

**COSMO ELECTRONICS CORPORATION AND  
SUBSIDIARIES**

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

**SEPTEMBER 30, 2023 AND 2022**

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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.

## **Independent Auditors' Review Report Translated From Chinese**

To the Board of Directors and Shareholders of Cosmo Electronics Corporation

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Cosmo Electronics Corporation and its subsidiaries (the "Group") as at September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of Review***

Except as explained in the *Basis for Qualified Conclusion*, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Basis for Qualified Conclusion***

As explained in Notes 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT\$500,498 thousand and NT\$725,040 thousand, constituting 11% and 16% of the consolidated total assets, and total liabilities of NT\$18,685 thousand and NT\$133,600 thousand, constituting 0.7% and 5% of the consolidated total liabilities as at September 30, 2023 and 2022, respectively, and total comprehensive income (loss) of NT\$(9,094) thousand, NT\$1,117 thousand, NT\$(2,223) thousand and NT\$(29,861) thousand, constituting (35%), 1%, (7%), and (10%) of the

consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively.

***Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries been reviewed by independent auditors as described in the *Basis for Qualified Conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Cosmo Electronics Corporation and its subsidiaries as at September 30, 2023 and 2022, and of its consolidated financial performance for the three-month and nine-month periods then ended, and of its consolidated cash flows for the nine-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and issued into effect by the Financial Supervisory Commission.

Tsai, Yi Tai

Liang, Chan Nyu

For and on behalf of PricewaterhouseCoopers, Taiwan

November 10, 2023

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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**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022, SEPTEMBER 30, 2022 AND JANUARY 1, 2022**  
**(Expressed in thousands of New Taiwan dollars)**  
**(The balance sheets as of September 30, 2023 and 2022 are reviewed, not audited)**

Assets	Notes	September 30, 2023		(Restated) December 31, 2022		(Restated) September 30, 2022		(Restated) January 1, 2022		
		Amount	%	Amount	%	Amount	%	Amount	%	
<b>Current assets</b>										
1100	Cash and cash equivalents	6(1)	\$ 748,838	17	\$ 542,994	12	\$ 733,398	16	\$ 586,246	15
1136	Financial assets at amortised cost-current	6(2)	-	-	69,204	2	57,479	1	-	-
1150	Notes receivable, net	6(3)	992	-	3,388	-	4,300	-	-	-
1170	Accounts receivable, net	6(3)	399,092	9	282,782	7	370,793	8	336,289	8
1180	Accounts receivable from related parties, net	7	-	-	-	-	49	-	-	-
1200	Other receivables		4,349	-	25,062	1	13,696	-	16,575	-
1210	Other receivables from related parties	7	16,336	-	17,632	-	17,892	1	18,348	1
1220	Current income tax assets		2,077	-	9,268	-	8,625	-	4,941	-
130X	Inventories	6(4)	609,671	13	615,499	14	575,799	13	464,054	12
1410	Prepayments	7	37,166	1	92,015	2	98,346	2	50,795	1
1479	Other current assets		467	-	2,227	-	797	-	1,736	-
11XX	<b>Total current assets</b>		<u>1,818,988</u>	<u>40</u>	<u>1,660,071</u>	<u>38</u>	<u>1,881,174</u>	<u>41</u>	<u>1,478,984</u>	<u>37</u>
<b>Non-current assets</b>										
1535	Financial assets at amortized cost-non current	6(2) and 8	20,653	1	20,315	-	19,798	1	19,050	1
1600	Property, plant and equipment	6(5) and 8	725,114	16	757,718	17	773,498	17	740,479	19
1755	Right-of-use assets	6(6) and 8	154,337	3	165,894	4	178,554	4	122,369	3
1760	Investment property, net	6(7) and 8	1,710,666	38	1,615,691	37	1,600,461	35	1,465,874	37
1780	Intangible assets	6(8)	12,173	-	12,782	-	13,648	-	13,581	-
1840	Deferred income tax assets	6(24)	53,742	1	69,183	2	56,513	1	58,892	1
1915	Prepayments for equipment		14,775	-	11,925	-	11,108	-	36,485	1
1920	Refundable deposits		1,952	-	13,125	-	13,699	-	15,029	-
1975	Net defined benefit assets-non current	6(12)	25,584	1	24,239	1	19,721	1	18,395	-
1990	Other non-current assets		18,350	-	23,636	1	11,579	-	24,210	1
15XX	<b>Total non-current assets</b>		<u>2,737,346</u>	<u>60</u>	<u>2,714,508</u>	<u>62</u>	<u>2,698,579</u>	<u>59</u>	<u>2,514,364</u>	<u>63</u>
1XXX	<b>Total assets</b>		<u>\$ 4,556,334</u>	<u>100</u>	<u>\$ 4,374,579</u>	<u>100</u>	<u>\$ 4,579,753</u>	<u>100</u>	<u>\$ 3,993,348</u>	<u>100</u>

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COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 30, 2023, DECEMBER 31, 2022, SEPTEMBER 30, 2022 AND JANUARY 1, 2022  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of September 30, 2023 and 2022 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2023		(Restated) December 31, 2022		(Restated) September 30, 2022		(Restated) January 1, 2022		
		Amount	%	Amount	%	Amount	%	Amount	%	
<b>Current liabilities</b>										
2100	Short-term borrowings	6(9)	\$ 656,472	14	\$ 396,000	9	\$ 491,025	11	\$ 480,754	12
2110	Short-term bills payable	6(9)	99,825	2	49,962	1	49,991	1	49,887	1
2130	Contract liabilities-current	6(17)	1,952	-	10,237	-	8,015	-	2,943	-
2150	Notes payable		-	-	96	-	-	-	1,047	-
2170	Accounts payable		56,321	1	119,752	3	142,875	3	123,264	3
2180	Accounts payable to related parties	7	477	-	15,671	1	11,682	-	12,907	-
2219	Other payables		73,495	2	81,700	2	81,012	2	52,395	1
2220	Other payables to related parties	7	5,990	-	3,736	-	3,072	-	-	-
2230	Current income tax liabilities		114	-	301	-	309	-	1,563	-
2280	Lease liabilities-current		-	-	15,372	1	15,471	1	6,305	-
2320	Long-term liabilities-current portion	6(10)(11) and 7	301,616	7	276,841	6	310,883	7	898,205	23
2399	Other current liabilities		3,704	-	8,616	-	15,440	-	14,781	1
21XX	<b>Total current liabilities</b>		<u>1,199,966</u>	<u>26</u>	<u>978,284</u>	<u>23</u>	<u>1,129,775</u>	<u>25</u>	<u>1,644,051</u>	<u>41</u>
<b>Non-current liabilities</b>										
2530	Convertible bonds payable	6(10)	-	-	-	-	-	-	273,484	7
2540	Long-term borrowings	6(11) and 7	1,240,742	27	1,258,640	29	1,253,125	27	174,000	4
2570	Deferred income tax liabilities	6(24)	199,344	5	210,905	5	197,818	4	200,591	5
2580	Lease liabilities-non current		-	-	4,490	-	6,734	-	6,605	-
2640	Net defined benefit liability-non current	6(12)	16,859	-	21,467	-	31,927	1	28,096	1
2670	Others non-current liabilities		523	-	528	-	529	-	527	-
25XX	<b>Total non-current liabilities</b>		<u>1,457,468</u>	<u>32</u>	<u>1,496,030</u>	<u>34</u>	<u>1,490,133</u>	<u>32</u>	<u>683,303</u>	<u>17</u>
2XXX	<b>Total liabilities</b>		<u>2,657,434</u>	<u>58</u>	<u>2,474,314</u>	<u>57</u>	<u>2,619,908</u>	<u>57</u>	<u>2,327,354</u>	<u>58</u>

(Continued)

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 30, 2023, DECEMBER 31, 2022, SEPTEMBER 30, 2022 AND JANUARY 1, 2022  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of September 30, 2023 and 2022 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2023		(Restated) December 31, 2022		(Restated) September 30, 2022		(Restated) January 1, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
<b>Equity</b>									
Share capital	6(13)								
3110 Common stock		\$ 1,714,587	38	\$ 1,680,883	38	\$ 1,616,234	35	\$ 1,616,234	41
3150 Stock dividend to be distributed		-	-	-	-	64,649	2	-	-
Capital surplus	6(14)								
3200 Capital surplus		143,838	3	177,242	4	177,242	4	241,891	6
Retained earnings	6(15)								
3310 Legal reserve		19,061	1	6,819	-	6,819	-	1,203	-
3320 Special reserve		140,561	3	63,024	1	63,024	1	12,484	-
3350 Unappropriated retained earnings		( 72,013)	( 2)	123,037	3	89,068	2	56,104	1
Other equity interest	6(16)								
3400 Other equity interest		( 47,134)	( 1)	( 150,740)	( 3)	( 57,191)	( 1)	( 261,922)	( 6)
31XX <b>Equity attributable to owners of the parent</b>		<u>1,898,900</u>	<u>42</u>	<u>1,900,265</u>	<u>43</u>	<u>1,959,845</u>	<u>43</u>	<u>1,665,994</u>	<u>42</u>
3XXX <b>Total equity</b>		<u>1,898,900</u>	<u>42</u>	<u>1,900,265</u>	<u>43</u>	<u>1,959,845</u>	<u>43</u>	<u>1,665,994</u>	<u>42</u>
Significant contingent liabilities and unrecognized contract 9 commitments									
Significant subsequent events	11								
3X2X <b>Total liabilities and equity</b>		<u>\$ 4,556,334</u>	<u>100</u>	<u>\$ 4,374,579</u>	<u>100</u>	<u>\$ 4,579,753</u>	<u>100</u>	<u>\$ 3,993,348</u>	<u>100</u>

