



Cosmo Electronics Corporation 2024 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail

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Website: <https://www.cosmo-inc.com/index.aspx>

MOPS: <https://mops.twse.com.tw>

1. **Spokesman**

Name: Chao Chia-chi
Title: General Manager
Tel: 886 (2) 8226-9893
Email: kevin_chao@cosmo-inc.com

2. **Acting Spokeswoman**

Name: Hung Yu-han
Title: Chief Financial Officer
Tel: 886 (2) 8226-9893
Email: Sophia_hung@cosmo-inc.com

3. **Company and Factory address and telephone**

Headquarters: 11F, No.258, Lian Chen Rd., Chung-Ho, New Taipei City
235, Taiwan R.O.C.
TEL: 886-2-8226-9893

Longde factory 2:

No 16, Ziqiang Rd., Da Hsing Village, Dongshan Township, Yilan County,
Taiwan (R.O.C.)
TEL: 886-3-990-2276

Dongshan factory:

No 396, Lupu Rd., Dongshan Township, Yilan County, Taiwan (R.O.C.)
TEL: 886-3-958-3455

4. **Stock Transfer Agency**

Agency: Transfer Agency Department, CTBC Bank Co., Ltd.
Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng
Dist., Taipei City 100, Taiwan (R.O.C.)
Tel: +886-2-6636-5566
Website: <https://www.ctbcbank.com>

5. **Auditors**

PwC Taiwan
Tsai I-tai and Liang Chan-nu
27 floor, No 333, Sec. 1, Keelung Rd., Xinyi Dist., World Trade Center, Taipei
City, Taiwan (R.O.C.)
886 (2) 2729-6666
<http://www.pwc.tw/>

6. **Overseas Trade Places for Listed Negotiable Securities:** Not applicable

7. **Company website:** <https://www.cosmo-inc.com/index.aspx>

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I. Letter to Shareholders

Dear Shareholders,

1.1 2023 Business Report

1.1.1 Results of business plan implementation

The Company's net operating revenues for fiscal 2023 were \$1,053,420 thousand, operating costs were \$897,585 thousand, operating expenses were \$268,559 thousand, non-operating net income was \$168,923 thousand, and income tax expenses was \$26,116 thousand. After offsetting income and expenses, the net income for the period was \$30,083 thousand, decrease of \$110,896 thousand compared to the net income of \$80,813 thousand in fiscal 2022, mainly due to decrease in operating revenues and decrease in gross profit.

1.1.2 Budget implementation

For fiscal 2023, operating revenues reached 58% of the estimated goal, and the estimated performance of each accounting item is as follows:

Unit: NT\$ thousands

Item	Actual amount in FY2023	Estimated amount for FY2023	Achievement rate (%)
Operating revenues	1,053,420	1,812,263	58%
Operating costs	897,585	1,449,810	62%
Operating expenses	268,559	181,226	148%
Net operating gain	(112,724)	181,227	-62%
Net non-operating revenues and expenses	168,923	79,160	213%
Net income after tax	30,083	229,140	13%

1.1.3 Analysis of financial income and expenses and profitability

Unit: NT\$ thousands

Item		Actual amount in FY2023	Actual amount in FY2022
Financial income and expenses	Operating gain	(112,724)	39,099
	Net non-operating income and expenses	168,923	74,239
	Profit before tax	56,199	113,338
	Profit after tax	30,083	110,896
Profitability	Return on assets (%)	2.26	3.68
	Return on equity (%)	1.59	6.18
	Ratio to capital stock (%)	Operating (loss) income	2.33
		Profit before tax	6.74
	Profit margin (%)		2.86
	Earnings per share (NT\$)		0.18

1.1.4 Research and development status

The Company's Optoelectronics Division is always ready to develop various specifications of products according to market supply and demand, technology trends and individual customer needs. More investments have put into the high speed photo coupler and automotive applications products in recently years.

1.2 Summary of 2024 Business Plan and Future Development Strategy

1.2.1 Business Policy

1.2.1.1 Optoelectronics Department

As a specialist manufacturer of optocouplers and relays, we can respond quickly to market dynamics in terms of making decisions and actions. Our main target markets are those with a large number of users and a wide range of channels but lacking the capability of designing products. We can provide integrated product specifications, designing and producing services to meet the specific needs of our customers. Furthermore, we will develop new products in line with the trend of lighter, thinner, shorter, and smaller products by applying our core technology. Improve the quality of our products continuously to ensure our dominant position in the market. Taking cost reduction and marketing strategy into consideration, we decided to establish manufacturing facilities in Indonesia to improve the quality of customer services and also the sales performance in the local market. Last but not least, increasing the profitability by rising the sales ratio of high-margin products which will be produced after upgrading production equipment and adjusting product restructure. Tapping into different markets such as industrial automation systems, Artificial Intelligence, automotive electronic parts, and 5th-generation mobile networks to seize business opportunities.

1.2.1.2 LED Lighting

In recent years, the price-performance ratio of LED lighting has improved and its penetration rate in the total lighting market is gradually on the rise. The company had invested in automated production lines in facilities, research and development of new products and service quality improvement to meet the needs of clients. In the U.S. market, we have applied for patents to protect our intellectual property rights to enhance our competitiveness in the market and also increase the market share of our products.

1.2.1.3 Clean Steam Department

The company is dedicated to achieving net zero emissions in ESG standards before 2050. To achieve that, we will continuously develop high-efficiency, low-cost and long-life energy sources to cut carbon emissions and pollution. The Clean Steam Department is expected to bring advantages and niches to the growth of the business.

1.2.1.4 Industrial Park Development

The level of investment attraction has increased in Indonesia because of Indonesia's demographic dividend, the removal of its barriers to foreign investment and tax incentives under the New Southbound Policy promoted by the Taiwanese government and the Investment Act promulgated by the Indonesian government.

To increase the profitability of the group/shareholders, the company has decided to invest in the development of industrial parks. As a part of diversification in operation, it can help various Taiwanese SMEs to not only gain a foothold in the Indonesian market quickly but also jointly polish up the image of the Taiwanese industry. These can be the reasons leading to the increase in our international visibility.

The Group since 2008 has been proactive in looking for suitable lands to develop an industrial park. However, we decided to take stable steps regarding industrial

development due to worldwide uncertainty in economics, politics, the pandemic and also delay of local construction. As of the year 2022, the company has acquired approximately 161 hectares of land and obtained groundbreaking permits. We will continue to search for desirable lands in the vicinity of the development area.

1.2.2 Expected sales volumes of major products in the Optoelectronics Department

Unit: Thousand pcs

Major Products	Sales Volume
Optocoupler series	349,833
Relay series	6,837

1.2.3 Expected sales volumes of LED lighting products

Unit: Thousand pcs

Major Product	Sales Volume
LED lighting	10,000

1.2.4 Expected sales volumes of major products in the Clean Steam Department

Unit: Ton

Major Products	Sales Volume
Clean steam (t)	26,910
Palm kernel shells (thousand pcs)	3,744

1.2.5 Important production and marketing policies:

1.2.5.1 Marketing strategy:

- (1) Improving the quality of services and sales network through the expansion of regional distributors and agents.
- (2) Being able to promote products to the market, expand the business scope, raise the visibility of new products and follow current market trends by participating in international expositions or through brand/product advertising.
- (3) Adjust the sale ratio in Asia region from 80% to 60% and increase European market development for operating risk diversification.

1.2.5.2 Production strategy:

- (1) Executing effective production management, enhancing product quality, improving production yield and increasing product reliability.
- (2) Mastering key technology, increasing efficiency in automation, shortening production period, raising productivity and reducing the cost to make more profits.
- (3) Increasing the knowledge and ability of our staff to meet the needs of customer services. Providing positive and efficient services to build customer loyalty.
- (4) Building manufacturing facilities in Indonesia for its stable workforce and reasonable salary to reduce manufacturing costs.

1.2.5.3 Product orientation:

- (1) Developing new product specifications under existing product lines, increasing the value of our products in relation to the development of technologies, and making continuous efforts to reduce costs to improve the ability in the competition and raise

the market share of our products.

- (2) Applying the latest technique to the specifications of products that are not only in high demand but also in our customers' needs to improve the development of customized OEM products.
- (3) Investing in new product developments which relate to the latest technique. Develop and innovate new products to diversify the Company's product portfolio. Improving sales performance and enhancing brand popularity.
- (4) Upgrading equipment to manufacture high-end products, improve production efficiency and increase production yield and profitability.
- (5) Developing marketing strategy in relation to industrial automation systems, Artificial Intelligence, automotive electronic parts and 5th-generation mobile networks.

1.2.6 Influence by the external competitive environment, the regulatory environment and the general business environment:

Due to increasing market competition, the management will continue to adjust business strategies, product structure, enhance production efficiency and monitor industry developments. We will actively improve our innovative thinking and capabilities, technological competitive advantages. In response to external competition, we will develop our core expertise in solution implementation and new application areas to increase our competitiveness. In addition to complying with regulations and government requirements, we are also committed to promote sustainable developments by following ESG (Environmental, Social and Governance) principles to make contribution for environmental protection. Given the slow global economic, global inflation, Russia-Ukraine war and geopolitical factors, along with climate change, net-zero carbon emissions goals, circular economy trends, and sustainable business practices, companies must diversify their business operations to mitigate the significant impacts caused by market downturns. Our company has been dedicated to long-term market positioning and adapting our development direction with economic cycles. We are building a diversified and cross-industry structure to develop the resilience and execution capabilities needed to cope with future rapid technological and economic changes. This ensures that we can effectively manage risks and create higher value under diversified operations. We will continue to strive for better performance to repay the support of our shareholders and society.

Wish you all good health and all the best.

Hsieh Shu-chuan, Chairperson

II. Company Profile

2.1 Date of Incorporation: May 25, 1981

2.2 Company History

- 1981
 - Approved by the Ministry of Economic Affairs to establish the Company, with a capital of NT\$1 million.
 - The Company was incorporated in Yonghe.
- 1985
 - A factory was set up in Yonghe to produce temperature switches.
- 1986
 - Manufactured solid-state relays and reed relays and started to expand into export markets.
- 1987
 - Increased capital to NT\$8 million and began production of IC-type reed relays.
- 1990
 - The Yilan plant was built and the Company relocated to Zhonghe City, Taipei County. In line with the expansion plan, the capital was increased to NT\$10 million and the MOEA approved the change of the Company's organization to a company limited by shares.
- 1991
 - Our products were recognized by UL and CUL and were endorsed by a number of TWSE-listed electronics manufacturers for their quality.
- 1993
 - To expand the scale of business and improve the financial structure, the capital was raised to NT\$29 million.
- 1994
 - Purchased the Yilan Longde factory to produce reed relays and solid-state relays, and obtained ISO-9002 certification in the same year.
- 1995
 - The Company moved to Renai Rd. in Taipei and increased its capital to NT\$59 million in the same year.
 - In addition, we purchased a factory in Dongshan, Yilan County and established a semiconductor division to produce photo couplers. In the same year, the products were awarded UL and CUL certifications.
- 1996
 - The Company was renamed Cosmo Electronics Corporation in English in 1996 and increased its capital to NT\$107.6 million.
 - Launched the photo coupler and marketed it worldwide under the Kuanhsi and Cosmo brands.
- 1997
 - The photo IC product was unveiled in 1997 and the photo coupler received VDE certification in August of the same year.
 - Reed relays were certified by FIMKO to EN60950 and IEC950 safety standards.
 - Restructured the Company by changing the Semiconductor Division into the Dongshan Branch, the Yilan Plant into the Relay Production Dept, strengthened product R&D and changed the Engineering Dept into the Engineering R&D Dept.
 - Increased capital to NT\$153.74 million to expand the scale of business and

- enhance competitiveness.
- 1998
- Extended the Dongshan branch plant to expand the production capacity of new products and to provide space for future development.
 - Rolled out the Photo ED MOS Relay.
 - The capital increase was NT\$49,000,000 in cash, NT\$8,560,520 in capital increase through capitalization of retained earnings and NT\$15,374,000 in capital increase through capitalization of capital reserve. After the capital increase, the paid-up capital was NT\$226,674,520.
- 1999
- Released Electromechanical relays.
 - The Company was reorganized and the Relay Production Dept and the Dongshan Branch were merged into one unit and transformed into the Production Division.
 - ISO-9001 certified.
 - Photo ED MOS Relay was certified for safety by FIMKO, UL and CUL.
 - Ranked 48th in the “100 Fastest Growing Medium-sized Companies” by Commonwealth Magazine.
 - NT\$15,145,980 in capital increase through capitalization of retained earnings and NT\$22,667,450 in capital increase through capitalization of capital reserve. After the capital increase, the paid-up capital was NT\$264,487,950.
 - The capital increase was NT\$35,512,050 in cash. After the capital increase, the paid-up capital was NT\$300,000,000.
- 2000
- Shares were listed over the counter at NT\$50.
 - NT\$39,422,720 in capital increase through capitalization of retained earnings and NT\$30,000,000 in capital increase through capitalization of capital reserve. After the capital increase, the paid-up capital was NT\$369,422,720.
- 2001
- The capital increase was NT\$75,000,000 in cash. After the capital increase, the paid-up capital was NT\$444,422,720.
 - The Company’s shares were listed on the Taiwan Stock Exchange (TWSE) on Sept. 17.
 - NT\$87,601,900 in capital increase through capitalization of retained earnings and NT\$5,777,380 in capital increase through capitalization of capital reserve. After the capital increase, the paid-up capital was NT\$537,802,000.
 - Introduced tantalum capacitor manufacturing technology and raw materials for successful trial production.
- 2002
- Launched the ultra-compact photocouplers.
 - The capital increase was NT\$178,000,000 in cash. After the capital increase, the paid-up capital was NT\$715,802,000.
 - Issued first domestic unsecured convertible bonds of NT\$200,000,000, of which NT\$18,500,000 was converted into 1,456,690 common shares of the Company upon the offer of the bondholders. The paid-up capital after conversion was NT\$730,368,900.

- 2003 • Of the first domestic unsecured convertible bonds, NT\$11,000,000 were converted into 999,979 common shares of the Company upon the offer of the bondholders. The paid-up capital after conversion was NT\$740,368,690.
- 2004 • Of the first domestic unsecured convertible bonds, NT\$130,100,000 were converted into 15,586,030 common shares of the Company upon the offer of the bondholders. The paid-up capital after conversion was NT\$896,228,990.
 • Approved by the Investment Commission of the MOEA to invest indirectly in Cosmo Electronics Technology (Kunshan) Co through its third-region overseas subsidiary
- 2006 • ISO-14001 certified.
 • Established the New Energy Dept to undertake turnkey projects and after-sales services for wind power plants.
 • Purchased 100% equity interest in Pro Global Electronics of America (HK) Co., Limited to engage in the import and export trading of electronic products and to develop the channel business.
 • 30 million common shares in private placement with a paid-up capital of NT\$1,196,228,990 after the capital increase.
- 2007 • Invested indirectly through Grand Concept Group Limited, Grandway International Limited, True Glory Investments Limited and Truly Top Investments Limited to establish Pt Cosmo Technology to engage in the manufacture and trading of LED decorative lamps and lighting sources.
 • Invested indirectly through Grandway International Limited and individual directors of Pt Cosmo Technology to establish Renown Boom Limited to engage in the trading of raw materials such as LED decorative lamps.
 • Invested indirectly through Pro Global Electronics of America (HK) Co., Limited to establish Cosmo Lighting Inc. and Cosmo Europe Limited to engage in the trading of LED decorative lamps and lighting sources.
 • Invested indirectly through Grand Concept Group Limited to establish Real Bonus Limited to engage in the trading of LED decorative lamps and lighting sources.
- 2008 • NT\$72,186,220 in capital increase through capitalization of retained earnings and NT\$59,811,440 in capital increase through capitalization of capital reserve. After the capital increase, the paid-up capital was NT\$1,328,226,650.
- 2010 • NT\$39,846,800 in capital increase through capitalization of retained earnings. After the capital increase, the paid-up capital was NT\$1,368,073,450.
- 2013 • Established Guan Hong Energy Co, Guan Hao Energy Co and Bao Jin Energy Co via re-investment and joint venture to engage in clean steam business.
 • Invested indirectly through Grand Concept Group Limited, Grandway International Limited, True Glory Investments Limited and Truly Top Investments Limited in Pt Green to engage in the clean steam business.
- 2014 • Established Hua Hao Energy Co and Guan Bai Energy Co as a joint venture

