)</u> | <u>-</u> | <u>(10,022)</u> | <u>-</u> |
| | Total non-operating income and expenses | <u>107,107</u> | <u>3</u> | <u>(14,814)</u> | <u>-</u> |
| 7900 | Profit before income tax | 64,528 | 2 | 254,545 | 6 |
| 7951 | Less: income tax expenses (note (6)(p)) | <u>23,869</u> | <u>1</u> | <u>48,679</u> | <u>1</u> |
| 8200 | Profit (loss) | <u>40,659</u> | <u>1</u> | <u>205,866</u> | <u>5</u> |
| 8300 | Other comprehensive income (notes (6)(o), (p)and (q)): | | | | |
| 8310 | Components of other comprehensive income (loss) that will not be reclassified to profit or loss | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plans | 2,465 | - | (2,751) | - |
| 8349 | Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss | <u>493</u> | <u>-</u> | <u>(550)</u> | <u>-</u> |
| | | <u>1,972</u> | <u>-</u> | <u>(2,201)</u> | <u>-</u> |
| 8360 | Components of other comprehensive income that will be reclassified to profit or loss | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 36,014 | 1 | 3,487 | - |
| 8399 | Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | <u>36,014</u> | <u>1</u> | <u>3,487</u> | <u>-</u> |
| 8300 | Other comprehensive income | <u>37,986</u> | <u>1</u> | <u>1,286</u> | <u>-</u> |
| 8500 | Total comprehensive income | <u>\$ 78,645</u> | <u>2</u> | <u>207,152</u> | <u>5</u> |
| | Profit, (loss) attributable to: | | | | |
| 8610 | Owners of parent | \$ 50,510 | 1 | 209,742 | 5 |
| 8620 | Non-controlling interests | <u>(9,851)</u> | <u>-</u> | <u>(3,876)</u> | <u>-</u> |
| | | <u>\$ 40,659</u> | <u>1</u> | <u>205,866</u> | <u>5</u> |
| | Comprehensive income (loss) attributable to: | | | | |
| 8710 | Owners of parent | \$ 88,496 | 2 | 211,028 | 5 |
| 8720 | Non-controlling interests | <u>(9,851)</u> | <u>-</u> | <u>(3,876)</u> | <u>-</u> |
| | | <u>\$ 78,645</u> | <u>2</u> | <u>207,152</u> | <u>5</u> |
| | Earnings per share (Unit: NTD)(note (6)(s)) | | | | |
| 9750 | Basic earnings per share | <u>\$ 0.33</u> | | <u>1.45</u> | |
| 9850 | Diluted earnings per share | <u>\$ 0.33</u> | | <u>1.45</u> | |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2022 and 2021****(In Thousands of New Taiwan Dollars)**

| | Equity attributable to owners of parent | | | | | | Total other equity interest | | | |
|--|---|-----------------|---------------|-----------------|----------------------------------|-------------------------|---|---------------------------|---------------|------------------|
| | Retained earnings | | | | | | Total equity attributable to owners of parent | | | |
| | Ordinary shares | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Total retained earnings | Exchange differences on translation of foreign financial statements | Non-controlling interests | Total equity | |
| Balance at January 1, 2021 | \$ 1,442,332 | 75,660 | 62,813 | 139,483 | 202,798 | 405,094 | (143,553) | 1,779,533 | 17,602 | 1,797,135 |
| Profit (loss) | - | - | - | - | 209,742 | 209,742 | - | 209,742 | (3,876) | 205,866 |
| Other comprehensive income | - | - | - | - | (2,201) | (2,201) | 3,487 | 1,286 | - | 1,286 |
| Total comprehensive income | - | - | - | - | 207,541 | 207,541 | 3,487 | 211,028 | (3,876) | 207,152 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | |
| Legal reserve appropriated | - | - | 14,590 | - | (14,590) | - | - | - | - | - |
| Special reserve appropriated | - | - | - | 4,070 | (4,070) | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (86,540) | (86,540) | - | (86,540) | - | (86,540) |
| Increase in non-controlling interests | - | - | - | - | - | - | - | - | 20,079 | 20,079 |
| Changes in a parent's ownership interest in a subsidiary | - | 205 | - | - | - | - | - | 205 | (205) | - |
| Balance at December 31, 2021 | 1,442,332 | 75,865 | 77,403 | 143,553 | 305,139 | 526,095 | (140,066) | 1,904,226 | 33,600 | 1,937,826 |
| Profit (loss) | - | - | - | - | 50,510 | 50,510 | - | 50,510 | (9,851) | 40,659 |
| Other comprehensive income | - | - | - | - | 1,972 | 1,972 | 36,014 | 37,986 | - | 37,986 |
| Total comprehensive income | - | - | - | - | 52,482 | 52,482 | 36,014 | 88,496 | (9,851) | 78,645 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | |
| Legal reserve appropriated | - | - | 20,754 | - | (20,754) | - | - | - | - | - |
| Reversal of special reserve | - | - | - | (3,487) | 3,487 | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (129,810) | (129,810) | - | (129,810) | - | (129,810) |
| Capital increase by cash | 135,000 | 66,955 | - | - | - | - | - | 201,955 | - | 201,955 |
| Recognized compensation costs on employee stock option | - | 7,202 | - | - | - | - | - | 7,202 | - | 7,202 |
| Share option-equity components recognized for convertible bonds issued | - | 32,228 | - | - | - | - | - | 32,228 | - | 32,228 |
| Balance at December 31, 2022 | \$ 1,577,332 | 182,250 | 98,157 | 140,066 | 210,544 | 448,767 | (104,052) | 2,104,297 | 23,749 | 2,128,046 |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

| | For the Year Ended December 31, | |
|---|--|------------------|
| | 2022 | 2021 |
| Cash flows from (used in) operating activities: | | |
| Profit before tax | \$ 64,528 | 254,545 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation expense | 104,495 | 84,774 |
| Amortization expense | 480 | - |
| Interest income | (2,941) | (1,886) |
| Dividend income | (91) | - |
| Interest expense | 12,110 | 10,022 |
| Expected credit loss (gain) | 4,105 | (491) |
| Gain on disposal of property, plan and equipment | (7) | (522) |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | (6,683) | (362) |
| Unrealized foreign exchange loss | 9,925 | 15,280 |
| Compensation cost arising from share-based payments | 7,202 | - |
| Total adjustments to reconcile profit | <u>128,595</u> | <u>106,815</u> |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Decrease (increase) in notes receivable | 28,891 | (13,953) |
| Decrease (increase) in trade receivable | 177,961 | (118,862) |
| Decrease (increase) in trade receivable due from related parties | (6,450) | 8,321 |
| Decrease (increase) in other receivable | 17,333 | (7,264) |
| Decrease (increase) in inventories | 30,179 | (80,959) |
| Decrease (increase) in prepayments and other current assets | 4,115 | (27,500) |
| Increase in net defined benefit liability | (4,105) | - |
| Total changes in operating assets | <u>247,924</u> | <u>(240,217)</u> |
| Changes in operating liabilities: | | |
| Decrease in notes and trade payable | (7,365) | (27,951) |
| Increase in trade payable to related parties | 8,644 | 5,342 |
| Increase (decrease) in other payable | (55,195) | 24,289 |
| Increase (decrease) in other current liabilities | (6,590) | 29,225 |
| Decrease in net defined benefit liability | (3,972) | (13,083) |
| Total changes in operating liabilities | <u>(64,478)</u> | <u>17,822</u> |
| Total changes in operating assets and liabilities | <u>183,446</u> | <u>(222,395)</u> |
| Total adjustments | <u>312,041</u> | <u>(115,580)</u> |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

| | For the Year Ended December 31, | |
|---|--|------------------|
| | 2022 | 2021 |
| Cash inflow generated from operations | 376,569 | 138,965 |
| Interest received | 2,386 | 1,719 |
| Dividends received | 91 | - |
| Interest paid | (9,805) | (9,788) |
| Income taxes paid | (31,230) | (37,069) |
| Net cash flows from (used in) operating activities | 338,011 | 93,827 |
| Cash flows from (used in) investing activities: | | |
| Acquisition of financial assets at amortised cost | (4,950) | - |
| Acquisition of financial assets at fair value through profit or loss | (628,243) | (191,302) |
| Proceeds from disposal of financial assets at fair value through profit or loss | 500,739 | 305,925 |
| Acquisition of property, plant and equipment | (104,310) | (228,624) |
| Proceeds from disposal of property, plant and equipment | 892 | 3,470 |
| Increase in other financial assets | - | 2,848 |
| Decrease in refundable deposits | 58 | 129 |
| Decrease (increase) in other non-current assets | 1,852 | (26,787) |
| Net cash flows from (used in) investing activities | (233,962) | (134,341) |
| Cash flows from (used in) financing activities: | | |
| Increase in short-term loans | 290,000 | 407,412 |
| Decrease in short-term loans | (703,770) | (10,200) |
| Decrease in short-term notes and bills payable | (180,000) | - |
| Proceeds from long-term borrowings | - | 5,091 |
| Repayments of long-term borrowings | (40,355) | (6,080) |
| Proceeds from issuance of convertible bonds | 218,925 | - |
| Increase (decrease) in other non-current liabilities | (882) | 139 |
| Cash dividends paid | (129,810) | (86,540) |
| Capital increase by cash | 201,955 | - |
| Contribution by non-controlling interests | - | 20,079 |
| Net cash flows from (used in) financing activities | (343,937) | 329,901 |
| Effect of exchange rate changes on cash and cash equivalents | 45,796 | (21,353) |
| Net increase (decrease) in cash and cash equivalents | (194,092) | 268,034 |
| Cash and cash equivalents at beginning of period | 896,758 | 628,724 |
| Cash and cash equivalents at end of period | \$ 702,666 | 896,758 |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

JUNG SHING WIRE CO., LTD. (the “Company”) was incorporated in accordance with the Company Act of the Republic of China on July 17, 1971 and its foreign investment portion was approved under the Statute For Investment By Foreign Nationals in 1979. The Company’s authorized share capital of foreign investors and its earnings allocated from the approved business scope are applied for settlement in the original currency. The registration address is at No.231, Sec. 3, Chung-cheng Rd., Jen-teh District, Tainan City, Taiwan, R.O.C. The Company and its subsidiaries (the “Group”) primarily is involved in the manufacture, process and sale of enameled copper wires.

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 9, 2023.

(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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Group’s adoption of the new amendments, effective for annual period beginning on January 1, 2023, are expected to have the following impacts:

- (i) Amendments to IAS 1 “Disclosure of Accounting Policies”

The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Group may need to be evaluating and inspecting the financial statements to meet the adoption of the amendments.

(ii) Other amendments

The following amendments are not expected to have a significant impact on the Group's consolidated financial statements.

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

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|--|--------------------------------|
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt. | January 1, 2024 |

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| <u>Standards or Interpretations</u> | <u>Content of amendment</u> | <u>Effective date per IASB</u> |
|--|--|--------------------------------|
| Amendments to IAS 1 “Non-current Liabilities with Covenants” | <p>After reconsidering certain aspects of the 2020 amendments¹, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.</p> <p>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.</p> | January 1, 2024 |

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated 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”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”), and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as the IFRS endorsed by the FSC).

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- (1) Financial instruments at fair value through profit or loss are measured at fair value;
- (2) Net defined benefit asset and liability measured at present value of defined benefit obligation less the fair value of plan assets.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated 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) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries included in the consolidated financial statements

| Name investor | Name of Subsidiary | Principal activity | Shareholding | | Description |
|--------------------------|--|---|-------------------|-------------------|------------------|
| | | | December 31, 2022 | December 31, 2021 | |
| The Company | JUNG SHING INTERNATIONAL CO., LTD. (hereinafter referred to as JUNG SHING INTERNATIONAL) | Investment holding and import and export trade | 100 % | 100 % | Key Subsidiaries |
| The Company | Lising International (MAURITIUS) (hereinafter referred to as Lising International) | Investment holding and import and export trade | 100 % | 100 % | |
| The Company | JUNG SHING TECHNOLOGIES COMPANY LIMITED (JUNG SHING TECHNOLOGIES) | Manufacture 3D ceramic substrate of high thermal conductivity | 74.61 % | 74.61 % | |
| The Company | LONGSUN TECHNOLOGIES CO., LTD. (LONGSUN TECHNOLOGIES) | Manufacture and sale of converters, DC converters, modules | 99.96 % | 99.96 % | |
| The Company | JUNG SHING WIRE (Vietnam) CO., LTD. (hereinafter referred to as Jung Shing Vietnam) | Production and sales of enameled wires | 100 % | 100 % | |
| JUNG SHING INTERNATIONAL | DONGGUAN JUNG SHING WIRE CO., LTD (hereinafter referred to as DongGuan Jung Shing) | Production and sales of enameled wires and litz wires | 100 % | 100 % | Key Subsidiaries |
| JUNG SHING INTERNATIONAL | BIGSTAR INVESTMENT LIMITED (hereinafter referred to as "Hong Kong Big Star") | Investment holding and import and export trade | 100 % | 100 % | |
| Hong Kong Big Star | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. (hereinafter referred to as DONGGUAN JUNG SHING ELECTRONICS) | Production and sales of enameled wires and litz wires | 100 % | 100 % | |
| Lising International | JUNG SHING WIRE (SUZHOU) CO., LTD.(hereinafter referred to as SUZHOU JUNG SHING WIRE) | Production and sales of enameled wires | 100 % | 100 % | |

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currencies

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing 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.

