

**COSMO ELECTRONICS CORPORATION AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two version, the Chinese-language auditors' report and consolidated financial statements shall prevail.

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standards No.10. If relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

TSAI, NAI CHEN

March 21, 2023

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Shareholders of Cosmo Electronics Corporation

Opinion

We have audited the accompanying consolidated financial statements of Cosmo Electronics Corporation and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the 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 year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits of the consolidated financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and auditing standards in 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 for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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, we do not provide a separate opinion on these matters.

The key audit matters in relation to the consolidated financial statements for the year ended December 31,2022, are outlined as follows:

Valuation of inventory

Description

Please refer to Note 4(12) for the description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(4) for details of inventory.

The Group has a higher risk of inventory market value decline since technology evolution affecting the market value and the possibility of inputs for obsolete products. Inventory are stated at the lower of cost or net realizable value. Providing valuation loss for obsolete inventories bases on net realizable value.

As the evaluation of inventory requires critical judgement and the amount of inventory is significant, we consider the valuation of inventory a key audit matter.

How our audit addressed the matter:

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained the policies of inventory valuation and determined whether the policies have been applied consistently.
2. Inspected and performed annual physical count to evaluate whether management identifies and controls obsolete inventories effectively.
3. Validated whether the logic of inventory aging reports used for valuation has been applied adequately in order to ensure the information of consolidated financial statement

would be align with policies.

4. Evaluated and calculated to supporting documents of inventory losses providing from aging over a certain period, and discussed with management the accuracy.
5. Sampled the sources of market value for recalculation of net realization value.

Assessment the fair value of investment property

Description

Please refer to Note 4(16) for the description of accounting policy on investment property. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to investment property. Please refer to Note 6(7) for details of investment property.

The Group held investment property to (a) earn rent incomes from lease, (b) develop and improve land for future use. The investment property was measured subsequently using the fair value model. The fair value was based on appraisal report issued by external valuers.

As the evaluation of the fair value requires future prediction and the assumptions are unobservable inputs and highly uncertainty as well as the amount of valuation is significant, we consider the valuation of investment property a key audit matter.

How our audit addressed the matter:

We performed the following audit procedures in respect of the above key audit matter:

1. Evaluated whether valuers and appraisal firms were engaged by the Group were qualified and independent.
2. Reviewed the appraisal report issued by the valuer and checked valuation approach to comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. For the investment property evaluated by the income approach, evaluated the valuer's rationality of the future cash flow of the Group, and compared the rent used in the valuation approach with the lease agreement signed at present.
4. For the investment property evaluated by land development analysis method, examined the prices of various comparison targets used, and compared them with the prices of

similar assets available from public information.

5. Evaluated the correctness of the model calculation, and confirmed that the recognized amount is consistent with the appraisal report.

Other Matter – Parent Company Only Financial Reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Cosmo Electronics Corporation, as at and for the years ended December 31, 2022 and 2021.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as 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 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 auditors' 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 auditing standards in 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 auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' 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 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 for the year ended December 31, 2022 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.

Tsai, Yi Tai

Liang, Chan Nyu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 21, 2023

The accompanying consolidated financial statements are not intended to present to financial position and results of operations and cash flow in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

For the convenience of readers and for information purpose only, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two version, the Chinese-language auditors' report and consolidated financial statements shall prevail.

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets		Notes	December 31,2022		December 31,2021			
			Amount	%	Amount	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	542,994	12	\$	586,246	15
1136	Financial assets at amortized cost-current	6(2)		69,204	2		-	-
1150	Notes receivable, net	6(3)		3,388	-		-	-
1170	Accounts receivable, net	6(3)		282,782	7		336,289	8
1200	Other receivables			25,062	1		16,575	-
1210	Other receivables from related parties	7		17,632	-		18,348	1
1220	Current income tax assets			9,268	-		4,941	-
130X	Inventories	6(4)		615,499	14		464,054	12
1410	Prepayments	7		92,015	2		50,795	1
1479	Other current assets			2,227	-		1,736	-
11XX	Total current assets			1,660,071	38		1,478,984	37
Non-current assets								
1535	Financial assets at amortized cost-non current	6(2) and 8		20,315	1		19,050	1
1600	Property, plant and equipment	6(5) and 8		757,718	17		740,479	19
1755	Right-of-use assets	6(6) and 8		165,894	4		122,369	3
1760	Investment property, net	6(7) and 8		1,615,691	37		1,465,874	37
1780	Intangible assets	6(8)		12,782	-		13,581	-
1840	Deferred income tax assets	6(24)		63,633	1		55,088	1
1915	Prepayments for equipment			11,925	-		36,485	1
1920	Refundable deposits			13,125	-		15,029	-
1975	Net defined benefit assets-non current	6(12)		24,239	1		18,395	-
1990	Other non-current assets			23,636	1		24,210	1
15XX	Total non-current assets			2,708,958	62		2,510,560	63
1XXX	Total assets		\$	4,369,029	100	\$	3,989,544	100

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COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity			December 31,2022		December 31,2021	
			Notes	Amount	%	Amount
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 396,000	9	\$ 480,754	12
2110	Short-term bills payable	6(9)	49,962	1	49,887	1
2130	Contract liabilities-current	6(17)	10,237	-	2,943	-
2150	Notes payable		96	-	1,047	-
2170	Accounts payable		119,752	3	123,264	3
2180	Accounts payable to related parties	7	15,671	1	12,907	-
2219	Other payables		81,700	2	52,395	1
2220	Other payables to related parties	7	3,736	-	-	-
2230	Current income tax liabilities		301	-	1,563	-
2280	Lease liabilities-current		15,372	1	6,305	-
2320	Long-term liabilities-current portion	6(10)(11) and 7	276,841	6	898,205	23
2399	Other current liabilities		8,616	-	14,781	1
21XX	Total current liabilities		978,284	23	1,644,051	41
Non-current liabilities						
2530	Convertible bonds payable	6(10)	-	-	273,484	7
2540	Long-term borrowings	6(11) and 7	1,258,640	29	174,000	4
2570	Deferred income tax liabilities	6(24)	205,975	5	196,735	5
2580	Lease liabilities-non current		4,490	-	6,605	-
2640	Net defined benefit liability-non current	6(12)	21,467	-	28,096	1
2670	Others non-current liabilities		528	-	527	-
25XX	Total non-current liabilities		1,491,100	34	679,447	17
2XXX	Total liabilities		2,469,384	57	2,323,498	58
Equity						
	Share capital	6(13)				
3110	Common stock		1,680,883	38	1,616,234	41
	Capital surplus	6(14)				
3200	Capital surplus		177,242	4	241,891	6
	Retained earnings	6(15)				
3310	Legal reserve		6,819	-	1,203	-
3320	Special reserve		63,024	1	12,484	-
3350	Unappropriated retained earnings		122,417	3	56,156	1
	Other equity interest	6(16)				
3400	Other equity interest		(150,740)	(3)	(261,922)	(6)
31XX	Equity attributable to owners of the parent		1,899,645	43	1,666,046	42
3XXX	Total equity		1,899,645	43	1,666,046	42
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant subsequent events	11				
3X2X	Total liabilities and equity		\$ 4,369,029	100	\$ 3,989,544	100

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

	Items	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	6(17) and 7	\$ 1,390,778	100	\$ 1,341,812	100
5000	Operating costs	6(4) and 7	(1,053,647)	(76)	(1,108,883)	(83)
5900	Gross profit		337,131	24	232,929	17
	Operating expenses					
6100	Selling expenses		(62,740)	(4)	(51,738)	(4)
6200	General and administrative expenses		(219,598)	(16)	(174,906)	(13)
6300	Research and development expenses		(4,905)	-	(5,614)	-
6450	Expected credit impairment gain(loss)		(10,789)	(1)	54	-
6000	Total operating expenses		(298,032)	(21)	(232,204)	(17)
6900	Operating profit (loss)		39,099	3	725	-
	Non-operating income and expenses					
7100	Interest income	6(18)	3,289	-	1,744	-
7010	Other income	6(19)	25,477	2	10,090	1
7020	Other gains and losses	6(20)	99,777	7	90,492	7
7050	Finance costs	6(21)	(54,304)	(4)	(36,660)	(3)
7000	Total non-operating income and expenses		74,239	5	65,666	5
7900	Profit before income tax		113,338	8	66,391	5
7950	Income tax expense	6(24)	(3,114)	-	(11,452)	(1)
8200	Profit for the year		<u>\$ 110,224</u>	<u>8</u>	<u>\$ 54,939</u>	<u>4</u>
	Other comprehensive income(loss)					
	Components of other comprehensive income(loss) that will not be reclassified to profit or loss					
8311	Gain on remeasurements of defined benefit plans	6(12)	\$ 15,501	1	\$ 1,566	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(3,308)	-	(349)	-
8310	Other comprehensive income(loss) that will not be reclassified to profit or loss		12,193	1	1,217	-
	Components of other comprehensive income(loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(16)	111,182	8	(52,750)	(4)
8300	Other comprehensive income(loss) for the year		<u>\$ 123,375</u>	<u>9</u>	<u>(\$ 51,533)</u>	<u>(4)</u>
8500	Total comprehensive income for the year		<u>\$ 233,599</u>	<u>17</u>	<u>\$ 3,406</u>	<u>-</u>

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COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

	Items	Notes	2022		2021	
			Amount	%	Amount	%
	Profit attributable to:					
8610	Owners of the parent		\$ 110,224	8	\$ 54,939	4
	Comprehensive income(loss) attributable to :					
8710	Owners of the parent		\$ 233,599	17	\$ 3,406	-
	Earnings per share					
9750	Basic earnings per share		\$ 0.66		\$ 0.33	
9850	Diluted earnings per share		\$ 0.65		\$ 0.33	

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent						
		Retained earnings				Financial statements translation differences of foreign operations	Total equity	
Notes	Share capital- common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			
<u>2021</u>								
		\$ 1,563,342	\$ 272,535	\$ 350	\$ 4,810	\$ 8,527	(\$ 209,172)	\$ 1,640,392
		-	-	-	-	54,939	-	54,939
		-	-	-	-	1,217	(52,750)	(51,533)
Total comprehensive income(loss) for the year	6(16)	-	-	-	-	56,156	(52,750)	3,406
Distribution of 2020 earnings								
		-	-	853	-	(853)	-	-
		-	-	-	7,674	(7,674)	-	-
Conversion of convertible bonds	6(10)	5,992	16,256	-	-	-	-	22,248
Issuance of share from capital surplus		46,900	(46,900)	-	-	-	-	-
Balance at December 31, 2021		\$ 1,616,234	\$ 241,891	\$ 1,203	\$ 12,484	\$ 56,156	(\$ 261,922)	\$ 1,666,046
<u>2022</u>								
		\$ 1,616,234	\$ 241,891	\$ 1,203	\$ 12,484	\$ 56,156	(\$ 261,922)	\$ 1,666,046
		-	-	-	-	110,224	-	110,224
		-	-	-	-	12,193	111,182	123,375
Total comprehensive income for the year	6(16)	-	-	-	-	122,417	111,182	233,599
Distribution of 2021 earnings								
	6(15)	-	-	5,616	-	(5,616)	-	-
		-	-	-	50,540	(50,540)	-	-
Issuance of share from capital surplus	6(13)	64,649	(64,649)	-	-	-	-	-
Balance at December 31, 2022		\$ 1,680,883	\$ 177,242	\$ 6,819	\$ 63,024	\$ 122,417	(\$ 150,740)	\$ 1,899,645