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

**COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for earnings(deficit) per share amounts)  
**(REVIEWED, NOT AUDITED)**

Items	Notes	For the three-month period ended September 30				For the nine-month period ended September 30				
		2023		2022 (Restated)		2023		2022 (Restated)		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue	6(17) and 7	\$ 445,568	100	\$ 405,309	100	\$ 920,509	100	\$ 1,184,649	100
5000	Operating costs	6(4) and 7	( 373,638)	( 84)	( 307,254)	( 76)	( 740,188)	( 81)	( 892,177)	( 75)
5900	Gross profit		71,930	16	98,055	24	180,321	19	292,472	25
	Operating expenses									
6100	Selling expenses		( 15,262)	( 4)	( 14,207)	( 3)	( 39,428)	( 4)	( 48,279)	( 4)
6200	General and administrative expenses		( 63,330)	( 14)	( 55,111)	( 14)	( 162,899)	( 18)	( 158,541)	( 14)
6300	Research and development expenses		( 721)	-	( 1,096)	-	( 2,243)	-	( 3,562)	-
6450	Expected credit impairment profit (loss)		34	-	-	-	( 6,067)	( 1)	( 1)	-
6000	Total operating expenses		( 79,279)	( 18)	( 70,414)	( 17)	( 210,637)	( 23)	( 210,383)	( 18)
6900	Operating profit (loss)		( 7,349)	( 2)	27,641	7	( 30,316)	( 4)	82,089	7
	Non-operating income and expenses									
7100	Interest income	6(18)	2,180	-	517	-	7,124	1	1,538	-
7010	Other income	6(19)	11,178	3	4,832	1	19,073	2	9,534	1
7020	Other gains and losses	6(20)	11,450	3	21,184	5	( 4,352)	-	36,750	3
7050	Finance costs	6(21)	( 22,090)	( 5)	( 15,172)	( 3)	( 60,474)	( 7)	( 36,425)	( 3)
7000	Total non-operating income and expenses		2,718	1	11,361	3	( 38,629)	( 4)	11,397	1
7900	<b>Profit(Loss) before income tax</b>		( 4,631)	( 1)	39,002	10	( 68,945)	( 8)	93,486	8
7950	Income tax expense	6(24)	( 14,787)	( 3)	( 1,183)	-	( 4,388)	-	( 4,366)	-
8200	<b>Profit(Loss) for the period</b>		<u>(\$ 19,418)</u>	<u>( 4)</u>	<u>\$ 37,819</u>	<u>10</u>	<u>(\$ 73,333)</u>	<u>( 8)</u>	<u>\$ 89,120</u>	<u>8</u>
	<b>Other comprehensive income(loss)</b>									
	<b>Components of other comprehensive income(loss) that will be reclassified to profit or loss</b>									
8361	Financial statements translation differences of foreign operations	6(16)	\$ 45,289	10	\$ 122,530	30	\$ 103,606	11	\$ 204,731	17
8300	<b>Other comprehensive income(loss) for the period</b>		<u>\$ 45,289</u>	<u>10</u>	<u>\$ 122,530</u>	<u>30</u>	<u>\$ 103,606</u>	<u>11</u>	<u>\$ 204,731</u>	<u>17</u>
8500	<b>Total comprehensive income(loss) for the period</b>		<u>\$ 25,871</u>	<u>6</u>	<u>\$ 160,349</u>	<u>40</u>	<u>\$ 30,273</u>	<u>3</u>	<u>\$ 293,851</u>	<u>25</u>
	Profit attributable to:									
8610	Owners of the parent		<u>(\$ 19,418)</u>	<u>( 4)</u>	<u>\$ 37,819</u>	<u>10</u>	<u>(\$ 73,333)</u>	<u>( 8)</u>	<u>\$ 89,120</u>	<u>8</u>
	Comprehensive income(loss) attributable to:									
8710	Owners of the parent		<u>\$ 25,871</u>	<u>6</u>	<u>\$ 160,349</u>	<u>40</u>	<u>\$ 30,273</u>	<u>3</u>	<u>\$ 293,851</u>	<u>25</u>
	(Deficit)earnings per share									
9750	Basic (deficit)earnings per share		<u>(\$ 0.11)</u>		<u>\$ 0.22</u>		<u>(\$ 0.43)</u>		<u>\$ 0.52</u>	
9850	Diluted (deficit)earnings per share		<u>(\$ 0.11)</u>		<u>\$ 0.22</u>		<u>(\$ 0.43)</u>		<u>\$ 0.51</u>	

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

**COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Equity attributable to owners of the parent								
	Notes	Share capital		Retained earnings				Financial statements translation differences of foreign operations	Total equity
		Common stock	Stock dividend to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		
<b>For the nine-month period ended September 30, 2022</b>									
<b>(Restated)</b>									
Balance at January 1, 2022		\$ 1,616,234	\$ -	\$ 241,891	\$ 1,203	\$ 12,484	\$ 56,156	(\$ 261,922)	\$ 1,666,046
Effect of retrospective application and retrospective restatement		-	-	-	-	-	( 52)	-	( 52)
Balance at January 1, 2022 as restated		<u>1,616,234</u>	<u>-</u>	<u>241,891</u>	<u>1,203</u>	<u>12,484</u>	<u>56,104</u>	<u>( 261,922)</u>	<u>1,665,994</u>
Profit for the period		-	-	-	-	-	89,120	-	89,120
Other comprehensive income(loss) for the period		-	-	-	-	-	-	204,731	204,731
Total comprehensive income(loss) for the period	6(16)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,120</u>	<u>204,731</u>	<u>293,851</u>
Legal reserve		-	-	-	5,616	-	( 5,616)	-	-
Special reserve		-	-	-	-	50,540	( 50,540)	-	-
Issuance of share from capital surplus		-	64,649	( 64,649)	-	-	-	-	-
Balance at September 30, 2022		<u>\$ 1,616,234</u>	<u>\$ 64,649</u>	<u>\$ 177,242</u>	<u>\$ 6,819</u>	<u>\$ 63,024</u>	<u>\$ 89,068</u>	<u>(\$ 57,191)</u>	<u>\$ 1,959,845</u>
<b>For the nine-month period ended September 30, 2023</b>									
Balance at January 1, 2023		\$ 1,680,883	\$ -	\$ 177,242	\$ 6,819	\$ 63,024	\$ 122,417	(\$ 150,740)	\$ 1,899,645
Effect of retrospective application and retrospective restatement		-	-	-	-	-	620	-	620
Balance at January 1, 2023 as restated		<u>1,680,883</u>	<u>-</u>	<u>177,242</u>	<u>6,819</u>	<u>63,024</u>	<u>123,037</u>	<u>( 150,740)</u>	<u>1,900,265</u>
Loss for the period		-	-	-	-	-	( 73,333)	-	( 73,333)
Other comprehensive income(loss) for the period		-	-	-	-	-	-	103,606	103,606
Total comprehensive income(loss) for the period	6(16)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 73,333)</u>	<u>103,606</u>	<u>30,273</u>
Legal reserve	6(15)	-	-	-	12,242	-	( 12,242)	-	-
Special reserve		-	-	-	-	77,537	( 77,537)	-	-
Cash dividends		-	-	-	-	-	( 31,938)	-	( 31,938)
Conversion of convertible bonds	6(10)	85	-	215	-	-	-	-	300
Issuance of share from capital surplus	6(13)	33,619	-	( 33,619)	-	-	-	-	-
Balance at September 30, 2023		<u>\$ 1,714,587</u>	<u>\$ -</u>	<u>\$ 143,838</u>	<u>\$ 19,061</u>	<u>\$ 140,561</u>	<u>(\$ 72,013)</u>	<u>(\$ 47,134)</u>	<u>\$ 1,898,900</u>