Exchange differences are generally recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates 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, joint control, or significant influence 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 Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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.

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets.

- (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.

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 Group 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.

(f) 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.

(g) 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 Group 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.

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

(2) Financial assets measured at fair value through profit or loss

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 Group 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 Group 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:

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 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 Group'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;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- 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 Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

- (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 Group 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 Group 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 Group's claim to cash flows from specified assets (e.g. non-recourse features)

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Impairment of financial assets

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

The Group 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.

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 Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

A financial instrument is considered to be of low credit risk if its default risk is low, the debtor's ability to fulfill contractual cash flow obligations in the near future is strong and adverse changes in economic and operating conditions may (and are not necessarily) reduce the debtor's ability to fulfill contractual cash flow obligations in the longer term.

The time deposits held by the Group was determined as low credit risk since the trading and performing parties are the financial institutions above the investment grade.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls, i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

At each reporting date, the Group assesses whether financial assets carried at amortized cost is 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 365 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 assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group 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 Group 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 Group’s procedures for recovery of amounts due.

(6) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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.

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial liabilities and equity instruments

(1) Classification of debt or equity

Debt and equity instruments issued by the Group 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 Group 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.

(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.

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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.

The difference between the carrying amount of a financial liability derecognized 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 Group 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.

(h) 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 progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is initially recognized at cost and then subsequently measured at cost again. The depreciation expense is appropriated in accordance with the depreciable amount after the initial recognition. The depreciation methods, useful lives, and residual values of investment property are same as the practice of the property, plant, and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, 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.

(ii) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(iii) Subsequent expenditure

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

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline 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 | 3~60 years |
| (2) Machinery and equipment | 2~17 years |
| (3) Transportation equipment | 4~8 years |
| (4) Other equipment | 1~12 years |

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

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Leases

At inception of a contract, the Group 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 Group 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

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

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group'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

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

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 Group 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 Group 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 Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of employee dormitory and parking space rentals that have a lease term of 12 months or less. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(I) Intangible assets

Except for goodwill, intangible assets acquired by the Group, are measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred. The amortizable amount is the cost of an asset less its residual value.

The Group's intangible assets is computer software cost. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of 6 years of intangible assets from the date that they are available for use.

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

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Impairment of non-financial assets

At each reporting date, the Group 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.

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.

For other assets, except for goodwill, 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

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

(1) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. Being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group 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 Group has a right to an amount of consideration that is unconditional.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(2) Financing components

The Group 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.

(ii) Contract costs

(1) Incremental costs of obtaining a contract

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

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

(2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), The Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

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

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined benefit plans

The Group'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 Group, 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 Group 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.

(iii) 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 Group 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) 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.

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 not recognized for the following exceptions:

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, to the extent that the Group 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.

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

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

- (i) the Group 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.

Deferred tax assets are recognized for unused tax losses, 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 reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

(q) Earnings per share

The Group 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 the 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 potential dilutive ordinary shares, such as convertible bonds and employee compensation.

(r) Segment Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The preparation of the consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Regulations and the IFRSs endorsed by the FSC, 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 estimations and assumptions. The management recognizes any changes in the accounting estimations during the period and the impact of those changes in accounting estimates in the following period.

The Group is likely to be facing economic uncertainty, such as COVID-19, natural disasters, the Ukraine–Russia conflict and inflation. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon. Due to the rapid technological changes, there may be significant changes in the net realizable value of inventories. Refer to note 6(f) for further description of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

| | December 31, 2022 | December 31, 2021 |
|--|------------------------------|------------------------------|
| Cash and cash on hand | \$ 913 | 1,000 |
| Check and demand deposits | 501,849 | 867,954 |
| Time deposits | 199,904 | 27,804 |
| Cash and cash equivalents in the statement of cash flows | \$ 702,666 | 896,758 |

Refer to Note 6(w) for the exchange rate risk and sensitivity analysis of the financial assets of the Group.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

| | December 31, 2022 | December 31, 2021 |
|---|------------------------------|------------------------------|
| Financial assets at fair value through profit or loss, mandatorily measured at fair value : | | |
| Stocks listed on domestic markets | \$ 1,217 | - |
| Unlisted common shares | 43,064 | 30,100 |
| Open-end funds | 15,484 | 3,033 |
| Convertible bonds | - | 1,547 |
| Structured deposits | \$ 154,905 | 43,595 |
| Total | <u>\$ 214,670</u> | <u>78,275</u> |
| | December 31, 2022 | December 31, 2021 |
| Financial liabilities at fair value through profit or loss, mandatorily measured at fair value – non-current : | | |
| Embedded derivative – convertible bonds call and put option | <u>\$ 1,860</u> | <u>-</u> |

Please refer to note 6(v) for the amount of remeasurements at fair value through profit or loss.

Please refer to Note 6(x) for market risk.

The financial assets mentioned above were not pledged as collateral.

(c) Financial assets at amortized cost-current

| | December 31, 2022 | December 31, 2021 |
|---|------------------------------|------------------------------|
| Time deposit—more than three months to maturity | <u>\$ 4,950</u> | <u>-</u> |

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on the principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

For information on the Group's credit risk was disclosed in Note 6(w).

The financial assets mentioned above were not pledged as collateral.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Notes and trade receivable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|------------------------------|------------------------------|
| Notes receivable | 34,762 | 63,653 |
| Trade receivable—measured at amortized cost | 629,849 | 819,359 |
| Trade receivable due from related parties—measured at amortized cost | 35,040 | 29,063 |
| Less: Loss allowance | <u>4,105</u> | <u>-</u> |
| | <u><u>\$ 695,546</u></u> | <u><u>912,075</u></u> |

The Group 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 trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provisions were determined as follows:

| | <u>December 31, 2022</u> | | |
|-----------------------------|----------------------------------|---|--|
| | <u>Gross carrying amount</u> | <u>Weighted average expected credit losses rate</u> | <u>Allowance provision for lifetime expected credit losses</u> |
| Current | \$ 687,205 | - | - |
| 0 to 90 days past due | 10,871 | - | - |
| 91 to 180 days past due | 1,575 | - | - |
| More than one year past due | <u>-</u> | 100% | <u>-</u> |
| | <u><u>\$ 699,651</u></u> | | <u><u>-</u></u> |
| | <u>December 31, 2021</u> | | |
| | <u>Gross carrying amount</u> | <u>Weighted average expected credit losses rate</u> | <u>Allowance provision for lifetime expected credit losses</u> |
| Current | \$ 906,340 | - | - |
| 0 to 90 days past due | 5,733 | - | - |
| 91 to 180 days past due | 2 | - | - |
| More than one year past due | <u>-</u> | 100% | <u>-</u> |
| | <u><u>\$ 912,075</u></u> | | <u><u>-</u></u> |

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

| | <u>2022</u> | <u>2021</u> |
|--|-----------------|-------------|
| Balance at January 1 | \$ - | 495 |
| Impairment losses recognized(reversed) | 4,105 | (491) |
| Effects of changes in foreign exchange rates | - | (4) |
| Balance at December 31 | <u>\$ 4,105</u> | <u>-</u> |

The financial assets mentioned above were not pledged as collateral.

(e) Other receivables

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------|------------------------------|------------------------------|
| Other receivables | \$ 5,542 | 22,338 |
| Less: Loss allowance | - | - |
| | <u>\$ 5,542</u> | <u>22,338</u> |

Please refer to note 6(w) for the credit risks.

The Group's other accounts receivable was not pledged as collateral.

(f) Inventories

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|------------------|--------------------------|--------------------------|
| Finished goods | \$ 141,878 | 173,538 |
| Work in progress | 28,001 | 35,858 |
| Raw materials | 180,741 | 174,447 |
| Supplies | 2,504 | 2,404 |
| Merchandise | - | 3,360 |
| Total | <u>\$ 353,124</u> | <u>389,607</u> |

For the years ended December 31, 2022 and 2021, the cost of inventory recognized as the cost of goods sold and expenses amounted to \$3,301,350 and \$4,054,811, respectively.

For the years ended December 31, 2022, the write-down of inventories to net realizable value amounted to \$14,702.

For the years ended December 31, 2021, the factor led to net realizable value below cost has been gone, the decreases in cost recognized for the increase in net realizable value amounted to \$1,442.

The Group's inventories mentioned above were not pledged as collateral.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
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(g) Changes in ownership interest in a subsidiary

Acquisition of additional equity of subsidiary

JUNG SHING TECHNOLOGIES issued new shares of \$62,000 for cash capital increase on February 23, 2021 as the base date. The Group acquired its equity interest in cash of \$41,921. The Group's shareholding of JUNG SHING TECHNOLOGIES decreased from 79.55% to 74.61% due to the non-proportional subscription.

The following table summarizes the effect on the equity attributable to the shareholders of the Group arising from above mentioned changes in ownership interests in subsidiaries:

| | December 31, 2022 |
|--|------------------------------|
| Carrying amount of purchase non-controlling interests | \$ 42,126 |
| Consideration paid to non-controlling interest | (41,921) |
| Capital surplus - Changes in a parent's ownership interest in a subsidiary | \$ 205 |

(h) Property, Plant and Equipment

The cost and accumulated depreciation of the property, plant and equipment for the years ended December 31, 2022 and 2021, were as follows:

| | Land | Buildings | Machinery and Equipment | Transportation equipment | Other equipment | Construction in process and testing equipment | Total |
|---|-------------------|------------------|--|-------------------------------------|----------------------------|--|------------------|
| Costs: | | | | | | | |
| Balance at January 1, 2022 | \$ 395,835 | 424,899 | 875,105 | 19,872 | 286,410 | 172,082 | 2,174,203 |
| Additions | - | 11,457 | 38,692 | 320 | 32,477 | 21,889 | 104,835 |
| Reclassification | - | 75,756 | 72,844 | - | 14,161 | (152,918) | 9,843 (Note1) |
| Disposals | - | (312) | (5,716) | - | (13,321) | - | (19,349) |
| Effects of changes in foreign exchange rates | - | 2,466 | 5,157 | 27 | 1,160 | 8,945 | 17,755 |
| Balance at December 31, 2022 | \$ 395,835 | 514,266 | 986,082 | 20,219 | 320,887 | 49,998 | 2,287,287 |
| Balance at January 1, 2021 | \$ 395,835 | 405,918 | 785,103 | 20,348 | 248,370 | 91,703 | 1,947,277 |
| Additions | - | 15,934 | 67,944 | - | 35,002 | 119,686 | 238,566 |
| Reclassification | - | 4,315 | 46,396 | - | 17,663 | (42,772) | 25,602 (Note2) |
| Disposals | - | - | (21,412) | (461) | (14,037) | - | (35,910) |
| Effects of changes in foreign exchange rates | - | (1,268) | (2,926) | (15) | (588) | 3,465 | (1,332) |
| Balance at December 31, 2021 | \$ 395,835 | 424,899 | 875,105 | 19,872 | 286,410 | 172,082 | 2,174,203 |

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | <u>Land</u> | <u>Buildings</u> | <u>Machinery and Equipment</u> | <u>Transportation equipment</u> | <u>Other equipment</u> | <u>Construction in process and testing equipment</u> | <u>Total</u> |
|-------------------------------|-------------------|------------------|--|-------------------------------------|----------------------------|--|------------------|
| Accumulated depreciation: | | | | | | | |
| Balance at January 1, 2022 | \$ - | 272,752 | 582,187 | 14,587 | 182,188 | - | 1,051,714 |
| Depreciation for the year | - | 17,208 | 55,780 | 1,869 | 26,329 | - | 101,186 |
| Disposals | - | (312) | (4,856) | - | (13,296) | - | (18,464) |
| Effects of changes in foreign | | | | | | | |
| exchange rates | - | 1,837 | 5,058 | 23 | 891 | - | 7,809 |
| Balance at December 31, 2022 | <u>\$ -</u> | <u>291,485</u> | <u>638,169</u> | <u>16,479</u> | <u>196,112</u> | <u>-</u> | <u>1,142,245</u> |
| Balance at January 1, 2021 | \$ - | 260,137 | 560,670 | 12,949 | 172,937 | - | 1,006,693 |
| Depreciation for the year | - | 13,567 | 45,134 | 2,111 | 20,800 | - | 81,612 |
| Disposals | - | - | (21,412) | (461) | (11,089) | - | (32,962) |
| Effects of changes in foreign | | | | | | | |
| exchange rates | - | (952) | (2,205) | (12) | (460) | - | (3,629) |
| Balance at December 31, 2021 | <u>\$ -</u> | <u>272,752</u> | <u>582,187</u> | <u>14,587</u> | <u>182,188</u> | <u>-</u> | <u>1,051,714</u> |
| Carrying amounts: | | | | | | | |
| Balance at December 31, 2022 | <u>\$ 395,835</u> | <u>222,781</u> | <u>347,913</u> | <u>3,740</u> | <u>124,775</u> | <u>49,998</u> | <u>1,145,042</u> |
| Balance at December 31, 2021 | <u>\$ 395,835</u> | <u>152,147</u> | <u>292,918</u> | <u>5,285</u> | <u>104,222</u> | <u>172,082</u> | <u>1,122,489</u> |
| Balance at January 1, 2021 | <u>\$ 395,835</u> | <u>145,781</u> | <u>224,433</u> | <u>7,399</u> | <u>75,433</u> | <u>91,703</u> | <u>940,584</u> |

Note1: : Other non-current assets ,inventories and prepayment have been reclassified with \$6,512, \$3,081 and \$250, respectively. °

Note2: Transfer from other non-current assets.