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Consolidated profit before tax for the year		\$ 113,338	\$ 66,391
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(5)(6)(22)	109,990	96,920
Amortization	6(8)(22)	2,112	2,057
Expected credit impairment (gains) losses	12	10,789 (	54)
Interest expense	6(21)	54,304	36,660
Interest income	6(18)	(3,289) (	1,744)
Gain on fair value changes of investment property	6(20)	(77,537) (	118,207)
Provision for inventory and obsolescence	6(4)	4,366	1,558
Gain on disposal of property, plant and equipment		(743)	-
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		(3,388)	8,017
Accounts receivable		42,665 (	16,753)
Accounts receivable from related parties		-	1,955
Other receivables		(8,487)	6,262
Other receivables from related parties		716	231
Inventories		(155,811) (	31,427)
Prepayments		(41,220)	8,922
Net defined benefit assets		(5,844) (	1,576)
Other current assets		(491)	116
Net changes in liabilities relating to operating activities			
Contract liabilities-current		7,294	1,504
Notes payable		(951)	1,047
Accounts payable		(3,512)	38,138
Accounts payable to related parties		2,764 (	18,964)
Other payables		26,754	5,461
Other payables to related parties		3,736 (	103)
Other current liabilities		(6,165)	352
Net defined benefit liability		8,872 (	2,787)
Cash inflow generated from operations		80,262	83,976
Interest received		3,289	1,744
Income taxes paid		(11,279) (	28,979)
Net cash flows generated from operating activities		72,272	56,741

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COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisitions of financial assets at amortized cost		(\$ 69,721)	(\$ 15,372)
Acquisitions of property, plant and equipment	6(5)(26)	(90,552)	(229,322)
Proceeds from disposal of property, plant and equipment	6(5)	1,085	3,278
Decrease in refundable deposits		1,904	10,557
Payments for investment properties	6(7)	(36,371)	(79,199)
Acquisitions of intangible assets	6(8)	(285)	(677)
Acquisitions of right-of-use assets	6(6)	(31,566)	-
Increase in other non-current assets		574	(16,923)
Increase in prepayments for equipment		(14,743)	(34,095)
Net cash flows used in investing activities		(239,675)	(361,753)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	2,067,490	1,817,659
Decrease in short-term borrowings	6(27)	(2,159,213)	(1,740,569)
Repayment for long-term borrowings	6(27)	(886,440)	(328,200)
Proceeds from long-term borrowings	6(27)	1,061,550	180,000
Lease principal repayment	6(27)	(12,678)	(9,449)
Increase in others non-current liabilities		-	274
Interest paid		(50,872)	(33,057)
Net cash flows generated from /(used in) financing activities		19,837	(113,342)
Effect due to changes in exchange rate		104,314	(3,132)
Net decrease in cash and cash equivalents		(43,252)	(421,486)
Cash and cash equivalents at beginning of year		586,246	1,007,732
Cash and cash equivalents at end of year		<u>\$ 542,994</u>	<u>\$ 586,246</u>

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. History and Organization

Cosmo Electronics Corporation (“The Company”) was established in May 1981. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in manufacture and sales of relays, photocouplers and LEDs, biomass energy and land development business, etc. The Company's shares have been traded on the Taipei Exchange(OTC) since January 15, 2000, and were listed on the Taiwan Stock Exchange(TWSE) on September 17, 2001.

2. The Date of Authorization for Issuance of the Consolidated Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on March 21, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendment to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Investment property at fair value.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRS”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed 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.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Cosmo Electronics Corporation	Cosmo Electronics Samoa	Investment activities	100	100	
	Cosmo Electronics (HK) Company Limited	Trading of electronic products	100	100	
	Grand Concept Group Limited	Investment activities	100	100	
	Grandway International Limited.	Investment activities	100	100	
	PT Cosmo Technology (PT Cosmo)	Manufacturing and selling of LED lighting	14	14	Note 1
	Cosmo Green Power Limited (Cosmo Green)	Manufacturing and selling of material of biomass energy	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Cosmo Electronics Samoa	Cosmo Electronics Technology Co., Ltd.	Investment activities	100	100	
Cosmo Electronics Technology Co., Ltd.	Cosmo Electronics Technology (KunShan) Co., Ltd.	Manufacturing and selling of new electronic parts	100	100	
Cosmo Electronics (HK) Company Limited	Cosmo Lighting Inc.	Selling of LED lighting	100	100	
	Cosmo Recycling Inc.	Recycling and selling of waste	100	100	
Grand Concept Group Limited	True Glory Investments Limited	Investment activities and processing and trading of PCBs	100	100	
	Real Bonus Limited	Selling of LED lighting	100	100	
Grandway International Limited.	Truly Top Investments Limited	Investment activities	100	100	
	Renown Boom Limited	Investment activities and processing and selling of routers	100	100	
True Glory Investments Limited	PT Cosmo Technology (PT Cosmo)	Manufacturing and selling of LED lighting	13	13	Note 1
	PT Cosmo Green Technology (PT Cosmo Green)	Manufacturing and selling of material of biomass energy	50	50	Note 1
	PT Cijambe Indah (PT Cijambe)	Land development	93	88	Note 1 and 2
	PT Cosmo Electronics Indonesia	Manufacturing and selling of new electronic parts	100	-	Note 3
Truly Top Investments Limited	PT Cosmo Technology (PT Cosmo)	Manufacturing and selling of LED lighting	73	73	Note 1
	PT Cosmo Green Technology (PT Cosmo Green)	Manufacturing and selling of material of biomass energy	50	50	Note 1
Renown Boom Limited	Dong Guan Guan Zhen Xing Trading Limited	Manufacturing and selling of material of biomass energy	100	100	
	PT Cijambe Indah (PT Cijambe)	Land development	7	12	Note 1 and 2
Dong Guan Guan Zhen Xing Trading Limited	Shaoguan Woncrown Electronics Technology Co.,Ltd.	Developing, manufacturing and selling of electronic products	100	100	
	Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	100	100	
	Dongguan Guanwang Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	100	100	

Note 1: The total Group's investment in this subsidiary is 100%.

Note 2: PT Cijambe has increased its capital on August 1, 2022 and September 27, 2022. After the increase in capital, the shareholding percentage of Renown Boom Limited in PT Cijambe has changed since it did not subscribe in proportion to its ownership.

Note 3: The company was established in October 2022.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more

than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortized cost and accounts receivable that have a significant financing component, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs)

if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital

surplus' in proportion to its ownership.

- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and

useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 55 years
Machinery	2 ~ 10 years
Transportation equipment	5 ~ 8 years
Office equipment	2 ~ 16 years
Other equipment	2 ~ 16 years

(15) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and
 - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from

the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss.

(17) Intangible assets

- A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

- B. Patent

Patent is stated at cost and amortized on a straight-line basis over its useful life of 20 years.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(19) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan

to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(20) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Convertible bonds payable

Convertible bonds issued by the Group contain conversion rights (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the convertible bonds upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds

(including bonds payable and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share options’.

(22) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from

initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Revenue recognition

Sales of goods—wholesale

- A. The Group manufactures and sells a range of electronic products such as photocouplers and relays in the wholesale market. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler'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 wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of inventories with normal consumption, obsolescence or no market value on balance sheet date, and writes down the cost of inventories to the net realizable value. The valuation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the valuation.

As of December 31, 2022, the carrying amount of inventories was \$615,499.

B. Assessment the fair value of investment property

As the investment property is subsequently measured at fair value, the investment property held by the Group is mainly land and buildings, that experts must be entrusted to use their professional judgements and estimates to determine the fair value on the balance sheet date. The Group will adjust the cost to fair value base on the appraisal report issued by the experts.

The assessment of investment property is mainly based on the reports issued by experts, so the measurement of fair value may be affected by product demand in a specific period in the future, real estate transaction prosperity and changes in experts' judgments and estimates.

As of December 31, 2022, the carrying amount of investment property was \$1,615,691.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31	
	2022	2021
Cash on hand and revolving funds	\$ 5,109	\$ 4,279
Checking accounts and demand deposits	522,530	469,179
Time deposits	15,355	112,788
	<u>\$ 542,994</u>	<u>\$ 586,246</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Time deposits were pledged as collateral for custom duties of the imported materials and restricted bank accounts for reimbursement of bank loan were classified as financial assets at amortized cost. Details are provided in Note 8.

(2) Financial assets at amortized cost

Items	December 31	
	2022	2021
Current items:		
Time deposits	<u>\$ 69,204</u>	<u>\$ -</u>
Non-current items:		
Pledged time deposits (Note 8)	\$ 4,395	\$ 3,682
Restricted bank accounts	9,818	9,802
Corporate bonds-CFE	6,102	5,566
	<u>\$ 20,315</u>	<u>\$ 19,050</u>

- A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Year ended December 31	
	2022	2021
Interest income	<u>\$ 1,626</u>	<u>\$ 43</u>

- B. On November 4, 2021, the Group bought a corporate bond issued by CFE with a coupon rate of 3.875% and a maturity date of July 26, 2033, at a par value of USD 200 thousand. The

interest was paid on semi-annual basis.

- C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	December 31	
	2022	2021
Notes receivable	\$ 3,388	\$ -
Accounts receivable	\$ 293,987	340,312
Less: Allowance for uncollectible accounts	(11,205)	(4,023)
	<u>\$ 282,782</u>	<u>\$ 336,289</u>

- A. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31			
	2022		2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 268,204	\$ 3,388	\$ 331,146	\$ -
1 to 90 days	3,140	-	4,972	-
91 to 180 days	11,513	-	195	-
Over 181 days	11,130	-	3,999	-
	<u>\$ 293,987</u>	<u>\$ 3,388</u>	<u>\$ 340,312</u>	<u>\$ -</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$327,490.
- C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$297,375 and \$340,312, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12.

(4) Inventories

	December 31	
	2022	2021
Raw materials	\$ 197,853	\$ 165,692
Work in progress	133,699	97,287
Finished goods	280,737	192,661
Merchandise	3,210	8,414
	<u>\$ 615,499</u>	<u>\$ 464,054</u>

The cost of inventories recognized as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods sold	\$ 1,050,153	\$ 1,110,385
Loss on decline in market value	4,366	1,558
Revenue from sale of scraps	(872)	(3,060)
	<u>\$ 1,053,647</u>	<u>\$ 1,108,883</u>

The Group wrote down from cost to net realizable value accounted for as cost of goods sold because market price declined.