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



COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Notes	For the nine-month period ended September 30,	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Consolidated (loss)profit before tax for the period		( \$ 68,945 )	\$ 93,486
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(5)(6)	83,696	79,095
Amortization	6(8)	1,547	1,578
Expected credit impairment losses	12	6,067	1
Interest expense	6(21)	60,474	36,425
Interest income	6(18)	( 7,124 )	( 1,538 )
Provision(Reversal) for inventory and obsolescence	6(4)	5,170	( 29,541 )
Loss(Gain) on disposal and scrap of property, plant and equipment	6(20)	8,058	( 575 )
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		2,396	( 4,300 )
Accounts receivable		( 122,365 )	( 34,429 )
Accounts receivable from related parties		-	( 49 )
Other receivables		20,713	2,879
Other receivables from related parties		1,296	456
Inventories		658	( 82,204 )
Prepayments		54,849	( 47,551 )
Net defined benefit assets		( 1,345 )	( 1,326 )
Other current assets		1,760	939
Other non-current assets		5,280	12,631
Net changes in liabilities relating to operating activities			
Contract liabilities-current		( 8,285 )	5,072
Notes payable		( 96 )	( 1,047 )
Accounts payable		( 63,431 )	19,611
Accounts payable to related parties		( 15,194 )	( 1,225 )
Other payables		( 36,331 )	21,713
Other payables to related parties		2,254	3,072
Other current liabilities		( 4,912 )	659
Net defined benefit liability		( 4,608 )	3,831
Cash inflow (used in)/generated from operations		( 78,418 )	77,663
Interest received		7,124	1,538
Income taxes paid		( 4,033 )	( 8,990 )
Net cash flows (used in)/generated from operating activities		( 75,327 )	70,211

(Continued)

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Notes	For the nine-month period ended September 30,	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisitions of financial assets at amortized cost		\$ -	( \$ 57,479 )
Proceeds from disposal of financial assets at amortized cost		69,204	-
Acquisitions of property, plant and equipment	6(5)(26)	( 39,994 )	( 68,120 )
Proceeds from disposal of property, plant and equipment	6(5)	617	916
Decrease in refundable deposits		11,173	1,330
Acquisitions of intangible assets	6(8)	( 474 )	( 285 )
Acquisitions of right-of-use asset	6(6)	-	( 32,635 )
Acquisitions and payments for investment properties	6(7)	( 18,787 )	( 32,887 )
Increase in prepayments for equipment		( 6,100 )	( 14,743 )
Net cash flows generated from/(used in) investing activities		<u>15,639</u>	( <u>203,903</u> )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	1,462,468	1,760,385
Decrease in short-term borrowings	6(27)	( 1,201,996 )	( 1,759,475 )
Increase in short-term bills payable		50,000	-
Repayment for convertible bonds	6(27)	( 277,100 )	-
Repayment for long-term borrowings	6(27)	( 1,623,750 )	( 871,750 )
Proceeds from long-term borrowings	6(27)	1,886,920	1,085,875
Lease principal repayment	6(27)	( 11,293 )	( 10,596 )
Interest paid		( 60,415 )	( 33,804 )
Net cash flows generated from financing activities		<u>224,834</u>	<u>170,635</u>
Effect due to changes in exchange rate		<u>40,698</u>	<u>110,209</u>
Net increase in cash and cash equivalents		205,844	147,152
Cash and cash equivalents at beginning of period		<u>542,994</u>	<u>586,246</u>
Cash and cash equivalents at end of period		<u>\$ 748,838</u>	<u>\$ 733,398</u>

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)  
(REVIEWED, NOT AUDITED)

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, clean steam 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 November 10, 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 and issued into effect by the Financial Supervisory Commission (“FSC”)

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’

The amendments require an entity to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The Group recognises a deferred tax asset and liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities retrospectively as of January 1, 2022. The impacts of these amendments are an increase (a decrease) in deferred tax assets by NT\$(4,381), NT\$ 3,804, NT\$6,607 and NT\$5,550, an increase in deferred tax liabilities by NT\$980, NT\$3,856, NT\$6,562 and NT\$4,930 and an increase (a decrease) in retained earnings by NT\$620, NT\$(52), NT\$(52) and NT\$(52) as at September 30, 2023, January 1, 2022, September 30, 2022, December 31, 2022, respectively, and an increase (a decrease) in income tax expense by NT\$(97) and NT\$1,600 for the nine-month periods then ended September 30, 2022 and 2023, respectively.

(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 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	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.

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
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 21, ‘Lack of exchangeability’	January 1, 2025

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 adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparations, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ as endorsed and issued into effect by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

##### (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 and issued into effect 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
			September 30, 2023	December 31, 2022	September 30, 2022	
Cosmo Electronics Corporation	Cosmo Electronics Samoa	Investment activities	100	100	100	Note 4 and 5
	Cosmo Electronics (HK) Company Limited	Trading of electronic products	100	100	100	Note 4 and 5
	Grand Concept Group Limited	Investment activities	100	100	100	Note 4 and 5
	Grandway International Limited.	Investment activities	100	100	100	Note 4 and 5
	PT Cosmo Technology (PT Cosmo)	Manufacturing and selling of LED lighting	14	14	14	Note 1
	Cosmo Green Power Limited (Cosmo Green)	Manufacturing and selling of material of biomass energy	100	100	100	Note 4 and 5
Cosmo Electronics Samoa	Cosmo Electronics Technology Co., Ltd.	Investment activities	100	100	100	Note 4 and 5
Cosmo Electronics Technology Co., Ltd.	Cosmo Electronics (KunShan) Co., Ltd.	Manufacturing and selling of new electronic parts	100	100	100	Note 4 and 5
Cosmo Electronics (HK) Company Limited	Cosmo Lighting Inc.	Selling of LED lighting	100	100	100	Note 4 and 5
	Cosmo Recycling Inc.	Recycling and selling of waste	100	100	100	Note 5 and 6
Grand Concept Group Limited	True Glory Investments Limited	Investment activities and processing and trading of PCBs	100	100	100	Note 4 and 5
	Real Bonus Limited	Selling of LED lighting	100	100	100	Note 4 and 5
Grandway International Limited	Truly Top Investments Limited	Investment activities	100	100	100	Note 4 and 5
	Renown Boom Limited	Investment activities and processing and selling of routers	100	100	100	Note 4 and 5
True Glory Investments Limited	PT Cosmo Technology (PT Cosmo)	Manufacturing and selling of LED lighting	13	13	13	Note 1
	PT Cosmo Green Technology (PT Cosmo Green)	Manufacturing and selling of material of biomass energy	50	50	50	Note 1, 4 and 5
	PT Cijambe Indah (PT Cijambe)	Land development	94	93	93	Note 1 and 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
Truly Top Investments Limited	PT Cosmo Electronics Indonesia (PT Electronics)	Manufacturing and selling of new electronic parts	100	100	-	Note 3 and 4
	PT Cosmo Technology (PT Cosmo)	Manufacturing and selling of LED lighting	73	73	73	Note 1
	PT Cosmo Green Technology (PT Cosmo Green)	Manufacturing and selling of material of biomass energy	50	50	50	Note 1, 4 and 5
Renown Boom Limited	Dong Guan Guan Zhen Xing Trading Limited	Manufacturing and selling of material of biomass energy and trading of electronic products	100	100	100	Note 5
Dong Guan Guan Zhen Xing Trading Limited	PT Cijambe Indah (PT Cijambe)	Land development	6	7	7	Note 1 and 2
	Shaoguan Woncrown Electronics Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	-	100	100	Note 5 and 6
	Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	100	100	100	Note 4 and 5
	Dongguan Guanwang Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	100	100	100	Note 5

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

Note 2: PT Cijambe has increased its capital on August 1, 2022, September 27, 2022, October 10, 2022, November 18, 2022, March 16, 2023 and June 30, 2023. 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.

Note 4: The financial statements of the entity as of and for the nine-month period ended September 30, 2023 was not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 5: The financial statements of the entity as of and for the nine-month period ended September 30, 2022 was not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 6: The company had been liquidated in June, 2023.

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.



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

There have been no significant changes as of September 30, 2023. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and revolving funds	\$ 4,721	\$ 5,109	\$ 4,802
Checking accounts and demand deposits	636,799	522,530	661,503
Time deposits	107,318	15,355	67,093
	<u>\$ 748,838</u>	<u>\$ 542,994</u>	<u>\$ 733,398</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	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Time deposits	\$ -	\$ 69,204	\$ 57,479
Non-current items:			
Pledged time deposits (Note 8)	\$ 4,402	\$ 4,395	\$ 3,684
Restricted bank accounts	9,839	9,818	9,805
Corporate bonds-CFE	6,412	6,102	6,309
	<u>\$ 20,653</u>	<u>\$ 20,315</u>	<u>\$ 19,798</u>

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

	For the three-month period ended September 30	
	2023	2022
Interest income	\$ 561	\$ 326
	For the nine-month period ended September 30	
	2023	2022
Interest income	\$ 1,460	\$ 1,110

- 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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 992	\$ 3,388	\$ 4,300
Accounts receivable	\$ 409,761	\$ 293,987	\$ 371,210
Less: Allowance for uncollectible accounts	<u>( 10,669 )</u>	<u>( 11,205 )</u>	<u>( 417 )</u>
	<u>\$ 399,092</u>	<u>\$ 282,782</u>	<u>\$ 370,793</u>

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

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 375,687	\$ 992	\$ 268,204	\$ 3,388	\$ 347,396	\$ 4,300
1 to 90 days	23,980	-	3,140	-	20,819	-
91 to 180 days	-	-	11,513	-	2,379	-
Over 181 days	10,094	-	11,130	-	616	-
	<u>\$ 409,761</u>	<u>\$ 992</u>	<u>\$ 293,987</u>	<u>\$ 3,388</u>	<u>\$ 371,210</u>	<u>\$ 4,300</u>

The above ageing analysis was based on past due date.