Please refer to note 8 for objects pledged to secure bank loans and short term borrowings as of December 31, 2022 and 2021.

(i) Right-of-use assets

Information about leases for which the Group as a lessee was presented below:

| Cost: | <u>Land</u> |
|--|------------------|
| Balance at January 1, 2022 | \$ 75,503 |
| Effects of changes in foreign exchange rates | 4,711 |
| Balance at December 31, 2022 | <u>\$ 80,214</u> |
| Balance at January 1, 2021 | \$ 71,312 |
| Effects of changes in foreign exchange rates | 4,191 |
| Balance at December 31, 2021 | <u>\$ 75,503</u> |

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | <u>Land</u> |
|--|------------------|
| Depreciation: | |
| Balance at January 1, 2022 | \$ 5,035 |
| Depreciation | 2,261 |
| Effects of changes in foreign exchange rates | <u>259</u> |
| Balance at December 31, 2022 | <u>\$ 7,555</u> |
| Balance at January 1, 2021 | \$ 2,801 |
| Depreciation | 2,132 |
| Effects of changes in foreign exchange rates | <u>102</u> |
| Balance at December 31, 2021 | <u>\$ 5,035</u> |
| Carrying amounts: | |
| Balance at December 31, 2022 | <u>\$ 72,659</u> |
| Balance at December 31, 2021 | <u>\$ 70,468</u> |
| Balance at January 1, 2021 | <u>\$ 68,511</u> |

(j) Investment property

The cost and accumulated depreciation of the investment property for the years ended December 31, 2022 and 2021, were as follows:

| | <u>Buildings and Construction</u> |
|--|---------------------------------------|
| Cost: | |
| Balance at January 1, 2022 | \$ 25,871 |
| Effects of changes in foreign exchange rates | <u>379</u> |
| Balance at December 31, 2022 | <u>\$ 26,250</u> |
| Balance at January 1, 2021 | \$ 26,077 |
| Effects of changes in foreign exchange rates | <u>(206)</u> |
| Balance at December 31, 2021 | <u>\$ 25,871</u> |
| Accumulated depreciation: | |
| Balance at January 1, 2022 | \$ 23,401 |
| Depreciation for the year | 1,048 |
| Effects of changes in foreign exchange rates | <u>339</u> |
| Balance at December 31, 2022 | <u>\$ 24,788</u> |

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | Buildings and Construction |
|--|---------------------------------------|
| Balance at January 1, 2021 | \$ 22,549 |
| Depreciation for the year | 1,029 |
| Effects of changes in foreign exchange rates | <u>(177)</u> |
| Balance at December 31, 2021 | <u><u>\$ 23,401</u></u> |
| Carrying amounts: | |
| Balance at December 31, 2022 | <u><u>\$ 1,462</u></u> |
| Balance at December 31, 2021 | <u><u>\$ 2,470</u></u> |
| Balance at January 1, 2021 | <u><u>\$ 3,528</u></u> |
| Fair value: | |
| Balance at December 31, 2022 | <u><u>\$ 1,462</u></u> |
| Balance at December 31, 2021 | <u><u>\$ 2,470</u></u> |

Investment properties comprise a number of commercial properties that are leased to third parties. Each of the leases are negotiated with the lessee for subsequent renewals annually, and no contingent rents are charged. Please refer to note 6(n) for further information.

The fair values of investment property for the years ended December 31, 2022 and 2021 were assessed by the valuation team of the Group based on valuation report by independent evaluators and considering actual transaction price of properties in the vicinity. Under the valuation techniques for financial instruments measured at fair value, the inputs are categorized at level 3. Fair value is assessed by the cost method.

The Group did not provide any of the aforementioned investment property as collateral.

(k) Other non-current assets

| | December 31, 2022 | December 31, 2021 |
|--|------------------------------|------------------------------|
| Other non-current assets - prepayment for equipment | \$ 8,214 | <u>17,974</u> |
| Other non-current assets -long-term prepaid expenses | 12,497 | 14,244 |
| Other non-current assets -other | <u>48</u> | <u>-</u> |
| | <u><u>\$ 20,759</u></u> | <u><u>32,218</u></u> |

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Long and short-term borrowings

The details were as follows:

| December 31, 2022 | | | | |
|---|-----------------|--------------------------------|----------------------|-------------------|
| | Currency | Range of interest rates | Maturity year | Amount |
| Unsecured bank borrowings | TWD | 1.56%~2.19% | 2023~2025 | \$ 641,000 |
| Current- Short-term borrowings | | | | \$ 537,500 |
| Long-term borrowings, current portion | | | | 42,000 |
| Noncurrent - long-term borrowings | | | | 61,500 |
| Total | | | | \$ 641,000 |
| Unused short-term credit lines | | | | \$ 942,500 |
| Unused long-term credit lines | | | | \$ - |
| Unused short-term notes and bills payable | | | | \$ 230,000 |

| December 31, 2021 | | | | |
|--|-----------------|--------------------------------|----------------------|---------------------|
| | Currency | Range of interest rates | Maturity year | Amount |
| Unsecured bank borrowings | TWD | 0.81%~1.25% | 2022~2025 | \$ 1,083,000 |
| Secured bank loans | TWD | 1.5%~1.845% | 2022~2026 | 8,855 |
| Unsecured short-term notes and bills payable | TWD | 0.45%~0.602% | 2022 | 180,000 |
| Total | | | | \$ 1,271,855 |
| Current- Short-term borrowings | | | | \$ 948,000 |
| Current - short-term notes and bills payable | | | | 180,000 |
| Long-term borrowings, current portion | | | | 33,513 |
| Noncurrent - long-term borrowings | | | | 110,342 |
| Total | | | | \$ 1,271,855 |
| Unused short-term credit lines | | | | \$ 500,393 |
| Unused long-term credit lines | | | | \$ - |
| Unused short-term notes and bills payable | | | | \$ 35,000 |

For the collateral for bank loans, please refer to note 8.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group obtained the relief and revitalization loan from Ministry of Economic Affairs (Severe pneumonia with novel pathogens) in December, 2020 for a contractual term of five years, the long-term credit lines was 15,000, with government subsidized interest rate of 0.845% per annum and the Group's pays interest rate at 0.155% ~ 1.5% per annum. Interest is paid on a monthly basis and the principal has been repaid on a monthly basis since December 2021. The aggregate amount of the Group recognized at discounted market rate was \$210 included in long-term deferred income. The unamortized balances as of December 31, 2021 was \$65.

As of December 31, 2022, the Group has fully repaid relief and revitalization loan from Ministry of Economic Affairs (Severe pneumonia with novel pathogens).

(m) Bonds payable

The details of the Group's bonds payable were as follows:

| | December 31, 2022 |
|---|------------------------------|
| Total convertible corporate bonds issued | 200,000 |
| Unamortized discounted corporate bonds payable | (11,062) |
| Corporate bonds issued balance at year-end | \$ 188,938 |
| Embedded derivative- Put option/redemption option (financial liabilities at fair value through profit or loss) | \$ 1,860 |
| Equity component – conversion options, included in capital surplus– stock options | \$ 32,228 |
| | 2022 |
| Embedded derivative- Put option/valuation losses on redemption option (Revaluation losses on financial liabilities measured at fair value through profit or loss) | \$ 1,980 |
| Interest expense (note) | \$ 2,121 |

Note: The effective interest rate of the third issued unsecured convertible corporate bonds was 1.36%.

The Group issued the third domestic unsecured convertible corporate debt on March 2, 2022 and traded at Taipei Exchange, whose principal terms and conditions of issue are as follows:

- (1) Total issuance amount: \$200,000 thousand.
- (2) Issue price: 111.80% of the nominal value of the share, with a par value of \$100 thousand per share.
- (3) Coupon rate: 0%

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Repayment method: Except for the bondholder of this convertible bond to convert into ordinary shares of the Company in accordance with Article 10 of this policy or to exercise put option in accordance with Article 19, and the Company engaged in early redemption pursuant to Article 18 or purchase the bonds back for cancellation from the premises of a securities trader, in addition of interest compensation based on the par value of the bond (100.6266% of the par value of the bond at maturity) in one time payment of cash.

(5) Duration: five years (March 2, 2022 to March 2, 2027)

(6) Conversion period:

The debtors may opt to have its bonds converted into the Company's common share, from the day following the expiration of three months (June 3, 2022) after the issue of the convertible corporate debt, up to the expiry date (March 2, 2027), except for the following: A. the period during which the transfer of shares of the Company is suspended in accordance with the law; B. 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/benefits; C. 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; D. from the conversion cease date of changing par value of shares until the day before trading of reissuance shares with new shares.

(7) Conversion price and its adjustment:

The conversion price on issuance date was \$18.5 per share. However, after the issue of this convertible bond, the conversion price shall be adjusted in accordance with the formula stipulated in the terms of issue if any of the following conditions is met:

- A. In the event of an increase in the number of ordinary shares of the Company issued or through private placement, other than in the case of an exchange of ordinary shares for various securities issued or through private placement by the Company with options for conversion of ordinary shares or with share option ;or new shares issued for remuneration to employees.
- B. When the Company issue cash dividends of ordinary shares
- C. In the event that the Company reissues or engaged in private placement of securities of various securities which have the right to convert to ordinary shares or with share options at a conversion price or subscription price below the current price per share.
- D. In the event of a reduction in the ordinary shares of the Company other than as a result of retirement of treasury share.

The conversion price of the Company on the bas day, May 31, 2022 was adjusted to \$18.2 as the Company engaged in cash capital increase to issue common shares.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Company approved to distribute its cash dividends in the general meeting of stockholders held on June 14, 2022. As a result, the conversion price decreased to \$17.30 since August 3, 2022 (exdividend date).

(8)Put options:

The date on which the convertible bond has been issued for three years (March 2, 2025) is the base day on which the convertible bond holder will sell back the convertible bond in advance. The bondholders may require the Company to redeem the bonds in cash at 100.3755% of the principal amount of the bonds.

(9)Redemption right:

From the three months after the share issuance date (June 3, 2022) to the 40 day before the maturity date to the forty days prior to the expiry of the issue period (January 21, 2027), the conversion bond shall be recovered in principal amount subject to the terms of the Issue and Conversion Policy provided that the Company meets one of the following conditions, the principal amount between:

- A. When the closing price of the Company's common shares on the TSE for a period of 30 consecutive trading days before redemption has exceeded 30% of the exchange price.
- B. When the outstanding balance of the convertible bond is less than \$20,000 thousand (10% of the total amount issued).

(10)In accordance of issuance and conversion policy, all convertible bonds recovered by the Company (including those purchased from the securities dealer's premises), repaid or converted will be write down and will not be sold or issued. Its accompanying conversion option will be eliminated.

(11)In accordance of issuance and conversion policy, the ordinary shares transferred from this convertible bond are traded on the Taiwan Stock Exchange from the delivery date and the new shares converted are subject to the same rights and obligations as the ordinary shares originally issued.

(n) Operating lease- lessor

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(j) sets out information about the operating leases of investment property. The contract does not set out for future minimum lease payable during the non-cancellable lease period.

For the years ended December 31, 2022 and 2021, the rental income from investment properties, maintenance and repair expenses were amounted to \$6,027 and \$6,567, \$1,077 and \$485, respectively.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the net defined benefit liabilities and assets for defined benefit plans was as follows:

| | December 31, 2022 | December 31, 2021 |
|--|------------------------------|------------------------------|
| Present value of the defined benefit obligations | \$ 9,221 | 29,403 |
| Fair value of plan assets | (13,326) | (22,966) |
| Net defined benefit liabilities/assets | <u>\$ (4,105)</u> | <u>6,437</u> |

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. Under the Labor Standards Act, each employee's retirement payment is calculated based on years of service and the average salary for the six months prior to retirement.

(1) Composition of plan assets

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

As of December 31, 2022 and 2021, the Group's labor pension fund account balance at Bank of Taiwan amounted to \$13,326 and \$22,966, respectively. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds.