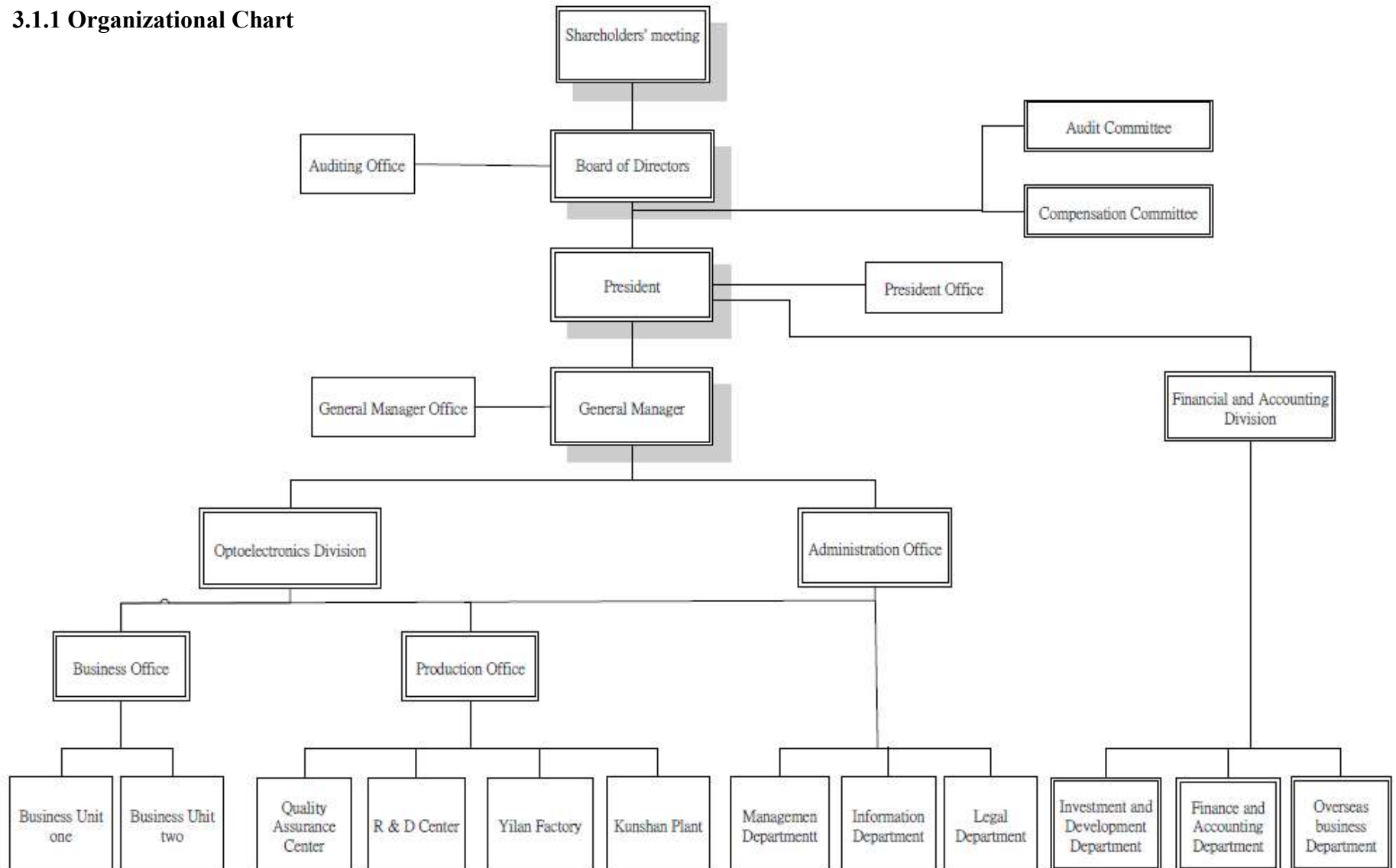
- through Guan Hong Energy Co to engage in the clean steam business.
- Re-invest to establish Dongguan Guan Zhen Xing Energy Trading Co through Renown Boom Limited to engage in the clean steam business.
- 7 million common shares in private placement with a paid-up capital of NT\$1,438,073,450 after the capital increase.
- 2015 • Re-invest to establish Cosmo Green Power Vietnam Ltd. to engage in the clean steam business.
- The shareholding in Bao Jin Energy Co, a joint venture, was increased from 65% to 75%.
- The shareholding in Hua Hao Energy Co, a joint venture, was increased from 60% to 100%.
- The capital increase was NT\$125,000,000 in cash. After the capital increase, the paid-up capital was NT\$1,563,073,450.
- Issued a second domestic secured convertible bond for NT\$200,000,000.
- 2016 • Acquired 80% equity interest in Dongguan Yi Fa Concrete Limited through Dongguan Guan Zhen Xing Energy Trading Co.
- Guan Hao Energy Co. was renamed Conix International Co. and added the educational/recreational items to its business for wholesale and retail purposes.
- The shareholding in Yi Fa Concrete Limited, a joint venture, was reduced from 80% to 60%.
- Pro Global Electronics of America (HK) Co., Limited was renamed Cosmo Electronics (HK) Company Limited.
- Guan Bai Energy Co, a joint venture, was dissolved in liquidation.
- 2017 • Re-invested through Dongguan Guan Zhen Xing Energy Trading Co. to establish Shaoguan Guan Wang Electronic Technology Co. to engage in the R&D, production and sales of electronic products and digital TV set-top boxes.
- Guan Hong Energy Co. absorbed and merged with Hua Hao Energy Co. which it had reinvested in.
- Re-invested and established Chen Jin Co to engage in the general investment business and trading of plastic pellets.
- Re-invested and established Cosmo Recycling, Inc. through Cosmo Electronics (HK) Company Limited to engage in the business of general waste recycling and sales.
- Disposal of the entire shareholdings in the reinvestment and joint venture companies - Guan Hong Energy Co, Conix International Co and Bao Jin Energy Co.
- Disposed the entire shareholding in a joint venture company, Yi Fa Concrete Limited.
- 2018 • Re-invested through Dongguan Guan Zhen Xing Energy Trading Co to

- establish Guizhou Guan Wang Electronic Technology Co to engage in the R&D, production and sales of electronic products and digital TV set-top boxes.
- Of the second domestic secured convertible bonds, NT\$1,000,000 was converted into 26,881 common shares of the Company upon the offer of the bondholders. The paid-up capital after conversion was NT\$1,563,342,260.
 - Acquired 49% stake in PT. CIJAMBE INDAH through True Glory Investments Limited.
 - Cosmo Green Power Vietnam Ltd. increased its import and sale of plastic materials and other business items.
- 2019
- Acquired 51% stake in PT. CIJAMBE INDAH through Renown Boom Limited.
 - Disposed the entire shareholding in the reinvestment company, Chen Jin Co.
 - Re-invested through Dongguan Guan Zhen Xing Energy Trading Co to establish Dongguan Guan Wang Electronic Technology Co to engage in the R&D, production and sales of electronic products and digital TV set-top boxes.
- 2020
- Issued the third domestic secured convertible bond for NT\$300,000,000.
- 2021
- NT\$46,900,270 in capital increase through capitalization of capital reserve, after the capital increase, the paid-up capital was NT\$1,610,242,530.
 - Issued the third secured convertible bond of NT\$22,600,000, the bondholders proposed converting to the common shares of 599,125 shares, the paid-up capital was NT\$1,616,233,780 after conversion.
- 2022
- NT\$64,649,350 in capital increase through capitalization of capital reserve, after the capital increase, the paid-up capital was NT\$1,680,883,130.
- 2023
- Issued the third secured convertible bond of NT\$300,000, the bondholders proposed converting to the common shares of 8,449 shares, the paid-up capital was NT\$1,680,967,620 after conversion.
 - NT\$33,619,350 in capital increase through capitalization of capital reserve, after the capital increase, the paid-up capital was NT\$1,714,586,970.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Functions
Auditing Office	Keep tracking of the evaluation, audit, suggestion and improvement of the Company's internal control system.
Administration Office	Provide administrative support for production, sales and engineering systems.
Management Department	Coordinate the Company's human resources, general affairs and legal affairs.
Finance and Accounting Division	Financial planning; execution of stock operations; planning and execution of fund raising and financial management activities; promotion and execution of budgeting operations; establishment and execution of accounting system.
Overseas Business Division	Gather and understand information on overseas investment contracts, tax laws and regulations, research on industry trends and market conditions, and overseas operations.
Investment and Development Division	Investment case search and preliminary evaluation, research on industry trends and market conditions, and overseas operations.
Production Division	Capacity planning; production planning and execution; strengthening production mobility and flexibility.
Engineering Department	Design and improvement of manufacturing process; maintenance of production equipment; improvement of product quality.
Procurement Department	Management and execution of procurement of raw materials and equipment.
Material Department	Planning and maintenance of production scheduling and inventory management.
Production Department	Execution of production plan; management of in-process products; product manufacturing process control and management.
R&D Center	Improvement of product specifications and design changes.
Quality Assurance Center	Establishment and maintenance of quality control system; quality control of raw materials, in-process products and finished products; analysis of product variation and follow-up of improvement; handling and tracking of customer complaints.
Sales Department	Customer sales policy development; sales plan development and implementation; business information collection and analysis; market and customer development and maintenance; marketing management and after-sales service provision.

3.2 Directors and Management Team

3.2.1 Directors

3.2.1.1 Information of the Directors

April 28, 2024

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholdin g		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			The Chairperson and the President or an Equivalent Position (Top Manager) are the Same Person, Spouses or Relatives within One Degree of Kinship
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	British Virgin Islands	Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account	17	July 20, 2021	3	June 23, 2006	1,075,217	0.69%	1,075,217	0.69%	0	0	0	0	None	None	None	None	None	None
Chairperson	Taiwan	Hsieh Shu-chuan	F 70-75	Sep. 9, 2023		Sep. 9, 2023	3,168,345	1.88%	3,231,711	1.88%	0	0	0	0	Department of Industrial Engineering and Management, Tungnan University	1. Chairperson of Cosmo Electronics Corporation 2. Chairperson of Da Liang Investment Ltd	Representative of institutional shareholder Independent director	Ho Wei- chuan	Two Degrees of Kinship	None
Representative of institutional shareholder Independent director	Taiwan	Liu Chin-mu	M 61-70	July 20, 2021	3	-	0	0.00%	0	0.00%	0	0	0	0	1. Department of Business Administration, Tatung Institute of Technology 2. Vice President of DIGICROWN TECHNOLOGIES LTD. 3. Chairperson of PT Cijambe	1. Vice President of Cosmo Electronics Corporation 2. Director of Cosmo Electronics Technology (Kunshan) Co., Ltd.	None	None	None	None
Director	Taiwan	DIGICROWN TECHNOLOGIE S LTD.	18	July 20, 2021	3	June 23, 2006	14,566,775	9.32%	15,914,684	9.28%	0	0	0	0	None	None	None	None	None	None
Representative of institutional shareholder Independent director	Taiwan	Chao Chia-chi	M 51-60	July 20, 2021	3	-	50,000	0.03%	54,625	0.03%	0	0	0	0	1. Department of Money and Banking, NCCU 2. Assistant Manager of Jin Sun International Commercial Bank Co., Ltd. 3. Vice President of Taishin International Bank (HK)	1. President of Cosmo Electronics Corporation 2. Director of PT Cosmo Technology 3. Director of DONG GUAN GUAN ZHEN XING TRADING LIMITED 4. Chairperson of Tinglin Co., Ltd. 5. Chairperson of Tingyuan Co., Ltd. 6. Chairperson of Juyang Technology Co., Ltd.	None	None	None	None

	Taiwan	Hung Yu-han	F 51-60	July 20, 2021	3	-	0	0.00%	0	0.00%	0	0	0	0	1. Graduate School of Accountancy, NTPU 2. Supervisor of Ernst & Young Global Limited 3. Junior Manager of PACIFIC SECURITIES CO., LTD. 4. Division Chief of APEX SCIENCE & ENGINEERING CORP.	1. Finance and Accounting Supervisor of Cosmo Electronics Corporation 2. Director of Tinglin Co., Ltd. 3. Director of Tingyuan Co., Ltd. 4. Director of Juyang Technology Co., Ltd.	None	None	None	None
	Taiwan	Ho Wei-chuan	M 41-50	July 20, 2021	3	-	0	0.00%	0	0.00%	0	0	0	0	1. School of Medicine, TMU 2. Attending Physician, Shu-Ming Clinic 3. Former part-time attending physician at the Taichung East District Branch of China Medical University Hospital	Vice President of Cosmo Electronics Corporation	Chairperson	Hsieh Shu-chuan	Two Degrees of Kinship	None
Independent director	Taiwan	Wu Yong-fu	M 51-60	July 20, 2021	3	June 23, 2015	0	0	0	0	0	0	0	0	1. Graduate School of Accountancy, NCCU 2. Assistant Manager of KPMG Audit Office 3. Sales Manager of Yuanta Securities Co., Ltd. Underwriting Department 4. Adjunct Lecturer, Department of Accounting, O.C.U.	1. Assistant Manager of Finance Division, SUNSPRING METAL CORPORATION 2. Independent Director of PAIHO SHIH HOLDINGS CORPORATION 3. Independent Director of KOAN HAO TECHNOLOGY CO., LTD. 4. Supervisor of SUNSPRING METAL (Zhuhai) CORPORATION 5. Supervisor of Zhaoqing Baoxin Metaleare Industries Co., Ltd. 6. Supervisor of SUNSPRING AUTOMATION CORPORATION	None	None	None	None
Independent director	Taiwan	Xu Bo-yu	M 41-50	July 20, 2021	3	June 19, 2018	0	0	0	0	0	0	0	0	1. Graduate School of Accountancy, Chung Yuan Christian University 2. Assistant Manager of PwC Taiwan	1. CPA of QMCPA 2. Director of CHING RONG CEREAL CO., LTD. 3. Chairperson of MAU QUAN CEREAL CO., LTD. 4. Member of New Taipei City Tax Agents Association	None	None	None	None
Independent director	Taiwan	Li Dan	F 51-60	July 20, 2021	3	July 20, 2021	0	0	0	0	0	0	0	0	1. Ph.D. in International Business, NTU 2. Master of International Trade, NCCU 3. Lecturer and Associate Professor of Department of International Trade and Banking Insurance, Deming University of Finance and Economics 4. Assistant Professor and Associate Professor, Department of International Business, Yuan Ze University 5. The University of Auckland, New Zealand Senior Lecturer	1. Professor, Department of Finance, NCU	None	None	None	None

3.2.1.2 Major shareholders of the institutional shareholders

April 28, 2024

Name of Institutional Shareholder	Major Shareholder(s)
Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account	SONG Man Kuai (100%)
DIGICROWN TECHNOLOGIES LTD.	TSAI, NAI-CHENG (89.48%), Jennifer Tasi (3.76%), Cindy Tasi (3.38%), Yuan Fu Investment Corp. (3.38%)

Note 1: If a director is a representative of a corporate shareholder, the name of the corporate shareholder should be entered.

Note 2: Provide the names of the major shareholders of the corporate shareholder (the top ten in terms of shareholding) and their shareholding ratios. If a major shareholder is a corporation, the following table 2 should be completed.

Note 3: If the institutional shareholder is not a company, the names and shareholding ratio of shareholders to be disclosed are the names of people who contributed or donated the capital and the ratio of their contribution or donation. If the donor is deceased, mark "deceased".

3.2.1.3 Major shareholders of the Company's major institutional shareholders:

Name of Institutional Shareholder	Major Shareholder(s)
Yuan Fu Investment Corp.	TSAI, NAI-CHENG (100%)

3.2.1.4 Professional qualifications and independence analysis of directors:

Criteria Name	Professional Qualifications and Experiences (note 1)	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Hsieh Shu-chuan)	<ul style="list-style-type: none"> operation management 	Conform with note 2:1,3,8,9,11	0
DIGICROWN TECHNOLOGIES LTD. (Representative: Chao Chia-chi)	<ul style="list-style-type: none"> Production, operation and factory management The electronics related industries experiences 	Conform with note 2:3,4,5,8,9,10	0
DIGICROWN TECHNOLOGIES LTD. (Representative: Hung Yu-han)	<ul style="list-style-type: none"> Accounting and auditing, investment analysis Finance and electronics related industries experiences 	Conform with note 2: 3,4,5,8,9,10	0
DIGICROWN TECHNOLOGIES LTD. (Representative: Ho Wei-chuan)	<ul style="list-style-type: none"> Factory operation and management Medical related industries experiences 	Conform with note 2: 3,5,8,9	0
Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Liu Chin-mu)	<ul style="list-style-type: none"> Production, operation and factory management The electronics related industries experiences 	Conform with note 2: 3,4,5,8,9,10	0
Wu Yong-fu	<ul style="list-style-type: none"> Accounting and auditing Finance and electronics related industries experiences 	Conform with note2	2
Xu Bo-yu	<ul style="list-style-type: none"> Accounting and auditing Certified public accountant 	Conform with note2	0
Li Dan	<ul style="list-style-type: none"> Accounting and auditing, investment analysis University Professor 	Conform with note2	0

3.2.1.5 Board Diversity and Independence:

- (1) Board Diversity: Directors should possess expertise which include corporate strategy, accounting and taxation, finance, legal, administration and production management in accordance with Diversified management goals. 50% of the Company's directors are employees

while 37.5% are independent directors, current 37.5% of that while male members are 62.5%, we will strive for reaching our goal. The independent director years of service : One has less than three years and two have five to nine years of service.