- B. As of September 30, 2023, December 31, 2022, and September 30, 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$336,289.
- C. As of September 30, 2023, December 31, 2022, and September 30, 2022, 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 \$410,753 , \$297,375 and \$375,510, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12.

(4) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 181,716	\$ 197,853	\$ 206,190
Work in progress	122,277	133,699	115,331
Finished goods	303,125	280,737	249,336
Merchandise	2,553	3,210	4,942
	<u>\$ 609,671</u>	<u>\$ 615,499</u>	<u>\$ 575,799</u>

The cost of inventories recognized as expense for the period:

	For the three-month period ended September 30,	
	2023	2022
Cost of goods sold	\$ 377,226	\$ 335,428
Gains on reversal of decline in market value	( 3,088)	( 27,814)
Revenue from sale of scraps	( 500)	( 360)
	<u>\$ 373,638</u>	<u>\$ 307,254</u>
	For the nine-month period ended September 30,	
	2023	2022
Cost of goods sold	\$ 735,518	\$ 922,590
Loss on (Gains on reversal of) decline in market value	5,170	( 29,541)
Revenue from sale of scraps	( 500)	( 872)
	<u>\$ 740,188</u>	<u>\$ 892,177</u>

The Group wrote down and accounted for as addition of cost of goods sold because market price declined.

(5) Property, plant and equipment

	2023						
	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Other equipment	Total
<u>At January 1</u>							
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>\$ 757,718</u>
<u>2023</u>							
Opening net book amount	\$ 191,951	\$ 245,838	\$ 259,217	\$ 6,214	\$ 6,927	\$ 47,571	\$ 757,718
Additions	-	3,211	28,461	416	3,161	932	36,181
Disposals	-	-	( 8,636 )	-	-	( 39 )	( 8,675 )
Depreciation	-	( 16,040 )	( 44,824 )	( 1,067 )	( 1,648 )	( 7,041 )	( 70,620 )
Net exchange differences	-	5,779	3,419	129	231	952	10,510
Closing net book amount	<u>\$ 191,951</u>	<u>\$ 238,788</u>	<u>\$ 237,637</u>	<u>\$ 5,692</u>	<u>\$ 8,671</u>	<u>\$ 42,375</u>	<u>\$ 725,114</u>
<u>At September 30</u>							
Cost	\$ 191,951	\$ 487,872	\$ 1,179,079	\$ 20,202	\$ 46,747	\$ 237,560	\$ 2,163,411
Accumulated depreciation and impairment	-	( 249,084 )	( 941,442 )	( 14,510 )	( 38,076 )	( 195,185 )	( 1,438,297 )
	<u>\$ 191,951</u>	<u>\$ 238,788</u>	<u>\$ 237,637</u>	<u>\$ 5,692</u>	<u>\$ 8,671</u>	<u>\$ 42,375</u>	<u>\$ 725,114</u>

	2022							
	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Other equipment	Unfinished construction	Total
<u>At January 1</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>
<u>2022</u>								
Opening net book amount	\$ 81,110	\$ 204,349	\$ 243,390	\$ 4,341	\$ 5,324	\$ 45,465	\$ 156,500	\$ 740,479
Additions	-	3,229	57,770	2,936	1,553	9,456	80	75,024
Disposals	-	( 102 )	( 239 )	-	-	-	-	( 341 )
Depreciation	-	( 16,552 )	( 41,898 )	( 953 )	( 1,292 )	( 6,409 )	-	( 67,104 )
Transfer	110,841	45,812	-	-	-	-	( 156,653 )	-
Net exchange differences	-	16,709	6,322	370	502	1,464	73	25,440
Closing net book amount	<u>\$ 191,951</u>	<u>\$ 253,445</u>	<u>\$ 265,345</u>	<u>\$ 6,694</u>	<u>\$ 6,087</u>	<u>\$ 49,976</u>	<u>\$ -</u>	<u>\$ 773,498</u>
<u>At September 30</u>								
Cost	\$ 191,951	\$ 477,830	\$ 1,221,237	\$ 19,716	\$ 41,798	\$ 237,607	\$ -	\$ 2,190,139
Accumulated depreciation and impairment	-	( 224,385 )	( 955,892 )	( 13,022 )	( 35,711 )	( 187,631 )	-	( 1,416,641 )
	<u>\$ 191,951</u>	<u>\$ 253,445</u>	<u>\$ 265,345</u>	<u>\$ 6,694</u>	<u>\$ 6,087</u>	<u>\$ 49,976</u>	<u>\$ -</u>	<u>\$ 773,498</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:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 150,419	\$ 146,174	\$ 152,306
Buildings and structures	3,918	19,720	26,248
	<u>\$ 154,337</u>	<u>\$ 165,894</u>	<u>\$ 178,554</u>

	<u>For the three-month period ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 1,056	\$ 1,122
Buildings and structures	2,365	5,856
	<u>\$ 3,421</u>	<u>\$ 6,978</u>

	<u>For the nine-month period ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 3,048	\$ 2,768
Buildings and structures	10,028	9,223
	<u>\$ 13,076</u>	<u>\$ 11,991</u>

- D. For the nine-month periods ended September 30, 2023 and 2022, the additions to right-of-use assets were \$0 and \$52,320, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the three-month period ended September 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 317	\$ 130
Expense on short-term lease contracts	195	108
Expense on lease of low-value assets	265	461
	For the nine-month period ended September 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 363	\$ 755
Expense on short-term lease contracts	749	1,689
Expense on lease of low-value assets	789	1,443

F. For the three-month and nine-month periods ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$7,882, \$4,740, \$13,194 and \$13,728, respectively.

(7) Investment property

	For the nine-month period ended September 30,	
	2023	2022
At January 1	\$ 1,615,691	\$ 1,465,874
Additions – from subsequent expenditures	18,787	32,887
Net exchange differences	76,188	101,700
At September 30	<u>\$ 1,710,666</u>	<u>\$ 1,600,461</u>

A. Rental income from investment property is shown below:

	For the three-month period ended September 30,	
	2023	2022
Rental income from investment property	<u>\$ 909</u>	<u>\$ 1,055</u>
	For the nine-month period ended September 30,	
	2023	2022
Rental income from investment property	<u>\$ 2,986</u>	<u>\$ 2,998</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 for the three-month and nine-month periods ended September 30, 2023 and 2022, 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	2.1%-3.25%	2.2%-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

	2023		
	Patent	Computer software	Total
<u>At January 1</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>
Opening net book amount	\$ 9,740	\$ 3,042	\$ 12,782
Additions	-	474	474
Amortization	( 713)	( 834)	( 1,547)
Net exchange differences	464	-	464
Closing net book amount	<u>\$ 9,491</u>	<u>\$ 2,682</u>	<u>\$ 12,173</u>
<u>At September 30</u>			
Cost	\$ 19,543	\$ 5,558	\$ 25,101
Accumulated amortization and impairment	( 10,052)	( 2,876)	( 12,928)
	<u>\$ 9,491</u>	<u>\$ 2,682</u>	<u>\$ 12,173</u>
	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	( 675)	( 903)	( 1,578)
Net exchange differences	1,359	1	1,360
Closing net book amount	<u>\$ 10,315</u>	<u>\$ 3,333</u>	<u>\$ 13,648</u>
<u>At September 30</u>			
Cost	\$ 19,231	\$ 8,795	\$ 28,026
Accumulated amortization and impairment	( 8,916)	( 5,462)	( 14,378)
	<u>\$ 10,315</u>	<u>\$ 3,333</u>	<u>\$ 13,648</u>

Details of amortization on intangible assets are as follows:

	For the three -month period ended September 30,	
	2023	2022
Selling expenses	\$ 243	\$ 234
General and administrative expenses	261	291
	<u>\$ 504</u>	<u>\$ 525</u>

	For the nine-month period ended September 30,	
	2023	2022
Selling expenses	\$ 713	\$ 675
General and administrative expenses	834	903
	<u>\$ 1,547</u>	<u>\$ 1,578</u>

(9) Short-term borrowings

Type of borrowings	September 30, 2023	Interest rate range	Collateral
<u>Bank borrowings</u>			
Unsecured borrowings	\$ 547,472	2.21%~2.57%	None.
Secured borrowings	109,000	2.25%~2.38%	Property, plant and investment property
	<u>\$ 656,472</u>		
<u>Short-term bills payable</u>			
Commercial paper	\$ 100,000	1.61%~2.01%	None.
Less: Unamortized discounts on bills payable	( 175 )		
	<u>\$ 99,825</u>		
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	September 30, 2022	Interest rate range	Collateral
<u>Bank borrowings</u>			
Unsecured borrowings	\$ 337,000	1.98%~2.41%	None.
Secured borrowings	154,025	1.88%~4.89%	Property, plant and investment property
	<u>\$ 491,025</u>		
<u>Short-term bills payable</u>			
Commercial paper	\$ 50,000	1.18%	None.
Less: Unamortized discounts on bills payable	( 9 )		
	<u>\$ 49,991</u>		

As at September 30, 2023, the facility of short-term borrowings of the Group was \$697,810.