(2) Movements in present value of defined benefit obligations

The movement in present value of the defined benefit obligations of the Group were as follows:

| | 2022 | 2021 |
|--|-----------------|---------------|
| Defined benefit obligations at January 1 | \$ 29,403 | 58,650 |
| Benefits paid | (18,309) | (30,997) |
| Current service cost and interest cost | 265 | 575 |
| Settlement gain | (1,129) | (1,794) |
| Remeasurement on the net defined benefit liabilities | (1,009) | 2,969 |
| Defined benefit obligations at December 31 | <u>\$ 9,221</u> | <u>29,403</u> |

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

| | <u>2022</u> | <u>2021</u> |
|---|------------------|---------------|
| Fair value of plan assets at January 1 | \$ 22,966 | 41,881 |
| Interest income | 214 | 355 |
| Contributions paid by the employer | 6,999 | 11,509 |
| Benefits paid | (18,309) | (30,997) |
| Remeasurements of the net defined benefit asset | 1,456 | 218 |
| Fair value of plan assets at December 31 | <u>\$ 13,326</u> | <u>22,966</u> |

(4) Expenses recognized in profit or loss

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

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|----------------|
| Current service cost | \$ 45 | 135 |
| Net interest of net defined benefit liabilities | 6 | 85 |
| Settlement gain | (1,129) | (1,794) |
| | <u>\$ (1,078)</u> | <u>(1,574)</u> |
| Operating cost | \$ (506) | (762) |
| Selling expenses | (254) | (322) |
| Administrative expenses | (320) | (359) |
| Research and development expense | 2 | (131) |
| | <u>\$ (1,078)</u> | <u>(1,574)</u> |

(5) Actuarial assumptions

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

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-------------------------|------------------------------|------------------------------|
| Discount Rate | 0.750% | 0.750% |
| Future salary increases | 3.500% | 3.500% |

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Short-term Compensated absences liability

The Group's employee benefit liabilities were as follows:

| | December 31, 2022 | December 31, 2021 |
|---|------------------------------|------------------------------|
| Compensated absences liability (recognized as other payables) | \$ <u>6,248</u> | <u>5,876</u> |

(p) Income taxes

(i) The components of income tax in the years 2022 and 2021 were as follows:

| | 2022 | 2021 |
|---|------------------|----------------|
| Current tax expense | | |
| Current period | \$ 21,732 | 50,397 |
| Adjustment of current income tax for prior years | <u>(794)</u> | <u>3,576</u> |
| | <u>20,938</u> | <u>53,973</u> |
| Deferred tax expense (income) | | |
| Origination and reversal of temporary differences | 2,147 | (1,502) |
| Current losses from unrecognized deferred tax assets in prior year | - | (3,792) |
| Adjustment of deferred income tax assets recognized in prior year | <u>784</u> | <u>-</u> |
| | <u>2,931</u> | <u>(5,294)</u> |
| Income tax expense | \$ <u>23,869</u> | <u>48,679</u> |

(ii) The gains (loss) on income tax recognized in other comprehensive income for the years 2022 and 2021 was as follows:

| | 2022 | 2021 |
|--|---------------|--------------|
| Components of other comprehensive income that will not be reclassified to profit or loss: | | |
| Remeasurement of defined benefit plans | \$ <u>493</u> | <u>(550)</u> |

(iii) Income tax expense amounted to \$0 was recognized directly in equity for 2022 and 2021.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Income tax on pretax financial income reconciled with income tax expense for the years ended December 31, 2022 and 2021 is as follows:

| | 2022 | 2021 |
|---|-------------------------|----------------------|
| Profit before tax | \$ <u>64,528</u> | <u>254,545</u> |
| Income tax using the Group's domestic tax rate | 12,906 | 50,908 |
| Effect of tax rates in foreign jurisdiction | 4,024 | (1,018) |
| Capital reduction to offset accumulated deficits of investee | - | (709) |
| Tax levied on securities transaction is suspended | (155) | (1,628) |
| Book- Tax differences on income and expenses | 1,623 | 44 |
| Losses from unrecognized deferred tax assets in prior year | - | (377) |
| Recognition in prior losses from unrecognized deferred tax assets | - | (3,792) |
| Losses from current periods of unrecognized deferred tax assets | 6,288 | - |
| Unrealized gain (loss) of valuation on domestic financial assets at fair value through profit or loss | (807) | 1,675 |
| Adjustments for under provisions of prior years | <u>(10)</u> | <u>3,576</u> |
| | <u>\$ 23,869</u> | <u>48,679</u> |

(v) Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized with respect to the following items:

| | December 31, 2022 | December 31, 2021 |
|---------------------------------------|------------------------------|------------------------------|
| The carryforward of unused tax losses | \$ <u><u>44,944</u></u> | <u><u>18,962</u></u> |

The ROC Income Tax Act allows tax losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. The deferred tax assets have not been recognized in respect of these items because they are not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of December 31, 2022, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

| <u>Year of loss</u> | <u>Unused tax losses</u> | <u>Expiry date</u> |
|--------------------------------------|--------------------------|---|
| Approved loss of 2013 | \$ 5,211 | For the Year Ended December 31, 2023 |
| Approved loss of 2014 | 1,085 | For the Year Ended December 31, 2024 |
| Approved loss of 2015 | 1,282 | For the Year Ended December 31, 2025 |
| Approved loss of 2019 | 2,082 | For the Year Ended December 31, 2029 |
| Approved loss of 2020 | 3,845 | For the Year Ended December 31, 2030 |
| Losses declaration estimated of 2022 | | For the Year Ended December 31, 2032 |
| | <u>31,439</u> | |
| | <u>\$ 44,944</u> | |

(2) Recognized deferred income tax assets and liabilities

Items of deferred tax assets and liabilities for 2022 and 2021 were as follows:

| | <u>Defined benefit plans</u> | <u>Unrealized exchange loss</u> | <u>Taxes losses credit</u> | <u>Inventory valuation loss</u> | <u>Loss Allowance</u> | <u>Other</u> | <u>Total</u> |
|--|--------------------------------------|---|------------------------------------|---|---------------------------|--------------|---------------|
| Deferred tax assets: | | | | | | | |
| Balance at January 1, 2022 | \$ 1,332 | 3,045 | 8,236 | 908 | - | 3,859 | 17,380 |
| Recognized in profit or loss | (839) | (3,045) | (1,225) | 1,796 | 780 | 566 | (1,967) |
| Credited under other comprehensive income | (493) | - | - | - | - | - | (493) |
| Balance at December 31, 2022 | <u>\$ -</u> | <u>-</u> | <u>7,011</u> | <u>2,704</u> | <u>780</u> | <u>4,425</u> | <u>14,920</u> |
| Balance at January 1, 2021 | \$ 3,398 | 2,600 | 515 | 1,635 | - | 3,850 | 11,998 |
| Recognized in profit or loss | (2,616) | 445 | 7,721 | (727) | - | 9 | 4,832 |
| Credited under other comprehensive income | 550 | - | - | - | - | - | 550 |
| Balance at December 31, 2021 | <u>\$ 1,332</u> | <u>3,045</u> | <u>8,236</u> | <u>908</u> | <u>-</u> | <u>3,859</u> | <u>17,380</u> |

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | Unrealized gains on land revaluation | Defined benefit plans | Unrealized exchange gain | Financial assets Unrealized gains | Total |
|-------------------------------------|--|--------------------------|-----------------------------|--------------------------------------|---------------|
| Deferred tax liabilities: | | | | | |
| Balance at January 1, 2022 | \$ 73,353 | - | - | - | 73,353 |
| Recognized under profit or loss | - | 777 | 187 | - | 964 |
| Balance at January 1, 2022 | <u>\$ 73,353</u> | <u>777</u> | <u>187</u> | <u>-</u> | <u>74,317</u> |
| Balance at January 1, 2021 | \$ 73,353 | - | - | 462 | 73,815 |
| Debited under profit or loss | - | - | - | (462) | (462) |
| Balance at December 31, 2021 | <u>\$ 73,353</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>73,353</u> |

(vi) The Group's income tax returns for the years through 2020 were assessed by the tax authority.

(q) Capital and other equity

(i) Ordinary shares

As of December 31, 2022 and 2021, the authorized common stock of the Company were \$3,000,000 and \$2,000,000, respectively, comprising 300,000 and 200,000 thousand shares, respectively, with a par value of \$10 per share. The aggregate amount of the aforesaid authorized share capital was composed of ordinary shares only, and the issued shares were 1,577,332 and 1,442,332 thousand shares. All issued shares were paid up upon issuance.

The Company issued 13,500 thousand shares on November 11, 2021 with a par value of \$10 per share, and reserve 15%, which consist of 2,025 thousand shares in accordance to article of incorporation, and employees of the Company are entitled to subscription. The number of shares gave up for subscription or under subscribed by employees should authorize the Chairman to contact a specific person to subscribe the shares. This capital increase was approved by the Competent Authority on December 24, 2021 and the relevant statutory registration procedures were completed with the base day set as May 31, 2022. The total proceeds from capital increase amounting to \$201,955, after deducting share capital amounting to \$135,000, the difference amounting to \$66,955 is accounted for as capital reserve.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The components of capital surplus were as follows:

| | December 31, 2022 | December 31, 2021 |
|--|------------------------------|------------------------------|
| Additional paid in capital | \$ 106,929 | 35,852 |
| Treasury shares | 33,451 | 33,451 |
| Lapse of share options | 8,781 | 5,701 |
| Profit from donations accepted | 656 | 656 |
| Changes in a parent's ownership interest in a subsidiary | 205 | 205 |
| Share option –equity components recognized for convertible bonds issued | <u>32,228</u> | <u>-</u> |
| | <u>\$ 182,250</u> | <u>75,865</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.

(iii) Retained earnings

The Company's articles of incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside in accordance with applicable laws and regulations. The remaining balance of the annual net income, together with unappropriated earnings from previous years, if any, can be distributed as dividends after the earnings distribution plan proposed by the Board of Directors is approved during the stockholders' meeting. The Company has adopted a balanced dividend policy, while taken into account of the capital surplus, retained earnings and future profitability. The cash dividend is distributed in the amount not less than 5% of the total cash and share dividend issued for the year. However, if future earnings and capitals are more abundant, the cash dividend distribution percentage should be increased.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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) Special reserve

In accordance with the guidelines of Financial Supervisory Commission, the difference between current-period earnings recognized under net reductions in shareholders' equity and undistributed prior-period earnings, from the current net income plus the other accounts beside current net income, including undistributed current earnings and the undistributed prior- period earnings should be appropriated to special reserve are recognized as reductions in other shareholders' equity accumulated from prior periods, should be appropriated to special reserve from undistributed prior-period earnings instead of being distributed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

(3) Earnings distribution

On June 14, 2022 and August 26, 2021, the appropriation of the earnings for 2021 and 2020 was resolved in the general meeting of shareholders. The amounts of dividends distributed to owners were as follows: The relevant dividend distributions to shareholders were as follows:

| | <u>2021</u> | | <u>2020</u> | |
|---|-------------------------|----------------|-------------------------|---------------|
| | <u>Amount per share</u> | <u>Amount</u> | <u>Amount per share</u> | <u>Amount</u> |
| Dividends distributed to ordinary shareholders: | | | | |
| Cash | \$ <u>0.90</u> | <u>129,810</u> | <u>0.60</u> | <u>86,540</u> |

On March 9, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings was as follows:

| | <u>2022</u> | |
|---|-------------------------|---------------|
| | <u>Amount per share</u> | <u>Amount</u> |
| Dividends distributed to ordinary shareholders: | | |
| Cash | \$ <u>0.20</u> | <u>31,547</u> |

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Other equity (net of tax)

| | Exchange differences on translation of foreign financial statements |
|------------------------------|--|
| Balance at January 1, 2022 | \$ (140,066) |
| The Group | <u>36,014</u> |
| Balance at December 31, 2022 | <u>\$ (104,052)</u> |
| Balance at January 1, 2021 | \$ (143,553) |
| The Group | <u>3,487</u> |
| Balance at December 31, 2021 | <u>\$ (140,066)</u> |

(r) Share-based payment

As of December 31, 2022, share-based payment transactions of the Company are as follows:

| | Cash injection reserved for employees |
|--|--|
| Grant date | <u>111.4.6</u> |
| Number of options granted (Unit: In thousand shares) | 2,025,000 |
| Contract term (days) | 51 |
| Recipients | Employee |
| Vesting conditions | Immediate vesting condition |

(i) Measurable parameter of fair value at grant date

The Company adopted the Black-Scholes model to evaluate the fair value of the share-based payments at the grant date. The assumptions adopted in this valuation model were as follows:

| | 2022.12.31 Cash injection reserved for employees |
|---|---|
| Fair value at the grant date (NT dollars) | <u>3.5567</u> |
| Exercise price (NT dollars) | 15 |
| The expected life of the option (years) | 51 |
| Expected dividend | - |
| The risk-free rate (%) | 0.32 |

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) The aforesaid information on the employee stock option was as follow:

| | 2022.12.31 | |
|--|--|------------------------------------|
| | Weighted average price (NT dollars) | Number of share options (units) |
| Outstanding at January 1 | \$ - | - |
| Number of options granted during the year | 15 | 2,025,000 |
| Implemented during the year | 15 | (1,159,000) |
| Expired during the year | 15 | (866,000) |
| Outstanding at December 31 | | - |
| Exercisable at December 31 | | - |

(iii) Employee expense

For the year ended December 31, 2022, the Company's recognized remuneration expenses amounting to \$7,202 thousand as a result of the cash capital increase for employees subscription, are accounted for as operating costs and operating expenses for the period.