- (2) Board Independence: The Board of Directors consists of 9 members who possess with different professional backgrounds, the members include 3 independent directors, 5 concurrent directors who are managers. All members of the Board of Directors have no circumstances set forth in the Subparagraph 3, Article 26-3 of the Securities and Exchange Act, please refer to the “Professional qualifications and independence analysis of directors” on p.14

Note 1

A person who is under any of the following circumstances shall not act as managerial personnel of a company:

1. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
2. Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon.
3. Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
4. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;
5. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet; or
6. Having no or only limited disposing capacity.
7. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note 2

1. Does not employed by the Company or its affiliates.
2. Not the member of the board of directors, supervisor of the Company and its affiliates (does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.) (Applies only to independent directors to assess independence.)
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. A natural-person shareholder, who is not the Board of Directors, holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an

aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

5. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
6. If a majority of the company's director seats or voting shares and those of any other company are not controlled by the same person: a director, supervisor, or employee of that other company. (does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.) (Applies only to independent directors to assess independence.)
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. (does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.) (Applies only to independent directors to assess independence.)
8. Not the director, supervisor, managers or shareholders who hold five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company. (but this does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
9. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. For any such person who is not the spouse of, or related within the second degree of kinship to the Board of Directors.
11. Does not have government agency, a juristic person or representative been elected set forth in the Article 27 of the Company Act.

3.2.1.6 Succession planning for board members and key management

Board member succession planning

The Board of Directors shall be elected pursuant to the candidate nomination system and are nominated by shareholders and the Board of Directors in consultation with appropriate candidates, then the elected candidates will assemble the Board of Directors. The Company advocates the principle of fairness, justness and openness to fulfill the diversity based on the company's business operations, operating model and development needs pursuant to the “Corporation by-laws”, “Corporate Governance Best Practice Principles” and “Procedures for Election of Directors”.

The re-election of the Board of the Directors held in 2021 with 9 members which 3 independent directors included. The professional knowledge (ex. legal, accounting, industry, financing, marketing or technology), professional skills (ex. operational judgement, accounting and financing analytic ability, management ability, crisis management, industry knowledge, going globally, leadership, decision-making ability) and whether are capable of the related industry experience, those are being considered when selecting the Board of Directors. The establishment of selecting the candidates for the Board of Directors meets with the criterion and related regulations to ensure the suitable candidates can be identified effectively.

The preparation for successor of the managerial level

In favor of the company management and operation, the continuing education is scheduled for the important managerial level to ensure they keep abreast of the latest important information, the education information includes hours and relevant records are available on the annual report. The Company will conduct the internal education training annually for the managerial level and encourage staff taking external training to strengthen their capabilities for the talent cultivation. Apart from that, the Company conducts performance appraisal every 6 months via observation and interviews to better understand what areas need to be improved and expectations of the staff, the results will be utilized as the reference for the successor planning.

3.2.2 Management Team

April 28, 2024

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			The Chairperson and the President or an Equivalent Position (Top Manager) are the Same Person, Spouses or Relatives within One Degree of Kinship
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Taiwan	Chao Chia-chi	M	July 1, 2018	54,625	0.03%	0	0	0	0	1. Department of Money and Banking, NCCU 2. Assistant Manager of Jin Sun International Commercial Bank Co., Ltd. 3. Vice President of Taishin International Bank (HK)	1. Director of PT Cosmo Technology 2. Director of DONG GUAN GUAN ZHEN XING TRADING LIMITED 4. Chairperson of Tinglin Co., Ltd. 5. Chairperson of Tingyuan Co., Ltd. 6. Chairperson of Juyang Technology Co., Ltd.	None	None	None	None
Finance and Accounting Supervisor	Taiwan	Hung Yu-han	F	July 1, 2018	0	0.00%	0	0	0	0	1. Graduate School of Accountancy, NTPU 2. Supervisor of Ernst & Young Global Limited 3. Junior Manager of PACIFIC SECURITIES CO., LTD. 4. Division Chief of APEX SCIENCE & ENGINEERING CORP.	1. Director of Tinglin Co., Ltd. 2. Director of Tingyuan Co., Ltd. 3. Director of Juyang Technology Co., Ltd.	None	None	None	None
Deputy General Manager	Taiwan	Liu Chin-mu	M	June 1, 2021	0	0.00%	0	0	0	0	1. Department of Business Administration, Tatung Institute of Technology 2. Vice President of DIGICROWN TECHNOLOGIES LTD. 3. Chairman of PT Cijambe	The Board of Director of Cosmo Electronics Technology (Kunshan) Co., Ltd.	None	None	None	None
Deputy General Manager & Corporate Governance Officer	Taiwan	Lee Chih-chin	M	June 1, 2021	0	0.00%	0	0	0	0	1. Department of Industrial Management, NCKU 2. Assistant Manager of GLOBAL BRANDS MANUFACTURE LTD. 3. Material Manager of Elitegroup Computer Systems Co., Ltd. 4. Assistant Manager of DIGICROWN TECHNOLOGIES LTD.	None	None	None	None	None
Deputy General Manager	Taiwan	Ho Wei-chuan	M	Aug. 1, 2022	0	0.00%	0	0	0	0	1. School of Medicine, TMU 2. Attending Physician, Shu-Ming Clinic 3. Former part-time attending physician at the Taichung East District Branch of China Medical University Hospital	None	Chairperson	TSAL, NAI-CHENG	Two Degrees of Kinship	None

3.3 Compensation of Directors, Independent Directors, President, and Vice Presidents

3.3.1 Compensation of Directors and Independent Directors

Dec. 31, 2023; Unit: NT\$ thousands

Title	Name	Compensation								Ratio of Total Compensation (A+B+C+D) to Net Income (%)				Relevant Compensation Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)				Compensation from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)						Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)								
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	
Chairperson	Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Hsieh Shu-chuan) Note:2	0	0	0	0	101	101	0	0	101	0.34%	101	0.34%	0	0	0	0	0	0	0	0	101	0.34%	101	0.34%	0
Director & President	DIGICROWN TECHNOLOGIES LTD. (Representative: Chao Chia-chi)	0	0	0	0	100	100	0	0	100	0.33%	100	0.33%	2,147	2,147	88	88	0	0	0	0	2,334	7.76%	2,334	7.76%	0
Director & Finance and Accounting Supervisor	DIGICROWN TECHNOLOGIES LTD. (Representative: Hung Yu-han)	0	0	0	0	100	100	0	0	100	0.33%	100	0.33%	1,551	1,551	66	66	0	0	0	0	1,717	5.71%	1,717	5.71%	0
Director & Deputy GM	DIGICROWN TECHNOLOGIES LTD. (Representative: Ho Wei-chan)	0	0	0	0	100	100	0	0	100	0.33%	100	0.33%	1,698	1,698	73	73	0	0	0	0	1,871	6.22%	1,871	6.22%	0
Director & Deputy GM	Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Liu Chin-mu) Note:2	0	0	0	0	100	100	0	0	100	0.33%	100	0.33%	1,671	1,671	66	66	0	0	0	0	1,837	6.11%	1,837	6.11%	0
Director & Deputy GM & Corporate Governance Officer	Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Lee Chih-chin)	0	0	0	0	0	0	0	0	0	0	0	0	1,680	1,680	66	66	0	0	0	0	1,747	5.81%	1,747	5.81%	0
Independent director	Wu Yong-fu	600	600	0	0	0	0	0	0	600	1.99%	600	1.99%	0	0	0	0	0	0	0	0	600	1.99%	600	1.99%	0
Independent director	Xu Bo-yu	480	480	0	0	0	0	0	0	480	1.60%	480	1.60%	0	0	0	0	0	0	0	0	480	1.60%	480	1.60%	0
Independent director	Lee Tan	280	280	0	0	0	0	0	0	280	0.93%	280	0.93%	0	0	0	0	0	0	0	0	280	0.93%	280	0.93%	0

1. Please describe the policy, system, standard, and structure of compensation to independent directors, and the correlation between duties, risk, and time input with the amount of compensation: In order to improve the compensation management system for directors and functional members and to reasonably reward the members of the Board of Directors, the compensation to all directors and supervisors is delegated to the Board of Directors in accordance with Article 16 of the Company's Articles of Incorporation; independent directors are paid fixed compensation and business execution fees for attending the Board of Directors' meetings in person.

2. In addition to the above compensation, director compensation shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, (e.g., acting as a non-employee consultant for the parent company/all companies in the financial statement/investment business, etc.): None

Note: 1. The compensation to directors and supervisors and the compensation to employees for the year 2023 have been approved by the board of directors on March 14, 2024, and the amount of \$501,127 has been.

2. Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account changed its representative from Lee Chih-chin to Hsieh Shu-chuan on September 5, 2023; Ms. Hsieh Shu-chuan was elected Chairman of the Board of Directors on September 6, 2023.

3.3.2 Compensation of Supervisors : The audit committee was established on July 20, 2021.

3.3.3 Compensation of the President and Vice Presidents

Dec. 31, 2023; Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B) (Note 1)		Bonuses and Allowances(C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)				Compensation from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company		Companies in the consolidated financial statements		
								Cash	Stock	Cash	Stock					
President	Chao Chia-chi	2,147	2,147	88	88	0	0	0	0	0	0	2,235	7.43%	2,235	7.43%	0
Finance and Accounting Supervisor	Hung Yu-han	1,551	1,551	66	66	0	0	0	0	0	0	1,617	5.38%	1,617	5.38%	0
Vice President	Liu Chin-mu	1,671	1,671	66	66	0	0	0	0	0	0	1,737	5.77%	1,737	5.77%	0
Vice President	Lee Chih-chin	1,680	1,680	66	66	0	0	0	0	0	0	1,746	5.80%	1,746	5.80%	0
Vice President	Ho Wei-chan	1,698	1,698	73	73	0	0	0	0	0	0	1,771	5.89%	1,771	5.89%	0

Note 1: There is no actual pension payment in 2023, and the amount contributed to the “new pension system” is \$359 thousand.

3.3.4 Compensation for the top five highest paid executives of the Company: Not applicable

3.3.5 Name of manager who distributes employee compensation and the distribution status

Dec.31, 2023; Unit: NT\$ thousands

	Title	Name	Employee Compensation - in Stock	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Chao Chia-chi	0	0	0	0
	Finance and Accounting Supervisor	Hung Yu-han	0	0	0	0
	Vice President	Liu Chin-mu	0	0	0	0
	Vice President	Lee Chih-chin	0	0	0	0
	Vice President	Ho Wei-chan	0	0	0	0

3.3.6 An analysis of the total compensation paid to the Company's directors, supervisors, presidents and vice presidents as a percentage of parent company only and consolidated net income for the most recent two years, and a description of the policy, criteria and composition of compensation payments, the process for determining compensation, and the relationship to operating performance and future risk, for the Company and all companies in the consolidated financial statements, respectively.

3.3.6.1 The ratio of total compensation paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and Vice Presidents of the Company, to the net income.

Title	Ratio of total compensation paid to directors, supervisors, president and Vice Presidents to net income			
	2023		2022	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Directors	36.46%	36.46%	9.28%	9.28%
Supervisors	0.00%	0.00%	0.00%	0.00%
President and Vice President	30.27%	30.27%	6.99%	6.99%

3.3.6.2 The policies, standards, and portfolios for the payment of compensation:

- A. The independent directors of the Company receive fixed compensation and no other compensation.
- B. Directors who are involved in the Company's business affairs are paid monthly in accordance with the Company's salary plan, regardless of profit or loss.
- C. The compensation of directors is appropriated according to the business performance of the Company in the year and the stipulated percentage in Article 19 of the Articles of Incorporation, which stipulate that: "From the profit earned by the Company as shown through the annual account closing, not more than 3% of the gross profit shall be taken for directors' and supervisors' compensation, provided that the amount of accumulated loss, if any, be first withheld."

3.3.6.3 Procedures for setting compensation:

- A. Compensation for President and Vice President consists of salary and bonus. Salary is paid with reference to industry standards, title, rank, education, professional ability and responsibilities, and is based on the scope of authority and responsibility of the position within the Company and its contribution to the Company's operating objectives and performance. The bonus is based on the performance evaluation items of managerial personnel, which include financial indicators (such as the achievement rate of the Company's revenue, profit before tax and profit after tax) and non-financial indicators (such as the preservation and management of assets, quality control of production, and significant deficiencies in compliance with laws and regulations and operational risks of the departments under the management).
- B. The compensation of directors and managers shall be evaluated and set by the Compensation Committee of the Company on a regular basis and approved by the Board of Directors, in addition to the provisions of the Company's Articles of Incorporation.

3.3.6.4 Correlation of operating performance and future risks:

- A. The bonus and compensation of directors and managers take into account the Company's operating objectives and financial condition, as well as their professional competence and responsibilities.
- B. Important decisions by the Company's management are made after weighing various risk factors. The performance of these important decisions is reflected in the Company's profitability, which in turn is related to the management's compensation, i.e., the compensation of the Company's directors, and managers is related to the performance of future risk management.
- C. In order to regularly evaluate the managerial personnel's bonus based on his or her participation in the Company's operations and personal performance contributions, and in accordance with the Company's "Regulations Governing the Year-End Bonus and Operating Performance Bonus", the "Regulations Governing the Year-End Bonus and Operating Performance Bonus" will be reviewed from time to time in accordance with the actual operating conditions and relevant laws and regulations, including financial indicators (such as the achievement rate of the Company's revenue, profit before tax and profit after tax) and non-financial indicators (such as asset preservation and management, product quality control, and significant deficiencies in compliance with laws and regulations and operational risks of the departments under the supervision of the Company) in order to provide reasonable compensation.

3.4 Implementation of Corporate Governance

3.4.1 Operation of the Board of Directors

A. A total of 6 (A) meetings of the Board of Directors were held in the previous period.

The attendance of director and supervisor were as follows: (Jan. 1, 2023 ~ Dec. 31 2023)

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairperson	TSAI, NAI-CHENG (Note)	3	0	100.00%	Attendance required: 3 times
Chairperson	Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Hsieh Shu-chuan) (Note)	2	0	100.00%	Attendance required: 2 times
Director	DIGICROWN TECHNOLOGIES LTD. (Representative: Chao Chia-chi)	6	0	100.00%	Attendance required: 6 times
Director	DIGICROWN TECHNOLOGIES LTD. (Representative: Hung Yu-han)	6	0	100.00%	Attendance required: 6 times
Director	DIGICROWN TECHNOLOGIES LTD. (Representative: Ho Wei-chuan)	6	0	100.00%	Attendance required: 6 times
Director	Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Liu Chin-mu)	4	0	66.67%	Attendance required: 5 Times
Director	Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Lee Chih-chin) (Note)	3	1	75.00%	Attendance required: 6 times
Independent director	Wu Yong-fu	6	0	100.00%	Attendance required: 6 times
Independent director	Xu Bo-yu	6	0	100.00%	Attendance required: 6 times
Independent director	Li Dan	5	0	83.33%	Attendance required: 6 times

註: 1. TSAI, NAI-CHENG resigned as Chairman of the Board of Directors on September 5, 2023

2. Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account changed its representative from Lee Chih-chin to Hsieh Shu-chuan on September 5, 2023; Ms. Hsieh Shu-chuan was elected Chairman of the Board of Directors on September 6, 2023.

Other mentionable items:

- If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
 - Matters referred to in Article 14-3 of the Securities and Exchange Act.: The Audit Committee was established in accordance with the Article 14-3 and 14-5 of the Securities and Exchange Act. Please refer to the "Operation of Audit Committee, or the Participation of Supervisors in the Board" on page 25~26.
 - Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.
- If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date of Board Meeting	Session	Contents of Motion	Causes for avoidance and condition of voting
2023.01.16	1111	• Discussed and reviewed the awarding of year-end bonuses to managerial officers and directors with employee status in 2022.	• With the exception of the Directors who had their own interests involved (Chao Chia-chi, Hung Yu-han, Ho Wei-chuan, Liu Chin-mu, Lee Chih-chin) and who did not participate in the meeting on account of recusal, the Chairperson consulted all the other Directors present and the motion was carried without dissent.
2023.08.11	1114	• Discussed the remuneration payment case for directors of the company from 2019 to 2022.	• With the exception of the Directors who had their own interests involved (TSAI, NAI-CHENG, Chao Chia-chi, Hung Yu-han, Ho Wei-chuan, Liu Chin-mu) and who did not participate in the meeting on account of recusal, the Chairperson consulted all the other Directors present and the motion was carried without dissent.
2024.02.01	1117	• Discussed and reviewed the awarding of year-end bonuses to managerial officers and directors with employee status in 2023.	• With the exception of the Directors who had their own interests involved (Chao Chia-chi, Hung Yu-han, Ho Wei-chuan, Liu Chin-mu) and who did not participate in the meeting on account of recusal, the Chairperson consulted all the other Directors present and the motion was carried without dissent.

3. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors:

Evaluation cycle	Evaluation period	Scope of evaluation (Note)	Evaluation method	Evaluation items
Once a year	2023.1.1 ~2023.12.31	1. Board of Directors 2. Individual directors 3. Functional committees	1. Internal self-evaluation by the Board of Directors 2. Self-assessment by directors, or peer evaluation 3. Internal self-evaluation by the functional committees	1. The evaluation items of five major aspects for board performance evaluation 2. The evaluation items of six major aspects for the individual director (self or peer) performance evaluation 3. The evaluation items of five major aspects for functional committee performance evaluation

- The performance of the Board of Directors had approved on the 6th meeting of the 10th Board meeting on May 13, 2019 and the prescribed internal assessment of the functional committee will be conducted annually.
- The evaluation has been conducted on March 14, 2023 and submitted to the 11th meeting of the 18th Board meeting for approval.
- The self-assessment of the performance of the Boar: Excellent

Evaluation Items	Item	Scoring Rate
1. Level of involvement in company operations	30 items	95%
2. Enhancing the quality of board decisions		
3. Composition and structure of the board of directors		
4. Appointment and continuing education of directors		
5. Internal control		

- The self-assessment of the performance of the Boar: Excellent

Evaluation Items	Item	Scoring Rate
1. Understanding of the company's objectives and task	17 items	95%
2. Knowledge of directors' responsibilities		
3. Level of involvement in company's operations		
4. Internal relationship management and communication		
5. Expertise and continuing education of directors		
6. Internal control		

4. Measures taken to strengthen the functionality of the board (e.g., establishing an audit committee, improving information transparency, etc.) and performance evaluation.: None

3.4.2 Operation of Audit Committee and the Participation of the Board:

3.4.2.1 A total of 4 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows: (Jan. 1, 2023 ~ Dec. 31 2023)

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent director	Wu Yong-fu	4	0	100%	Attendance required: 4 times. The convener of the Audit Committee
Independent director	Xu Bo-yu	4	0	100%	Attendance required: 4 times.
Independent director	Li Dan	3	0	75%	Attendance required: 4 times.

Other mentionable items:

1. If any of the following circumstances occur, the dates of Audit Committee meetings, sessions, contents of motion, the contents of objections, reservations or significant recommendations of independent directors, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Date of Board Meeting	Session	Contents of Motion	Other matters involving objections, expressed reservations or major events presented by independent directors	All the Opinions of Audit Committee Members and the Company's Response to them
2023.03.21	1112	<ul style="list-style-type: none"> Business report and financial report of 2022. The distribution of the surplus of 2022. The Effectiveness of Implementation of Internal Control and the Statement. Amendments to the "Related Operating Standards for Financial Business between Affiliated Enterprises" Assessing the independence, appointment and remuneration of visa accountants Discussion of the pre-approval of non-certified services for the Company and its subsidiaries provided by the CPA, the firm and the affiliate enterprises. Set the base date for the third domestic secured convertible bond issuance. Discussion of the acquirement of the machinery and equipment from the affiliate enterprises. Submission of the new common share issuance through the increase of capital by capitalization of capital reserve. 	None	All the audit committee members have no objection against the motions.
2023.08.11	1114	<ul style="list-style-type: none"> Discussion of the 2023Q2 consolidated financial statements. Set the base date for new common share issuance through the increase of capital by capitalization of capital reserve and set up of matters related to the base date for distribution of cash dividends from the earnings. 	None	All the audit committee members have no objection against the motions.

		<ul style="list-style-type: none"> • Discussion of the remuneration payment case for directors of the company from 2019 to 2022. • Discussion of the acquirement of the machinery and equipment from the affiliate enterprises. 		
2023.09.06	1115	<ul style="list-style-type: none"> • Election of Chairman. ° 	None	All the audit committee members have no objection against the motions.
2023.11.10	1116	<ul style="list-style-type: none"> • The Company issued a guarantee for the credit line of a subsidiary. • The 2024 internal audit schedule. • Formulate the "Operation Method for Preparing and Submitting Sustainability Reports" and the amendments to its "Internal Audit Implementation Rules" • Discussion of the acquirement of the machinery and equipment from the affiliate enterprises. 	None	All the audit committee members have no objection against the motions.
2024.2.1	1117	<ul style="list-style-type: none"> • The Company issued a guarantee for the credit line of a subsidiary. • Discussed and reviewed the awarding of year-end bonuses to managerial officers and directors with employee status in 2023. • Amendments to the "Rules of Procedure for Meetings of the Board of Directors" and the "Rules of Procedure for the Organization of the Audit Committee" 	None	All the audit committee members have no objection against the motions.
2024.3.14	1118	<ul style="list-style-type: none"> • The Employee Compensation and Directors' Compensation Distribution of 2023. • Business report and financial report of 2023. • The distribution of the surplus of 2023. • The Effectiveness of Implementation of Internal Control and the Statement. Amendments to the "Related Operating Standards for Financial Business between Affiliated Enterprises". 	None	All the audit committee members have no objection against the motions.

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all the directors: None

- If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
- Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.):
 - The internal audit except for the monthly audit report submission with the items need to be improved to the independent directors, the chief auditor should also at least summon an audit committees meeting quarterly reporting the audit scopes, results and follow-up updates.
 - The CPA conducts individual meeting with independent directors at least once yearly with the financial spreadsheets reviews, major discoveries found on audit results of the Company and its subsidiaries, together with other relevant regulations on a submit reports to the independent directors.
 - The communication between the chief auditor, CPA and independent directors should be smooth.
 - The communication results can be found at the company website: <https://www.cosmo-inc.com/tw/about/index.aspx?kind=124>
- COSMO ELECTRONICS established an Audit Committee on July 20, 2021, consisting of all independent directors, with the following main responsibilities:
 1. Establish or amend the internal control system in accordance with Article 14-1 of the Securities and

Exchange Act.

2. Evaluation of the effectiveness of the internal control system.

3. Establish or amend procedures for handling significant financial transactions involving the acquisition or disposal of assets, derivative transactions, lending of funds to others, or endorsement or guarantee for others in accordance with Article 36-1 of the Securities and Exchange Act.

4. Matters involving the directors' own interests.

5. Significant asset or derivative transactions.

6. Significant loaning funds to others, endorsements and guarantees.

7. The raising, issuance or private placement of securities of an equity nature.

8. The appointment, termination or compensation of CPAs

9. Appointment or removal of financial, accounting or internal audit officers.

10. The annual financial statement signed or sealed by the Chairperson, managerial personnel and accounting officers, and the financial statement for the second quarter that is subject to audit and certification by the CPA.

11. Other significant matters as required by the Company or the competent authorities.

5. Evaluation status of the performance evaluation of the Audit Committee

- The performance of the Board of Directors had approved on the 6th meeting of the 10th Board meeting on May 13, 2019 and the prescribed internal assessment of the functional committee will be conducted annually.
- The 2023 Self-assessment of the performance of the Audit Committee: Excellent. The 2023 Audit Committee Evaluation was completed in March 2024 and was presented to the Board on the 18th meeting of the 11th Board Meeting on March 14, 2024.

Evaluation Items	Items	Scoring Rate
1. Level of involvement in company's operations	19 items	99%
2. Awareness of duties of the Audit Committee		
3. Enhancing the quality of decision-making in the Audit Committee		
4. Composition of the Audit Committee and appointment of committee members'		
5. Internal control		

3.4.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has laid down the “Corporate Governance Best Practice Principles,” which have been approved by the Board and are available on the Company’s website and the Market Observation Post System.	None
2. Shareholding structure & shareholders’ rights				
1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		1) The Company has established a spokesperson and deputy spokesperson system to ensure timely and appropriate disclosure of information affecting shareholders’ decisions and has appointed the Transfer Agency Dept of CTBC Bank to handle matters relating to shareholder services. A contact email is available on the Investor Information section of the Company’s website to receive suggestions, queries and disputes from shareholders.	1) None
2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		2) Changes in the shareholdings of insiders (directors, managerial officers and major shareholders holding more than 10% of the shares) are reported monthly in accordance with the law on the Market Observation Post System, a website designated by the competent authorities, and the names of shareholders holding more than 5% of the shares (or the top ten shareholders if there are less than ten), the amount and proportion of their shareholdings are published on the Company’s website.	2) None
3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		3) The Company has formulated the “Regulations Governing the Handling of Transactions with Related Parties” and was approved by the Board on March 21, 2023 and will be presented at the Shareholders’ Meeting. The related internal control systems were established to carry out risk control and firewall mechanisms with the affiliates.	3) None
4) Does the company establish internal rules against insiders trading with undisclosed information?	V		4) The Company has laid down internal regulations such as “Management of Prevention of Insider Trading” and “Procedures for Handling Significant Information in the Company,” and has simultaneously disclosed the specific implementation details on the Company’s website to prohibit insiders from trading marketable securities using unpublished information in the market.	4) None
3. Composition and Responsibilities of the Board of Directors				
1) Does the Board develop and implement a diversified policy and specific objectives of management for the composition of its members?	V		(1) According to the Company’s “Corporate Governance Best Practice Principles,” the composition of the Board of Directors shall take into account diversity and shall develop an appropriate diversity approach with respect to its operations, business model and development needs: (2) The individual directors’ implementation of the Board diversity policy is disclosed on the Company’s website and on the Market Observation Post System, with the policy as follows: 1. In line with the objective of diversified management, the overall expertise of the Board of	1) None

Evaluation Item	Implementation Status							Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration					
			<p>Directors includes corporate strategy, accounting and taxation, finance, legal, administration and production management. 50% of the Company’s directors are employees, 37.5% are independent directors, Currently the female members are 37.5% while male members are 62.5%, we will strive for reaching our goal.</p> <p>The independent director years of service : One has less than three years and two have five to nine years of service.</p> <p>2.The Company re-elected its Board of Directors of eleventh term in July 2021 according to its diversity policy, with the diversity of directors being realized as follows:</p>					
			</					

Evaluation Item	Implementation Status									Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons	
	Yes	No	Abstract Illustration								
									District Branch		
			Director	Hung Yu-han	F 51-60	ROC	2021. 07.20	Graduate Institute of Accountancy, National Taipei University	Director, Apex Science & Engineering Corp Assistant President, Pacific Securities Director, Ernst & Young Taiwan	Accounting audit, investment analysis	
			Independent Director	Wu Yung-fu	M 51-60	ROC	2021. 07.20	Master of Accountancy, National Chengchi University	Manager, Sunspring Metal Corp Business Manager, Underwriting Dept., Yuanta Securities Assistant Manager, Audit Dept, KPMG Taiwan	Accounting audit	
			Independent Director	Hsu Po-yu	M 41-50	ROC	2021. 07.20	Graduate Institute of Accounting, Chung Yuan Christian University	CPA Partner, Qin-Mei Co., CPAs Supervisor, New Taipei City Tax Agents Association	Accounting audit	
			Independent Director	Lee Tan	F 51-60	ROC	2021. 07.20	Ph.D. in International Business, National Taiwan University / M.A. in International Trade, National	Professor of Finance, National Central University, Assistant Prof and Associate Prof of International Business, Yuan Ze University /	Accounting audit, investment analysis	

Evaluation Item	Implementation Status								Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons																					
	Yes	No	Abstract Illustration																											
						Chengchi University	The University of Auckland, New Zealand Senior Lecturer																							
2) Does the company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?	V		2) The Company does not have any committees of other functions other than the Compensation Committee and the Audit Committee.						2) None																					
3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the compensation of individual directors and nominations for reelection?	V		3) The performance of the Board of Directors had approved on the 6th meeting of the 10th Board meeting on May 13, 2019 and the prescribed internal assessment of the functional committee will be conducted annually. The results will be presented to the Board and serve as a reference for individual director’s compensation and nomination for reappointment. The Performance Evaluations of the Board, Compensation Committee and Audit Committee were done in March 2024 and will be presented to the Board on the 18th meeting of the 11th Board Meeting on March 14, 2024. The results from the evaluation of the performance of the Board, board members and functional committees for 2023 are as follows. Board performance self-evaluation result: Excellent <table><tr><th>Item</th><th>Qty</th><th>Score</th></tr><tr><td>1. Level of involvement in company operations</td><td rowspan="5">30</td><td rowspan="5">95%</td></tr><tr><td>2. Enhancing the quality of board decisions</td></tr><tr><td>3. Composition and structure of the board of directors</td></tr><tr><td>4. Appointment and continuing education of directors</td></tr><tr><td>5. Internal control</td></tr></table> Board member performance self-evaluation result: Excellent <table><tr><th>Item</th><th>Qty</th><th>Score</th></tr><tr><td>1. Understanding of the company’s objectives and task8</td><td rowspan="6">17</td><td rowspan="6">93%</td></tr><tr><td>2. Knowledge of directors’ responsibilities</td></tr><tr><td>3. Level of involvement in company’s operations</td></tr><tr><td>4. Internal relationship management and communication</td></tr><tr><td>5. Expertise and continuing education of directors</td></tr><tr><td>6. Internal control</td></tr></table>						Item	Qty	Score	1. Level of involvement in company operations	30	95%	2. Enhancing the quality of board decisions	3. Composition and structure of the board of directors	4. Appointment and continuing education of directors	5. Internal control	Item	Qty	Score	1. Understanding of the company’s objectives and task8	17	93%	2. Knowledge of directors’ responsibilities	3. Level of involvement in company’s operations	4. Internal relationship management and communication	5. Expertise and continuing education of directors	6. Internal control	3) None
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Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons																				
	Yes	No	Abstract Illustration																					
4) Does the company regularly evaluate the independence of CPAs?	V		<div>Compensation Committee operational performance self-evaluation result: Excellent<table><tr><th>Item</th><th>Qty</th><th>Score</th></tr><tr><td>1. Level of involvement in company’s operations</td><td rowspan="5">16</td><td rowspan="5">100%</td></tr><tr><td>2. Awareness of duties of the compensation committee</td></tr><tr><td>3. Enhancing the quality of decision-making in the compensation committee</td></tr><tr><td>4. Composition of the compensation committee and appointment of committee members`</td></tr><tr><td>5. Internal control</td></tr></table></div> <div>Audit Committee performance self-evaluation result: Excellent<table><tr><th>Item</th><th>Qty</th><th>Score</th></tr><tr><td>1. Level of involvement in company’s operations</td><td rowspan="5">19</td><td rowspan="5">99%</td></tr><tr><td>2. Awareness of duties of the Audit Committee</td></tr><tr><td>3. Enhancing the quality of decision-making in the Audit Committee</td></tr><tr><td>4. Composition of the Audit Committee and appointment of committee members`</td></tr><tr><td>5. Internal control</td></tr></table></div> <div>4) The Audit Committee will evaluate the independence and competence of the CPA, the CPA is required to provide the “Total Independence Statement” and AQIs (Audit Quality Indicators) to meet the requirements of Note 1 and to conduct the evaluation according to the 5 categories and 13 items of the AQIs which verify the CPA has no other financial interests and business relations in addition to the fees of the auditing and attestation and taxation. The CPA’s family members should not violate the independence as well. By referring to the AQIs to verify the review quality control of the services and the handling of the faults found in external audit provided by the CPA and its firm should outperform the peers. The most recent evaluation was approved by the Audit Committee on May 9,2024 which was presented and approved by the Board on May 9, 2024. The Company’s Finance Dept has assessed that PwC Taiwan CPAs Tsai I-tai and Liang Chan-nu have met the Company’s independence assessment criteria (Note 1).</div>	Item	Qty	Score	1. Level of involvement in company’s operations	16	100%	2. Awareness of duties of the compensation committee	3. Enhancing the quality of decision-making in the compensation committee	4. Composition of the compensation committee and appointment of committee members`	5. Internal control	Item	Qty	Score	1. Level of involvement in company’s operations	19	99%	2. Awareness of duties of the Audit Committee	3. Enhancing the quality of decision-making in the Audit Committee	4. Composition of the Audit Committee and appointment of committee members`	5. Internal control	4) None
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4. Does the company have an adequate number of corporate governance personnel with appropriate qualification and to appoint a person responsible for corporate governance	V		Since the establishment of the corporate governance officer on March 29, 2022, the Company’s 7th meeting of the 11th Board appointed Lee Chih-chin, Vice President of the administration division, as the corporate governance director, who has more than 3 years of expertise in managerial position	It will be implemented in accordance with the policy considering the																				