The substantive related parties, 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

	September 30, 2023	December 31, 2022	September 30, 2022
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Convertible bonds payable	\$ -	\$ 277,400	\$ 277,400
Less: Discount on convertible bonds payable	-	( 559 )	( 1,399 )
	<u>\$ -</u>	<u>\$ 276,841</u>	<u>\$ 276,001</u>
Less: Current portion	-	( 276,841 )	( 276,001 )
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

The terms of the 3<sup>rd</sup> domestic secured convertible bonds issued by the Company are as follows:

- (a) The regulatory authority has approved the 3<sup>rd</sup> 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.
- (b) 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.
- (c) 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.
- (d) 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.

- (e) 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.
  - (f) 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. 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%.
- C. As of February 27, 2023, the bonds totaling \$22,900 had been converted into 607 thousand shares of common stock and the remaining amount \$277,100 was redeemed in cash.

(11) Long-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Long-term bank borrowings</u>			
Revolving unsecured borrowings(i)	\$ 831,400	\$ 689,000	\$ 689,000
Revolving unsecured borrowings(ii)	403,375	383,875	396,875
Secured borrowings-buildings	158,250	165,000	167,250
Other unsecured borrowings	127,520	-	-
	<u>1,520,545</u>	<u>1,237,875</u>	<u>1,253,125</u>
<u>Loans from related parties</u>			
Fairsky International Limited	21,813	20,765	34,882
	<u>1,542,358</u>	<u>1,258,640</u>	<u>1,288,007</u>
Less: Current portion	( 301,616 )	-	( 34,882 )
	<u>\$ 1,240,742</u>	<u>\$ 1,258,640</u>	<u>\$ 1,253,125</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 September 30, 2023, the interest rate was 2.8376% to 3.6690%.

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 September 30, 2023, the interest rate was 7.83%.

- (b) 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, 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 2023, 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.
- (c) The substantive related parties, 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 one month from drawdown date, and the interest rate would be re-negotiated every 3 months. As at September 30, 2023, the interest rate was 2.424% to 2.4247%.
- (c) The Company provided land and buildings as collateral (please refer to Note 8 for pledge details).
- (d) The substantive related parties, Tsai, Nai Chen, was the surety of the above secured loan agreements in his personal names.

## C. Other unsecured borrowings

- (a) On July 17, 2023, the Company entered into a 3-year secured loan agreement with Shanghai Commercial & Savings Bank and obtained a credit line in the amount of USD 4,000,000, and could not be used revolving during the contract period. The credit period was 3 years from the first drawdown date (August 28, 2023).
- (b) 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 negotiated by the fund situation. As at September 30, 2023, the interest rate was 6.61%
- (c) The substantive related parties, Tsai, Nai Chen and Tsai, Chi Hu, were the sureties of the above secured loan agreements in their personal names.

## D. 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 pension costs under defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2023 and 2022, were \$1,154, \$1,224, \$3,381 and \$3,584, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$0.

**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. 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 three-month and nine-month periods ended September 30, 2023 and 2022, were \$1,142, \$1,124, \$3,257 and \$3,254, respectively.

(13) Share capital

- A. As of September 30, 2023, the Company's authorized capital was \$2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was \$1,714,587 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 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.
- E. For the period ended February 27, 2023 and September 30, 2022, the Company issued 607 thousand shares and 599 thousand shares of ordinary shares because of conversion of convertible bonds.
- F. The annual stockholders' meeting on June 15, 2023 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 3,361,935 ordinary shares, with par value of \$10 per share, amounting to \$33,619. The shares were issued on October 5, 2023, and the relevant statutory registration procedures have been completed.

(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.

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Issuance of ordinary shares	\$ 98,542	\$ 132,161	\$ 132,161
Conversion of bonds	18,701	18,467	18,467
Options expired	25,199	7,383	7,383
Employee share options	1,396	1,396	1,396
<u>May not be used for any purpose</u>			
Options	-	17,835	17,835
	<u>\$ 143,838</u>	<u>\$ 177,242</u>	<u>\$ 177,242</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 15, 2023, the stockholders' meeting resolved that the dividend of \$0.19 per ordinary

share, amounting to \$31,938 for the distribution of earnings for the year of 2022. The record date is September 19, 2023.

- E. On June 24, 2022, the stockholders' meeting resolved that no dividends for the distribution of earnings for the year of 2021.

(16) Other equity items

	Currency translation	
	2023	2022
At January 1	(\$ 150,740)	(\$ 261,922)
Group	103,606	204,731
At September 30	(\$ 47,134)	(\$ 57,191)

(17) Operating revenue

	For the three-month period ended September 30,	
	2023	2022
Revenue from contract with customers		
Operating revenue	\$ 445,568	\$ 405,309
	For the nine-month period ended September 30,	
	2023	2022
Revenue from contract with customers		
Operating revenue	\$ 920,509	\$ 1,184,649

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:

	September 30, 2023	December 31, 2022	September 30, 2022
Contract liabilities	\$ 1,952	\$ 10,237	\$ 8,015

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

	For the three-month period ended September 30,	
	2023	2022
Revenue recognized that was included in the contract liability balance at the beginning of the period	\$ -	\$ -

	For the nine-month period ended September 30,	
	2023	2022
Revenue recognized that was included in the contract liability balance at the beginning of the period	\$ 10,237	\$ 2,943

(18) Interest income

	For the three-month period ended September 30,	
	2023	2022
Bank deposit	\$ 1,462	\$ 153
Financial assets measured at amortized cost	561	326
Other interest income	157	38
	<u>\$ 2,180</u>	<u>\$ 517</u>

	For the nine-month period ended September 30,	
	2023	2022
Bank deposit	\$ 5,207	\$ 388
Financial assets measured at amortized cost	1,460	1,110
Other interest income	457	40
	<u>\$ 7,124</u>	<u>\$ 1,538</u>

(19) Other income

	For the three-month period ended September 30,	
	2023	2022
Rent income	\$ 909	\$ 1,055
Handling charge income	8	8
Other income, others	10,261	3,769
	<u>\$ 11,178</u>	<u>\$ 4,832</u>

	For the nine-month period ended September 30,	
	2023	2022
Rent income	\$ 2,986	\$ 2,998
Handling charge income	24	26
Other income, others	16,063	6,510
	<u>\$ 19,073</u>	<u>\$ 9,534</u>

(20) Other gains and losses

	For the three-month period ended September 30,	
	2023	2022
Gain on disposal of property, plant and equipment	\$ 24	\$ 575
Foreign exchange gains	12,815	20,620
Other losses	(1,389)	(11)
	<u>\$ 11,450</u>	<u>\$ 21,184</u>

	For the nine-month period ended September 30,	
	2023	2022
(Loss)/gain on disposal of property, plant and equipment	(\$ 8,058)	\$ 575
Foreign exchange gains	16,508	36,485
Other losses	(12,802)	(310)
	<u>(\$ 4,352)</u>	<u>\$ 36,750</u>

(21) Finance costs

	For the three-month period ended September 30,	
	2023	2022
Bank borrowings	\$ 21,003	\$ 13,788
Short-term bills payable	451	148
Lease liabilities	317	130
Convertible bonds payable	-	839
Financial expense, others	319	267
	<u>\$ 22,090</u>	<u>\$ 15,172</u>

	For the nine-month period ended September 30,	
	2023	2022
Bank borrowings	\$ 57,423	\$ 32,040
Short-term bills payable	1,291	375
Lease liabilities	363	755
Convertible bonds payable	559	2,517
Financial expense, others	838	738
	<u>\$ 60,474</u>	<u>\$ 36,425</u>

(22) Depreciation and amortization

	For the three-month period ended September 30,	
	2023	2022
Property, plant and equipment	\$ 23,596	\$ 23,161
Right-of-use assets	3,421	6,978
Other intangible assets	504	525
Operating costs and operating expenses	<u>\$ 27,521</u>	<u>\$ 30,664</u>

	For the nine-month period ended September 30,	
	2023	2022
Property, plant and equipment	\$ 70,620	\$ 67,104
Right-of-use assets	13,076	11,991
Other intangible assets	1,547	1,578
Operating costs and operating expenses	<u>\$ 85,243</u>	<u>\$ 80,673</u>