(s) Earnings per share

The Group's basic and diluted earnings per share were calculated as follows:

| | (In thousand of shares) | |
|--|-------------------------|--------------------|
| | 2022 | 2021 |
| Basic earnings per share | | |
| Profit attributable to ordinary shareholders of the Company | \$ <u>50,510</u> | <u>209,742</u> |
| Weighted-average number of ordinary shares outstanding | <u>152,148</u> | <u>144,233</u> |
| Basic earnings per share | \$ <u>0.33</u> | <u>1.45</u> |
| Diluted earnings per share | | |
| Profit attributable to ordinary shareholders of the Company | \$ <u>50,510</u> | <u>209,742</u> |
| Weighted-average number of ordinary shares outstanding (basic) | 152,148 | 144,233 |
| Effect of employee remuneration | <u>40</u> | <u>116</u> |
| Weighted average number of ordinary shares outstanding (diluted) | <u>152,188</u> | <u>144,349</u> |
| Diluted earnings per share | \$ <u>0.33</u> | <u>1.45</u> |

For the years 2022, the potential ordinary shares - convertible corporate bonds have an anti-dilutive effect, and hence they are not included in the calculation of the weighted average number of shares (diluted).

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Revenue from contracts with customers

(i) Details of revenue

| | <u>2022</u> | <u>2021</u> |
|-------------------------------|---------------------|------------------|
| Primary geographical markets: | | |
| Taiwan | \$ 811,156 | 1,039,338 |
| Mainland China | 2,583,863 | 3,410,059 |
| Japan | 24,392 | 22,024 |
| Philippine | 72,001 | 83,205 |
| Other countries | 89,966 | 65,008 |
| | <u>\$ 3,581,378</u> | <u>4,619,634</u> |
| | <u>2022</u> | <u>2021</u> |
| Major products: | | |
| Enameled wire | 1,657,362 | 2,052,156 |
| Self-bonding wire | 750,056 | 1,000,025 |
| Special wire | 154,481 | 424,564 |
| Heat resistant wire | 117,559 | 169,927 |
| Litz Wires | 381,440 | 260,121 |
| Copper wire | 140,611 | 214,536 |
| Merchandise - enameled wires | 102,622 | 86,396 |
| Merchandise - copper wires | 125,822 | 228,207 |
| Other | 151,425 | 183,702 |
| Total | <u>\$ 3,581,378</u> | <u>4,619,634</u> |

(ii) Contract balances

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> | <u>January 1, 2021</u> |
|---|------------------------------|------------------------------|----------------------------|
| Notes and trade receivable | \$ 699,651 | 912,075 | 790,538 |
| Less: Loss allowance | 4,105 | - | 495 |
| Total | <u>695,546</u> | <u>912,075</u> | <u>790,043</u> |
| Contract liabilities—advance sales receipts (included in other current liabilities) | <u>\$ 2</u> | <u>478</u> | <u>281</u> |

The amount of revenues recognized for the years ended December 31, 2022 and 2021, that were included in the contract liabilities balance at the beginning of the period were \$476 and \$273, respectively.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Employee compensation and directors' and supervisors' remuneration

The Company's article of incorporation requires that earnings shall first to be offset against any deficit, then, not fewer than 0.5% will be distributed as remuneration to its employees and no more than 3% to its directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company estimated its remuneration to employees amounting to \$314 and \$1,755 and directors' and supervisors' remuneration amounting to \$1,255 and \$7,521 for years ended December 31, 2022 and 2021, respectively. The estimated amounts mentioned above are calculated based on the profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of the remuneration to employees and directors, as specified in the Group's article. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in the following year. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares (considering ex-dividend effect) on the day preceding the Board of Directors' meeting. There is no difference between the amount of compensation to employee and directors recognized in the financial statements for 2022 and 2021 and the actual distribution. The related information is available on the Market observation Post System website.

(v) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

| | 2022 | 2021 |
|---|-----------------|--------------|
| Interest income from bank deposits | \$ 2,920 | 1,883 |
| Interest income of financial assets measured at amortized cost | 21 | - |
| Interest income of other financial assets | - | 3 |
| | <u>\$ 2,941</u> | <u>1,886</u> |

(ii) Other income

The Group's other income was as follows:

| | 2022 | 2021 |
|-----------------|-----------------|--------------|
| Dividend income | \$ 91 | - |
| Rent income | 6,027 | 6,567 |
| | <u>\$ 6,118</u> | <u>6,567</u> |

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

The Group's other gains and losses were as follows:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-----------------|
| Proceeds from disposal of property, plant and equipment | \$ 7 | 522 |
| Gains on financial assets and liabilities at fair value through profit or loss | 6,683 | 362 |
| Net Foreign exchange gains (losses) | 89,072 | (23,157) |
| Other | <u>14,396</u> | <u>9,028</u> |
| | <u>\$ 110,158</u> | <u>(13,245)</u> |

(iv) Finance costs

The details of the financial costs were as follows:

| | <u>2022</u> | <u>2021</u> |
|--|--------------------|-----------------|
| Interest expense | | |
| Bank loan | \$ (9,989) | (10,022) |
| Amortized discounted corporate bonds payable | <u>(2,121)</u> | <u>-</u> |
| | <u>\$ (12,110)</u> | <u>(10,022)</u> |

(w) 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

As sales are made to customers worldwide, the Group's exposure to credit risk concentration is expected to be low. To reduce credit risk, the Group continuously assesses the financial position of its customers, normally without a request for collateral.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(3) Credit risks of receivables

For credit risk exposure of note and trade receivables, please refer to note 6(d).

Other financial assets carried at amortized costs included other receivables. All of these financial assets are considered to be low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses. (Please refer to Note 4(g) for the Group determines whether credit risk is to be low risk). There was no impairments or reversals for the years ended December 31, 2022 and 2021.

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

| | <u>Carrying amounts</u> | <u>Cash flows</u> | <u>within 6months</u> | <u>6-12 months</u> | <u>1-2 years</u> | <u>2-5 years</u> | <u>Over 5 years</u> |
|---|-----------------------------|-------------------|---------------------------|------------------------|------------------|------------------|-------------------------|
| December 31, 2022 | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Non-interest bearing liabilities | \$ 214,011 | 214,011 | 214,011 | - | - | - | - |
| Floating rate instruments | 641,000 | 644,626 | 560,699 | 21,650 | 42,709 | 19,568 | - |
| Fixed rate instrument | 188,938 | 200,000 | - | - | - | 200,000 | - |
| Guarantee deposit received | 1,018 | 1,018 | 184 | - | 132 | 702 | - |
| Derivative financial liabilities | | | | | | | |
| Financial liabilities at fair value through profit or loss — non- current | <u>1,860</u> | <u>1,860</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,860</u> | <u>-</u> |
| | <u>\$ 1,046,827</u> | <u>1,061,515</u> | <u>774,894</u> | <u>21,650</u> | <u>42,841</u> | <u>222,130</u> | <u>-</u> |
| December 31, 2021 | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Non-interest bearing liabilities | \$ 260,360 | 260,360 | 260,360 | - | - | - | - |
| Floating rate instruments | 1,091,855 | 1,098,433 | 961,687 | 22,893 | 45,752 | 68,101 | - |
| Fixed rate instrument | 180,000 | 180,152 | 180,152 | - | - | - | - |
| Guarantee deposit received | <u>1,549</u> | <u>1,549</u> | <u>-</u> | <u>-</u> | <u>1,549</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 1,533,764</u> | <u>1,540,494</u> | <u>1,402,199</u> | <u>22,893</u> | <u>47,301</u> | <u>68,101</u> | <u>-</u> |

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

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

(1) Exposure of foreign currency risk

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

| | December 31, 2022 | | | December 31, 2021 | | |
|------------------------------|---------------------|------------------|---------|---------------------|------------------|-----------|
| | Foreign currency | Exchange rate | TWD | Foreign currency | Exchange rate | TWD |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | \$ 24,766 | 30.71 | 760,561 | 38,591 | 27.68 | 1,068,185 |
| HKD | 18,928 | 3.938 | 74,540 | 33,292 | 3.549 | 118,115 |
| CNY | 247 | 4.408 | 1,087 | 249 | 4.344 | 1,080 |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | 1,762 | 30.71 | 54,118 | 6,299 | 27.68 | 174,360 |

(2) Sensitivity analysis

The foreign currency risk mainly arose from the translation of cash and cash equivalents, trade receivable, financial assets at fair value through gain and loss, trade payable, and other payables. A strengthening (weakening) of 1% of the NTD against the USD, the CNY and the HKD at December 31, 2022 and 2021, assuming that all other variables remain constant, would have increased or decreased the profit after tax by \$6,257 and \$8,104, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

(3) Foreign exchange gains and losses on monetary items

As the Group deal in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2022 and 2021 were \$89,072 and \$23,157, respectively.

(iv) Interest rate analysis

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

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

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
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If the interest rate increases or decreases by 0.5%, the Group's net income will decrease /increase by \$2,564 and \$4,367 for the years ended December 31, 2022 and 2021, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's variable rate bank borrowings.

(v) Other price risks

If the equity price changes, the impact of equity price change to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

| | 2022 | | 2021 | |
|---|--------------------------------------|------------|--------------------------------------|------------|
| | Other comprehensive income after tax | Net income | Other comprehensive income after tax | Net income |
| Prices of securities at the reporting date | | | | |
| 3% increase | \$ - | 1,434 | - | 795 |
| 3% decrease | \$ - | (1,434) | - | (795) |

(vi) Fair value of financial instruments

(1) Types and fair value of financial instruments

The carrying amount and fair value of the Group'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, disclosure of fair value information is not required:

| | Carrying Amount | December 31, 2022 | | | Total |
|--|---------------------|-------------------|---------|---------|---------|
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets at fair value through profit or loss | | | | | |
| Stocks listed on domestic markets | \$ 1,217 | 1,217 | - | - | 1,217 |
| Unlisted common shares | 43,064 | 43,064 | - | - | 43,064 |
| Open-end funds | \$ 15,484 | 15,484 | - | - | 15,484 |
| Structured deposits | 154,905 | - | 154,905 | - | 154,905 |
| | \$ 214,670 | | | | |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | \$ 702,666 | - | - | - | - |
| financial assets measured at amortized cost-current | 4,950 | - | - | - | - |
| Notes and trade receivable | 695,546 | - | - | - | - |
| Other receivables | 5,542 | - | - | - | - |
| Refundable deposits | 11,721 | | | | |
| | \$ 1,420,425 | | | | |

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | December 31, 2022 | | | | |
|--|---------------------|------------|---------|---------|---------|
| | Carrying Amount | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial liabilities at fair value through profit or loss | | | | | |
| Financial liabilities at fair value through profit or loss, mandatorily measured at fair value | \$ <u>1,860</u> | - | 1,860 | - | 1,860 |
| Financial liabilities measured at amortized cost | | | | | |
| Short-term borrowings | \$ 537,500 | - | - | - | - |
| Trade payables | 214,011 | - | - | - | - |
| Long-term borrowings(including current portion) | 42,000 | - | - | - | - |
| Bonds payable | 188,938 | - | 188,140 | - | 188,140 |
| Long-term borrowings | 61,500 | - | - | - | - |
| Guarantee deposits | 1,018 | - | - | - | - |
| | <u>\$ 1,044,967</u> | | | | |
| | December 31, 2021 | | | | |
| | Carrying Amount | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets at fair value through profit or loss | | | | | |
| Unlisted common shares | \$ 30,100 | - | - | 30,100 | 30,100 |
| Open-end funds | 3,033 | 3,033 | - | - | 3,033 |
| Convertible bonds | 1,547 | 1,547 | - | - | 1,547 |
| Structured deposits | 43,595 | - | 43,595 | - | 43,595 |
| | <u>\$ 78,275</u> | | | | |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | \$ 896,578 | - | - | - | - |
| Notes and trade receivable | 912,075 | - | - | - | - |
| Other receivables | 22,338 | - | - | - | - |
| Refundable deposits | 11,803 | - | - | - | - |
| | <u>\$ 1,842,794</u> | | | | |
| Financial liabilities measured at amortized cost | | | | | |
| Short-term borrowings | \$ 948,000 | - | - | - | - |
| Short-term notes payables | 180,000 | - | - | - | - |
| Trade payables | 260,360 | - | - | - | - |
| Long-term borrowings(including current portion) | 33,513 | - | - | - | - |
| Long-term borrowings | 110,342 | - | - | - | - |
| Guarantee deposits | 1,549 | - | - | - | - |
| | <u>\$ 1,533,764</u> | | | | |

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

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

(2) Fair value valuation technique of financial instruments not measured at fair value

The Group's financial instruments not measured at fair value are financial assets and liabilities measured at amortized cost, except for the carrying amount of financial instruments that approximate their fair value due to their short maturities or future prices close to their carrying amounts; the methods and assumptions adopted for other financial instruments are as follows:

There is quoted price generated by transactions, the recent transaction price and quoted price data are 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. The fair value is determined by using valuation techniques and calculated as the discounting value of the estimated cash flows.

The liability component of the Group's convertible bond is estimated by valuation method. The fair value is evaluated based on the discounted cash flow.