(5) Property, plant and equipment

	2022							
	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Other equipment	Unfinished construction	Total
At January 1								
Cost	\$ 81,110	\$ 391,603	\$ 1,208,754	\$ 16,563	\$ 37,327	\$ 257,994	\$ 156,500	\$ 2,149,851
Accumulated depreciation and impairment	-	(187,254)	(965,364)	(12,222)	(32,003)	(212,529)	-	(1,409,372)
	<u>\$ 81,110</u>	<u>\$ 204,349</u>	<u>\$ 243,390</u>	<u>\$ 4,341</u>	<u>\$ 5,324</u>	<u>\$ 45,465</u>	<u>\$ 156,500</u>	<u>\$ 740,479</u>
2022								
Opening net book amount	\$ 81,110	\$ 204,349	\$ 243,390	\$ 4,341	\$ 5,324	\$ 45,465	\$ 156,500	\$ 740,479
Additions	-	5,397	71,273	2,897	3,014	10,527	-	93,108
Disposals	-	(102)	(240)	-	-	-	-	(342)
Depreciation	-	(21,935)	(56,948)	(1,301)	(1,794)	(8,708)	-	(90,686)
Transfers from unfinished construction	110,841	45,659	-	-	-	-	(156,500)	-
Net exchange differences	-	12,470	1,742	277	383	287	-	15,159
Closing net book amount	<u>\$ 191,951</u>	<u>\$ 245,838</u>	<u>\$ 259,217</u>	<u>\$ 6,214</u>	<u>\$ 6,927</u>	<u>\$ 47,571</u>	<u>\$ -</u>	<u>\$ 757,718</u>
At December 31								
Cost	\$ 191,951	\$ 469,550	\$ 1,220,622	\$ 19,373	\$ 42,371	\$ 235,661	\$ -	\$ 2,179,528
Accumulated depreciation and impairment	-	(223,712)	(961,405)	(13,159)	(35,444)	(188,090)	-	(1,421,810)
	<u>\$ 191,951</u>	<u>\$ 245,838</u>	<u>\$ 259,217</u>	<u>\$ 6,214</u>	<u>\$ 6,927</u>	<u>\$ 47,571</u>	<u>\$ -</u>	<u>\$ 757,718</u>

2021								
	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Other equipment	Unfinished construction	Total
<u>At January 1</u>								
Cost	\$ 58,178	\$ 393,167	\$ 1,206,086	\$ 16,777	\$ 36,586	\$ 313,632	\$ -	\$ 2,024,426
Accumulated depreciation and impairment	-	(172,658)	(947,834)	(12,143)	(30,906)	(259,708)	-	(1,423,249)
	<u>\$ 58,178</u>	<u>\$ 220,509</u>	<u>\$ 258,252</u>	<u>\$ 4,634</u>	<u>\$ 5,680</u>	<u>\$ 53,924</u>	<u>\$ -</u>	<u>\$ 601,177</u>
<u>2022</u>								
Opening net book amount	\$ 58,178	\$ 220,509	\$ 258,252	\$ 4,634	\$ 5,680	\$ 53,924	\$ -	\$ 601,177
Additions	22,932	6,468	39,122	660	1,257	2,574	156,500	229,513
Disposals	-	(75)	(1,660)	-	-	(1,543)	-	(3,278)
Transfers from prepayment	-	38	3,925	-	-	80	-	4,043
Depreciation	-	(18,677)	(54,371)	(858)	(1,516)	(9,831)	-	(85,253)
Net exchange differences	-	(3,914)	(1,878)	(95)	(97)	261	-	(5,723)
Closing net book amount	<u>\$ 81,110</u>	<u>\$ 204,349</u>	<u>\$ 243,390</u>	<u>\$ 4,341</u>	<u>\$ 5,324</u>	<u>\$ 45,465</u>	<u>\$ 156,500</u>	<u>\$ 740,479</u>
<u>At December 31</u>								
Cost	\$ 81,110	\$ 391,603	\$ 1,208,754	\$ 16,563	\$ 37,327	\$ 257,994	\$ 156,500	\$ 2,149,851
Accumulated depreciation and impairment	-	(187,254)	(965,364)	(12,222)	(32,003)	(212,529)	-	(1,409,372)
	<u>\$ 81,110</u>	<u>\$ 204,349</u>	<u>\$ 243,390</u>	<u>\$ 4,341</u>	<u>\$ 5,324</u>	<u>\$ 45,465</u>	<u>\$ 156,500</u>	<u>\$ 740,479</u>

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(6) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings and structures. Rental contracts are typically made for periods of 2 to 55 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less and low-value assets comprise company dormitories and cars.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31	
	2022	2021
	Carrying amount	Carrying amount
Land	\$ 146,174	\$ 106,947
Buildings and structures	19,720	15,422
	<u>\$ 165,894</u>	<u>\$ 122,369</u>

	Year ended December 31	
	2022	2021
	Depreciation	Depreciation
Land	\$ 3,927	\$ 3,210
Buildings and structures	15,377	8,457
	<u>\$ 19,304</u>	<u>\$ 11,667</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$50,965 and \$19,869, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 806	\$ 33
Expense on short-term lease contracts	2,736	3,654
Expense on lease of low-value assets	883	1,570

- F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$16,297 and \$14,673, respectively.

(7) Investment property

	Year ended December 31	
	2022	2021
At January 1	\$ 1,465,874	\$ 1,301,016
Additions — from acquisitions	-	55,329
Additions — from subsequent expenditures	36,371	23,870
Gain on fair value adjustment	77,537	118,207
Net exchange differences	35,909	(32,548)
At December 31	<u>\$ 1,615,691</u>	<u>\$ 1,465,874</u>

A. Rental income from investment property is shown below:

	Year ended December 31	
	2022	2021
Rental income from investment property	<u>\$ 4,032</u>	<u>\$ 2,309</u>

- B. Information about the fair value of the investment property is provided in Note 12(3).
- C. Information about the investment property that was pledged to others as collaterals is provided in Note 8.
- D. PT Cosmo Technology, a subsidiary of the Group, signed a land right-of-use transfer contract with PT Cijambe Indah on September 28, 2020. The land is still in the process of transfer registration.
- E. The fair value of the investment property held by the Group was measured on recurring basis. The fair value at December 31, 2022 was based on the valuation carried out on February 22 and March 21, 2023 by the independent qualified professional valuers, Mr. Hsieh , Zong Ting, Certified Real Estate Appraisers in the ROC, from Euro-Asia Real Estate Appraisers Firm and Mr. Chung, Shao Yu and Mr. Hsieh, Kun Lung, both Certified Real Estate Appraisers in the ROC, from Zone Tai Real Estate Appraisers Firm, respectively. The fair value at December 31, 2021 was based on the valuation carried out on March 23, 2022 by the independent qualified professional valuers, Mr. Hsieh , Zong Ting, Certified Real Estate Appraisers in the ROC, from Euro-Asia Real Estate Appraisers Firm and Mr. Chung, Shao Yu and Mr. Hsieh, Kun Lung, both Certified Real Estate Appraisers in the ROC, from Zone Tai Real Estate Appraisers Firm, respectively.

- F. The fair value of the investment property held by the Group was valued by independent valuers. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy. Unrealized profit or loss from fair value adjustment on investment property in 2022 and 2021 are included in other gains and losses.
- G. The fair value of investment properties, except for undeveloped land, was measured using the income approach. The significant assumptions used are stated as follows. An increase in estimated future net cash inflows or a decrease in discount rates would result in an increase in the fair value.

	December 31	
	2022	2021
Expected future cash inflows	\$ 127,788	\$ 133,349
Expected future cash outflows	7,107	6,307
Expected future cash inflows, net	\$ 120,681	\$ 127,042
Discount rate	2.10%-3.25%	2.20%-3.25%

- H. The expected future cash inflows generated by investment properties included rental income and disposal value. The rental income was extrapolated using the Company's current rental rate, while taking into account the annual rental growth rate. The income analysis covers a 10-year period. The disposal value was determined using the direct capitalization method under the income approach and deducted land value increment taxes and agency fee. The expected future cash outflows incurred by investment properties included expenditures such as land value taxes, house taxes, insurance premiums, maintenance costs, replacement and agency fee for investment inviting. These expenditures were extrapolated on the basis of the current level of expenditures, taking into account future adjustments to the government-announced land value, the tax rate promulgated under the House Tax Act. The market rentals in the area where the investment property is located were between \$340 to \$880 per ping.
- I. As at December 31, 2022 and 2021, the discount rate was determined using the interest rate for 2-year time deposits, as posted by Chunghwa Post Co., Ltd. plus 0.75% and 1-year time deposit, as posted by People's Bank of China, plus any asset-specific risk premiums between -0.1% to 1.75% and 0.1% to 1.75%, respectively.

- J. The fair value of undeveloped land located in area Indonesia was measured using a land development analysis. The significant assumptions used were as follows:

	December 31	
	2022	2021
Estimated total sale price	\$ 3,039,420	\$ 2,749,801
Rate of return	13%	15%
Overall capital interest rate	10.43%	11.09%

The total sale price is estimated on the basis of the most effective use of the land or property available for sale after development is completed, while taking into account the related regulations, optimism of domestic macroeconomic prospects, local land use, and market rates.

(8) Intangible assets

	2022		
	Patent	Computer software	Total
<u>At January 1</u>			
Cost	\$ 16,795	\$ 8,493	\$ 25,288
Accumulated amortization and impairment	(7,164)	(4,543)	(11,707)
	<u>\$ 9,631</u>	<u>\$ 3,950</u>	<u>\$ 13,581</u>
Opening net book amount	\$ 9,631	\$ 3,950	\$ 13,581
Additions	-	285	285
Amortization	(917)	(1,195)	(2,112)
Net exchange differences	1,026	2	1,028
Closing net book amount	<u>\$ 9,740</u>	<u>\$ 3,042</u>	<u>\$ 12,782</u>
<u>At December 31</u>			
Cost	\$ 18,609	\$ 7,753	\$ 26,362
Accumulated amortization and impairment	(8,869)	(4,711)	(13,580)
	<u>\$ 9,740</u>	<u>\$ 3,042</u>	<u>\$ 12,782</u>

	2021		
	Patent	Computer software	Total
<u>At January 1</u>			
Cost	\$ 17,274	\$ 7,871	\$ 25,145
Accumulated amortization and impairment	(6,489)	(3,400)	(9,889)
	<u>\$ 10,785</u>	<u>\$ 4,471</u>	<u>\$ 15,256</u>
Opening net book amount	\$ 10,785	\$ 4,471	\$ 15,256
Additions	-	677	677
Amortization	(861)	(1,196)	(2,057)
Net exchange differences	(293)	(2)	(295)
Closing net book amount	<u>\$ 9,631</u>	<u>\$ 3,950</u>	<u>\$ 13,581</u>
<u>At December 31</u>			
Cost	\$ 16,795	\$ 8,493	\$ 25,288
Accumulated amortization and impairment	(7,164)	(4,543)	(11,707)
	<u>\$ 9,631</u>	<u>\$ 3,950</u>	<u>\$ 13,581</u>

Details of amortization on intangible assets are as follows:

	Year ended December 31	
	2022	2021
Selling expenses	\$ 917	\$ 861
General and administrative expenses	1,195	1,196
	<u>2,112</u>	<u>2,057</u>

(9) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
<u>Bank borrowings</u>			
Unsecured borrowings	\$ 287,000	2.14%~2.65%	None.
Secured borrowings	109,000	2.00%~2.46%	Property, plant and investment property
	<u>\$ 396,000</u>		
<u>Short-term bills payable</u>	\$		
Commercial paper	50,000	1.84%	None.
Less: Unamortized discounts on bills payable	(38)		
	<u>\$ 49,962</u>		

Type of borrowings	December 31, 2021	Interest rate range	Collateral
<u>Bank borrowings</u>			
Unsecured borrowings	\$ 336,090	1.56%~1.75%	None.
Secured borrowings	144,664	1.54%~2.13%	Property, plant and investment property
	<u>\$ 480,754</u>		
<u>Short-term bills payable</u>			
Commercial paper	\$ 50,000	0.80%	None.
Less: Unamortized discounts on bills payable	(113)		
	<u>\$ 49,887</u>		

As at December 31, 2022, the facility of short-term borrowings of the Group was \$456,000.

The chairman of the Company, Tsai, Nai Chen and Tsai, Chi Hu, were the sureties of the above unsecured and secured borrowings agreements in their personal names.