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons																				
	Yes	No	Abstract Illustration																					
matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders’ meetings, and producing minutes of board meetings and shareholders’ meetings)?			<p>and possesses of qualifications which required to manage the company.</p> <p>The Liability :</p> <p>1.Assistance to the duty execution of independent directors and general directors, providing necessary information and arrange continuing education for the directors :</p> <p>(1) To modify the company business scope and governance rules in accordance with the up-to-date corporate laws and regulations which need to notify the board of directors regularly.</p> <p>(2) To provide all the information needed for the board of directors in order to maintain a smooth, barrier-free communication between the board of directors and heads of business groups.</p> <p>(3) To assist independent directors and general directors to map out annual continuing education plans based on the industry features along with board of directors’ education and experiences.</p> <p>2.Assistance of procedures and resolutions of board of directors and shareholder’s meeting in compliance with the laws :</p> <p>(1) To report the updated company governance matters to the board of directors, independent board of directors and audit committees, verifying shareholder’s meeting and board of directors’ meeting in compliance with the relevant laws and regulations.</p> <p>(2) To assist and advise the board of directors’ responsibilities and the resolutions made in the meeting should comply with the laws and regulations.</p> <p>(3) To verify the official announcement made by the board of directors’ meeting before posting on the TWSE to ensure the investors obtain an accurate, sync up and legality information.</p> <p>3. To schedule a board of directors' meeting 7 days prior, to provide meeting materials, also notify the directors regarding avoid conflicts of interest if any. Complete the meeting minutes within 20 days.</p> <p>4. To announce the shareholders meeting, preparing the meeting notice, agenda and meeting minutes in accordance with the regulations. To register any amendments or board of directors’ re-election made in the meeting.</p> <p>Continuing education :</p> <table border="1"> <thead> <tr> <th>Job Commence ment Date</th><th>Class Date</th><th>Organized by</th><th>Course Title</th><th>Hr</th></tr> </thead> <tbody> <tr> <td>2022.03.29</td><td>2023.02.14</td><td>Taiwan Corporate Governance Association</td><td>New Challenge to Corporate Governance as ESG Knocking</td><td>3</td></tr> <tr> <td>2022.03.29</td><td>2023.02.20</td><td>Greater China Financial and Economic Development Association</td><td>Build a resilient supply chain</td><td>3</td></tr> <tr> <td>2022.03.29</td><td>2023.03.16</td><td>Accounting Research and</td><td>Relevant legal responsibilities and</td><td>3</td></tr> </tbody> </table>	Job Commence ment Date	Class Date	Organized by	Course Title	Hr	2022.03.29	2023.02.14	Taiwan Corporate Governance Association	New Challenge to Corporate Governance as ESG Knocking	3	2022.03.29	2023.02.20	Greater China Financial and Economic Development Association	Build a resilient supply chain	3	2022.03.29	2023.03.16	Accounting Research and	Relevant legal responsibilities and	3	operating conditions, size and system of the company.
Job Commence ment Date	Class Date	Organized by	Course Title	Hr																				
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Evaluation Item	Implementation Status							Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration					
					Development Foundation in Taiwan	case analysis of the company's "competition for management rights"		
			2022.03.29	2023.06.09	Securities and futures Institute	2023 Annual Insider Trading Prevention Promotion Conference	3	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has set up a stakeholder’s section as required on its website at https://www.cosmo-inc.com/tw/about/index.aspx?root=6					None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company commissioned the Transfer Agency Dept of CTBC Bank to handle matters regarding the shareholders’ meeting.					None
7. Information Disclosure								
1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		1)The Company has disclosed the implementation of relevant financial operations and corporate governance information on its website at: https://www.cosmo-inc.com/tw/about/index.aspx?kind=120					1) None
2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		2) 1. Designating a person responsible for the collection and disclosure of information about the Company: A person is designated to collect and disclose information about the Company and to keep the public informed of the latest and accurate information about the Company from time to time through important news. 2. Implementing the spokesperson system: The spokesperson for the Company is President Chao Chia-chi and the acting spokesperson is CFO Hung Yu-han. 3. Investor Conference information and content is available on the company website: The slides for the Investor Conference (in English and Chinese) are available in the Investors’ section on the Company’s website for easy reference. The financial and operational information at the Investor Conference is not only published in the Investors’ section, but also entered into the Market Observatory Post System (MOPS) in accordance with the requirements of the TWSE.					2) None
3) Does the company announce and report annual financial statements within two months after the end of each fiscal		V	3)The Company publicly announced and filed its Q1, Q2 and Q3 financial statements and monthly operations well in advance of the prescribed deadlines. However, the Company was unable to					3) It will be implemented in accordance with the

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																																								
	Yes	No	Abstract Illustration																																																									
year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?			publicly announce and file its annual financial statement within two months after the end of the fiscal year, but still completed the public announcement and filing within the deadline stipulated in Article 36 of the Securities and Exchange Act.	policy considering the operating conditions, size and system of the company.																																																								
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		1) Employee rights/interests and care: The Company respects humanity and cares for its employees as one of its management philosophies, and has formulated various welfare plans and formed a welfare committee by Company staff. See V. Labor Relations under the Overview of Business Operations in this year’s Annual Report for employee rights and interests. 2) Investor relations: The Company has instructed its staff to make real-time announcements of material information on finance, business and insider shareholding changes on the MOPS pursuant to the relevant regulations, and has commissioned the Transfer Agency Dept of CTBC Bank to handle share-related matters. 3) Supplier relations: The Company implements the relevant procurement operations in accordance with the Company’s “Procurement and Management Procedures” and maintains good relations and close contact with domestic and overseas suppliers. 4) Rights of stakeholders: The Company has complied with relevant laws and regulations and has revealed all relevant information without prejudice to the rights of stakeholders. 5) Liability insurance for the Board of Directors : The Board of Directors is insured with liability insurance from April 15, 2024 ~ April 15, 2025.	1) None																																																								
			6) Continuing education for directors: <table><tr><th>Name</th><th>Title</th><th>Job Commence ment Date</th><th>Class Date</th><th>Organized by</th><th>Course Title</th><th>Hr</th></tr><tr><td>Hsieh Shuchuan</td><td>Chairperson</td><td>2023.09.06</td><td>2023.12.26~2023.12.27</td><td>Securities and futures Institute</td><td>Training Course for Newly Appointed Directors, Supervisors and Corporate Governance Officers (12 hours)</td><td>12</td></tr><tr><td>Wu Yung-fu</td><td>Independent Director</td><td>2021.07.20</td><td>2023.08.03</td><td>Securities and futures Institute</td><td>ESG trends and epidemic environment talk about global and Taiwan tax reform and corporate tax governance</td><td>3</td></tr><tr><td>Wu Yung-fu</td><td>Independent Director</td><td>2021.07.20</td><td>2023.09.23</td><td>Securities and futures Institute</td><td>Sustainable Development Practice Seminar</td><td>6</td></tr><tr><td>Wu Yung-fu</td><td>Independent Director</td><td>2021.07.20</td><td>2023.10.17</td><td>Securities and futures Institute</td><td>Corporate Governance</td><td>3</td></tr><tr><td>Wu Yung-fu</td><td>Independent Director</td><td>2021.07.20</td><td>2023.11.02</td><td>Securities and futures Institute</td><td>International carbon border adjustment mechanism and domestic carbon pricing risk response</td><td>3</td></tr><tr><td>Hsu Po-yu</td><td>Independent Director</td><td>2021.07.20</td><td>2023.03.02</td><td>CPA ASSOCIATIONS R.O.C.(TAIWAN)</td><td>Key points and doubts about business tax declaration</td><td>7</td></tr><tr><td>Hsu Po-yu</td><td>Independent Director</td><td>2021.07.20</td><td>2023.07.27</td><td>CPA ASSOCIATIONS R.O.C.(TAIWAN)</td><td>Tax issues related to selling equity</td><td>3</td></tr></table>	Name	Title	Job Commence ment Date	Class Date	Organized by	Course Title	Hr	Hsieh Shuchuan	Chairperson	2023.09.06	2023.12.26~2023.12.27	Securities and futures Institute	Training Course for Newly Appointed Directors, Supervisors and Corporate Governance Officers (12 hours)	12	Wu Yung-fu	Independent Director	2021.07.20	2023.08.03	Securities and futures Institute	ESG trends and epidemic environment talk about global and Taiwan tax reform and corporate tax governance	3	Wu Yung-fu	Independent Director	2021.07.20	2023.09.23	Securities and futures Institute	Sustainable Development Practice Seminar	6	Wu Yung-fu	Independent Director	2021.07.20	2023.10.17	Securities and futures Institute	Corporate Governance	3	Wu Yung-fu	Independent Director	2021.07.20	2023.11.02	Securities and futures Institute	International carbon border adjustment mechanism and domestic carbon pricing risk response	3	Hsu Po-yu	Independent Director	2021.07.20	2023.03.02	CPA ASSOCIATIONS R.O.C.(TAIWAN)	Key points and doubts about business tax declaration	7	Hsu Po-yu	Independent Director	2021.07.20	2023.07.27	CPA ASSOCIATIONS R.O.C.(TAIWAN)	Tax issues related to selling equity	3	
Name	Title	Job Commence ment Date	Class Date	Organized by	Course Title	Hr																																																						
Hsieh Shuchuan	Chairperson	2023.09.06	2023.12.26~2023.12.27	Securities and futures Institute	Training Course for Newly Appointed Directors, Supervisors and Corporate Governance Officers (12 hours)	12																																																						
Wu Yung-fu	Independent Director	2021.07.20	2023.08.03	Securities and futures Institute	ESG trends and epidemic environment talk about global and Taiwan tax reform and corporate tax governance	3																																																						
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Evaluation Item	Implementation Status							Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons	
	Yes	No	Abstract Illustration						
			Hsu Po-yu	Independent Director	2021.07.20	2023.08.02	CPA ASSOCIATIONS R.O.C.(TAIWAN)	Case of real estate registration in borrowed name	3
			Hsu Po-yu	Independent Director	2021.07.20	2023.08.11	CPA ASSOCIATIONS R.O.C.(TAIWAN)	Latest tax laws and practices	7
			Li Dan	Independent Director	2021.07.20	2023.02.07	Taiwan Corporate Governance Association	Enacting Information Security Governance (ISG) Practices: Analyzing the Critical Business Issues	3
			Li Dan	Independent Director	2021.07.20	2023.02.10	Taiwan Corporate Governance Association	Competition and Consumer Protection Issues under Digital Economy	3
			Li Dan	Independent Director	2021.07.20	2024.01.12	Taiwan Corporate Governance Association	Corporate Carbon Management following the Promulgation of the Climate Change Act	3
			Li Dan	Independent Director	2021.07.20	2024.01.19	Taiwan Corporate Governance Association	Senior managers’ compensation and ESG performance system design	3
			Continuing education for managerial officers:						
			Name	Title	Job Commence ment Date	Class Date	Organized by	Course Title	Hr
			Chao Chia-chi	Director	2021.07.20	2023.03.15	Greater China Financial and Economic Development Association	Challenges and Opportunities of AI Big Data	3
			Chao Chia-chi	Director	2021.07.20	2023.06.16	Greater China Financial and Economic Development Association	Media communication and crisis management strategies	3
			Hung Yu-han	Director	2018.06.19	2023.01.31	PwC Taiwan	The capital gains tax by selling real estate – Income Tax Act by Uniting the Base and Building 2.0, capital gains tax on real estate and case discussion.	3
			Hung Yu-han	Director	2018.06.19	2023.02.08	PwC Taiwan	Strategy of the Individual CFC and Money Tracing workshop	3
			Hung Yu-han	Director	2018.06.19	2023.02.21	PwC Taiwan	Green Finance, Sustainable Management, Corporate Power Purchase Contract" Seminar – Measurement, Reporting and Verification of Corporate Carbon Emissions	2.5
			Hung Yu-han	Director	2018.06.19	2023.04.24	PwC Taiwan	Impact of the Climate Change on the Financial Statement	4
			Ho Wei-chuan	Director	2021.07.20	2023.02.07	Taiwan Corporate Governance Association	Enacting Information Security Governance (ISG) Practices: Analyzing the Critical Business Issues	3
			Ho Wei-chuan	Director	2021.07.20	2023.02.14	Taiwan Corporate Governance Association	New Challenge to Corporate Governance as ESG Knocking	3
			Ho Wei-chuan	Director	2021.07.20	2023.10.11	Greater China Financial and Economic Development Association	War for Talents: Leveraging total reward strategy for talent acquisition	3
			Ho Wei-chuan	Director	2021.07.20	2023.10.13	Securities and futures Institute	2023 Annual Insider Trading Prevention Promotion Conference	3

Evaluation Item	Implementation Status							Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons	
	Yes	No	Abstract Illustration						
			Ho Wei-chuan	Director	2021.07.20	2023.11.08	Greater China Financial and Economic Development Association	Introduction and trend analysis of Taiwan MNC's supply chain in China, Vietnet, Thailand, Malaysia, India, Indonesia and Mexico, under present geopolitical environment	3
			Ho Wei-chuan	Director	2021.07.20	2024.2.22	Taiwan Corporate Governance Association	Tax management of intellectual property rights from the perspective of corporate governance	3
			Ho Wei-chuan	Director	2021.07.20	2024.5.10	Taiwan Corporate Governance Association	Nomination and Compensation Committees in the U.S. Law: Case Analysis	3
			Lee Chih-chin	Director	2021.07.20	2023.02.14	Taiwan Corporate Governance Association	New Challenge to Corporate Governance as ESG Knocking	3
			Lee Chih-chin	Director	2021.07.20	2023.02.20	Greater China Financial and Economic Development Association	Build a resilient supply chain	3
			Lee Chih-chin	Director	2021.07.20	2023.03.16	Accounting Research and Development Foundation in Taiwan	Relevant legal responsibilities and case analysis of the company's "competition for management rights"	3
			Lee Chih-chin	Director	2021.07.20	2023.06.09	Securities and futures Institute	2023 Annual Insider Trading Prevention Promotion Conference	3
			Lee Chih-chin	Director	2021.07.20	2023.07.17	The Institute of Internal Auditors-Chinese Taiwan	Business contract management and audit services	6
			Lee Chih-chin	Director	2021.07.20	2023.07.21	Securities and futures Institute	The Legal Responsibility and Cases of "Tax Crimes"	3
			Liu Chin-mu	Director	2021.07.20	2023.09.13	Greater China Financial and Economic Development Association	The Prospect of Global and Taiwan Economy and Firms' Strategy	3
			Liu Chin-mu	Director	2021.07.20	2023.11.08	Greater China Financial and Economic Development Association	Introduction and trend analysis of Taiwan MNC's supply chain in China, Vietnet, Thailand, Malaysia, India, Indonesia and Mexico, under present geopolitical environment	3
			7) Risk management policy and risk measurement standard implementation: The Company’s risk management policy is to recognize, analyze and measure the potential risks faced by each unit, select appropriate methods to control, handle, manage and monitor them, and further improve the risk management plan, which is carried out centrally or hierarchically according to the characteristics and levels of risks, so that all risks can be effectively kept under control at all times. On the financial side, exchange rates and related derivatives are closely monitored and hedging measures are taken to reduce risk, and the financial structure is kept under scrutiny from time to time to avoid excessive financial exposure. In respect of internal controls, auditors are in place to conduct regular and ad hoc audits of the Company’s internal control system and to submit audit reports. The implementation of risk identification and mitigation measures in 2023 are described in Item 5) The state of the company’s promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance.						

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			8) Customer policy implementation: Signing contracts with customers to offer services and guarantees, and setting up a quality assurance dept to handle customer complaints and after-sales services. 9) Liability insurance for directors: The Company has taken out liability insurance for directors for the period from April 15, 2024 ~ April 15, 2025.	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. (It is not necessary for a company which is not evaluated to fill this column)	√		None	

Note 1: CPA Independence Evaluation Standards

Evaluation Item	Evaluation Results
1. Does not provide the auditing and attestation for the same company for the seven consecutive years.	Yes
2. Does not have materiality financial stakeholder with the client.	Yes
3. Does avoid any inappropriate relations.	Yes
4. Does to ensure the integrity, impartiality and independence of the assistants.	Yes
5. Does not audit and attest the previous 2 years of the financial statements after the appointment by the client.	Yes
6. Does not provide the name used by others.	Yes
7. Does not hold the shares of the Company and its affiliate enterprises.	Yes
8. Does not have joint investment or interest sharing relationship with the Company and its affiliated enterprises.	Yes
9. Does not have joint investment or interest sharing relationship with the Company and its affiliated enterprises.	Yes
10. Does not hold a position or receive a fixed salary in the Company and its affiliated enterprises.	Yes
11. Does not involve in the decision-making of the management functions in the Company and its affiliated enterprises.	Yes
12. Does not concurrently involve in other businesses which may result in the lack of the independence.	Yes
13. Does not have kinship with the Company management as the spouse, lineal relative by blood, by marriage or within a 2nd degree of kinship of collateral relative by blood.	Yes
14. Does not receive any commission related to the business.	Yes
15. Does not receive any disciplinary action or matters which damage to the principle of the independence until now.	Yes

3.4.4 Composition, Responsibilities and Operations of the Compensation Committee

- The Company's Board of Directors establishes a Compensation Committee in accordance with the approved Compensation Committee Charter. The Compensation Committee faithfully performs the following duties and responsibilities with the attention of a good administrator, and submits the recommendations to the Board of Directors for discussion.
 - To establish and regularly review the policies, systems, standards and structures for performance evaluation and compensation of directors, president, chief financial officer, and second-level executives.
 - To periodically evaluate and set the salary and compensation for directors, president, chief financial officer and second-level executives.
- On August 12, 2021, the Board of Directors approved the appointment of Wu Yong-fu, Xu Bo-yu and Li Dan as members of the 5th Compensation Committee for the same term as the current Board of Directors, and elected Wu Yong-fu as the convener and chairperson of meetings.