(3) Valuation techniques for financial instruments measured at fair value

(3.1) Non-derivative instruments

Fair value measurement of financial instruments was based on quoted market prices if these prices were available in an active market. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. Otherwise, the market is deemed to be inactive. In general, market with low trading volume or high bid ask spreads is an indication of a non active market.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Open-end fund and convertible bond held by the Group are measured at fair value according to standard provision and conditions; the fair value is measured using the quoted price in an active market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

If the financial instruments held by the Group have no active market, the measurements of fair value are categorized as follows:

- Structured deposits: fair value of structured investment product is measured based on the discounted future cash flows arising from principal consideration and probable gains estimate to be received.
- Equity instruments without quoted price: The measurements of fair value of equity instruments without an active market are based on the market comparable listed company approach, which assumes that the fair value is measured by the investee' estimated net worth per share and the average price-book ratio estimated based on comparable quoted market price. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security.

(3.2) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. The right to buy back third convertible corporate debt of the Company was valued under the binomial tree method.

(4) Transfers between Level 1 and Level 3

The Group held an investment in equity of BRIM Biotechnology, Inc. , which is classified as financial assets at fair value through profit or loss. The fair values were \$43,064 thousand and \$30,100 thousand as of December 31, 2022 and 2021, respectively. The fair value of the investment was categorized as level 3 as of December 31, 2021, because the shares were not listed on the exchange market and there were no recent observable arm's length transactions in the shares. Because the equity shares of BRIM Biotechnology, Inc. is now listed on emerging stock board and thus have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy for the year ended December 31, 2022.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
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(5) Reconciliation of Level 3 fair values

| | Financial assets at fair value through profit or loss |
|------------------------------|--|
| | designation as at fair value through profit or loss (designated at initial recognition) |
| Balance at January 1, 2022 | \$ 30,100 |
| Transfers out of Level 3 | (30,100) |
| Balance at December 31, 2022 | \$ - |
| Balance at January 1, 2021 | \$ - |
| Purchase | 30,100 |
| Balance at December 31, 2022 | \$ 30,100 |

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

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – Equity instruments investments".

Quantified information of significant unobservable inputs (Level 3) was as follows:

| Contents | Valuation technique | Significant unobservable inputs | Interrelationship between significant unobservable inputs and fair value measurement |
|---|--------------------------------------|--|---|
| Financial assets at fair value through profit or loss – equity investments without an active market | Comparable listed companies approach | <ul style="list-style-type: none"> · P/B ratio multiplier (2021.12.31 is 6.48) · Discount for lack of market liquidity (2021.12.31 is 30%) | <ul style="list-style-type: none"> · The higher the price book ratio, the higher the fair value · The higher the market liquidity discount rate, the lower the fair value |

(7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions 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:

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
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| | Inputs | Upward or downward movement | Fair value Total gain/loss | |
|---|---------------------------------------|-----------------------------|----------------------------|--------------|
| | | | Favorable | Unfavorable |
| Balance at December 31, 2021 | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity investments without an active market | P/B ratio | 1.00% | \$ <u>384</u> | <u>(384)</u> |
| Equity investments without an active market | Discount for lack of market liquidity | 1.00% | \$ <u>42</u> | <u>(42)</u> |

The favorable change and unfavorable change refer to the fluctuation of fair value. The fair value is calculated based on the different levels of unobservable inputs. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument, if there are one or more unobservable inputs.

- (8) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2021.

(x) Financial risk management

(i) Overview

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

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

The following likewise discusses the Group'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 non-consolidated financial statements.

(ii) Risk management framework

The Group's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Group minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
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(iii) Credit risk

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

(1) Trade receivable

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

(2) Bank deposits and investment

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by The Group's finance department. As the Group deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Group do not have compliance issues and no significant credit risk.

(3) Guarantees

The Group's policy provides only financial security to subsidiaries of more than 50% shareholding or entities engaged in transaction. As of December 31, 2022 and 2021, the Group did not provide any guarantees to other companies.

(iv) Liquidity risk

The Group 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 Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

Bank borrowing is an essential liquidity source for the Group. As of December 31, 2022 and 2021, the Group's unused credit line were amounted to \$1,172,500 and \$535,393, respectively.

(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 Group 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)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(1) Currency risk

The Group's exposure to the risk of fluctuation in foreign currency exchange rates relates primarily to the Group's sales and purchases that are denominated in a currency different from the functional currencies of the Group. The functional currency of the Group are mainly NTD, USD, HKD and VND. The currencies used in these transactions are denominated in NTD, USD, HKD and CNY. In addition, based on the principle of natural hedge and considering the foreign currency market status, the Group evaluates the requirement for individual foreign currency and the net currency exposure positions. (and the difference between foreign currency assets and liabilities)

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

It is the policy of the Group to ensure that the interest rate of the borrowings is subject to fluctuation risk, to be assessed in the light of the international economic situation and market trend of interest rates and to select a floating or fixed interest rate when market interest rates rises. For one-year short-term borrowings, the assessment is adjusted to a fixed interest rate, while medium to long term borrowings are assessed to hedge risk by locking interest rate through interest rates swap.

(3) Other market price risks

Equity and fund price risk is the risk of future price uncertainty arising from equity instruments and funds held by the Group. The Group manages the price risk of equity instruments and funds by diverse investments and regularly understanding the financial position of the equity instruments and fund issuers.

(y) Capital management

The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

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

| | December 31, 2022 | December 31, 2021 |
|---------------------------------|------------------------------|------------------------------|
| Total liabilities | \$ 1,169,869 | 1,677,419 |
| Less: Cash and cash equivalents | 702,666 | 896,758 |
| Net liabilities | \$ 467,203 | 780,661 |
| Total equity | \$ 2,128,046 | 1,937,826 |
| Debt-to-equity ratio | 22% | 40% |

As of December 31, 2022, the Group had not changed its capital management method.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The reconciliation of liabilities arising from financing activities was as follows:

| | January 1, 2022 | Cash flows | Non-Cash changes | | | December 31, 2022 |
|---|---------------------|------------------|---------------------------------|-------------------------|--------------------|----------------------|
| | | | Foreign exchange movement | Amortized discounted | Other movements | |
| Short-term borrowings | \$ 948,000 | (413,770) | 3,270 | - | - | 537,500 |
| Short-term notes payables | 180,000 | (180,000) | - | - | - | - |
| Bonds payable | - | 218,925 | - | 2,121 | (32,108) | 188,938 |
| Long-term borrowings (including current portion) | 143,855 | (40,355) | - | - | - | 103,500 |
| Deferred revenue | 65 | (65) | - | - | - | - |
| Guarantee deposit received | 1,549 | (817) | 286 | - | - | 1,018 |
| Total liabilities from financing activities | <u>\$ 1,273,469</u> | <u>(416,082)</u> | <u>3,556</u> | <u>2,121</u> | <u>(32,108)</u> | <u>830,956</u> |

| | January 1, 2021 | Cash flows | Non-Cash changes | | | December 31, 2021 |
|---|--------------------|----------------|---------------------------------|-------------------------|--------------------|----------------------|
| | | | Foreign exchange movement | Amortized discounted | Other movements | |
| Short-term borrowings | \$ 555,000 | 397,212 | (4,212) | - | - | 948,000 |
| Short-term notes payables | 180,000 | - | - | - | - | 180,000 |
| Long-term borrowings (including current portion) | 144,802 | (989) | - | - | 42 | 143,855 |
| Deferred revenue | 198 | (91) | - | - | (42) | 65 |
| Guarantee deposit received | 1,392 | 230 | (73) | - | - | 1,549 |
| Total liabilities from financing activities | <u>\$ 881,392</u> | <u>396,362</u> | <u>(4,285)</u> | <u>-</u> | <u>-</u> | <u>1,273,469</u> |

(7) Related-party transactions

(a) Names and relationship with related parties

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

| <u>Name of related parties</u> | <u>Relationship with the Company</u> |
|--------------------------------|--|
| FURUKAWA MAGNET WIRE CO., LTD. | The entity with significant influence over the Group |
| Taya Wire & Cable Co., Ltd. | The entity with significant influence over the Group |

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| <u>Name of related parties</u> | <u>Relationship with the Company</u> |
|--|---|
| Furukawa Electric Co., Ltd. | Other related parties |
| FURUKAWA SHANGHAI,LTD. | Other related parties |
| Furukawa Electric Hong Kong Ltd. (FEHK) | Other related parties |
| TAIWAN FURUKAWA MAGNET WIRE CO., LTD. | Other related parties |
| TOTOKU (ZHEJIANG)CO.,LTD | Other related parties |
| CUPRIME MATERIAL CO.,LTD. | Other related parties |
| TAYA (VIET NAM) Electric Wire and Cable Joint Stock Company | Other related parties |
| Jung shing wire social welfare and charity foundation (hereinafter referred to as Jung Shing Foundation) | The Chairman of the Company is the same as the Chairman of the donation recipient |

(b) Significant transactions with related parties

(i) Sales to related parties

The amounts of significant sales and uncollected receivables by the Group to related parties were as follows:

| | <u>Sales</u> | | <u>Amounts received in subsequent period</u> | |
|---|--|----------------|--|--------------------------|
| | <u>2022</u> | <u>2021</u> | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
| | The entity with significant influence over the Group | \$ 124,046 | 163,964 | 3,694 |
| Other related parties | 297,606 | 319,684 | 42,810 | 36,564 |
| | <u>\$ 421,652</u> | <u>483,648</u> | <u>46,504</u> | <u>43,016</u> |
| Notes receivable | | | \$ 11,464 | 13,943 |
| Trade receivable due from related parties | | | 35,040 | 29,063 |
| | | | <u>\$ 46,504</u> | <u>43,016</u> |

The collection method of the related parties by the Group is approximately 30 to 60 days after the export of the goods. The sales price is not significantly different from the normal purchase price of similar products.

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Purchases from related parties

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

| | <u>Purchases</u> | | <u>Payables to related parties</u> | |
|---|--------------------------|-----------------------|------------------------------------|--------------------------|
| | <u>2022</u> | <u>2021</u> | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
| Other related parties - CUPRIME MATERIAL CO.,LTD. | \$ 267,460 | 271,580 | 32,026 | 23,627 |
| Other related parties | 27,258 | 46,343 | 250 | - |
| The entity with significant influence over the Group | <u>-</u> | <u>538</u> | <u>-</u> | <u>-</u> |
| | <u><u>\$ 294,718</u></u> | <u><u>318,461</u></u> | <u><u>32,276</u></u> | <u><u>23,627</u></u> |

The payment to related parties is wired within 30 to 60 days. The purchase price is not comparable or significantly different from the normal purchase price of similar products.

(iii) Donation(included administrative expenses)

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---|--------------------------|--------------------------|
| Other related parties – Jung Shing Foundation | <u><u>\$ 13,000</u></u> | <u><u>-</u></u> |

(c) Key management personnel compensation

Key management personnel compensation comprised:

| | <u>2022</u> | <u>2021</u> |
|------------------------------|-------------------------|----------------------|
| Short-term employee benefits | \$ 19,587 | 30,162 |
| Post-employment benefits | <u>267</u> | <u>260</u> |
| | <u><u>\$ 19,854</u></u> | <u><u>30,422</u></u> |

The Group provides company cars and dormitory of initial cost amounted to \$25,697, respectively for key management personnel for the years ended on December 31, 2022 and 2021.

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

| <u>Pledged assets</u> | <u>Pledged to secure</u> | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------|-----------------------------------|--------------------------|--------------------------|
| Land | Short-term loans and credit lines | \$ 188,173 | 188,173 |
| Buildings and Construction | Short-term loans and credit lines | <u>18,207</u> | <u>15,090</u> |
| | | <u><u>\$ 206,380</u></u> | <u><u>203,263</u></u> |

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Significant commitments and contingencies:

(a) The Group's unrecognized contractual commitments are as follows:

| | December 31, 2022 | December 31, 2021 |
|--|----------------------|----------------------|
| Contracted for outstanding construction and equipment payments | \$ <u>15,849</u> | <u>19,581</u> |
| Bank guarantee promissory notes for scientific research and development grants | \$ <u>-</u> | <u>13,750</u> |
| Outstanding standby letter of credit | \$ <u>4,550</u> | <u>-</u> |

(b) the Wujiang Economic and Technological Development Management Committee where JUNG SHING WIRE (SUZHOU) CO., LTD. is located requested to repurchase its land use rights and buildings in accordance with local urban planning demands. The parties signed a land and property repurchase agreement on July 12, 2021 with a total repurchase price of CNY\$66,000 thousand. The Committee agreed to assist in obtaining the site for relocating the new plant and to grant a transitional period of 18 months from the date of obtaining the construction permit for the new plant.. As of December 31, 2022, the Group received advance receipts amounting to \$26,337 (CNY\$6,117 thousand), which was recognized under other current liabilities.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

| By item | By function | For the year ended December 31 | | | | | |
|----------------------------|-------------|--------------------------------|-------------------|---------|--------------|-------------------|---------|
| | | 2022 | | | 2021 | | |
| | | Cost of Sale | Operating Expense | Total | Cost of Sale | Operating Expense | Total |
| Employee benefits | | | | | | | |
| Salary | | 184,528 | 137,005 | 321,533 | 191,517 | 146,877 | 338,394 |
| Labor and health insurance | | 12,930 | 10,058 | 22,988 | 11,788 | 9,118 | 20,906 |
| Pension | | 9,916 | 8,786 | 18,702 | 8,597 | 7,881 | 16,478 |
| Remuneration of directors | | - | 1,238 | 1,238 | - | 5,595 | 5,595 |
| Others | | 7,063 | 4,756 | 11,819 | 6,642 | 4,544 | 11,186 |
| Depreciation | | 86,818 | 16,629 | 103,447 | 69,270 | 14,475 | 83,745 |
| Amortization | | 73 | 407 | 480 | - | - | - |

Note 1: In 2022 and 2021, the depreciation expenses arising from investment property amounted to \$1,048 and \$1,029, respectively, and are recognized under other gains and losses of non-operating income and expenses.