(10) Convertible bonds payable

	December 31	
	2022	2021
Convertible bonds payable	\$ 277,400	\$ 277,400
Less: Discount on convertible bonds payable	(559)	(3,916)
	\$ 276,841	\$ 273,484
Less: Current portion	(276,841)	-
	<u>\$ -</u>	<u>\$ 273,484</u>

A. The issuance of domestic convertible bonds by the Company:

(a) The terms of the 3rd domestic secured convertible bonds issued by the Company are as follows:

- i. The regulatory authority has approved the 3rd domestic secured convertible bonds issued by the Company. The total issuance amount is \$300,000 with coupon rate of 0%, covering a 3-year period of issuance and a circulation period from February 27, 2020 to February 27, 2023. The convertible bonds will be redeemed in cash at face value at the maturity date.
- ii. The bondholders have the right to ask for conversion of the bonds into ordinary shares of the Company during the period from 3 months after the bonds issuance date to the maturity date, except for the suspended transfer period as specified in the terms of the bonds or the regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding ordinary shares.
- iii. The conversion price of the bonds is set up based on the pricing model in the terms

of the bonds, and is subject to adjustments if the condition of the anti-dilution triggered subsequently. Subsequently, on the base date set by the regulations, the conversion price will be re-determined according to the pricing model stipulated by the conversion regulations.

- iv. the Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time when the outstanding balance of the bonds is less than 10% of total initial issuance amount during the period from the date after 3 months of the bonds issuance to 40 days before the maturity date.
 - v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
 - vi. After the issuance of the convertible bonds, in the event of an increase in the number of issued ordinary shares of the Company or the distribution of cash dividends on ordinary shares, or re-issuance or private placement at a conversion or subscription price lower than the current price per share ,or a decrease in ordinary shares due to various securities or capital reduction not due to cancellation of treasury shares, the Company shall adjust the conversion price according to the formula listed in the Issuance Regulations.
- (b) As of December 31, 2022, the bonds totaling \$22,600 had been converted into 599 thousand shares of common stock.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$19,287 were separated from the liability component and were recognized in 'capital surplus—share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation is 1.227%.

(11) Long-term borrowings

Type of borrowings	December 31	
	2022	2021
<u>Long-term bank borrowings</u>		
Revolving unsecured borrowings(i)	\$ 689,000	\$ 519,000
Revolving unsecured borrowings(ii)	383,875	346,000
Secured borrowings-buildings	165,000	174,000
	<u>1,237,875</u>	<u>1,039,000</u>
<u>Loans from related parties</u>		
Fairsky International Limited	20,765	33,205
	<u>1,258,640</u>	<u>1,072,205</u>
Less: Current portion	-	(898,205)
	<u>\$ 1,258,640</u>	<u>\$ 174,000</u>

A. Revolving unsecured borrowings

- (a) On March 18, 2022, the Company and PT Cosmo entered into a 3-year syndicated loan agreement with bank group , O-Bank as the lead bank and obtained a credit line in the amount of \$1,326,000, and the credit period was 3 years from the first drawdown date (March 25, 2022).

The condition of borrowings as follows:

i. Revolving unsecured borrowings

The borrower was the Company, and the credit line was \$926,000 that could be used revolving during the contract period. The period of each use was 3 months or 6 months, but the maximum limit was 6 months and shall not exceed the expiry date of the credit period. The credit line shall be reduced by 10% from the first drawdown date by 18 months; by 10% by the date of full 24 months; by 20% by the date of full 30 months; by 60% by the date of full 36 months. For each use, the expiry date of the credit period was the maturity date. Interest would be paid one month from drawdown date, and the interest rate would be re-negotiated every 3 months. As at December 31, 2022, the interest rate was 3.2318%.

ii. Revolving unsecured borrowings

The borrower was PT Cosmo, and the credit line was USD 12,500,000 that could be used revolving during the contract period. The period of each use was 3 months or 6 months, but the maximum limit was 6 months and shall not exceed the expiry date of the credit period. Interest would be paid monthly, and the interest rate would be re-negotiated every 3 months. As at December 31, 2022, the interest rate

was 6.84%.

- (b) On April 10, 2019, the Company and PT Cosmo entered into a 3-year syndicated loan agreement with bank group, Yuanta Bank as the lead bank and obtained a credit line in the amount of \$1,250,000, and the credit period was 3 years from the first drawdown date (April 25, 2019).

The condition of borrowings as follows:

i. Revolving unsecured borrowings

The borrower was the Company, and the credit line was \$865,000 that could be used revolving during the contract period. The period of each use was 3 months or 6 months, but the maximum limit was 6 months and shall not exceed the expiry date of the credit period. The credit line shall be reduced by 5% from the first drawdown date by 18 months; by 5% by the date of full 24 months; by 30% by the date of full 30 months; by 60% by the date of full 36 months. For each use, the expiry date of the credit period was the maturity date. Interest would be paid one month from drawdown date, and the interest rate would be re-negotiated every 3 months. As at December 31, 2021, the interest rate was 2.3050%.

ii. Revolving unsecured borrowings

The borrower was PT Cosmo, and the credit line was USD 12,500,000 that could be used revolving during the contract period. The period of each use was 3 months or 6 months, but the maximum limit was 6 months and shall not exceed the expiry date of the credit period. Interest would be paid monthly, and the interest rate would be re-negotiated every 3 months. As at December 31, 2021, the interest rate was 2.0283%.

- (c) The Company promised to maintain the following financial ratios in the annual and semi-annual consolidated financial statements of the Company before all borrowings were repaid during the duration of the syndicated loan which signed on March 18, 2022.

- i. Current ratio (current assets divided by current liabilities) shall not be lower than 100%.
- ii. Tangible net equity shall not be lower than \$1,500,000. Tangible net equity is calculated as shareholders' equity less intangible assets.
- iii. Net financial debt ratio shall not be higher than 100%. Net financial debt ratio is calculated as financial debt less cash and cash equivalent divided by tangible net

equity. Net financial debt is calculated as the sum of long-term and short-term bank borrowings (including current portion) , short-term bills and domestic and foreign bonds (including convertible bonds).

- iv. The interest coverage ratio shall not be lower than 120% in each first half of the year. The annual ratios shall not be lower than 150% ,180% and 200% in 2022 ,2023 and 2024. The interest coverage ratio is calculated as the ratio of the sum of net profit before tax, finance cost, depreciation and amortization divided by finance cost. The above financial ratios were calculated based on its annual consolidated financial statements audited by independent auditors and semi-annual consolidated financial statements reviewed by independent auditors and reviewed after agreement signed. If it did not meet the above financial ratios, the company shall as soon as possible provides specific improvement plans and related explanations from the date of notification by the management bank. If it did not meet one of the above financial ratios and agreements, only the above financial ratio restrictions were met before next review date, it did not breached of the agreement. Until the date of declaration which is stated the period breaches the financial promise and all financial promise has been met, the interest would be calculated according to the agreed interest rate plus 0.25% by the balance of outstanding principals.

- (d) The Company promised to maintain the following financial ratios in the annual and semi-annual consolidated financial statements of the Company before all borrowings were repaid during the duration of the syndicated loan which entered on April 10, 2019.
- i. Current ratio (current assets divided by current liabilities) shall not be lower than 100%.
 - ii. Tangible net equity shall not be lower than \$1,500,000. Tangible net equity is calculated as shareholders' equity less intangible assets.
 - iii. Net financial debt ratio shall not be higher than 100%. Net financial debt ratio is calculated as financial debt less cash and cash equivalent divided by tangible net equity. Net financial debt is calculated as the sum of long-term and short-term bank borrowings (including current portion) , short-term bills and domestic and foreign bonds (including convertible bonds).
 - iv. The interest coverage ratio shall not be lower than 120%. The interest coverage ratio is calculated as the ratio of the sum of net profit before tax, finance cost, depreciation

and amortization divided by finance cost.

The above financial ratios were calculated based on its annual consolidated financial statements audited by independent auditors and semi-annual consolidated financial statements reviewed by independent auditors . If it did not meet the above financial ratios, there would be an improvement period of half a year from the current period of non-compliance. If the above financial ratio restrictions were met within the improvement period, it did not breached of the agreement; if the Company failed, it shall constitute an event of default in the syndicated loan. Until the day before the improvement of the above ratio, the interest would be calculated according to the agreed interest rate plus 0.25% by the balance of each credit line.

- (e) The chairman of the Company, Tsai, Nai Chen and Tsai, Chi Hu, were the sureties of the above syndicated loan agreements in their personal names.

B. Secured borrowings

- (a) On April 8, 2021, the Company entered into a 7-year secured loan agreement with KGI Bank and obtained a credit line in the amount of \$180,000, and could not be used revolving during the contract period. The credit period was 7 years from the first drawdown date (April 8, 2021).
- (b) The expiry date of the credit period was the maturity date. Interest would be paid monthly from drawdown date, and the interest rate would be re-negotiated every 3 months. As at December 31, 2022, the interest rate was 2.0139% to 2.0284%.
- (c) The Company provided land and buildings as collateral (please refer to Note 8 for pledge details).
- (d) The chairman of the Company, Tsai, Nai Chen, was the surety of the above secured loan agreements in his personal names.

C. Loans from related parties

The acquisitions of loans from PT Cijambe since PT Cijambe was included in the Group's consolidated financial statements, related information is provided in Note 7.

(12) Pensions

A. Defined benefit pension plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who

chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

PT Cosmo and PT Cosmo Green had a defined benefit pension plan.

- (b) The amounts recognized in the balance sheet are as follows:

	December 31	
	2022	2021
Present value of defined benefit obligations	\$ 37,228	\$ 45,060
Fair value of plan assets	(40,000)	(35,359)
Net defined benefit (assets)liability	<u>(\$ 2,772)</u>	<u>\$ 9,701</u>
Net defined benefit assets	<u>\$ 24,239</u>	<u>\$ 18,395</u>
Net defined benefit liability	<u>\$ 21,467</u>	<u>\$ 28,096</u>

(c) Movements in net defined benefit liabilities are as follows:

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 45,060	(\$ 35,359)	\$ 9,701
Current service cost	3,071	-	3,071
Interest (expense) income	1,447	(212)	1,235
Past service cost	-	-	-
	<u>49,578</u>	<u>(35,571)</u>	<u>14,007</u>
Remeasurements:			
Return on plan assets(excluding amounts included in interest income or expense)	-	(2,840)	(2,840)
Change in financial assumptions	(736)	-	(736)
Experience adjustments	(11,925)	-	(11,925)
	<u>(12,661)</u>	<u>(2,840)</u>	<u>(15,501)</u>
Pension fund contribution	-	(1,589)	(1,589)
Paid pension	(466)	-	(466)
Exchange difference	777	-	777
At December 31	<u>\$ 37,228</u>	<u>(\$ 40,000)</u>	<u>(\$ 2,772)</u>
	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 45,625	(\$ 36,800)	\$ 8,825
Current service cost	3,025	-	3,025
Interest (expense) income	2,077	(281)	1,796
Past service cost	(6,376)	-	(6,376)
	<u>44,351</u>	<u>(37,081)</u>	<u>7,270</u>
Remeasurements:			
Return on plan assets(excluding amounts included in interest income or expense)	(2)	(416)	(418)
Change in demographic assumptions	(1)	-	(1)
Change in financial assumptions	159	-	159
Experience adjustments	(1,176)	-	(1,176)
	<u>(1,020)</u>	<u>(416)</u>	<u>(1,436)</u>
Pension fund contribution	-	(1,442)	(1,442)
Paid pension	(3,908)	3,580	(328)
Exchange difference	5,637	-	5,637
At December 31	<u>\$ 45,060</u>	<u>(\$ 35,359)</u>	<u>\$ 9,701</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from 2-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.25%~7.5%	0.6%~7.5%
Future salary increases	2.75%~10%	2.75%~10%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%~1%	Decrease 0.25%~1%	Increase 1%	Decrease 1%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	<u>(\$ 2,509)</u>	<u>\$ 2,864</u>	<u>\$ 3,893</u>	<u>(\$ 3,437)</u>

	Discount rate		Future salary increases	
	Increase 0.25%~1%	Decrease 0.25%~1%	Increase 1%	Decrease 1%
<u>December 31,2021</u>				
Effect on present value of defined benefit obligation	<u>(\$ 4,056)</u>	<u>\$ 4,800</u>	<u>\$ 6,248</u>	<u>(\$ 5,336)</u>

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ended December 31, 2023 amount to zero.
- (g) As of December 31, 2022, the weighted average duration of the retirement plan is 11 years.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Company’s subsidiaries, Cosmo Electronics Technology (KunShan) Co., Ltd. ,Cosmo Green Power Limited, Dong Guan Guan Zhen Xing Trading Limited., Dongguan Guanwang Electronic Technology Co., Ltd., Shaoguan Woncrown Electronics Technology Co.,Ltd., and Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd. had a defined contribution plan are based on certain percentage of employees’ monthly salaries and wages.
- (b) Other overseas companies, in accordance with the retirement regulations stipulated by the local government, make provision for endowment insurance or retirement benefits based on the wages of local employees. Other than the monthly contributions, the Group has no further obligations.