3.4.4.1 Information of the Members in the Compensation Committee

Date: Dec 31, 2023

Title (Note 1)	Criteria	Professional Qualification and Experience (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Compensation Committee Member
	Name			
Independent director (convener)	Wu Yong-fu	The Compensation Committee consists of all the Board of Directors, please refer to the 3.2 Directors and Management Team/3.2.1 Directors 3.2.1.1 Information of the Directors for their expertise. (P12-13)	All the Compensation committees are conform with the following : 1. Article 14-6 "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" of Securities and Exchange Act issued by the Financial Supervisory Commission (Note 4) 2. The members of the Board of Directors and his/her spouse and minor children do not hold shares of the Company. 3. Did not receive any compensation for the provision of business, legal, financial, and accounting services from the Company or its affiliates in the last two years.	2
Independent director	Xu Bo-yu			None.
Independent director	Li Dan			None

Note 1: Please specify in the form the relevant years of experience, professional qualifications and experience and independence of each member of the Compensation Committee; in the case of independent directors, please note the relevant content under "(1) Information on Directors" (see Table 1 on page 12-13). Please indicate whether you are an independent director or other (if you are a convener, please note).

Note 2: **Professional qualifications and experience:** Specify the professional qualifications and experience of the individual compensation committee members.

Note 3: **Independence Compliance:** The independence of a compensation committee member shall be described, including but not limited to whether he/she, his/her spouse, or a relative within the second degree of kinship is a director, supervisor, or employee of the Company or its affiliates; The number and proportion of shares of the Company held by the independent director, his/her spouse or a relative within the second degree of kinship (or by using the name of another person); whether he/she is a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 6, paragraph 1, subparagraphs 5~8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount of compensation received for the provision of business, legal, financial, and accounting services from the Company or its affiliates in the last two years.

Note 4 : During the two years before being elected and during the term of office, meet any of the following situations:

- (1) Not an employee of the company or any of its affiliates;
- (2) Not a director or supervisor of the company or any of its affiliates;
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
- (9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000".

3.4.4.2 Implementation Status of the Compensation Committee

1. There are 3 members in the Compensation Committee of the Company.
2. The term of office of the current members: August 12, 2021 to July 19, 2024.
3. Attendance: The Compensation Committee of the Company held 3 meetings from January 1, 2023 to Dec. 31, 2023, and all members attended in person.
4. The Compensation Committee held 3 meetings in 2023, with an average attendance rate of 100%, and the attendance of members was as follows:

Title	Name	Attendance in	By proxy	Attendance Read (%)	Remarks
Convener	Wu Yong-fu	3	0	100%	Attendance required: 3 time(s)
Member	Xu Bo-yu	3	0	100%	Attendance required: 3 time(s)
Member	Li Dan	3	0	100%	Attendance required: 3 time(s)

<p>Compensation Committee Meeting Information:</p> <p>Information on the most recent year of the Compensation Committee meeting, review and evaluation of the Company's compensation report is as follows:</p>				
Meeting Date	Motion Content and Follow-up	Results of the Compensation Committee	The Company's Handling of the Compensation Committee's Opinions	
2023.1.16	• Discussion of 2022 year-end bonus payment.	Approved by all committee members	Submitted to the 11th meeting of the 11th Board of Directors on January 16, 2023 for review and approved by all directors present.	
2023.3.21	• Discussion of distribution of the Board of Directors' remuneration and the managers' and employees' bonus of 2022.	Approved by all committee members.	Submitted to the 12th meeting of the 11th Board of Directors on March 21, 2023 for review and approved by all directors present.	
2023.8.11	• Discuss the remuneration payment case for directors and supervisors of the company from 2010 to 2011.	Approved by all committee members.	Submitted to the 13h meeting of the 11th Board of Directors on August 11, 2023 for review and approved by all directors present.	
2024.2.1	• Discussion of distribution of the Board of Directors' remuneration and the	Approved by all committee members.	Submitted to the 17h meeting of the 11th Board of Directors on February 1, 2024 for review and approved by all directors present.	

	managers' and employees' bonus of 2023.		
Other mentionable items:			
<ol style="list-style-type: none"> If the board of directors declines to adopt or modifies a recommendation of the compensation committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the compensation committee's opinion: None Resolutions of the compensation committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified. 			
Meeting Date	Motion Content and Follow-up	Results of the Compensation Committee	The Company's Handling of the Compensation Committee's Opinions
2023.1.16	<ul style="list-style-type: none"> Discussion of 2022 year-end bonus payment. 	Approved by all committee members	Submitted to the 11th meeting of the 11th Board of Directors on January 16, 2023 for review and approved by all directors present.
2023.3.21	<ul style="list-style-type: none"> Discussion of distribution of the Board of Directors' remuneration and the managers' and employees' bonus of 2022. 	Approved by all committee members.	Submitted to the 12th meeting of the 11th Board of Directors on March 21, 2023 for review and approved by all directors present.
2023.8.11	<ul style="list-style-type: none"> Discuss the remuneration payment case for directors and supervisors of the company from 2010 to 2011. 	Approved by all committee members.	Submitted to the 13h meeting of the 11th Board of Directors on August 11, 2023 for review and approved by all directors present.
2024.2.1	<ul style="list-style-type: none"> Discussion of distribution of the Board of Directors' remuneration and the managers' and employees' bonus of 2023. 	Approved by all committee members.	Submitted to the 17h meeting of the 11th Board of Directors on February 1, 2024 for review and approved by all directors present.

5. The assessment of the compensation committee performance are as follows:

- The performance of the Board of Directors had approved on the 6th meeting of the 10th Board meeting on May 13, 2019 and the prescribed internal assessment of the functional committee will be conducted annually.
- The 2023 Compensation Committee operational performance self-evaluation result: Excellent. The Compensation Committee has been evaluated in March 2024 and presented to the Board on the 18th meeting of the 11th Board Meeting held on March 14, 2024.

Item	Item	Score
1. Level of involvement in company's operations	16	100%
2. Awareness of duties of the compensation committee		
3. Enhancing the quality of decision-making in the compensation committee		
4. Composition of the compensation committee and appointment of committee members.		
5. Internal control		

3.4.5 Implementation of Sustainable Development and Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		<p>The sustainable development has been integrated into our business strategy purposefully, systematically and organized approach to fulfill the CSR, hence the “Sustainability Development Unit” was set up in 2021 and approved by the Board on Jan 18, 2022 as the highest level for decision-making and assigned the vice president Lee Chih-chin as the convener, bringing together the senior managers from different fields to view the core operational competence which lays out the medium-term and long-term sustainable development plans.</p> <p>The “Sustainability Development Unit” integrates the sources vertically and horizontally and interdepartmental communication, with this approach to verify the crucial sustainable issues which are concerned by the company operation and the stakeholder, to scheme the strategy and plan and the relevant budgets required by departments, the annual execution plan and to follow up the progress to ensure sustainable development strategy to be fulfilled in company daily operation.</p> <p>The “Sustainability Development Unit” will report its fulfillment and future scheme. The report was presented to the Board on November 10, 2023 which covered (1) The identification of the pressing issues on sustainability and the responding plan (2) the objectives and the amendments (3) supervision of the fulfillment and report the progress.</p>	No material difference.
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note 2)	V		<ol style="list-style-type: none"> 1. In Nov 2021, the board of directors approved the establishment of the “Risk Management Policies and Procedures” as the Company’s overarching guiding principle for risk management. The Company would evaluate risks on an annual basis and formulate and implement risk management policies covering mechanisms such as management objectives, organizational structure, division of authority and responsibility and risk management procedures to effectively identify, measure and control the various risks of the Company and to contain the risks arising from business activities within an acceptable range. The 2023 Risk Identification and Mitigation Measures report has been submitted to the Board of Directors on November 10, 2023. 2. The Company undertakes to integrate and manage all potential strategic, operational, financial and hazard risks that may affect its operations and profitability in a proactive and cost-effective manner, to assess annually the frequency of risk events and the severity of their impact on the Company’s operations, to define the priority and level of risk, and to adopt corresponding risk management 	No material difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																			
	Yes	No	Abstract Illustration																				
			<p>strategies according to the level of risk.</p> <p>3. The Company’s risk management system covers “strategic risk,” “operational risk,” “financial risk,” “hazard risk” and “other risks.”</p> <p>The Company’s risk identification and mitigation measures for 2023 are as follows:</p> <table><tr><th>Pressing issue</th><th>Risk</th><th>Identification</th><th>Risk Mitigation Measures</th></tr><tr><td rowspan="3">Environment</td><td rowspan="3">Hazardous</td><td>climate change</td><td><ul style="list-style-type: none">• Continue monitoring the international climate change warnings and suggestions on risk mitigation and adjustment.• Energy conservation measures through internal accounting.</td></tr><tr><td>energy crisis</td><td><ul style="list-style-type: none">• To take climate risk into consideration for new factory selection and incorporate the raised foundations, cisterns and own power generation, to avoid disruptions to production due to climate hazards.• To provide emergency power supply at sites for temporary power interruptions.</td></tr><tr><td>waste</td><td><ul style="list-style-type: none">• To improve yield rate to reduce the waste.• To improve the recycling and recycled by the certificated operator with a waste clearance and disposal permit.</td></tr><tr><td rowspan="2">Society</td><td>Operation</td><td>employee</td><td><ul style="list-style-type: none">• To manage and maintain the talent periodically.• Mapping out and carrying out employee training and development programs.• Designing competitive compensation and employee benefit plans.</td></tr><tr><td>Others</td><td>Pandemic</td><td><ul style="list-style-type: none">• Setting up a task force in each factory to draw up an pandemic prevention plan and implement it.</td></tr></table>	Pressing issue	Risk	Identification	Risk Mitigation Measures	Environment	Hazardous	climate change	<ul style="list-style-type: none">• Continue monitoring the international climate change warnings and suggestions on risk mitigation and adjustment.• Energy conservation measures through internal accounting.	energy crisis	<ul style="list-style-type: none">• To take climate risk into consideration for new factory selection and incorporate the raised foundations, cisterns and own power generation, to avoid disruptions to production due to climate hazards.• To provide emergency power supply at sites for temporary power interruptions.	waste	<ul style="list-style-type: none">• To improve yield rate to reduce the waste.• To improve the recycling and recycled by the certificated operator with a waste clearance and disposal permit.	Society	Operation	employee	<ul style="list-style-type: none">• To manage and maintain the talent periodically.• Mapping out and carrying out employee training and development programs.• Designing competitive compensation and employee benefit plans.	Others	Pandemic	<ul style="list-style-type: none">• Setting up a task force in each factory to draw up an pandemic prevention plan and implement it.	
Pressing issue	Risk	Identification	Risk Mitigation Measures																				
Environment	Hazardous	climate change	<ul style="list-style-type: none">• Continue monitoring the international climate change warnings and suggestions on risk mitigation and adjustment.• Energy conservation measures through internal accounting.																				
		energy crisis	<ul style="list-style-type: none">• To take climate risk into consideration for new factory selection and incorporate the raised foundations, cisterns and own power generation, to avoid disruptions to production due to climate hazards.• To provide emergency power supply at sites for temporary power interruptions.																				
		waste	<ul style="list-style-type: none">• To improve yield rate to reduce the waste.• To improve the recycling and recycled by the certificated operator with a waste clearance and disposal permit.																				
Society	Operation	employee	<ul style="list-style-type: none">• To manage and maintain the talent periodically.• Mapping out and carrying out employee training and development programs.• Designing competitive compensation and employee benefit plans.																				
	Others	Pandemic	<ul style="list-style-type: none">• Setting up a task force in each factory to draw up an pandemic prevention plan and implement it.																				

Evaluation Item	Implementation Status (Note 1)					Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons		
	Yes	No	Abstract Illustration					
							<ul style="list-style-type: none">• Remote offices using information tools.	
				Company Governance	Strategy	Changes in industry markets/comp etitors	<ul style="list-style-type: none">• Accelerating the deployment of production lines in Southeast Asia and continuing to automate production lines to reduce manpower demand.• Continuing to upgrade technology and production processes both domestically and internationally.• Always pay attention to the industry boom.	
						Policies and regulations	<ul style="list-style-type: none">• Continuously watching and keeping abreast of changes in laws and regulations in the countries where the Company’s production sites are located to avoid operational risks arising from such changes.• In accordance with the regulations and to stipulate related measures.	
				Operation	Customers	<ul style="list-style-type: none">• Promoting projects in line with customers’ energy saving and carbon reduction targets to meet their expectations.		
					Supply chain	<ul style="list-style-type: none">• Including risk-taking capability in the selection of suppliers and strengthening supplier management.• Encouraging strategic suppliers to promote energy saving and carbon reduction initiatives as part of their corporate social responsibility.		
					Production/ manufacturing /R&D	<ul style="list-style-type: none">• Developing documentary guidelines for various process items and strictly carrying out SOPs.• Boosting the energy efficiency of equipment; working with equipment		