(23) Employee benefit expense

	For the three-month period ended September 30,	
	2023	2022
Wages and salaries	\$ 54,595	\$ 60,320
Labor and health insurance fees	5,839	5,700
Pension		
Defined contribution pension plan	1,142	1,124
Defined benefit pension plan	1,154	1,224
Other personnel expenses	2,989	3,691
	<u>\$ 65,719</u>	<u>\$ 72,059</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 25,174	\$ 31,928
Operating expenses	40,545	39,903
	<u>\$ 65,719</u>	<u>\$ 71,831</u>
	For the nine-month period ended September 30,	
	2023	2022
Wages and salaries	\$ 190,040	\$ 216,791
Labor and health insurance fees	23,616	22,767
Pension		
Defined contribution pension plan	3,257	3,254
Defined benefit pension plan	3,381	3,584
Other personnel expenses	9,038	15,261
	<u>\$ 229,332</u>	<u>\$ 261,657</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 123,151	\$ 149,605
Operating expenses	106,181	111,925
	<u>\$ 229,332</u>	<u>\$ 261,530</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 three-month and nine-month periods ended September 30, 2023 and 2022, employees' compensation was accrued at \$0, \$2,047, \$0 and \$4,761, respectively; while directors' and supervisors' remuneration was accrued at \$0, \$409, \$0 and \$952, 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. Employees' compensation and directors' and supervisors' remuneration of 2022 as resolved by the Board

of Directors were \$5,805 and \$1,161, respectively, and were in agreement with those amounts recognized in the 2022 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

Components of income tax expense:

	<u>For the three-month period ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 2,016	\$ 5
Total current tax	<u>2,016</u>	<u>5</u>
Deferred tax:		
Origination and reversal of temporary differences	12,771	1,178
Income tax expense	<u>\$ 14,787</u>	<u>\$ 1,183</u>
	<u>For the nine-month period ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 4,251	\$ 6,313
Total current tax	<u>4,251</u>	<u>6,313</u>
Deferred tax:		
Origination and reversal of temporary differences	137	( 1,947 )
Income tax expense	<u>\$ 4,388</u>	<u>\$ 4,366</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. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(25) Earnings per share

	<u>For the three-month period ended September 30, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Deficits per share (in dollars)</u>
<u>Basic and diluted deficits per share</u>			
Loss attributable to ordinary shareholders of the parent	<u>(\$ 19,418)</u>	<u>171,457</u>	<u>(\$ 0.11)</u>



	<u>For the three-month period ended September 30,2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 37,838	171,450	\$ 0.22
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	37,838	171,450	
Assumed conversion of all dilutive potential ordinary shares			
Convertible corporate bonds	839	7,480	
Employees' compensation	-	88	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 38,677	179,018	\$ 0.22

	<u>For the nine -month period ended September 30,2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Deficits per share (in dollars)</u>
<u>Basic and diluted earnings per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 73,333)	171,457	(\$ 0.43)

	<u>For the nine-month period ended September 30,2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands) (Note)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 89,120	171,450	\$ 0.52
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	89,120	171,450	
Assumed conversion of all dilutive potential ordinary shares			
Convertible corporate bonds	2,517	7,480	
Employees' compensation	-	180	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 91,637	179,110	\$ 0.51

Note: The impacts of the capital surplus arising from paid-in capital resolved by stockholders' meeting in 2022 have been retroactively adjusted.

(26) Supplemental cash flow information

Investing activities with partial cash payments:

	For the nine-month period ended September 30,	
	2023	2022
Purchase of property, plant and equipment	\$ 36,181	\$ 75,024
Add: Opening balance of payable on equipment	4,397	1,841
Less: Ending balance of payable on equipment	( 584 )	( 8,745 )
Cash paid during the year	<u>\$ 39,994</u>	<u>\$ 68,120</u>

(27) Changes in liabilities from financing activities

	2023						
	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	\$ 396,000	\$ 49,962	\$ 1,237,875	\$ 20,765	\$ 19,862	\$ 276,841	\$ 2,001,305
Changes in cash flow from financing activities	260,472	50,000	263,170	-	( 11,293 )	( 277,100 )	285,249
Impact of changes in foreign exchange rate	-	-	19,500	1,048	( 2,477 )	-	18,071
Changes in other non-cash items	-	( 137 )	-	-	( 6,092 )	259	( 5,970 )
At September 30	<u>\$ 656,472</u>	<u>\$ 99,825</u>	<u>\$ 1,520,545</u>	<u>\$ 21,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,298,655</u>

  

	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	910	-	214,125	-	( 10,596 )	-	204,439
Impact of changes in foreign exchange rate	9,361	-	-	1,677	206	-	11,244
Changes in other non-cash items	-	104	-	-	19,685	2,517	22,306
At September 30	<u>\$ 491,025</u>	<u>\$ 49,991</u>	<u>\$ 1,253,125</u>	<u>\$ 34,882</u>	<u>\$ 22,205</u>	<u>\$ 276,001</u>	<u>\$ 2,127,229</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	Substantive related parties
Tsai, Chi Hu	Substantive related parties

### (2) Significant transactions and balances with related parties

#### A. Operating revenue

	For the three-month period ended September 30,	
	2023	2022
Sales of goods:		
Associates		
City Orient Limited	\$ -	\$ 1
Evermerit Technology Electronic Co., Ltd.	1	-
Ever Merit Trading Limited	347	-
	\$ 348	\$ 1
	For the nine-month period ended September 30,	
	2023	2022
Sales of goods:		
Associates		
City Orient Limited	\$ -	\$ 48
Evermerit Technology Electronic Co., Ltd.	33	-
Ever Merit Trading Limited.	347	-
	\$ 380	\$ 48

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

	For the three-month period ended September 30,	
	2023	2022
Purchases of raw material:		
Ever Merit Trading Limited	\$ 2,428	\$ 3,426
Evermerit Technology Electronic Co., Ltd.	235	-
Ding Wang Electronics Technology Corporation	401	3,239
	\$ 3,064	\$ 6,665

	For the nine-month period ended September 30,	
	2023	2022
Purchases of raw material:		
Ever Merit Trading Limited	\$ 34,793	\$ 66,323
Evermerit Technology Electronic Co., Ltd.	19,202	-
Ding Wang Electronics Technology Corporation	5,403	8,107
	<u>\$ 59,398</u>	<u>\$ 74,430</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

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable:			
City Orient Limited	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49</u>
Other receivables from related parties:			
Evermerit Technology Electronic Co., Ltd.	<u>\$ 16,336</u>	<u>\$ 17,632</u>	<u>\$ 17,892</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

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable:			
Ever Merit Trading Limited	\$ 477	\$ 15,671	\$ 11,400
Ding Wang Electronics Technology Corporation	-	-	282
	<u>\$ 477</u>	<u>\$ 15,671</u>	<u>\$ 11,682</u>
Other payables to related parties:			
Ding Wang Electronics Technology Corporation	\$ 5,990	\$ 3,732	\$ 3,060
Evermerit Technology Electronic Co., Ltd.	-	4	12
	<u>\$ 5,990</u>	<u>\$ 3,736</u>	<u>\$ 3,072</u>
	<u>\$ 6,467</u>	<u>\$ 19,407</u>	<u>\$ 14,754</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

	September 30, 2023	December 31, 2022	September 30, 2022
Evermerit Technology Electronic Co., Ltd.	\$ 306	\$ 8,977	\$ 9,281

F. Loans from related parties

	September 30, 2023	December 31, 2022	September 30, 2022
Fairsky International Limited	\$ 21,813	\$ 20,765	\$ 34,882

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 September 30, 2023, December 31, 2022 and September 30 2022, the loans were expressed in "long-term borrowings" and "long-term liabilities-current portion ", respectively.

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

(3) Key management compensation

	For the three-month period ended September 30,	
	2023	2022
Short-term employee benefits	\$ 1,810	\$ 2,255
Post-employment benefits	90	83
	<u>\$ 1,900</u>	<u>\$ 2,338</u>
	For the nine-month period ended September 30,	
	2023	2022
Short-term employee benefits	\$ 8,267	\$ 6,874
Post-employment benefits	269	226
	<u>\$ 8,536</u>	<u>\$ 7,100</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			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Pledged time deposits (shown as financial assets at amortized cost)	\$ 4,402	\$ 4,395	\$ 3,684	Collateral for import duties
Restricted bank accounts (shown as financial assets at amortized cost)	9,839	9,818	9,805	Reimbursement account of bank loan
Land use right (shown as right-of-use asset)	100,515	98,052	107,977	Credit facility
Property, plant and equipment	424,506	430,385	431,835	Credit facility
Investment property	90,588	90,588	85,531	Credit facility
	<u>\$ 629,850</u>	<u>\$ 633,238</u>	<u>\$ 638,832</u>	

## 9. Significant Contingent Liabilities And Unrecognized Contract Commitments

None.

## 10. Significant Casualty Loss

None.

## 11. Significant Events After The Balance Sheet Date

None.