- (c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021, were \$4,320 and \$4,025, respectively.

(13) Share capital

- A. As of December 31, 2022, the Company's authorized capital was \$2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was \$1,680,883 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. There were 3,000 thousand shares reserved for employee stock options in authorized capital.
- C. The annual stockholders' meeting on June 6, 2014 had resolved to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 7,000 thousand shares, and the amount of the private placement was \$208,600 which the relevant statutory registration procedures have not been completed as of December 31, 2022.
- D. The annual stockholders' meeting on July 20, 2021 had resolved that the capital surplus arising from paid-in capital in excess of par value on issuance of ordinary stocks used in the issuance of 4,690,027 ordinary shares, with par value of \$10 per share, amounting to \$46,900. The shares were issued on October 19, 2021, and the relevant statutory registration procedures have been completed.
- E. The annual stockholders' meeting on June 24, 2022 had resolved that the capital surplus arising from paid-in capital in excess of par value on issuance of ordinary stocks used in the issuance of 6,464,935 ordinary shares, with par value of \$10 per share, amounting to \$64,649. The shares were issued on December 30, 2022, and the relevant statutory registration procedures have been completed.
- F. For the years ended December 31, 2022 and 2021, the Company issued 0 shares and 599 thousand shares of ordinary shares because of conversion of convertible bonds.

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of ordinary stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	December 31	
	2022	2021
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Issuance of ordinary shares	\$ 132,161	\$ 196,810
Conversion of bonds	18,467	18,467
Options expired	7,383	7,383
Employee share options	1,396	1,396
<u>May not be used for any purpose</u>		
Options	17,835	17,835
	<u>\$ 177,242</u>	<u>\$ 241,891</u>

(15) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. On June 24, 2022, the stockholders' meeting resolved that no dividends for the distribution of earnings for the year of 2021.
- E. On July 20, 2021, the stockholders' meeting resolved that no dividends for the distribution of earnings for the year of 2020.

(16) Other equity items

	Currency translation	
	2022	2021
At January 1	(\$ 261,922)	(\$ 209,172)
Group	111,182	(52,750)
At December 31	<u>(\$ 150,740)</u>	<u>(\$ 261,922)</u>

(17) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contract with customers		
Operating revenue	<u>\$ 1,390,778</u>	<u>\$ 1,341,812</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods over time and at a point in time in the following major business. The related information is provided in Note 14.

B. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	<u>\$ 10,237</u>	<u>\$ 2,943</u>	<u>\$ 1,439</u>

Revenue recognized that was included in the contract liability balance at the beginning of the period:

	Year ended December 31	
	2022	2021
Revenue recognized that was included in the contract liability balance at the beginning of the period	<u>\$ 2,943</u>	<u>\$ 1,439</u>

(18) Interest income

	Year ended December 31	
	2022	2021
Bank deposit	\$ 1,567	\$ 1,602
Financial assets measured at amortized cost	1,626	43
Other interest income	96	99
	<u>\$ 3,289</u>	<u>\$ 1,744</u>

(19) Other income

	Year ended December 31	
	2022	2021
Rent income	\$ 4,032	\$ 2,309
Royalty income	-	5,602
Other income, others	21,445	2,179
	<u>\$ 25,477</u>	<u>\$ 10,090</u>

(20) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposal of property, plant and equipment	\$ 743	\$ -
Foreign exchange gains(losses)	22,169	(17,483)
Gain on fair value adjustment of investment property	77,537	118,207
Other losses	(672)	(10,232)
	<u>\$ 99,777</u>	<u>\$ 90,492</u>

(21) Finance costs

	Year ended December 31	
	2022	2021
Bank borrowings	\$ 48,657	\$ 31,541
Short-term bills payable	485	385
Lease liabilities	806	33
Convertible bonds payable	3,357	3,551
Financial expense, others	999	1,150
	<u>\$ 54,304</u>	<u>\$ 36,660</u>

(22) Depreciation and amortization

	Year ended December 31	
	2022	2021
Property, plant and equipment	\$ 90,686	\$ 85,253
Right-of-use assets	19,304	11,667
Other intangible assets	2,112	2,057
Operating costs and operating expenses	<u>\$ 112,102</u>	<u>\$ 98,977</u>

(23) Employee benefit expense

	Year ended December 31	
	2022	2021
Pension		
Defined contribution pension plan	\$ 4,210	\$ 4,025
Defined benefit pension plan	4,847	(1,555)
	9,057	2,470
Wages and salaries	289,783	240,268
Other personnel expenses	50,881	53,331
	<u>\$ 349,721</u>	<u>\$ 296,069</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 199,601	\$ 169,473
Operating expenses	150,120	126,596
	<u>\$ 349,721</u>	<u>\$ 296,069</u>

- A. According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of 5% to 12% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors.
- B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$5,805 and \$6,378, respectively; while directors' and supervisors' remuneration was accrued at \$1,161 and \$1,276, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5% and 1% of distributable profit of current year as of the end of reporting period. On March 21, 2023, the employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors consisted with accrual amount, and the employees' compensation will be distributed in the form of cash. Employees' compensation and directors' and supervisors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2021 financial statements.
- C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 501	\$ 14,070
Prior year income tax underestimation	-	1,576
Total current tax	501	15,646
Deferred tax:		
Origination and reversal of temporary differences	2,613	(4,194)
Income tax expense	<u>\$ 3,114</u>	<u>\$ 11,452</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2022	2021
Remeasurement of defined benefit obligations	<u>(\$ 3,308)</u>	<u>(\$ 349)</u>

The basis for computing the applicable tax rate is 25% for subsidiaries in China, the basis for computing the applicable tax rate is 22% for subsidiaries in Indonesia, others are the rates applicable in the respective countries where the Group entities operate.

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 33,700	\$ 25,461
Expenses disallowed by tax regulation	(8,513)	(10,124)
Taxable loss not recognized as deferred tax assets	6,272	2,850
Change in assessment of realization of deferred tax assets	(28,345)	(8,311)
Prior year income tax underestimation	-	1,576
Income tax expense	<u>\$ 3,114</u>	<u>\$ 11,452</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate or is the rate applicable in the parent company's country.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unrealized losses on investments accounted for using the equity method	\$ 35,035	\$ 696	\$ -	\$ 35,731
Defined benefit liabilities	6,181	1,029	(2,479)	4,731
Interest expenses on convertible bonds payable	-	1,881	-	1,881
Allowance for uncollectible accounts	83	-	-	83
Unrealized inventory losses	6,650	(1)	-	6,649
Others	809	(590)	-	219
Tax losses	6,330	8,009	-	14,339
	<u>\$ 55,088</u>	<u>\$ 11,024</u>	<u>(\$ 2,479)</u>	<u>\$ 63,633</u>

2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax liabilities:				
Investment property	(\$ 44,025)	\$ 278	\$ -	(\$ 43,747)
Unrealized gains on investments accounted for using the equity method	(135,994)	(7,080)	-	(143,074)
Defined benefit assets	(3,706)	(340)	(829)	(4,875)
Unrealized gross profit from sales	(500)	(683)	-	(1,183)
Others	(12,510)	(586)	-	(13,096)
	<u>(\$ 196,735)</u>	<u>(\$ 8,411)</u>	<u>(\$ 829)</u>	<u>(\$ 205,975)</u>
	<u>(\$ 141,647)</u>	<u>\$ 2,613</u>	<u>(\$ 3,308)</u>	<u>(\$ 142,342)</u>
2021				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unrealized losses on investments accounted for using the equity method	\$ 24,974	\$ 10,061	\$ -	\$ 35,035
Defined benefit liabilities	6,737	(136)	(420)	6,181
Allowance for uncollectible accounts	84	(1)	-	83
Unrealized inventory losses	8,272	(1,622)	-	6,650
Others	971	(162)	-	809
Tax losses	44,638	(38,308)	-	6,330
	<u>\$ 85,676</u>	<u>(\$ 30,168)</u>	<u>(\$ 420)</u>	<u>\$ 55,088</u>
Deferred tax liabilities:				
Investment property	(\$ 92,137)	\$ 48,112	\$ -	(\$ 44,025)
Unrealized gains on investments accounted for using the equity method	(114,117)	(21,877)	-	(135,994)
Defined benefit assets	(3,436)	(341)	71	(3,706)
Unrealized gross profit from sales	(294)	(206)	-	(500)
Others	(12,796)	286	-	(12,510)
	<u>(\$ 222,780)</u>	<u>\$ 25,974</u>	<u>\$ 71</u>	<u>(\$ 196,735)</u>
	<u>(\$ 137,104)</u>	<u>(\$ 4,194)</u>	<u>(\$ 349)</u>	<u>(\$ 141,647)</u>

D. Expiration dates of unused taxable loss and amounts of unrecognized deferred tax assets are as follows:

December 31, 2022				
	Year incurred	Unused amount	Unrecognized deferred tax assets	Expiry year
The Company	2013	\$ 55,033	\$ 2,312	2023
	2014	109,633	109,633	2024
	2015	80,283	80,283	2025
	2016	52,729	52,729	2026
	2017	154,071	154,071	2027
	2018	35,773	35,773	2028
	2019	48,676	48,676	2029
	2020	100,873	100,873	2030
		<u>\$ 637,071</u>	<u>\$ 584,350</u>	
PT Cosmo	2018	\$ 27,867	\$ 13,498	2023
	2021	9,265	9,265	2026
	2022	2,890	-	2027
		<u>\$ 40,022</u>	<u>\$ 22,763</u>	
Cosmo Green	2018	\$ 1,572	\$ 1,572	2023
	2019	1,780	1,780	2024
	2020	2,083	2,083	2025
	2021	2,104	2,104	2026
		<u>\$ 7,539</u>	<u>\$ 7,539</u>	
PT Cijambe	2018	\$ 6,256	\$ 6,256	2023
	2020	33,759	33,759	2025
	2021	6,317	6,317	2026
	2022	15,565	15,565	2027
		<u>\$ 61,897</u>	<u>\$ 61,897</u>	
December 31, 2021				
	Year incurred	Unused amount	Unrecognized deferred tax assets	Expiry year
The Company	2012	\$ 92,606	\$ 92,606	2022
	2013	55,033	55,033	2023
	2014	109,633	109,633	2024
	2015	80,283	80,283	2025
	2016	52,729	52,729	2026
	2017	154,071	154,071	2027
	2018	35,773	35,773	2028
	2019	61,975	61,975	2029
	2020	100,873	100,873	2030
	2021	2,354	2,354	2031
		<u>\$ 745,330</u>	<u>\$ 745,330</u>	