Evaluation Item	Implementation Status (Note 1)						Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration				
						<div>suppliers regarding high energy-consuming machines and equipment to research and develop, introduce energy-saving models and carry out procurement control in order to effectively improve energy efficiency.</div> <div><div>• Phasing out existing high energy-consuming machines according to their age or retrofitting them according to the results of effectiveness analysis.</div></div>	
					Information security	<div><div>• Continuously strengthening the management of computer equipment, network security, virus protection and system access control.</div></div> <div><div>• Enhancing cybersecurity promotion and education training.</div></div>	
					Intellectual property	<div><div>• Signing Non-Disclosure Agreements (NDAs) for the development of production technology to reinforce product patenting.</div></div>	
				Finances	Interest rates, exchange rates, taxes, strategic investments	<div><div>• Regularly assessing market funding conditions and bank interest rates.</div></div> <div><div>• Avoiding systemic and liquidity risks in financial markets by adopting a high degree of liquidity as the basis for capital allocation.</div></div> <div><div>• Keeping abreast of tax changes in different countries and proposing timely responses.</div></div>	
3. Environmental issues 1) Does the company establish proper environmental management systems based on the characteristics of its industry?	V		1) 1. The Company’s waste is collected and recycled by an operator with a waste clearance and disposal permit. 2. The Company has obtained ISO14001 certification, the validity period and the scope of coverage for which are available on its website at https://www.cosmo-ic.com/tw/download/index.aspx?kind=3				1) No material difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																		
	Yes	No	Abstract Illustration																			
2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		2) The Company strives to push for digitization and to reduce the amount of paper used for documents. In addition, the production activities in Taiwan affect the environment by generating harmful environmental factors such as dust, sewage, waste, toxicity and noise, which are all tested in accordance with the regulations and the results are reported to the competent authorities, but we continue to minimize the environmental impact produced by domestic and business activities.	2) No material difference.																		
3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		3) The measures taken to address the potential risks of climate change assessed to the Company now and in the future are as follows: 1. Incorporating climate risk into the location and construction of the new plant, including the design of the raised foundations, cisterns and own power generation, to avoid disruptions to production due to climate hazards. 2. Providing diesel power supply units at sites prone to power shortages to cater for temporary power interruptions. 3. Keeping abreast of international climate change risk warning information, as well as climate change risk mitigation and adaptation recommendations.	3) No material difference.																		
4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		4)1. The Company’s GHG (CO2) emissions for the last two years, the water consumption and total waste are as follows: 1.1 The direct emissions (Scope 1): 4.71% of total emissions;. mainly from mobile combustion (gasoline consumption by company car), Fugitive Dust Air Pollution (coolant, septic tank and fire extinguisher) which will be included in the emissions accounting in 2023.; 1.2 The indirect emissions (scope 2): 95.29% of total emissions.; mainly from purchased electricity. 1.3 The waste: mainly from production waste (non-hazardous), scraps (non-hazardous), packing waste and daily general waste produced by the staff, the manufacturing process waste and scrapes are disposed in comply with the requirements by the local governments. 1.4 Scope of information: Only Cosmo Electronics Corp. 1.5 Emissions accounting coverage: Yilan Longde factory 2 (16, Ziqiang Road, Da Hsin Village, Dongshan Township, Yilan County, and No 18, Dexing 6th Road) Yilan Dongshan factory: No. 396, Lupu Rd., Dongshan Township, Yilan County) and the dormitory. Headquarters: 11F, No.258,Lian Chen Rd.,Chung-Ho, New Taipei City 235,Taiwan R.O.C. 1.6 Accounting period: January 1 to December 3, 2023 <table><tr><th>Category</th><th>2023</th><th>%</th><th>2022</th><th>%</th><th>2021</th></tr><tr><td>Direct Emissions (Scope 1) (GHG emissions Unit: tonnes CO2e/year)</td><td>56.434</td><td>4.71%</td><td colspan="3">Scheduled in 2023</td></tr><tr><td>Indirect Emissions (Scope 2) (GHG emissions Unit: tonnes CO2e/year)</td><td>1,958.140</td><td>95.29%</td><td>2,861.46</td><td>100%</td><td>2,916.50</td></tr></table>	Category	2023	%	2022	%	2021	Direct Emissions (Scope 1) (GHG emissions Unit: tonnes CO2e/year)	56.434	4.71%	Scheduled in 2023			Indirect Emissions (Scope 2) (GHG emissions Unit: tonnes CO2e/year)	1,958.140	95.29%	2,861.46	100%	2,916.50	4) No material difference.
Category	2023	%	2022	%	2021																	
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Evaluation Item	Implementation Status (Note 1)						Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons														
	Yes	No	Abstract Illustration																		
			<table><tr><td>Water Consumption</td><td>9,960 m³</td><td rowspan="3"></td><td>10,774 m³</td><td rowspan="3"></td><td>10,435 m³</td></tr><tr><td>Total weight of waste – non-hazardous</td><td>35,420 KG</td><td>57,970 KG</td><td>47,230 KG</td></tr><tr><td>Total weight of waste - hazardous</td><td>0</td><td>0</td><td>0</td></tr></table>				Water Consumption	9,960 m³		10,774 m³		10,435 m³	Total weight of waste – non-hazardous	35,420 KG	57,970 KG	47,230 KG	Total weight of waste - hazardous	0	0	0	
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Total weight of waste – non-hazardous	35,420 KG		57,970 KG		47,230 KG																
Total weight of waste - hazardous	0		0		0																
			<p>2.The Company continues to promote the energy accounting and carbon reduction, cutting GHG emissions by approx. 29.6% in 2023 compared to 2022 as a result of eliminating old and high power consumption machine. The relevant greenhouse gas emissions information is disclosed on the MOPS for public inquiry.</p> <p>3.The Company’s ongoing policy initiatives to push for GHG reduction and water conservation management are as follows:</p> <p>(1) The Company has fully implemented electronic invoicing to reduce carbon emissions in 2021.</p> <p>(2) Company has introduced an electronic document system for a paperless office, making it easy to operate, saving time and significantly reducing paper consumption.</p> <p>(3) Switching to electronic signatures for regular processes saves time and cuts paper consumption.</p> <p>(4) Lights are turned off when leaving and checked again at the end of the day to ensure that the power is off.</p> <p>(5) The room air conditioning temperature is set at 26 °C.</p> <p>(6) To achieve the energy saving and carbon reduction targets, high efficiency facilities such as LED lamps, automated sensor lights and related energy saving labeled products will be used.</p>																		
4. Social issues																					
1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		1) Cosmo Electronics Corp. is committed to the Responsible Business Alliance (RBA), and to fulfill its CSR and protect the basic human rights of all its employees, it upholds and respects the principles enshrined in the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact and the UN International Labor Organization, and it will not commit any human rights violations or infringements and clearly states that it will treat all employees with fairness and equity. Cosmo Electronics Corp.’s human rights policy applies to the Company and each of its operating locations, and complies with labor and gender equality in employment laws and regulations where it operates, and it has formulated and enforces human rights protection and labor policies. Please refer the following human right policies and the management :				1) No material difference.														
			<table><tr><th>Human Rights Issue</th><th>Management</th></tr><tr><td>Diversity and inclusion (D&I) and Equity</td><td>1.To provide employees with a gender equality, diverse work place, upholding the openness, fairness and no discrimination is allowed on</td></tr></table>				Human Rights Issue	Management	Diversity and inclusion (D&I) and Equity	1.To provide employees with a gender equality, diverse work place, upholding the openness, fairness and no discrimination is allowed on											
Human Rights Issue	Management																				
Diversity and inclusion (D&I) and Equity	1.To provide employees with a gender equality, diverse work place, upholding the openness, fairness and no discrimination is allowed on																				

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>the basis of age, sex, physical and mental disabilities, race, religion, political stance or pregnancy.</p> <p>2.To eliminate any form of forced labor, employment discrimination, sexual harassment and disrespect of privacy to create an equal opportunity, respectful, safe, equitable and free of discrimination and harassment work environment.</p> <p>3.To fulfill internal control in recruitment process, the hiring posts will comply with the discrimination rules, prior to an interview, the interviewer is well informed that any non-job-related personal information shall be avoided.</p>	
			<p>Against child labor</p> <p>1.In conformity with the local laws on minimum age requirements and the company’s internal control rules, the interviewee is required to present identity document to prevent from child laboring.</p> <p>2.The Company did not hire children as labor in 2023</p>	
			<p>Meet the minimum wage</p> <p>To provide more than required minimum wage and employee welfare in accordance with the local government requirements.</p>	
			<p>Reasonable working hours</p> <p>The Internal control of the performance appraisal and employee management stipulate the attendance and work overtime. No mandatory overtime is allowed without employees’ consent and will provide overtime pay or compensatory leave. The working hours meet the local government requirements and will care and manage employees’ attendance regularly.</p>	
			<p>Safety in the work place</p> <p>1.A well-implemented safety and hygiene measures to create a healthy, safe and caring work environment for the employees, therefore they can benefit from this spiritually and mentally. The adaptation of a zero tolerance approach for occupational accident in the factory.</p> <p>2. The Prevention and Management of Unlawful Infringement in the Performance of Duties put in place to ensure the work place is safe.</p> <p>3.Training for the occupational safety includes : fire safety, first aid personnel training, CPR and AED, personnel assignment in charge of occupational safety and health.</p> <p>4.A well-planned anti-sexual harassment prevention and appropriate disciplinary measures have been mapped out, an email HR.COSMO@cosmo-ic.com is dedicated to file a complaint in order to protect the employee’s right and ensure a safe work environment.</p> <p>5. In accordance with the Fire Services Law and its implementing regulations, the Company has a fire protection plan and conducts</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		<p>monthly inspections of fire prevention and evacuation facilities, fire safety equipment (e.g., fire extinguishers, indoor hydrants, etc.), and daily inspections of power supplies according to the plan. Fire prevention and escape drills are held every six months. Before the end of May each year, we appoint a qualified professional fire inspection company to report to the competent authority for fire equipment inspection.</p> <p>6. The office has an access control, guests or vendors must be confirmed by the inviting unit or the interviewed unit before proceeding to the office.</p> <p>7. The office is equipped with a security system, and colleagues leaving the office after work will be monitored by the security system to ensure the safety of the office.</p>	2) No material difference.
			<p>Labor-management Consultation</p> <p>1.To provide a diverse communication channel, a regular labor-management meeting is scheduled to cover company policy, employment benefits and activities. The meeting allows employees to fully express themselves to provide the immediate and necessary assistance they need.</p> <p>2.The Employees' Welfare Committee is established to hold regular/irregular activities which aims to enhance the interaction and a healthy body & mind between employees.</p>	
3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>2) 1. The Company has devised and implemented reasonable staff welfare measures, details of which are set out in this Annual Report V. Description of Labor Relations, which are also available on the Company’s website and the MOPS for public inquiry.</p> <p>2. The Company has laid down the “Year-end bonus / Guidelines for Operating Performance Bonus” as the basis for the operating achievements of each business unit, and then adjusts the compensation of employees properly according to the following conditions:</p> <p>(1) Industry salary levels: Salaries are adjusted annually by reference to industry salary surveys and in line with industry salary levels and economic trends.</p> <p>(2) Performance criteria: Salaries are adjusted according to the operational performance of the Company and the performance of individuals, and operational results are duly reflected in the compensation of employees.</p> <p>(3) Promotion criteria: When a staff member is recognized for promotion, the salary will be increased immediately to encourage excellence.</p> <p>3) (1) We hold regular safety training sessions on the use of equipment, workshops, and fire drills for all staff, the fire equipment maintenance and check annually.</p>	3) No material difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons							
	Yes	No	Abstract Illustration								
(The number of fires, the number of deaths and injuries, the ratio of deaths and injuries to the total number of employees, and the improvement measures taken to cope with the fires during the year.)			<p>(2) All new recruits are trained in labor safety courses on arrival.</p> <p>(3) Annual testing of organic solvents, exhaust, drainage, heavy metals, etc. by a professional institution is commissioned and control or protective measures are taken immediately when the levels are in excess of what is required by law.</p> <p>(4) As stipulated in the labor safety and health regulations, a labor safety committee and a labor safety and health specialist are in place to regularly monitor and carry out safety inspections in the workplace and improve their duties, and to regularly send staff to vocational training institutions for training as provided for in the regulations.</p> <p>(5) Annual staff health checks are carried out and, in the case of staff working in special environments, special health checks are conducted to enable them to keep track of their condition.</p> <p>(6) Specialist tests on the workplace are regularly undertaken by qualified agents and any abnormalities are promptly rectified.</p> <p>(7) Through systematic execution and regular audits, the Company ensures that environmental and safety protection aspects are properly carried out.</p> <p>The implementation is as follows:</p> <table><tr><th>Item</th><th>2022</th><th>2024</th></tr><tr><td>Labor safety and health training</td><td rowspan="2">Total 114 hrs / 3,071 persons</td><td rowspan="2">Total 50 hrs / 2,463 persons</td></tr><tr><td>Fire safety</td></tr></table> <p>(8) The number of fires, the number of deaths and injuries, the ratio of deaths and injuries to the total number of employees, and the improvement measures taken in response to the fires during the year.None.</p>	Item	2022	2024	Labor safety and health training	Total 114 hrs / 3,071 persons	Total 50 hrs / 2,463 persons	Fire safety	
Item	2022	2024									
Labor safety and health training	Total 114 hrs / 3,071 persons	Total 50 hrs / 2,463 persons									
Fire safety											
4) Does the company provide its employees with career development and training sessions?	V		4) We organize regular and occasional employee training to enhance their career development capabilities and help the Company grow with its staff.	4) No material difference.							
5) Do the company’s products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		5) We have dedicated staff and an email address on our website to handle this.	5) No material difference.							
6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		6) The Company has developed the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, which include a supplier management policy that requires suppliers to follow relevant guidelines on environmental, occupational safety and health or labor human rights issues.	6) No material difference.							

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		V	The CSR report will be compiled and evaluated in accordance with the required regulations.	It will be implemented in accordance with the policy considering the operating conditions, size and system of the company.
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: Not applicable.				
<p>7. Other significant information for explaining the implementation status of sustainable development practices:</p> <p>The Board of Directors shall be elected pursuant to the candidate nomination system and are nominated by shareholders and the Board of Directors in consultation with appropriate candidates, then the elected candidates will assemble the Board of Directors. The Company advocates the principle of fairness, justness and openness to fulfill the diversity based on the company's business operations, operating model and development needs pursuant to the “Corporation by-laws,” “Corporate Governance Best Practice Principles” and “Procedures for Election of Directors”.</p> <p>The re-election of the Board of the Directors held in 2021 with 9 members which 3 independent directors included. The professional knowledge (ex. legal, accounting, industry, financing, marketing or technology), professional skills (ex. operational judgement, accounting and financing analytic ability, management ability, crisis management, industry knowledge, going globally, leadership, decision-making ability) and whether are capable of the related industry experience, those are being considered when selecting the Board of Directors. The establishment of selecting the candidates for the Board of Directors meets with the criterion and related regulations to ensure the suitable candidates can be identified effectively.</p> <p>The preparation for successor of the managerial level</p> <p>In favor of the company management and operation, the continuing education is scheduled for the important managerial level to ensure they keep abreast of the latest important information, the education information includes hours and relevant records are available on the annual report. The Company will conduct the internal education training annually for the managerial level and encourage staff taking external training to strengthen their capabilities for the talent cultivation. Apart from that, the Company conducts performance appraisal every 6 months via observation and interviews to better understand what areas need to be improved and expectations of the staff, the results will be utilized as the reference for the successor planning.</p>				

- Note: 1. If “Yes” is checked under implementation, please describe the key policies, strategies, and measures and results adopted. If “No” is checked under implementation, please give reasons and describe relevant strategies and measures to be adopted in the future. However, regarding promotion projects 1 and 2, listed OTC companies should describe the governance and supervision structure of sustainable development, including but not limited to management guidelines, strategy and goal formulation, review measures, etc. Also describe the company's risk management policies or strategies for environmental, social and corporate governance issues related to operations, and its assessment status
2. The materiality principle refers to environmental, social, or corporate governance issues that have a material impact on the investors or other stakeholders of the company.
3. Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for the method of disclosure.

Climate-Related Information of TWSE/TPEX Listed Company

1.Implementation of Climate-Related Information

Item	Implementation status							
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<ul style="list-style-type: none"> In 2021, our company established a 'Sustainable Development Unit,' which was officially endorsed by the Board of Directors on January 18, 2022, as the highest-level unit for decision-making related to sustainable development. The Vice President of the Executive Management Department was appointed by the Chairman to serve as the key contact between this unit and senior executives from different departments. This unit is expected to formulate mid-to-long-term sustainable development plans and provide an annual report to the Board of Directors on ESG and climate change-related issues, impact assessments, and the progress of sustainability goal execution. 							
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). 3. Describe the financial impact of extreme weather events and transformative actions.	Risk category	Issue	Risk factor	Term	Degree of impact	Financial impact description	Opportunity description	Management strategy
	Transition Risk	Policies and regulations	Declare carbon emissions	short	high	<ul style="list-style-type: none"> The cost for increasing audit capabilities and establishing third-party verification. National net-zero emission policies leading to increased greenhouse gas emission costs. Other sustainability-related regulations leading to increased operational costs. 	<ul style="list-style-type: none"> Improving resource utilization efficiency. Increasing the utilization of renewable energy. Discussing relevant energy-saving measures to reduce carbon emissions. 	<ul style="list-style-type: none"> Implementing greenhouse gas inventory, setting carbon reduction goals, and conducting ongoing assessments. Continuously monitoring the evolution of regulations and evaluating draft content, engaging in proactive discussions to ensure compliance with regulations.
			Increased requirements for climate-related information disclosure	short	high			
			Uncertainty of legislation	medium	high			
			Carbon tax and energy tax	medium	moderate			
			Carbon emission regulations and trades	medium	low			
		Technology	The regulations and standards of product efficiency	medium	low	<ul style="list-style-type: none"> Inadequate product efficiency leading to customer dissatisfaction and finally leading to a decrease in sales. 	<ul style="list-style-type: none"> Reducing the product defect rate leading to a decrease in scrap costs. 	<ul style="list-style-type: none"> Evaluating feasible technologies and materials for product design to reduce energy consumption in products.
		Market	Significant increases in material prices	short	moderate	<ul style="list-style-type: none"> Increased production costs. 	<ul style="list-style-type: none"> Material substitution planning. Avoiding supplier dependency risk by evaluating alternative suppliers. 	<ul style="list-style-type: none"> Increasing alternative material supply options. Negotiating long-term supply contracts with suppliers.
			The changes of	medium	low	<ul style="list-style-type: none"> Rising consumer 	<ul style="list-style-type: none"> Implementing low- 	<ul style="list-style-type: none"> Evaluating feasible

			customer behavior			climate change awareness leading to a decrease in sales due to changing procurement demands.	carbon green production. • Elevating process improvements to drive product transformation.	technologies and materials for product design to reduce product energy consumption. • Enhancing energy efficiency through equipment improvement and upgrades.
			Typhoon or heavy rain	short	low	<ul style="list-style-type: none"> Impacts on workforce planning and management. Equipment damage or retirement. Reduced production capacity or decreased sales volume. 	<ul style="list-style-type: none"> Enhancing resilience to abnormal weather conditions. 	<ul style="list-style-type: none"> Establishing emergency response procedures to reduce personnel and property losses. Reducing the probability of losses from natural disasters through business insurance.
	Physical Risk	Acute Risk	Drought	short	low			
		Chronic Risk	Prolonged heatwave	long	low	<ul style="list-style-type: none"> Increased electricity usage leading to increased costs. 	<ul style="list-style-type: none"> Implementing energy-saving and carbon-reduction production. 	<ul style="list-style-type: none"> Conserving electricity to reduce costs. Evaluating the investment in energy-efficient equipment.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>The process of identifying and assessing climate-related risks.</p> <ol style="list-style-type: none"> Collecting future climate-related development trends, including climate change trends, potential changes in future regulations, and market conditions. Learning climate risk categories: Identifying different climate risks that may affect the business, including extreme weather events (such as hurricanes, heavy rainfall, drought), sustained high temperatures, etc. Assessing the impact level: Evaluating the likelihood and impact of various climate risks and disasters on the business and representing them on a scale from 'high,' 'medium,' to 'low' based on their severity. These risks include assessments of their impact on policy and regulations, technology, and the market, among other aspects. Assessing business resilience: Examining the company's current ability to respond to climate-related risks, including evaluating assets, supply chains, business processes, and geographical locations. Exploring potential opportunities: Considering potential business opportunities and markets that climate change may bring, such as process improvements leading to product transformation, increased resource efficiency, energy-saving and carbon reduction, and low-carbon green production. Developing response strategies: Based on the assessment results, formulating strategies to address different risks. This may involve enhancing business resilience, diversifying supply chains, implementing energy-saving and carbon reduction measures, and adopting renewable energy, among other actions. Monitoring and updating: Continuously monitor changes in climate-related regulations and the market, and update risk assessments and response strategies as needed. Regularly review and improve strategies to ensure ongoing adaptability to changes. <p>Management process</p> <ol style="list-style-type: none"> Establishing a Risk Management Committee: Identifying responsible individuals and timetables for risk mitigation. Evaluating the likelihood and impact of various risk events: Determining the priority of risks, categorizing them into high, medium, and low priority levels. 							