## 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Total borrowings	\$ 2,298,655	\$ 1,981,443	\$ 2,105,024
Less: Cash and cash equivalents	748,838	542,994	733,398
Net debt	1,549,817	1,438,449	1,371,626
Total equity	1,898,900	1,900,265	1,959,845
Total capital	<u>\$ 3,448,717</u>	<u>\$ 3,338,714</u>	<u>\$ 3,331,471</u>
Gearing ratio	<u>44.94%</u>	<u>43.08%</u>	<u>41.17%</u>

(2) Financial instruments

A. Financial instruments by category

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at amortized cost			
Cash and cash equivalents	\$ 748,838	\$ 542,994	\$ 733,398
Financial assets at amortized cost	20,653	89,519	77,277
Notes receivable	992	3,388	4,300
Accounts receivable (including related parties)	399,092	282,782	370,842
Other receivables (including related parties)	20,685	42,694	31,585
Refundable deposits	1,952	13,125	13,699
	<u>\$ 1,192,212</u>	<u>\$ 974,502</u>	<u>\$ 1,231,101</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 656,472	\$ 396,000	\$ 491,025
Short-term bills payable	99,825	49,962	49,991
Notes payable	-	96	-
Accounts payable (including related parties)	56,798	135,423	154,557
Other payables (including related parties)	79,485	85,436	84,084
Long-term borrowings (including current portion and related parties)	1,542,358	1,258,640	1,288,007
Convertible bonds payable(including current portion)	-	276,841	276,001
	<u>\$ 2,434,938</u>	<u>\$ 2,202,398</u>	<u>\$ 2,343,665</u>
Lease liabilities	<u>\$ -</u>	<u>\$ 19,862</u>	<u>\$ 22,205</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:

September 30, 2023						
			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	\$ 2,966	32.27	\$ 95,713	5%	\$ 4,786	
USD:RMB	1,510	7.31	48,728	5%	2,436	
USD:IDR	10	15,514.42	323	5%	16	
USD:VND	261	24,633.59	8,422	5%	421	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 406	32.27	\$ 13,102	5%	\$ 655	
USD:RMB	168	7.31	5,421	5%	271	
USD:IDR	2	15,514.42	65	5%	3	
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	



September 30, 2022

	Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)	Sensitivity analysis	
					Degree of variation	Effect on profit or loss
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$	5,347	31.75	\$ 169,767	5%	\$ 8,488
USD:RMB		3,227	7.10	102,457	5%	5,123
USD:IDR		204	15,264.42	6,477	5%	324
USD:VND		267	24,053.03	8,477	5%	424
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$	553	31.75	\$ 17,558	5%	\$ 878
USD:RMB		409	7.10	12,986	5%	649

iii. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2023 and 2022 amounted to \$12,815, \$20,620, \$16,508 and \$36,485, 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 September 30, 2023, December 31, 2022 and September 30, 2022, 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 \$11,493, \$9,907 and \$10,525, 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 September 30, 2023, December 31, 2022 and September 30, 2022, 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>September 30, 2023</u>					
Expected loss rate	0.02%	2.11%	0.00%	100.00%	
Total book value	\$ 375,687	\$ 23,980	\$ -	\$ 10,094	\$ 409,761
Loss allowance	(\$ 68)	(\$ 507)	\$ -	(\$ 10,094)	(\$ 10,669)
<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>September 30, 2022</u>					
Expected loss rate	0.01%	0.15%	3.32%	45.62%	
Total book value	\$ 347,396	\$ 20,819	\$ 2,379	\$ 616	\$ 371,210
Loss allowance	(\$ 26)	(\$ 31)	(\$ 79)	(\$ 281)	(\$ 417)

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

	Accounts receivable	
	2023	2022
At January 1	\$ 11,205	\$ 4,023
Impairment loss	6,067	1
Reversal of impairment loss	(6,591)	(2,420)
Write-downs during the year	-	(1,293)
Effect of foreign exchange	(12)	106
At September 30	\$ 10,669	\$ 417

(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>
September 30,2023			
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 66,145	\$ -	\$ -
Short-term bills payable	100,000	-	-
Accounts payable (including related parties)	56,798	-	-
Other payables (including related parties)	79,485	-	-
Long-term borrowings (including current portion and related parties)	305,978	1,171,065	175,686
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
September 30,2022			
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 494,036	\$ -	\$ -
Short-term bills payable	50,000	-	-
Accounts payable	154,557	-	-
Other payables	84,084	-	-
Lease liabilities	15,942	6,908	-
Convertible bonds payable	277,400	-	-
Long-term borrowings (including current portion and related parties)	34,882	1,372,437	-

(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>September 30, 2023</u>	<u>Book value</u>	<u>Fair value</u>		<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	
Financial assets:				
Financial assets at amortized cost				
Corporate bonds	<u>\$ 6,412</u>	<u>\$ -</u>	<u>\$ 6,412</u>	<u>\$ -</u>
<u>December 31, 2022</u>	<u>Book 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>September 30, 2022</u>	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial liabilities:				
Convertible bonds payable (including current portion)	<u>\$ 276,001</u>	<u>\$ -</u>	<u>\$ 275,240</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>September 30,2023</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>\$ 1,710,666</u>	<u>\$ 1,710,666</u>
<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>September 30,2022</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>\$ 1,600,461</u>	<u>\$ 1,600,461</u>

- D. For the nine-month periods ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2023 and 2022:

	<u>Investment property</u>	
	<u>2023</u>	<u>2022</u>
At January 1	\$ 1,615,691	\$ 1,465,874
Additions – from subsequent expenditures	18,787	32,887
Effect of exchange rate changes	76,188	101,700
At September 30	<u>\$ 1,710,666</u>	<u>\$ 1,600,461</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 September 30,2023	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship of inputs to fair value
Non-financial instruments					
Investment property	\$ 1,710,666	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 31,2022	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 the discount rate, the lower the 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 fair value

	Fair value at September 30,2022	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship of inputs to fair value
Non-financial instruments					
Investment property	\$ 1,600,461	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: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.



(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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 9.

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. Optoelectronic parts
- B. LED lighting
- C. Energy & Materials
- D. Others
- E. Industrial Park Development

(2) Segment information

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

	For the nine-month period ended September 30,			
	Segment revenue		Segment income (loss)	
	2023	2022	2023	2022
Optoelectronic parts	\$ 320,326	\$ 475,175	\$ 9,708	\$ 139,436
LED lighting	543,535	644,891	11,362	10,777
Energy & Materials	35,134	64,539	140	4,747
Others	21,514	44	1,706	( 288)
Industrial Park Development	-	-	( 6,118)	( 5,840)
Total from continuing operations	<u>\$ 920,509</u>	<u>\$ 1,184,649</u>	16,798	148,832
Headquarters management costs			( 47,114)	( 66,743)
Other income			26,197	11,072
Other gains and losses			( 4,352)	36,750
Finance costs			( 60,474)	( 36,425)
Profit before income tax			<u>(\$ 68,945)</u>	<u>\$ 93,486</u>

(3) Reconciliation for segment income (loss)

The revenue and net profit before tax from external customers and segment income (loss) provided to the chief operating decision-maker is measured in a manner consistent with financial statements.

COSMO ELECTRONICS CORPORATION

Loans to others

For the nine-month period ended September 30, 2023

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 nine-month period ended September 30, 2023	Balance at September 30, 2023	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		Ceiling on total loans granted	Footnote
													Item	Value	single party	loans granted		
1	Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Evermerit Technology Electronic Co., Ltd.	Other receivables from related parties	Y	\$ 16,336	\$ 16,336	\$ 16,336	0.00%	Short-term financing	-	Operations	\$ -	-	\$ -	\$ 23,231	\$ 23,231	Note 2	
2	Shaoguan Woncrown Electronics Technology Co.,Ltd.	Evermerit Technology Electronic Co., Ltd.	Other receivables from related parties	Y	17,660	-	-	0.00%	Short-term financing	-	Operations	-	-	-	-	-	Note 2	
3	Dong Guan Guan Zhen Xing Trading Limited	Dongguan Guanwang Electronic Technology Co., Ltd.	Other receivables from related parties	Y	91,832	91,832	91,832	0.00%	Short-term financing	-	Operations	-	-	-	379,780	388,181	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 nine-month period ended September 30, 2023

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 September 30, 2023	Outstanding endorsement/ guarantee amount as of September 30, 2023	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)	\$ 759,560	\$ 74,221	\$ 74,221	-	0	0.00%	\$ 949,450	Y	N	N	Note 3 and 5
0	Cosmo Electronics Corporation	PT Cosmo Technology	(2)	759,560	400,000	400,000	400,000	0	21.06%	949,450	Y	N	N	Note 3
1	PT Cosmo Technology	True Glory Investments Limited	(4)	1,898,900	74,221	74,221	-	0	0.00%	1,898,900	N	N	N	Note 4 and 5
1	PT Cosmo Technology	Cosmo Electronics Corporation	(3)	1,898,900	926,000	926,000	831,400	0	48.77%	1,898,900	N	Y	N	Note 4
2	PT Cjambe Indah	Cosmo Electronics Corporation	(3)	949,450	300,000	-	-	0	0.00%	1,898,900	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.