December 31, 2021				
	Year incurred	Unused amount	Unrecognized deferred tax assets	Expiry year
PT Cosmo	2017	\$ 7,057	\$ -	2022
	2018	27,867	13,498	2023
	2021	9,265	9,265	2026
		<u>\$ 44,189</u>	<u>\$ 22,763</u>	
Cosmo Green	2017	\$ 2,043	\$ 2,043	2022
	2018	1,572	1,572	2023
	2019	1,780	1,780	2024
	2020	2,083	2,083	2025
	2021	2,104	2,104	2026
		<u>\$ 9,582</u>	<u>\$ 9,582</u>	
PT Cijambe	2018	\$ 6,256	\$ 6,256	2023
	2020	33,759	33,759	2025
	2021	6,317	6,317	2026
		<u>\$ 46,332</u>	<u>\$ 46,332</u>	

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25) Earnings per share

Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 110,224</u>	<u>168,088</u>	<u>\$ 0.66</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	110,224	168,088	
Assumed conversion of all dilutive potential ordinary shares			
Convertible corporate bonds	3,357	7,502	
Employees' compensation	<u>-</u>	<u>175</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 113,581</u>	<u>175,765</u>	<u>\$ 0.65</u>

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 54,939</u>	<u>167,495</u>	<u>\$ 0.33</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	54,939	167,495	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>174</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 54,939</u>	<u>167,669</u>	<u>\$ 0.33</u>

The weighted average number of ordinary shares outstanding of the company in 2021 have been retroactively adjusted according to the issuance of share from capital surplus on December 13, 2022.

(26) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2022	2021
Purchase of property, plant and equipment	\$ 93,108	\$ 229,513
Add: Opening balance of payable on equipment	1,841	1,650
Less: Ending balance of payable on equipment	(4,397)	(1,841)
Cash paid during the year	<u>\$ 90,552</u>	<u>\$ 229,322</u>

(27) Changes in liabilities from financing activities

	2022						
	Short-term borrowings	Short-term bills payable	Long-term borrowings	Long-term payable to related parties	Lease liabilities	Convertible bonds payable	Liabilities from financing activities
At January 1	\$ 480,754	\$ 49,887	\$ 1,039,000	\$ 33,205	\$ 12,910	\$ 273,484	\$ 1,889,240
Changes in cash flow from financing activities	(91,723)	75	187,550	(12,628)	(12,678)	-	70,596
Impact of changes in foreign exchange rate	6,969	-	11,325	188	231	-	18,713
Changes in other non-cash items	-	-	-	-	19,399	3,357	22,756
At December 31	<u>\$ 396,000</u>	<u>\$ 49,962</u>	<u>\$ 1,237,875</u>	<u>\$ 20,765</u>	<u>\$ 19,862</u>	<u>\$ 276,841</u>	<u>\$ 2,001,305</u>
	2021						
	Short-term borrowings	Short-term bills payable	Long-term borrowings	Long-term payable to related parties	Lease liabilities	Convertible bonds payable	Liabilities from financing activities
At January 1	\$ 405,504	\$ 49,868	\$ 1,116,000	\$ 117,669	\$ 2,506	\$ 292,180	\$ 1,983,727
Changes in cash flow from financing activities	77,090	-	(67,000)	(81,200)	(9,449)	-	(80,559)
Impact of changes in foreign exchange rate	(1,840)	-	(10,000)	(3,264)	(49)	-	(15,153)
Changes in other non-cash items	-	19	-	-	19,902	(18,696)	1,225
At December 31	<u>\$ 480,754</u>	<u>\$ 49,887</u>	<u>\$ 1,039,000</u>	<u>\$ 33,205</u>	<u>\$ 12,910</u>	<u>\$ 273,484</u>	<u>\$ 1,889,240</u>

7. Related Party Transactions

(1) Names and relationship of related parties

Names of related parties	Relationship with the Group
Ding Wang Electronics Technology Corporation	Substantive related parties
City Orient Limited	Substantive related parties
Ever Merit Trading Limited	Substantive related parties
Evermerit Technology Electronic Co., Ltd.	Substantive related parties
Tinglin Co.,Ltd.	Substantive related parties
Fairsky International Limited	Substantive related parties
Tsai, Nai Chen	Chairman of the Company
Tsai, Chi Hu	Substantive related parties

(2) Significant transactions and balances with related parties

A. Operating revenue

	Year ended December 31	
	2022	2021
Sales of goods:		
Associates		
City Orient Limited	\$ 49	\$ -
Ever Merit Trading Limited	118	
	<u>\$ 167</u>	<u>\$ -</u>

There is no material difference between the transaction price and payment terms for the sale of goods and those of non-related parties.

B. Purchases of goods

	Year ended December 31	
	2022	2021
Purchases of raw material:		
City Orient Limited	\$ -	\$ 62,900
Ever Merit Trading Limited	82,031	264,170
Evermerit Technology Electronic Co., Ltd.	42	-
Ding Wang Electronics Technology Corporation	8,680	1,361
	<u>\$ 90,753</u>	<u>\$ 328,431</u>

Raw material and services are purchased from associates and an entity controlled by key management personnel on normal commercial terms and conditions.

C. Receivables from related parties

	December 31	
	2022	2021
Other receivables from related parties		
Evermerit Technology Electronic Co., Ltd.	<u>\$ 17,632</u>	<u>\$ 18,348</u>

The receivables from related parties arise mainly from sale transactions and other receivables transactions. Sales transaction payment is due two months after the date of sales. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties

	December 31	
	2022	2021
Accounts payable:		
City Orient Limited	\$ -	\$ 8,593
Ever Merit Trading Limited	15,671	4,314
	<u>\$ 15,671</u>	<u>\$ 12,907</u>
Other payables to related parties:		
Ding Wang Electronics Technology Corporation	\$ 3,732	\$ -
Evermerit Technology Electronic Co., Ltd.	4	-
	<u>\$ 3,736</u>	<u>\$ -</u>
	<u>\$ 19,407</u>	<u>\$ 12,907</u>

The payables to related parties arise mainly from purchase transactions and are due 2 months after the date of purchase. The payables bear no interest.

E. Prepayments

	December 31	
	2022	2021
Evermerit Technology Electronic Co., Ltd.	<u>\$ 8,977</u>	<u>\$ 8,131</u>

F. Property transactions

	Year ended December 31	
	2022	2021
Acquisition of property, plant and equipment:		
Ever Merit Trading Limited	<u>\$ 101</u>	<u>\$ -</u>

G. Loans from related parties

	December 31	
	2022	2021
Fairsky International Limited	<u>\$ 20,765</u>	<u>\$ 33,205</u>

PT Cijambe began to be included in the Group's consolidated financial statement from October 1, 2019. Since that date, the Company has acquired its loans which were recognized initially as 'related party loans'. The maturity date was October 15, 2022, and the interest rate was 0%. The maturity date was extended to October 16, 2025 on October 16, 2022. As at December 31, 2022 and 2021, the loans were expressed in "long-term borrowings" and "long-term liabilities-current portion", respectively.

H. Endorsements and guarantees : Please refer to Notes 6 (9) and 6 (11).

(3) Key management compensation

	Year ended December 31	
	2022	2021
Short-term employee benefits	\$ 8,747	\$ 6,891
Post-employment benefits	316	253
	<u>\$ 9,063</u>	<u>\$ 7,144</u>

The remuneration of directors and other key management levels is determined by the Remuneration Committee in accordance with individual performance and market trends.

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Asset item	Book value December 31		Purpose
	2022	2021	
Pledged time deposits (shown as financial assets at amortized cost)	\$ 4,395	\$ 3,682	Collateral for import duties
Restricted bank accounts(shown as financial assets at amortized cost)	9,818	9,802	Reimbursement account of bank loan
Land use right (shown as right-of-use asset)	98,052	91,257	Credit facility
Property, plant and equipment	430,385	432,854	Credit facility
Investment property	90,588	85,347	Credit facility
	<u>\$ 633,238</u>	<u>\$ 622,942</u>	

9. Significant Contingent Liabilities And Unrecognized Contract Commitments

None.

10. Significant Casualty Loss

None.

11. Significant Events After The Balance Sheet Date

On March 21,2023, the distribution of earnings for the year of 2022 resolved by the Board of Directors. Information for resolution is provided in Note 6(23).

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the

gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including ‘current and non-current borrowings’ as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the consolidated balance sheet plus net debt. The gearing ratios were as follows:

	December 31	
	2022	2021
Total borrowings	\$ 1,981,443	\$ 1,876,330
Less: Cash and cash equivalents	542,994	586,246
Net debt	1,438,449	1,290,084
Total equity	1,899,645	1,666,046
Total capital	\$ 3,338,094	\$ 2,956,130
Gearing ratio	43.09%	43.64%

(2) Financial instruments

A. Financial instruments by category

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 542,994	\$ 586,246
Financial assets at amortized cost	89,519	19,050
Notes receivable	3,388	-
Accounts receivable (including related parties)	282,782	336,289
Other receivables (including related parties)	42,694	34,923
Refundable deposits	13,125	15,029
	<u>\$ 974,502</u>	<u>\$ 991,537</u>

	December 31	
	2022	2021
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 396,000	\$ 480,754
Short-term bills payable	49,962	49,887
Notes payable	96	1,047
Accounts payable (including related parties)	135,423	136,171
Other payables (including related parties)	85,436	52,395
Long-term borrowings (including current portion and related parties)	1,258,640	1,072,205
Convertible bonds payable(including current portion)	276,841	273,484
	<u>\$ 2,202,398</u>	<u>\$ 2,065,943</u>
Lease liabilities	<u>\$ 19,862</u>	<u>\$ 12,910</u>

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by the Group treasury under policies approved by the Board of Directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022								
				Sensitivity analysis				
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss			
<u>Financial assets</u>								
<u>Monetary items</u>								
USD:NTD	\$	5,095	30.71	\$	156,467	5%	\$	7,823
USD:RMB		2,872	6.97		88,199	5%		4,410
USD:IDR		217	15,510.10		6,664	5%		333
USD:VND		270	23,806.20		8,292	5%		415
<u>Financial liabilities</u>								
<u>Monetary items</u>								
USD:NTD	\$	386	30.71	\$	11,854	5%	\$	593
USD:RMB		353	6.97		10,841	5%		542
USD:IDR		2	15,510.10		61	5%		3

December 31, 2021								
				Sensitivity analysis				
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss			
<u>Financial assets</u>								
<u>Monetary items</u>								
USD:NTD	\$	5,119	27.68	\$	141,694	5%	\$	7,085
USD:RMB		377	6.37		10,435	5%		522
USD:IDR		214	13,979.80		5,924	5%		296
USD:VND		279	23,066.67		7,723	5%		386
<u>Financial liabilities</u>								
<u>Monetary items</u>								
USD:NTD	\$	340	27.68	\$	9,411	5%	\$	471
USD:RMB		245	6.37		6,782	5%		339
USD:IDR		2	13,979.80		55	5%		3

- iii. Total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 amounted to \$22,169 and (\$17,483), respectively.