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2022:

(i) Loans to other parties:

| No. | Name of lender | Name of borrower | Account title | Related party | Highest balance of financing to other parties during the period Amount | Ending Balance | Actual usage amount during the period Amount | Range of interest rates during the period | Purposes of fund financing for the borrower | Transaction amount for business between two parties | Reasons for short-term financing | Loss allowance | Collateral | | Individual funding loan limits | Maximum limit of fund financing |
|-----|------------------------------------|------------------------------------|--|---------------|--|----------------|--|---|---|---|----------------------------------|----------------|------------|-------|--|--|
| | | | | | | | | | | | | | Item | Value | | |
| 1 | JUNG SHING WIRE (SUZHOU) CO., LTD. | DONGGUAN JUNG SHING WIRE CO., LTD. | Other receivables due from related parties | Yes | 60,802 | - | - | 4.35% | Entity with short term financing needs | - | Operating capital | - | None | None | 110,092 (30% of the net value of JUNG SHING WIRE (SUZHOU) CO., LTD.) | 220,183 (60% of the net value of JUNG SHING WIRE (SUZHOU) CO., LTD.) |
| 2 | DONGGUAN JUNG SHING WIRE CO., LTD | DONGGUAN JUNG SHING WIRE CO., LTD. | Other receivables due from related parties | Yes | 126,156 | 123,393 | 101,358 | 4.35% | Entity with short term financing needs | - | Operating capital | - | None | None | 209,561 (30% of net value of DONGGUAN JUNG SHING WIRE CO., LTD) | 419,122 (60% of net value of DONGGUAN JUNG SHING WIRE CO., LTD) |

Note: The transactions were written-off in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

| No. | Name of Guarantor | Counter-party of guarantee and endorsement | | Limitation on amount of guarantees and endorsements for a specific enterprise | 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 | | | | | | | | | | |
| 0 | The Company | LONGSUN TECHNOLOGIES CO., LTD. | (Note) | 420,960 (20% of the net value of the Company) | 30,000 | - | - | - | % | 1,262,578 (60% of the net value of the Company) | Y | - | - |
| 0 | The Company | JUNG SHING TECHNOLOGIES COMPANY LIMITED | (Note) | " | 180,000 | 180,000 | 70,000 | - | 8.55 % | " | Y | - | - |
| 0 | The Company | JUNG SHING WIRE (Vietnam) CO., LTD. | (Note) | " | 47,625 | 46,065 | - | - | 2.19 % | " | Y | - | - |

Note: The Group directly and indirectly holds more than 50% of the shares with voting rights.

Note 1: The transactions were written-off in the consolidated financial statements.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

| Name of holder | Category and name of security | Relationship with company | Account title | Ending Balance | | | | Highest during the term | | Note |
|------------------------------------|--|---------------------------|---|--------------------------|----------------|-----------------------------|------------|--------------------------|-----------------------------|------|
| | | | | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | Shares/Units (thousands) | Percentage of ownership (%) | |
| The Company | Eastspring Inv Trgt Mlt 3-6Y EM Bd | - | Current financial assets at fair value through profit or loss | 10,000 | 3,136 | - | 3,136 | 10,000 | - | |
| " | Jih Sun Vietnam Opportunity Fund | - | " | 400,000 | 2,856 | - | 2,856 | 400,000 | - | |
| " | Jih Sun Global Innovative Technology Bond Fund | - | " | 1,000,000 | 9,492 | - | 9,492 | 1,000,000 | - | |
| " | Shares of BIN CHUAN ENTERPRISE CO., LTD. | - | " | 55,299 | 1,217 | 0.05 % | 1,217 | 55,299 | 0.05 % | |
| " | Shares of BRIM Biotechnology, Inc. | - | " | 1,128,229 | 43,064 | 1.21 % | 43,064 | 1,128,229 | 1.24 % | |
| " | Shares of NEOFLEX TECHNOLOGY CO., LTD. | - | " | 12,401 | - | 0.32 % | - | 12,401 | 0.32 % | |
| " | Shares of AMIT WIRELESS INC. | - | " | 527,158 | - | 3.10 % | - | 527,158 | 3.10 % | |
| " | Shares of JINGYUE MICROWAVE INTEGRATED CIRCUIT MANUFACTURING CO., LTD. | - | " | 35,316 | - | 0.59 % | - | 35,316 | 3.53 % | |
| JUNG SHING WIRE (SUZHOU) CO., LTD. | Structured deposits | - | " | - | 154,905 | - | 154,905 | - | - | |
| LONGSUN TECHNOLOGIES CO., LTD. | Shares of JINGYUE MICROWAVE INTEGRATED CIRCUIT MANUFACTURING CO., LTD. | - | " | 736 | - | 0.07 % | - | 736 | 0.07 % | |

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

NT\$300 million or 20% of the capital stock:None

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

| Name of company | Related party | Nature of relationship | Transaction details | | | | Trading terms Transactions with terms different from others | | Notes/trade receivable (payable) | | Note |
|------------------------------------|---------------------------------------|--|---------------------|---------|-------------------------------------|--------------|--|--------------------------------------|----------------------------------|--|------|
| | | | Purchase /Sale | Amount | Percentage of total purchases/sales | Credit terms | Unit price | Credit terms | Balance | Percentage of total notes/trade receivable (payable) | |
| The Company | CUPRIME MATERIAL CO.,LTD. | The related parties | Purchase | 267,460 | 19.40 % | 1 months | Same as regular transaction | the actual business model considered | (32,026) | (26.20)% | |
| The Company | TAIWAN FURUKAWA MAGNET WIRE CO., LTD. | The related parties | Sales | 148,990 | 8.50 % | 1 months | Same as regular transaction | the actual business model considered | 27,788 | 8.85 % | |
| The Company | DONGGUAN JUNG SHING WIRE CO., LTD | Sub-subsidiary | Purchase | 122,874 | 8.91 % | 3 months | Same as regular transaction | the actual business model considered | (25,766) | (21.08)% | Note |
| DONGGUAN JUNG SHING WIRE CO., LTD. | FURUKAWA MAGNET WIRE CO., LTD. | The entity with significant influence over The Group | Sales | 101,075 | 9.07 % | 1 months | Same as regular transaction | the actual business model considered | 1,747 | 0.96 % | |

Note: Reconciliated in the preparation of consolidated report.

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

| Name of company | Related party | Nature of relationship | Ending balance | Turnover days | Overdue | | Amounts received in subsequent period | Loss allowance |
|-----------------------------------|---|---------------------------|----------------|---------------|---------|---------------|---------------------------------------|----------------|
| | | | | | Amount | Actions taken | | |
| DONGGUAN JUNG SHING WIRE CO., LTD | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | Subsidiary to subsidiary. | 101,358(Note) | - | - | - | - | - |

Note: Reconciliated in the preparation of consolidated report.

- (ix) Trading in derivative instruments:Please refer to notes 6(m)

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

| No. (Note 1) | Name of company | Name of counter-party | Nature of relationship (Note 2) | Transaction details | | | Percentage of the consolidated net revenue or total assets (Note 3) |
|-----------------|-----------------|---|------------------------------------|---------------------|--------------|--|--|
| | | | | Account name | Total Amount | Trading terms | |
| 0 | The Company | DONGGUAN JUNG SHING WIRE CO., LTD | 1 | Sales | 31,314 | Sales prices for related parties were similar to those of the third-party customers. The collection period was 6 months for related parties. | 0.87 % |
| 0 | The Company | DONGGUAN JUNG SHING WIRE CO., LTD | 1 | Accounts receivable | 9,638 | 6 months per the principles of the Company's credit policy | 0.29 % |
| 0 | The Company | DONGGUAN JUNG SHING WIRE CO., LTD | 1 | Purchase | 122,874 | The purchase price and payment terms for the purchase from related parties are not significantly different from those with third-party vendor. The collection period was 3 months for related parties. | 3.43 % |
| 0 | The Company | DONGGUAN JUNG SHING WIRE CO., LTD | 1 | Accounts payable | 25,766 | The collection period was 3 months for related parties. | 0.78 % |
| 0 | The Company | DONGGUAN JUNG SHING WIRE CO., LTD | 1 | Other payables | 4,509 | The collection period was 3 months for related parties. | 0.14 % |
| 0 | The Company | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | 1 | Sales | 27,767 | Sales prices for related parties were similar to those of the third-party customers. The collection period was 6 months for related parties. | 0.78 % |
| 0 | The Company | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | 1 | Accounts receivable | 8,498 | 6 months per the principles of the Company's credit policy | 0.26 % |
| 0 | The Company | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | 1 | Purchase | 6,222 | The purchase price and payment terms for the purchase from related parties are not significantly different from those with third-party vendor. The collection period was 3 months for related parties. | 0.17 % |

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| No. (Note 1) | Name of company | Name of counter-party | Nature of relationship (Note 2) | Transaction details | | | Percentage of the consolidated net revenue or total assets (Note 3) |
|-----------------|-----------------|---|------------------------------------|--|--------------|--|--|
| | | | | Account name | Total Amount | Trading terms | |
| 0 | The Company | JUNG SHING WIRE (SUZHOU) CO., LTD. | 1 | Sales | 12,623 | Sales prices for related parties were similar to those of the third-party customers. The collection period was 6 months for related parties. | 0.35 % |
| 0 | The Company | JUNG SHING WIRE (SUZHOU) CO., LTD. | 1 | Accounts receivable | 1,929 | 6 months per the principles of the Company's credit policy | 0.06 % |
| 0 | The Company | LONGSUN TECHNOLOGIES CO., LTD. | 1 | Sales | 11 | Sales prices for related parties were similar to those of the third-party customers. The collection period was 3 months for related parties. | - % |
| 0 | The Company | LONGSUN TECHNOLOGIES CO., LTD. | 1 | Accounts payable | 2,943 | The collection period was 3 months for related parties. | 0.09 % |
| 0 | The Company | LONGSUN TECHNOLOGIES CO., LTD. | 1 | Miscellaneous (processing expenses) | 19,556 | The collection period was 3 months for related parties. | 0.55 % |
| 0 | The Company | LONGSUN TECHNOLOGIES CO., LTD. | 1 | Rent income | 494 | The collection period was 3 months for related parties. | 0.01 % |
| 0 | The Company | LONGSUN TECHNOLOGIES CO., LTD. | 1 | Other receivables | 399 | 3 months per the principles of the Company's credit policy | 0.01 % |
| 0 | The Company | JUNG SHING TECHNOLOGIES COMPANY LIMITED | 1 | Sales | 1 | Sales prices for related parties were similar to those of the third-party customers. The collection period was 50 days for related parties. | - % |
| 0 | The Company | JUNG SHING TECHNOLOGIES COMPANY LIMITED | 1 | Endorsements and Guarantees | 180,000 | - | 5.46 % |
| 0 | The Company | JUNG SHING TECHNOLOGIES COMPANY LIMITED | 1 | Rent income | 654 | 3 months per the principles of the Company's credit policy | 0.02 % |
| 0 | The Company | JUNG SHING TECHNOLOGIES COMPANY LIMITED | 1 | Other receivables | 891 | 3 months per the principles of the Company's credit policy | 0.03 % |

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| No. (Note 1) | Name of company | Name of counter-party | Nature of relationship (Note 2) | Transaction details | | | Percentage of the consolidated net revenue or total assets (Note 3) |
|-----------------|-----------------------------------|--|------------------------------------|-----------------------------|--------------|--|--|
| | | | | Account name | Total Amount | Trading terms | |
| 0 | The Company | JUNG SHING TECHNOLOGIES COMPANY LIMITED | 1 | Other income | 195 | 3 months per the principles of the Company's credit policy | 0.01 % |
| 0 | The Company | JUNG SHINGTECHNOLOGIES (Vietnam) CO., LTD. | 1 | Sales | 4,560 | Sales prices for related parties were similar to those of the third-party customers. The collection period was 6 months for related parties. | 0.13 % |
| 0 | The Company | JUNG SHINGTECHNOLOGIES (Vietnam) CO., LTD. | 1 | Accounts receivable | 3,443 | 6 months per the principles of the Company's credit policy | 0.10 % |
| 0 | The Company | JUNG SHINGTECHNOLOGIES (Vietnam) CO., LTD. | 1 | Endorsements and Guarantees | 46,065 | - | 1.40 % |
| 1 | DONGGUAN JUNG SHING WIRE CO., LTD | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | 3 | Sales | 20,331 | Sales prices for related parties were similar to those of the third-party customers. The collection period was 1 months for related parties. | 0.57 % |
| 1 | DONGGUAN JUNG SHING WIRE CO., LTD | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | 3 | Accounts receivable | 1,562 | 1 months per the principles of the Company's credit policy | 0.05 % |
| 1 | DONGGUAN JUNG SHING WIRE CO., LTD | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | 3 | Other receivables | 1,833 | 1 to 3 months per the principles of the Company's credit policy | 0.06 % |
| 1 | DONGGUAN JUNG SHING WIRE CO., LTD | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | 3 | Other receivables | 101,358 | The loan interest rate is at 4.35% per annum for a period of one year | 3.07 % |
| 1 | DONGGUAN JUNG SHING WIRE CO., LTD | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | 3 | Other payables | 84 | The collection period was 1 months for related parties. | - % |

(Continued)

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| No. (Note 1) | Name of company | Name of counter-party | Nature of relationship (Note 2) | Transaction details | | | Percentage of the consolidated net revenue or total assets (Note 3) |
|-----------------|--|--|------------------------------------|---------------------------|--------------|---|--|
| | | | | Account name | Total Amount | Trading terms | |
| 1 | DONGGUAN JUNG SHING WIRE CO., LTD | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | 3 | Rent income | 1,727 | 1 months per the principles of the Company's credit policy | 0.05 % |
| 1 | DONGGUAN JUNG SHING WIRE CO., LTD | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | 3 | Miscellaneous expenses | 657 | The collection period was 1 months for related parties. | 0.02 % |
| 1 | DONGGUAN JUNG SHING WIRE CO., LTD | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | 3 | Interest income | 4,544 | 3 months per the principles of the Company's credit policy | 0.13 % |
| 2 | JUNG SHING WIRE (SUZHOU) CO., LTD. | DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | 3 | Interest income | 194 | 3 months per the principles of the Company's credit policy | 0.01 % |

Note 1: Numbers are filled in as follows:

1. "0" represents the parent company.
2. The subsidiaries start with number 1.