COSMO ELECTRONICS CORPORATION

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

For the nine-month period ended September 30, 2023

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 September 30, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
True Glory Investments Limited	Corporate bond-CFE	-	Financial assets at amortized cost-non current	-	\$ 6,412	-	\$ -	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 nine-month period ended September 30, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Transaction			Differences in transaction terms compared to third party		Notes/accounts receivable (payable)		Footnote
				Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Cosmo Electronics (HK) Company Limited	PT Cosmo Technology	Group	Sales	(\$ 280,746)	100.00%	According to the terms agreed by both parties	\$ -	-	\$ 201,783	100.00%	Note
Dong Guan Guan Zhen Xing Trading Limited	Cosmo Electronics (HK) Company Limited	Group	Sales	( 254,303)	100.00%	According to the terms agreed by both parties	-	-	23,307	100.00%	Note

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

COSMO ELECTRONICS CORPORATION

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

September 30, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Cosmo Electronics (HK) Company Limited	PT Cosmo Technology	Group	\$ 201,783	240.51%	\$ -		\$ 105,809	\$ -

Table 5

COSMO ELECTRONICS CORPORATION  
Significant inter-company transactions during the reporting periods  
For the nine-month period ended September 30, 2023

Table 6

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	\$ 36,778	-	4.00%
1	Cosmo Electronics Technology (KunShan) Co., Ltd.	Cosmo Electronics Corporation	(2)	Process revenue	67,877	According to the terms agreed by both parties	7.37%
2	PT Cosmo Technology	Real Bonus Limited	(3)	Sales	86,306	-	9.38%
3	Cosmo Electronics (HK) Company Limited	PT Cosmo Technology	(3)	Accounts receivable	201,783	Irregularly payment	4.43%
3	Cosmo Electronics (HK) Company Limited	PT Cosmo Technology	(3)	Sales	280,746	-	30.50%
4	Dongguan Guanwang Electronic Technology Co., Ltd.	Cosmo Electronics (HK) Company Limited	(3)	Sales	254,303	-	27.63%
4	Dongguan Guanwang Electronic Technology Co., Ltd.	Dongguan Guanwang Electronic Technology Co., Ltd.	(3)	Other receivable	91,832	Loan	2.02%
5	PT Cjambe Indah	PT Cosmo Technology	(3)	Other unearned revenue	79,418	-	1.74%

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 nine-month period ended September 30, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			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	
				2023	December 31, 2022				nine-month period ended	the Company for the	
								September 30, 2023	September 30, 2023		
Cosmo Electronics Corporation	Cosmo Electronics Samoa	Samoa Islands	Investment activities	\$ 193,912	\$ 193,912	5,500,038	100%	\$ 209,527	(\$ 7,375)	(\$ 7,375)	
Cosmo Electronics Corporation	Cosmo Electronics (HK) Company Limited	Hong Kong	Trading of electronic products	269,412	269,412	63,180,000	100%	155,013	4,322	4,322	
Cosmo Electronics Corporation	Grand Concept Group Limited	Samoa Islands	Investment activities	288,979	270,524	9,550,000	100%	1,258,081	( 5,185)	( 5,185)	
Cosmo Electronics Corporation	Grandway International Limited	Samoa Islands	Investment activities	941,532	941,532	30,080,000	100%	860,172	( 43,315)	( 43,315)	
Cosmo Electronics Corporation	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	87,075	87,075	3,000,000	14%	102,043	( 23,948)	( 3,353)	Note 1
Cosmo Electronics Corporation	Cosmo Green Power Limited	Vietnam	Manufacturing and selling of material of biomass energy	31,760	31,760	-	100%	9,974	-	-	Note 2
Cosmo Electronics Samoa	Cosmo Electronics Technology Co., Ltd.	Mauritius Islands	Investment activities	193,912	193,912	5,500,038	100%	210,073	( 7,375)	( 7,375)	
Cosmo Electronics (HK) Company Limited	Cosmo Lighting Inc.	U.S.A	Selling of LED lighting	49,046	49,046	1,620,000	100%	35,625	( 5,363)	( 5,363)	
Cosmo Electronics (HK) Company Limited	Cosmo Recycling Inc.	U.S.A	Recycling and selling of waste	-	24,270	-	0%	-	-	-	Note 3
Grand Concept Group Limited	True Glory Investments Limited	Samoa Islands	Investment activities and processing and trading of PCBs	288,979	270,524	9,550,000	100%	1,197,804	( 13,196)	( 13,196)	
Grand Concept Group Limited	Real Bonus Limited	Samoa Islands	Selling of LED lighting	-	-	-	100%	60,276	8,011	8,011	Note 2
Grandway International Limited	Truly Top Investments Limited	Samoa Islands	Investment activities	538,516	538,516	16,850,000	100%	579,443	( 17,602)	( 17,602)	
Grandway International Limited	Renown Boom Limited	Samoa Islands	Investment activities and processing and selling of routers	402,983	402,983	13,230,000	100%	280,560	( 25,713)	( 25,713)	
True Glory Investments Limited	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	87,514	87,514	2,750,000	13%	94,754	( 23,948)	( 3,113)	Note 1
True Glory Investments Limited	PT Cosmo Green Technology	Indonesia	Manufacturing and selling of material of biomass energy	44,603	44,603	15,000	50%	49,192	( 360)	( 180)	Note 1

COSMO ELECTRONICS CORPORATION

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

For the nine-month period ended September 30, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023	Footnote
				Balance as at 2023	Balance as at December 31, 2022	Number of shares	Ownership				
							(%)	Book value			
True Glory Investments Limited	PT Cijambe Indah	Indonesia	Land development	\$ 365,159	\$ 346,704	109,556	94%	\$ 1,040,760	(\$ 12,477)	(\$ 11,770)	Note 1
True Glory Investments Limited	PT Cosmo Electronics Indonisia	Indonesia	Manufacturing and selling of new electronic parts	317	317	10,000	100%	215	( 2)	( 2)	
Truly Top Investments Limited	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	493,651	493,651	15,350,000	73%	532,082	( 23,948)	( 17,482)	Note 1
Truly Top Investments Limited	PT Cosmo Green Technology	Indonesia	Manufacturing and selling of material of biomass energy	44,865	44,865	15,000	50%	49,192	( 360)	( 180)	Note 1
Renown Boom Limited	PT Cijambe Indah	Indonesia	Land development	266,944	266,944	6,579	6%	62,499	( 12,477)	( 707)	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.

Note 3: Cosmo Recycling Inc. had been liquidated in June, 2023.

COSMO ELECTRONICS CORPORATION  
Information on investments in Mainland China  
For the nine-month period ended September 30, 2023

Table 8

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,	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine-month period ended September 30,2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30,	Net income of investee for the nine-month period ended September 30,	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023 (Note 2)	Book value of investments in Mainland China as of September 30,	Accumulated amount of investment income remitted back to Taiwan as of	Footnote
				2023	Remitted to Mainland China	Remitted back to Taiwan	2023	2023		2023	2023	September 30, 2023	
Cosmo Electronics Technology (KunShan) Co., Ltd.	Manufacturing and selling of new electronic parts	\$ 193,912	1	\$ 193,912	\$ -	\$ -	\$ 193,912	(\$ 7,375)	100%	(\$ 7,375)	\$ 210,071	\$ -	
Dong Guan Guan Zhen Xing Trading Limited	Manufacturing and selling of material of biomass energy	187,563	2	85,367	-	-	85,367	( 25,631)	100%	( 25,631)	194,091	-	
Shaoguan Woncrown Electronics Technology Co.,Ltd.	Developing, manufacturing and selling of electronic products	-	2	-	-	-	-	( 9,362)	100%	( 9,362)	-	-	Note 3
Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	71,596	2	-	-	-	-	( 10,015)	100%	( 10,015)	58,076	-	
Dongguan Guanwang Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	106,409	2	-	-	-	-	( 18,346)	100%	( 18,346)	( 9,155)	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)(Note 4)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA(Note 5)								
Cosmo Electronics Corporation	\$ 279,279	\$ 371,105		\$ 1,139,340									

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: Shaoguan Woncrown Electronics Technology Co.,Ltd. had been liquidated in June, 2023.

Note 4: Investment amount approved by the Investment Commission of the Ministry of Economic Affairs was US\$11,500 thousand.

Note 5: 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 nine-month period ended September 30, 2023

Table 9

Name of major shareholders	Shares	
	No. of shares held	Ownership (%)
Digicrown Technologies Ltd.	15,602,632	9.28%
Da Liang Investment Ltd.	14,144,416	8.41%
Wei Jia Investment Co., Ltd.	14,074,688	8.37%
Hung Yi Investment Ltd.	13,732,713	8.17%
Tsan Hua Investment Co., Ltd.	13,006,498	7.74%
Kuan Che Investment Ltd.	12,682,510	7.54%
Tai Sung Investment Co., Ltd.	12,155,648	7.23%
Kuan Chia Investment Ltd.	12,044,174	7.17%
Flyachieve Limited.	11,003,758	6.55%