Cash flow and fair value Interest rate risk

- i. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
 - ii. As at December 31, 2022 and 2021, if the interest rate increases or decreases by 50 basis point, with all other variables held constant, profit, net of tax would have decreased or increased by \$9,907 and \$9,382, respectively. The main factor is that changes in interest expense result from floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full accounts receivable, notes receivable and financial assets at amortized cost, that based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
 - ii. The Group for banks and financial institutions, only well rated parties are accepted.

According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

- iii. The Group assume if the contract payments are past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, for example, the counterparty is in liquidation, the Group will directly write off the relevant accounts receivable, but will continue to pursue activities to recover the recovered amount are recognized in profit or loss.
- iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i.) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii.) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii.) Default or delinquency in interest or principal repayments;
 - (iv.) Adverse changes in national or regional economic conditions that are expected to cause a default.
- v. The Group classifies customer's accounts receivable in accordance with geographic area, product types and credit rating of customer. The Group applies the simplified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss.
- vi. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the provision matrix and loss rate methodology is as follows:

	Not past due	1-90 days past due	90-180 days past due	Over 180 days past due	Total
<u>December 31, 2022</u>					
Expected loss rate	0.02%	0.50%	3.30%	96.59%	
Total book value	\$ 268,204	\$ 3,140	\$ 11,513	\$ 11,130	\$ 293,987
Loss allowance	(\$ 60)	(\$ 15)	(\$ 380)	(\$ 10,750)	(\$ 11,205)
<u>December 31, 2021</u>					
Expected loss rate	0.01%	0.40%	3.33%	99.34%	
Total book value	\$ 331,146	\$ 4,972	\$ 195	\$ 3,999	\$ 340,312
Loss allowance	(\$ 24)	(\$ 20)	(\$ 6)	(\$ 3,973)	(\$ 4,023)

- vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	Accounts receivable	
	2022	2021
At January 1	\$ 4,023	\$ 9,250
Impairment loss	10,789	-
Reversal of impairment loss	-	(54)
Write-downs during the year	(3,660)	(5,196)
Effect of foreign exchange	53	23
At December 31	<u>\$ 11,205</u>	<u>\$ 4,023</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Less than 1 year</u>	<u>1 and 5 years</u>	<u>over 5 years</u>
December 31,2022			
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 398,748	\$ -	\$ -
Short-term bills payable	50,000	-	-
Notes payable	96	-	-
Accounts payable(including related parties)	135,423	-	-
Other payables(including related parties)	85,436	-	-
Lease liabilities	15,839	4,538	-
Convertible bonds payable	277,400	-	-
Long-term borrowings (including current portion and related parties)	-	1,201,989	182,590
December 31,2021			
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 481,904	\$ -	\$ -
Short-term bills payable	50,000	-	-
Notes payable	1,047	-	-
Accounts payable(including related parties)	136,171	-	-
Other payables(including related parties)	52,395	-	-
Lease liabilities	6,918	6,918	-
Convertible bonds payable	-	277,400	-
Long-term borrowings (including current portion and related parties)	904,185	-	199,240

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in convertible bonds is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's

investment in investment property is included in Level 3.

B. Financial instruments not measured at fair value

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, financial assets at amortized cost, other receivables, short-term borrowings, notes payable, accounts payable, other payables, long-term notes payable and long -term borrowings are approximate to their fair values.

<u>December 31,2022</u>	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets:				
Financial assets at amortized cost				
Corporate bonds	<u>\$ 6,102</u>	<u>\$ -</u>	<u>\$ 6,102</u>	<u>\$ -</u>
Financial liabilities:				
Convertible bonds payable(including current portion)	<u>\$ 276,841</u>	<u>\$ -</u>	<u>\$ 267,814</u>	<u>\$ -</u>
<u>December 31,2021</u>	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets:				
Financial assets at amortized cost				
Corporate bonds	<u>\$ 5,566</u>	<u>\$ -</u>	<u>\$ 5,566</u>	<u>\$ -</u>
Financial liabilities:				
Convertible bonds payable(including current portion)	<u>\$ 273,484</u>	<u>\$ -</u>	<u>\$ 271,247</u>	<u>\$ -</u>

- (b) The methods and assumptions of fair value estimate are as follows:
- i. Corporate bonds: They are measured at present value, which is calculated based on the cash flow expected to be received from the objective asset and discounted using a market rate prevailing at balance sheet date.
 - ii. Bonds payable: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<u>December 31,2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Investment property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,615,691</u>	<u>\$ 1,615,691</u>
<u>December 31,2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Investment property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,465,874</u>	<u>\$ 1,465,874</u>

- D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	<u>Investment property</u>	
	<u>2022</u>	<u>2021</u>
At January 1	\$ 1,465,874	\$ 1,301,016
Additions — from acquisitions	-	55,329
Additions — from subsequent expenditures	36,371	23,870
Gain on fair value changes	77,537	118,207
Effect of exchange rate changes	35,909	(32,548)
At December 31	<u>\$ 1,615,691</u>	<u>\$ 1,465,874</u>

- F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31,2022	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship of inputs to fair value
Non-financial instruments					
Investment property	\$ 1,615,691	Discounted cash flow method	Discount rate	2.1% ~3.25%	The higher discount rate, the lower fair value
		Land development analysis approach	Rate of return	13%	The higher rate of return, the higher the fair value
			Overall capital interest rate	10.43%	The higher overall capital interest rate, the lower the fair value
	Fair value at December 31,2021	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship of inputs to fair value
Non-financial instruments					
Investment property	\$ 1,465,874	Discounted cash flow method	Discount rate	2.2% ~3.25%	The higher the discount rate, the lower the fair value
		Land development analysis approach	Rate of return	15%	The higher rate of return, the higher the fair value
			Overall capital interest rate	11.09%	The higher overall capital interest rate, the lower fair value

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Group's corporate composition, the basis for segment determined and the basis for measurement of segment information have not significant change during the current year.

The reportable operating segments are as follows:

- A. Optoelectronics
- B. Energy & Materials

C. Others

D. Industrial Park Development

(2) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31			
	Segment revenue		Segment income (loss)	
	2022	2021	2022	2021
Optoelectronics	\$ 621,222	\$ 582,040	\$ 161,574	\$ 77,706
LED lighting	693,482	658,979	(31,865)	(2,467)
Energy & Materials	76,029	88,969	5,178	12,456
Others	45	11,824	(406)	(2,427)
Industrial Park Development	-	-	(7,753)	(6,745)
Total from continuing operations	<u>\$ 1,390,778</u>	<u>\$ 1,341,812</u>	126,728	78,523
Headquarters management costs			(87,629)	(77,798)
Other income			28,766	11,834
Other gains and losses			99,777	90,492
Finance costs			(54,304)	(36,660)
Profit before income tax			<u>\$ 113,338</u>	<u>\$ 66,391</u>

(3) Information about segment profit or loss, assets and liabilities

<u>2022</u>	<u>Optoelectronics</u>	<u>LED lighting</u>	<u>Energy & Materials</u>	<u>Others</u>	<u>Total</u>
Revenue from external customers	\$ 621,222	\$ 693,482	\$ 76,029	\$ 45	\$ 1,390,778
Segments costs	(404,290)	(583,501)	(65,789)	(67)	(1,053,647)
Segments gross profit	<u>\$ 216,932</u>	<u>\$ 109,981</u>	<u>\$ 10,240</u>	<u>(\$ 22)</u>	<u>\$ 337,131</u>
 <u>2021</u>	 <u>Optoelectronics</u>	 <u>LED lighting</u>	 <u>Energy & Materials</u>	 <u>Others</u>	 <u>Total</u>
Revenue from external customers	\$ 582,040	\$ 658,979	\$ 88,969	\$ 11,824	\$ 1,341,812
Segments costs	(470,601)	(555,130)	(72,224)	(10,928)	(1,108,883)
Segments gross profit	<u>\$ 111,439</u>	<u>\$ 103,849</u>	<u>\$ 16,745</u>	<u>\$ 896</u>	<u>\$ 232,929</u>

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2022 and 2021 is provided as follows:

	Year ended December 31	
	2022	2021
Reportable segments profit	\$ 337,131	\$ 232,929
Reportable segments operating expense	(298,032)	(232,204)
Finance costs, net	(54,304)	(36,660)
Other	128,543	102,326
Income before tax from continuing operations	<u>\$ 113,338</u>	<u>\$ 66,391</u>

The amounts provided to the chief operating decision maker with respect to total assets are measured in a manner consistent with that of the financial statements.

(5) Information on products and services

Please refer to Note 6 (20) for the related information.

Details of revenue from products and services from continuing operations are as follows:

	Year ended December 31	
	2022	2021
Sales revenue	\$ 1,314,704	\$ 1,241,019
Energy & Materials revenue	76,029	88,969
Other revenue	45	11,824
	<u>\$ 1,390,778</u>	<u>\$ 1,341,812</u>

(6) Geographical information

Information about geographic areas for the years ended December 31, 2022 and 2021 were as follows:

	Year ended December 31			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 105,492	\$ 586,248	\$ 94,323	\$ 587,413
America	684,966	827	654,562	913
Asia and others	600,320	2,000,574	592,927	1,814,674
	<u>\$ 1,390,778</u>	<u>\$ 2,587,649</u>	<u>\$ 1,341,812</u>	<u>\$ 2,403,000</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Year ended December 31	
	2022	2021
	Revenue	Revenue
W	\$ 485,506	\$ 434,064
X	63,687	46,197
Y	84,366	86,849
	<u>\$ 633,559</u>	<u>\$ 567,110</u>

COSMO ELECTRONICS CORPORATION

Loans to others

For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	True Glory Investments Limited	PT Cijambe Indah	Other receivables from related parties	Y	\$ 61,420	\$ -	\$ -	0.00%	Short- term financing	-	Operations	\$ -	-	\$ -	\$ 379,929	\$ 759,858	Note 2
1	True Glory Investments Limited	PT Cosmo Technology	Other receivables from related parties	Y	36,852	-	-	3.00%	Short- term financing	-	Operations	-	-	-	379,929	759,858	Note 2
1	True Glory Investments Limited	Cosmo Electronics (HK) Company Limited	Other receivables from related parties	Y	107,485	-	-	0.00%	Short- term financing	-	Operations	-	-	-	379,929	759,858	Note 2
2	Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Evermerit Technology Electronic Co., Ltd.	Other receivables from related parties	Y	18,618	-	-	0.00%	Short- term financing	-	Operations	-	-	-	61,242	61,242	Note 2
3	Shaoguan Woncrown Electronics Technology Co.,Ltd.	Evermerit Technology Electronic Co., Ltd.	Other receivables from related parties	Y	18,514	17,632	17,632	0.00%	Short- term financing	-	Operations	-	-	-	22,671	22,671	Note 2

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Limit on total loans for financing granted by and to subsidiaries of which the ultimate parent directly or indirectly holds 100% of its voting shares is 200% of the lender's net assets based on the latest audited or reviewed financial statements, and limit on loans to each entity is 200% of the lender's net assets based on the latest audited or reviewed financial statements. However, in accordance with the Operational Procedures for Loans to Others of the Company, the total loans for financing granted by and to subsidiaries of which the ultimate parent directly or indirectly holds 100% of its voting shares must not exceed 40% of the lender's net assets based on the latest audited or reviewed financial statements, and the loans to each entity for financing must not exceed 20% of the lender's net assets based on the latest audited or reviewed financial statements. Therefore, limit on loan is the smaller one of above conditions.