Note 2: Relationship with the listed companies:

1. Transactions from parent company to subsidiary
2. Transactions from subsidiary to parent company
3. Transactions between subsidiaries

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

| Name of investor | Name of investee | Geographical information | Main businesses and products | Original investment amount | | Balance as of December 31 | | | Highest Percentage of ownership | Net income (losses) of investee | Share of profits/losses of investee | Note |
|------------------------------------|--|-----------------------------|---|-----------------------------|-----------------------------|---------------------------|------------|---------------------------------|---------------------------------|-----------------------------------|-------------------------------------|------------|
| | | | | December 31, 2022 | December 31, 2021 | shares | Percentage | Carrying value | | | | |
| The Company | JUNG SHING INTERNATIONAL CO., LTD. | The British Virgin Islands | General import/export trade and investment business | 715,470 (USD 23,442,793) | 715,470 (USD 23,442,793) | 48,045 | 100.00% | 918,809 | 100 % | 50,142 | 50,142 | Subsidiary |
| " | LONGSUN TECHNOLOGIES CO., LTD. | Tainan City | Manufacture and sale of converters, DC converters, modules | 29,989 | 29,989 | 2,998,910 | 99.96% | 10,646 | 99.96 % | 1,295 | 1,295 | Subsidiary |
| " | Lising International | MAURITIUS | General import/export trade and investment business | 241,985 (USD 7,300,000) | 241,985 (USD 7,300,000) | 7,300,000 | 100.00% | 368,867 | 100 % | 12,067 | 12,067 | Subsidiary |
| " | JUNG SHINGTECHNOLOGIES (Vietnam) CO., LTD. | Hai Duong province, Vietnam | Production and sales of enameled wires | 235,836 (USD 8,000,000) | 235,836 (USD 8,000,000) | - | 100.00% | 215,482 | 100 % | (15,317) | (15,317) | Subsidiary |
| " | JUNG SHING TECHNOLOGIES COMPANY LIMITED | Tainan City | Manufacture 3D ceramic substrate of high thermal conductivity | 111,921 | 111,921 | 11,192,046 | 74.61% | 69,775 | 74.61 % | (38,803) | (28,950) | Subsidiary |
| JUNG SHING INTERNATIONAL CO., LTD. | Hong Kong Big Star | Hong Kong Kowloon | General import/export trade and investment business | HKD \$1,000,000 | HKD \$1,000,000 | - | 100.00% | 8,953 (HKD \$2,274 thousand) | 100 % | (1,845) (HKD \$(485) thousand) | (1,845) (HKD \$(485) thousand) | Subsidiary |

Note: The above investments have been eliminated during the preparation of the consolidated 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:

| Name of investee | Main businesses and products | Total amount of capital surplus | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2022 | Investment Flow | | Accumulated outflow of investment from Taiwan as of December 31, 2022 | Net income (losses) of investee | Percentage of ownership | Highest percentage of ownership | Investment income (losses) (Note) | Carrying amount Note 1 | Accumulated remittance of earnings in current period |
|---|---|---------------------------------|--|---|-----------------|--------|---|---------------------------------|-------------------------|---------------------------------|--|----------------------------------|--|
| | | | | | Outflow | Inflow | | | | | | | |
| DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | Production and sales of enameled wires and Litz wires | 96,367 (HKD\$23,600,000) | The Company reinvest Hong Kong Big Star Company through third party, JUNG SHING INTERNATIONAL and to commission Hong Kong Big Star Company to invest indirectly in DONGGUAN JUNG SHING ELECTRONICS CO., LTD. | 63,303 | - | - | 63,303 | RMB 6,103 thousand | 100.00 % | 100.00 % | The financial statements were audited by the parent's external accountants and investment income amounting to \$26,989 is recognized. Approximately CNY 6,103 thousand | 214,448 (RMB 48,650 thousand) | - |

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Name of investee | Main businesses and products | Total amount of capital surplus | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2022 | Investment Flow | | Accumulated outflow of investment from Taiwan as of December 31, 2022 | Net income (losses) of investee | Percentage of ownership | Highest percentage of ownership | Investment income (losses) (Note) | Carrying amount Note 1 | Accumulated remittance of earnings in current period |
|------------------------------------|---|---------------------------------|---|---|-----------------|--------|---|---------------------------------|-------------------------|---------------------------------|--|-----------------------------------|--|
| | | | | | Outflow | Inflow | | | | | | | |
| DONGGUAN JUNG SHING WIRE CO., LTD | Production and sales of enameled wires and Litz wires | 468,329 (HKD\$120,000,000) | The Company indirectly invest in DONGGUAN JUNG SHING WIRE CO., LTD through third party, JUNG SHING INTERNATIONAL. | 479,199 | - | - | 479,199 | RMB 5,591 thousand | 100.00 % | 100.00 % | The financial statements were audited by the parent's external accountants and investment income is recognized. 24,721 (Approximately CNY 5,591 thousand) | 698,713 (RMB 158,510 thousand) | - |
| JUNG SHING WIRE (SUZHOU) CO., LTD. | Production and sales of enameled wires | 234,284 (HKD\$56,850,983) | The Company indirectly invest in JUNG SHING WIRE (SUZHOU) CO., LTD. through third party, Lising International. | 241,985 | - | - | 241,985 | RMB 2,748 thousand | 100.00 % | 100.00 % | The financial statements were audited by the parent's external accountants and investment income amounting to \$12,150 is recognized. Approximately CNY 2,748 thousand | 369,796 (RMB 83,272 thousand) | 153,618 |

Note: The above investments have been eliminated during the preparation of the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of September 30, 2022 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|--|---------------------------|
| 784,487 (Note2) (USD 24,979,220.34) | 785,591 (Note1 and Note2) (USD 25,580,964.34) | 1,262,578 |

Note: The conversion is based on the average exchange rate from January to December 2022 to NT dollars.

Note 1: Conversion at exchange rate on December 31, 2022.

Note 2: JUNG SHING INTERNATIONAL CO., LTD. acquired 25.0936% of equity interest in Hong Kong Big Star Company that was held by TOTOKU ELECTRIC CO., LTD., Ltd. with its own capital of US\$579 thousand, and indirectly acquired 25.0936% of equity interest in DONGGUAN JUNG SHING ELECTRONICS CO., LTD in mainland China. The investment was fully paid to TOTOKU ELECTRIC CO., LTD. and the investment was completed. As it is a private capital transfer, the accumulated amount of investment transferred from Taiwan to the mainland at the end of the period did not include this amount and was reported to the Investment and Review Committee of the Ministry of Economy Affairs for approval.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Significant transactions:

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

(d) Major shareholders:None

| Shareholder's Name | Shareholding | Shares | Percentage |
|--|--------------|------------|------------|
| Taya Wire & Cable Co., Ltd. | | 39,474,065 | 25.02 % |
| FURUKAWA MAGNET WIRE CO., LTD. (Japan) | | 31,546,647 | 20.00 % |
| Fu Pao Chemical Co., Ltd. | | 10,937,653 | 6.93 % |

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 and special shares in which the calculation of shareholders' holding company has completed the unincorporated delivery (including treasury shares) 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 vary or vary.

Note 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:

(a) General information

The Group has a reporting segment: The wire department, which manufactures various kinds of degaussing rings, enameled wire and Litz wire.

The Group's reported segments consist of strategic business units which provide essentially different products and services. They offer different products and services, and are managed separately because they require different technological and marketing strategies.

(b) Information about reportable segments and their measurement and reconciliations

The Group mainly engaged in the manufacture and processing of enameled wires and downstream products and the trading of related machinery and equipment. The reporting segment is electrical wires due to product category, and the other segments are manufacturing and trading of other products which do not meet the quantitative threshold to be reported.

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JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Taxation or extraordinary activity is not able to be allocated to each reportable segment. The reportable amount is the same as the report used by the chief operating decision maker.

There were no material differences between the accounting policies adopted for the Consolidated Company's operating segments and those described in Note 4. The profit and loss of the operating segment of The Group is measured by net profit of the term and as the basis for performance measurement.

The Group regards sales and transfers between segments as third party transactions. They are measured at market price.

The Group's segment financial information is as follows:

| | 2022 | | | |
|--|----------------------------|------------------------|---------------------------------------|-------------------------|
| | Wire | Other | Reconciliation and eliminations | Total |
| Revenue from external customers | \$ 3,542,219 | 39,159 | - | 3,581,378 |
| Intersegment revenues | <u>1</u> | - | (1) | - |
| Total revenue | <u>\$ 3,542,220</u> | <u>39,159</u> | <u>(1)</u> | <u>3,581,378</u> |
| Other significant non-cash items: | | | | |
| Depreciation and amortization | <u>\$ 90,746</u> | <u>13,994</u> | <u>(813)</u> | <u>103,927</u> |
| Segment (loss) benefits should be expressed | <u>\$ 105,907</u> | <u>(40,529)</u> | <u>(850)</u> | <u>64,528</u> |
| Segment total assets | <u>\$ 3,109,560</u> | <u>189,246</u> | <u>(891)</u> | <u>3,297,915</u> |
| | 2021 | | | |
| | Wire | Other | Reconciliation and eliminations | Total |
| Revenue from external customers | \$ 4,602,132 | 17,502 | - | 4,619,634 |
| Intersegment revenues | - | - | - | - |
| Total revenue | <u>\$ 4,602,132</u> | <u>17,502</u> | <u>-</u> | <u>4,619,634</u> |
| Other significant non-cash items: | | | | |
| Depreciation and amortization | <u>\$ 77,234</u> | <u>7,324</u> | <u>(813)</u> | <u>83,745</u> |
| Segment (loss) benefits should be expressed | <u>\$ 276,103</u> | <u>(19,704)</u> | <u>(1,854)</u> | <u>254,545</u> |
| Segment total assets | <u>\$ 3,446,700</u> | <u>169,551</u> | <u>(1,006)</u> | <u>3,615,245</u> |

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Product and service information

Revenues from external customers are detailed below:

| <u>Products and services</u> | <u>2022</u> | <u>2021</u> |
|-------------------------------------|----------------------------|-------------------------|
| Enameled wire | \$ 1,657,362 | 2,052,156 |
| Self-bonding wire | 750,056 | 1,000,025 |
| Special wire | 154,481 | 424,564 |
| Heat resistant wire | 117,559 | 169,927 |
| Litz wire | 381,440 | 260,121 |
| Copper wire | 140,611 | 214,536 |
| Merchandise - enameled wires | 102,622 | 86,396 |
| Merchandise - copper wires | 125,822 | 228,207 |
| Other | <u>151,425</u> | <u>183,702</u> |
| | <u>\$ 3,581,378</u> | <u>4,619,634</u> |

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Revenue from the external customers:

| <u>Geographical information</u> | <u>2022</u> | <u>2021</u> |
|--|----------------------------|-------------------------|
| Taiwan | \$ 811,156 | 1,039,338 |
| Mainland China | 2,583,863 | 3,410,059 |
| Japan | 24,392 | 22,024 |
| Philippines | 72,001 | 83,205 |
| Other countries | <u>89,966</u> | <u>65,008</u> |
| | <u>\$ 3,581,378</u> | <u>4,619,634</u> |

Non-current assets:

| <u>Geographical information</u> | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|-------------------------------------|-------------------------------------|
| Taiwan | \$ 904,193 | 902,176 |
| Mainland China | 159,931 | 158,076 |
| Vietnam | <u>165,703</u> | <u>167,393</u> |
| | <u>\$ 1,229,827</u> | <u>1,227,645</u> |

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets and other assets, but do not include financial instruments and deferred tax assets.

JUNG SHING WIRE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Major customer

There were no individual customers representing greater than 10% of sales revenues in the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021.