COSMO ELECTRONICS CORPORATION
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount as of December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/guarantor (Note 2)											
0	Cosmo Electronics Corporation	True Glory Investments Limited	(2)	\$ 759,858	\$ 130,518	\$ 70,633	\$ -	0	0.00%	\$ 949,822	Y	N	N	Note 3 and 5
0	Cosmo Electronics Corporation	PT Cosmo Technology	(2)	759,858	400,000	400,000	400,000	0	21.06%	949,822	Y	N	N	Note 3
1	PT Cosmo Technology	True Glory Investments Limited	(4)	1,899,645	130,518	70,633	-	0	0.00%	1,899,645	N	N	N	Note 4 and 5
2	PT Cosmo Technology	Cosmo Electronics Corporation	(3)	1,899,645	926,000	926,000	689,000	0	36.27%	1,899,645	N	Y	N	Note 4
3	PT Cjambe Indah	Cosmo Electronics Corporation	(3)	949,822	300,000	300,000	300,000	0	15.79%	1,899,645	N	Y	N	Note 4 and 6

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Limit on total endorsements is 50% of the Company's net assets, and limit on endorsements to a single party is 40% of the Company's net assets.

Note 4: When endorser is the Company, limit on total endorsements is 100% of the Company's net assets, and limit on endorsements to a single party is 100% of the Company's net assets.

Note 5: The Company and PT Cosmo Technology were joint endorsements for True Glory Investments Limited.

Note 6: PT Cjambe Indah endorsed for convertible bonds issued by the Company.

Table 2

COSMO ELECTRONICS CORPORATION

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
True Glory Investments Limited	Corporate bond-CFE	-	Financial assets at amortized cost-non current	-	\$ 6,102	-	\$ -	Note 1

Note 1: Management believes that the fair value of the above bond investments cannot be reliably measured since the range of reasonable fair value estimates was so significant and the probabilities of the various estimates cannot be reasonably assessed. Therefore, the above bond investments were measured at book value using the effective interest method less impairment at balance sheet date.

COSMO ELECTRONICS CORPORATION

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Cosmo Electronics Corporation	Cosmo Electronics Technology (KunShan) Co., Ltd.	Group	Purchases	\$ 128,288	37.79%	According to the terms agreed by both parties	\$ -	-	(\$ 33,082)	25.66%	Note
Cosmo Electronics Corporation	Dongguan Guanwang Electronic Technology Co., Ltd.	Group	Sales	(143,558)	22.88%	According to the terms agreed by both parties	-	-	101,606	56.13%	Note
Cosmo Electronics (HK) Company Limited	PT Cosmo Technology	Group	Sales	(389,851)	100.00%	According to the terms agreed by both parties	-	-	31,675	100.00%	Note
Dong Guan Guan Zhen Xing Trading Limited	Cosmo Electronics (HK) Company Limited	Group	Sales	(318,915)	96.65%	According to the terms agreed by both parties	-	-	26,478	100.00%	Note

Note : These transactions were eliminated in the preparation of consolidated financial statements.

COSMO ELECTRONICS CORPORATION
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Cosmo Electronics Corporation	Dongguan Guanwang Electronic Technology Co., Ltd.	(1)	Sales	\$ 143,558	-	10.32%
0	Cosmo Electronics Corporation	Dongguan Guanwang Electronic Technology Co., Ltd.	(1)	Accounts receivable	101,606	-	2.33%
1	Cosmo Electronics Technology (KunShan) Co., Ltd.	Cosmo Electronics Corporation	(2)	Process revenue	128,288	According to the terms agreed by both parties	9.22%
2	PT Cosmo Technology	Real Bonus Limited	(3)	Sales	87,695	-	6.31%
2	PT Cosmo Technology	Cosmo Lighting Inc.	(3)	Sales	45,972	-	3.31%
3	Cosmo Electronics (HK) Company Limited	PT Cosmo Technology	(3)	Sales	389,851	-	28.03%
4	Dong Guan Guan Zhen Xing Trading Limited	Cosmo Electronics (HK) Company Limited	(3)	Sales	318,915	-	22.93%
5	PT Cjambe Indah	PT Cosmo Technology	(3)	Other unearned revenue	75,600	-	1.73%
6	Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Dongguan Guanwang Electronic Technology Co., Ltd.	(3)	Accounts receivable	67,773	Irregularly payment	1.55%
6	Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Dong Guan Guan Zhen Xing Trading Limited	(3)	Other receivable	46,725	-	1.07%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

COSMO ELECTRONICS CORPORATION

The related information on investees are as follows (not including investees in Mainland China)

For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss)	Investment income	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for the	(loss) recognised by	
				December 31, 2022	December 31, 2021				year ended	the Company for the	
									December 31, 2022	December 31, 2022	
Cosmo Electronics Corporation	Cosmo Electronics Samoa	Samoa Islands	Investment activities	\$ 193,912	\$ 193,912	5,500,038	100%	\$ 217,131	\$ 17,748	\$ 17,748	
Cosmo Electronics Corporation	Cosmo Electronics (HK) Company Limited	Hong Kong	Trading of electronic products	269,412	269,412	63,180,000	100%	143,228	(8,259)	(8,259)	
Cosmo Electronics Corporation	Grand Concept Group Limited	Samoa Islands	Investment activities	270,524	240,734	8,950,000	100%	1,183,141	48,582	48,582	
Cosmo Electronics Corporation	Grandway International Limited	Samoa Islands	Investment activities	941,532	941,532	30,080,000	100%	873,573	(18,665)	(18,665)	
Cosmo Electronics Corporation	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	87,075	87,075	3,000,000	14%	102,003	(27,407)	(3,897)	Note 1
Cosmo Electronics Corporation	Cosmo Green Power Limited	Vietnam	Manufacturing and selling of material of biomass energy	31,760	31,760	-	100%	9,821	-	-	Note 2
Cosmo Electronics Samoa	Cosmo Electronics Technology Co., Ltd.	Mauritius Islands	Investment activities	193,912	193,912	5,500,038	100%	217,115	17,748	17,748	
Cosmo Electronics (HK) Company Limited	Cosmo Lighting Inc.	U.S.A	Selling of LED lighting	49,046	49,046	1,620,000	100%	39,228	(3,223)	(3,223)	
Cosmo Electronics (HK) Company Limited	Cosmo Recycling Inc.	U.S.A	Recycling and selling of waste	24,270	24,270	800,000	100%	7	(298)	(298)	
Grand Concept Group Limited	True Glory Investments Limited	Samoa Islands	Investment activities and processing and trading of PCBs	270,524	240,734	8,950,000	100%	1,133,733	51,566	51,566	
Grand Concept Group Limited	Real Bonus Limited	Samoa Islands	Selling of LED lighting	-	-	-	100%	49,408	(2,984)	(2,984)	Note 2
Grandway International Limited	Truly Top Investments Limited	Samoa Islands	Investment activities	538,516	538,516	16,850,000	100%	568,917	(16,381)	(16,381)	
Grandway International Limited	Renown Boom Limited	Samoa Islands	Investment activities and processing and selling of routers	402,983	402,983	13,230,000	100%	304,829	(2,284)	(2,284)	
True Glory Investments Limited	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	87,514	87,514	2,750,000	13%	93,503	(27,407)	(3,572)	Note 1
True Glory Investments Limited	PT Cosmo Green Technology	Indonesia	Manufacturing and selling of material of	44,603	44,603	15,000	50%	47,000	7,201	3,601	Note 1

Table 6-1

COSMO ELECTRONICS CORPORATION

The related information on investees are as follows (not including investees in Mainland China)

For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss)	Investment income	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for the	(loss) recognised by	
				December 31, 2022	December 31, 2021				year ended	the Company for the	
									December 31, 2022	December 31, 2022	
True Glory Investments Limited	PT Cijambe Indah	Indonesia	Land development	\$ 346,704	\$ 240,875	101,179	93%	\$ 920,258	\$ 56,392	\$ 49,697	Note 1
True Glory Investments Limited	PT Cosmo Electronics Indonesia	Indonesia	Manufacturing and selling of new electronic	317	-	10,000	100%	207	(97)	(97)	
Truly Top Investments Limited	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	493,651	493,651	15,350,000	73%	521,917	(27,407)	(19,938)	Note 1
Truly Top Investments Limited	PT Cosmo Green Technology	Indonesia	Manufacturing and selling of material of	44,865	44,865	15,000	50%	47,000	7,201	3,601	Note 1
Renown Boom Limited	PT Cijambe Indah	Indonesia	Land development	266,944	266,944	6,579	7%	123,979	56,392	6,695	Note 1

Note 1: The difference between the profit and loss of the investee company and the investment income and loss recognized by the Company is the investment income and loss recognized according to the ownership ratio of the current period.

Note 2: It is limited company.

COSMO ELECTRONICS CORPORATION

Information on investments in Mainland China

For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31,2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
Cosmo Electronics Technology (KunShan) Co., Ltd.	Manufacturing and selling of new electronic parts	\$ 193,912	1	\$ 193,912	\$ -	\$ -	\$ 193,912	\$ 17,746	100%	\$ 17,746	\$ 217,113	\$ -	
Dong Guan Guan Zhen Xing Trading Limited	Manufacturing and selling of material of biomass energy	187,563	2	85,367	-	-	85,367	(5,911)	100%	(5,911)	218,900	-	
Shaoguan Woncrown Electronics Technology Co.,Ltd.	Developing, manufacturing and selling of electronic products	90,751	2	-	-	-	-	(191)	100%	(191)	45,342	-	
Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	158,446	2	-	-	-	-	15,423	100%	15,423	153,106	-	
Dongguan Guanwang Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	49,053	2	-	-	-	-	(15,951)	100%	(15,951)	(48,635)	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)(Note 3)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA(Note 4)									
Cosmo Electronics Corporation	\$ 279,279	\$ 506,715		\$ 1,139,786									

Note 1: Investment methods are classified into the following two categories:

(1)Through investing and establishment in Cosmo Electronics Co., Ltd.(Samoa) and Cosmo Electronics Technology Co., Ltd.(Mauritius) in the third area, which then invested in the investee in Mainland China.

(2)Through investing in an existing company, Renown Boom Limited, in the third area, which then invested in the investee in Mainland China.

Note 2: The company recognised investment income / loss based on the audited financial statements.

Note 3: Investment amount approved by the Investment Commission of the Ministry of Economic Affairs was US\$16,500 thousand.

Note 4: It was calculated by the limit of the combined net asstes in accordance with Order No. MOEA-09704604680.

COSMO ELECTRONICS CORPORATION

Major shareholders information

For the year ended December 31, 2022

Table 8

Name of major shareholders	Shares	
	No. of shares held	Ownership (%)
Digicrown Technologies Ltd.	15,002,531	9.28%
Wei Jia Investment Co., Ltd.	13,826,944	8.55%
Da Liang Investment Ltd.	13,600,400	8.41%
Hung Yi Investment Ltd.	13,204,532	8.17%
Tsan Hua Investment Co., Ltd.	12,506,249	7.74%
Kuan Che Investment Ltd.	12,194,722	7.55%
Tai Sung Investment Co., Ltd.	11,688,124	7.23%
Kuan Chia Investment Ltd.	11,580,937	7.17%
Flyachieve Limited.	10,580,537	6.55%