	<p>3. Developing risk management strategies: Designing response strategies for risks at three different levels, including mitigating the impact of risks and enhancing business resilience.</p> <p>4. Execution and monitoring: Implementing the devised risk management strategies and continuously monitoring changes in risk and the effectiveness of response measures.</p> <p>5. Review and improve: Continuously improve risk management strategies based on actual results, and adjust risk management strategies and objectives as needed.</p> <p>Annual risk management system</p> <p>1. Integrated risk management: Incorporating risk management into the company's business plans and operational processes. Integrating climate-related risk management and setting risk management measures to achieve overall risk management coordination and efficiency.</p> <p>2. Resource allocation: Allocating necessary resources, including budget, personnel, and technology, to support the implementation of risk management measures.</p> <p>3. Education and training: Training employees to enhance their awareness and capacity to address climate-related risks. Encouraging employee engagement in climate-related risk management and fostering risk awareness.</p> <p>4. Transparency report: Disclosing climate-related risk assessments and management measures in the company's sustainability reports, and transparently communicating with stakeholders. °</p>
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Scenario analysis is not applied to assess the resilience to climate change risks.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	<p>The indicators that might be considered.</p> <p>1. Greenhouse gas emissions: Examining carbon footprint, measured in carbon dioxide (CO2) equivalent, and using greenhouse gas emissions as an indicator to determine compliance with regulatory standards for emissions generated in the supply chain and production processes.</p> <p>2. Resource usage efficiency: Examining the efficiency of resources such as energy, water, and raw materials, assessing resource utilization efficiency, and seeking opportunities for energy conservation and emissions reduction.</p> <p>3. Renewable energy proportion: Measuring the percentage of renewable energy used in the energy consumption to evaluate the progress in energy transformation.</p>
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Not using internal carbon pricing as a planning tool
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas	No climate-related targets have been set.

emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	<p>Carbon reduction goals: Currently in the process of conducting a comprehensive carbon inventory, and the establishment of carbon reduction goals will commence after the completion of the inventory. It is expected that carbon reduction goals will be set by 2025.</p> <p>Renewable energy proportion target: Currently in the process of assessing the feasibility of using renewable energy.</p> <p>Resource efficiency: Enhancing resource utilization efficiency, including energy, water, and raw materials. Reducing the consumption of energy, water, and raw materials and exploring more environmentally friendly and energy-efficient alternatives.</p>

Note: Short-term: 1-3 years; Medium-term: 4-7 years; Long-term: 7 years and beyond

Instructions for Completing the Table:

<p>Basic information of the company</p> <p><input type="checkbox"/> Capital of NT\$10 billion or more, iron and steel industry, or cement industry</p> <p><input type="checkbox"/> Capital of NT\$5 billion or more but less than NT\$10 billion</p> <p><input checked="" type="checkbox"/> Capital of less than NT\$5 billion</p>	<p>Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEX Listed Companies:</p> <p><input type="checkbox"/> Inventory for parent company only</p> <p><input type="checkbox"/> Inventory for all consolidated entities</p> <p><input type="checkbox"/> Assurance for parent company only</p> <p><input type="checkbox"/> Assurance for all consolidated entities</p>
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Scope 1	Total emissions (Metric tons CO ₂ e)	Intensity (Metric tons CO ₂ e/NT\$ 1 million) (Note 2)	Assurance body	Description of assurance status (Note 3)
Parent	56.200	0.0001	Without confirmation from a trustworthy agency	NA
Subsidiary(ies)	Scheduled in 2027	Scheduled in 2027	Without confirmation from a trustworthy agency	NA

Total	56.200	0.0001		
Scope 2	Total emissions (Metric tons CO ₂ e)	Intensity (Metric tons CO ₂ e/NT\$ 1 million) (Note 2)	Assurance body	Description of assurance status (Note 3)
Parent	1,958.139	0.0052	Without confirmation from a trustworthy agency	NA
Subsidiary(ies)	Scheduled in 2027	Scheduled in 2027	Without confirmation from a trustworthy agency	NA
Total	1,958.139	0.0052		
Scope 3	NA			

1-1. Greenhouse Gas Inventory and Assurance Status

1. Scope 1 and Scope 2 information in this table shall be disclosed according to the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Scope 3 information may be voluntarily disclosed by the business.
2. The company may conduct the greenhouse gas inventory in accordance with the following standards:
 - (1) The Greenhouse Gas Protocol (GHG Protocol).
 - (2) ISO 14064-1 issued by the International Organization for Standardization.
3. The assurance body shall meet the provisions regarding assurance of sustainability reports prescribed by the TWSE and the TPEX.
4. The information for subsidiaries may be reported individually, or in aggregate (e.g., by country or by region), or on a consolidated basis (Note 1).
5. The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ 1 million) should be disclosed (Note 2).
6. The proportion of total emissions from operating sites or subsidiaries not included in the inventory calculation shall not be more than 5%. "Total emissions" above means the quantity of emissions calculated according to the mandatory inventory scope referred to in point 1 of these Instructions for Completing the Table.
7. The description of assurance status shall summarize the content of the assurance report of the assurance body, and the complete assurance opinion shall be appended to the annual report (Note 3).

3.4.6 Fulfillment of Ethical Corporate Management and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		1) On May 12, 2015, April 10, 2019 and November 10, 2021, the Company’s board of directors approved and revised the establishment of the “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct,” which are available on the Company’s website and the MOPS.	1) No material difference.
2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		2) The Company has formulated the “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct,” which contain safeguards against unethical conduct and specify procedures, sanctions and grievance systems for non-compliance.	2) No material difference.
3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		3) The Company has prepared the “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct,” and has defined and implemented precautionary measures and regularly reviews and revises the aforementioned programs.	3) No material difference.
2. Fulfill operations integrity policy				
1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		1) The Company shall require suppliers, contractors and other partners who have business dealings with the Company to comply with the Company’s Code of Conduct for Employees and to conduct themselves with integrity and honesty. The Company has an ethical conduct clause in all external contracts entered into by the Company in connection with its business activities. The Company may downgrade, suspend or remove from the list of eligible suppliers any party with a record of unethical conduct.	1) No material difference.
2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical	V		2) (1) The Company’s administration division acts as the dedicated unit of the	2) No material difference.

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?			<p>Ethical Management Working Group, with the Vice President of the administration division as the convener. According to the unit’s work duties and scope, it is responsible for assisting the board of directors and management in formulating and overseeing the implementation of ethical management policies and preventive programs to ensure the enforcement of the ethical corporate management best practice principles, which was reported to the Board on 2023/11/10.</p> <p>(2) The Company’s ethical management policy was enforced, the 2023 implementation is as follows:</p> <p>1. Legal compliance promotion: The administration division promoted the awareness education among all directors/employees, compiled the ethical corporate management best practice principles and the important rules for handling internal material information, and educated directors/employees on the points to note in conducting business.</p> <p>2. Periodic review The Company’s annual self-audit and self-assessment of compliance with laws and regulations are performed by each unit to achieve effective control and implementation, with independent audits by an auditing entity to ensure the operation of the overall mechanism to jointly manage and prevent the occurrence of unethical conduct. Zero external reports were filed in fiscal 2023.</p> <p>3. Whistleblower system and whistleblower protection The Company has set up a specific whistleblower system under the Corporate Governance Best Practice Principles, the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct to actively prevent unethical conduct and encourage internal and external staff to report unethical conduct or misconduct and has designated the President’s Office as the dedicated</p>	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		unit to receive reports of unethical conduct from our employees. If the report involves a director or a senior executive, it will be referred to the independent director, and the identity of the whistleblower and the content of the report will be kept confidential, and the whistleblower will be protected from improper treatment as a result of the report. Zero external reports were filed in fiscal 2023. 3) To avoid prejudice to the Company’s interests, its “Code of Conduct for Employees,” “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” all contain policies on the avoidance of conflicts of interest. For suppliers who have business dealings with the Company, they are also required to observe the Company’s code of conduct for employees, not to engage in any illegal business practices and not to offer improper benefits or bribes to the Company’s staff in all transactions with the Company. The Company has a reporting system on its intranet site for employees and related personnel to report any improper practice.	3) No material difference.
4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		4) In order to establish an effective accounting and internal control system, the Company has fully computerized its operations, linking all management functions from computer to computer, and performing exception management at every level.	4) No material difference.
5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		5) Internal and external training on ethical management: In fiscal 2023, the Company held internal and external training sessions on ethical management issues (including courses on ethical management regulations compliance, safety and health training, accounting system and internal control), for 2,492 persons totaling 465 hours.	5) No material difference.
3. Operation of the integrity channel 1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for	V		1) 2) A whistleblower system is set up on the Company’s intranet site to receive reports of any unlawful or unethical activity, with an independent and	1) 2) No material difference.

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
follow-up? 2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures? 3) Does the company provide proper whistleblower protection?	V V		dedicated unit responsible for investigating the matter and keeping the identity of the whistleblower and the content of the report confidential. 3) The Company does not tolerate any threats or reprisals against whistleblowers. If the whistleblower wishes to remain anonymous, the Company will use anonymity instead of the name of the whistleblower during the investigation.	3) No material difference.
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company’s board of directors approved and revised on May 12, 2015 April 10, 2019 and November 10, 2021 the formulation of the “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct,” which are available on the Company’s website and the MOPS. Internal and external training on ethical management: In fiscal 2023, the Company held internal and external training sessions on ethical management issues (including courses on ethical management regulations compliance, safety and health training, accounting system and internal control), for 2,492 persons totaling 465 hours.	No material difference.
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: None				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies: None				

3.4.7 Corporate Governance Guidelines and Regulations:

Please refer to the website at <https://www.cosmo-inc.com/tw/about/index.aspx?kind=128>

3.4.8 Other Important Information Regarding Corporate Governance: None

3.4.9 Implementation Status of Internal Control System

3.4.9.1 Statement of Internal Control

Cosmo Electronics Corporation Declaration of Internal Control System

Date: March 14, 2024

Based on the findings of a self-evaluation, the Company states the following with regard to its internal control system during the year of 2023:

- I. The Company acknowledges that the Company's Board of Directors and the managerial officers are responsible for establishing, implementing, and maintaining an adequate internal control system, and the Company has established such system. The objectives of internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of security for assets), ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting, and providing reasonable assurance.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component comprises a few different items. For more information concerning the items, please refer to the Regulations.
- IV. The Company has already adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.
- V. Based on the findings of the aforementioned evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries) to provide reasonable assurance over our operating effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This Declaration is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Declaration was passed by the Board of Directors in the meeting held on March 14, 2024, with eight of the nine_attending Directors expressing dissenting opinions. The remainder all affirmed the content of this Declaration.

Cosmo Electronics Corporation

Chairperson: Hsieh Shu-chuan

signature

President: Chao Chia-chi

signature

3.4.9.2 If a CPA was engaged to conduct a special audit of internal control system, the audit report shall be disclosed: None

3.4.10 If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None

3.4.11 Major Resolutions of Shareholders' Meetings and Board Meetings and the Implementation Status of Them During the Most Recent Fiscal Year or During the Current Fiscal Year Up to the Publication Date of the Annual Report;

3.4.11.1 Major Resolutions of Shareholders' Meetings in 2023 and the Implementation Status of Them:

Date	Major Resolutions and	Implementation Status
June 15, 2023 General Shareholders' Meeting	1. Approved the 2022 Annual Business Report and Financial Statements.	Approved by the shareholders' meeting and executed accordingly.
	2. Approved the surplus distribution for 2022.	Approved by the shareholders' meeting and executed accordingly.
	3. The issuance of new shares by way of capital increase through capitalization of capital reserve.	Each share is allocated 0.02 shares, and the ex-rights base date is September.19,2023. The change in share capital was approved for registration by the Ministry of Economic Affairs on October 5, 2023.

3.4.11.2 Major Resolutions of Board Meetings in Fiscal Year 2023 and During the Current Fiscal Year Up to the Publication Date of the Annual Report:

Date	Summary of Discussion
2023.3.21	<ol style="list-style-type: none"> 1. Submission of the internal audit report from Oct. 2022 to Jan 2023. 2. Submission of the 2022 Board performance evaluation report. 3. Submission of the progress of the GHG accounting and verification schedule from Nov.2022 to Jan 2023. 4. Discussion of the application of the credit and pre-settlement risk limits in the transactions between the Company and financial institutions. 5. Discussed the distribution of compensation to employees, Board for 2022. 6. Discussed the 2022 Annual Business Report and Financial Statements. 7. Discussed the surplus distribution for 2022. 8. Discussed the "Internal Control System Effectiveness Assessment" and the "Statement on Internal Control System" for 2022. 9. Discussion of the GHG accounting and verification schedule for the subsidiaries. 10. Discussion of the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" amendments. 11. Discussion of the independence, appointment and the audit fee of the CPA. 12. Discussion of the pre-approval of non-certified services for the Company and its subsidiaries provided by the CPA, the firm and the affiliate enterprises. 13. Set the Company's base date for the issuance of new shares for the 3rd domestic secured convertible bonds. 14. Discussion of the acquirement of the machinery and equipment from the affiliate enterprises. 15. Discussion of the capital increase through capitalization of capital reserve, as well as relevant matters. 16. Discussion of the General Shareholders' Meeting for 2023. 17. Discussion of the acceptance of shareholders' proposals of the 2021 General Shareholders' Meeting.
2023.5.11	<ol style="list-style-type: none"> 1. Submission of the Internal Audit Report from February to March 2023. 2. Submission of the GHG Emissions Accounting and Verification schedule from February to April 2023. 3. Submission of the Report of the Board liability insurance coverage.

Date	Summary of Discussion
	<p>4. Discussed the application of the credit and pre-settlement risk limits in the transactions between the Company and financial institutions.</p> <p>5. Discussion of the 2023Q1 consolidated financial statements.</p>
112.08.11	<p>1.Submission of the Internal Audit Report from April to June 2023.</p> <p>2. Submission of the GHG Emissions Accounting and Verification schedule from May to July 2023.</p> <p>3. Discussion of the application of the credit and pre-settlement risk limits in the transactions between the Company and financial institutions.</p> <p>4. Discussion of the 2023Q2 consolidated financial statements.</p> <p>5. Set the base date for new common share issuance through the increase of capital by capitalization of capital reserve and set up of matters related to the base date for distribution of cash dividends from the earnings.</p> <p>6. Discussion of the remuneration payment case for directors of the company from 2019 to 2022.</p> <p>7.Discussion of the acquirement of the machinery and equipment from the affiliate enterprises.</p>
112.09.06	1.Election of Chairman. °
112.11.10	<p>1. Submission of the Internal Audit Report from July to September 2023.</p> <p>2. Submission of the GHG Emissions Accounting and Verification schedule from August to October 2023.</p> <p>3.Discussion the 2023 Corporate Governance report.</p> <p>1. Discussion of the application of the credit and pre-settlement risk limits in the transactions between the Company and financial institutions.</p> <p>5. Discussion of the Company issued a guarantee for the credit line of a subsidiary.</p> <p>6. Discussion of the 2023Q3 consolidated financial statements.</p> <p>7. The 2024 internal audit schedule.</p> <p>8. Formulate the "Operation Method for Preparing and Submitting Sustainability Reports" and the amendments to its "Internal Audit Implementation Rules"</p> <p>9.Discussion of the acquirement of the machinery and equipment from the affiliate enterprises.</p>
113.02.01	<p>1. Discussion of the application of the credit and pre-settlement risk limits in the transactions between the Company and financial institutions.</p> <p>2. Discussion of the Company issued a guarantee for the credit line of a subsidiary.</p> <p>3. Discussed and reviewed the awarding of year-end bonuses to managerial officers and directors with employee status in 2023.</p> <p>4.Amendments to the “Rules of Procedure for Meetings of the Board of Directors” and the “Rules of Procedure for the Organization of the Audit Committee”</p>
113.3.14	<p>1.Submission of the Internal Audit Report from October 2023 to January 2024.</p> <p>2.Submission of the 2023 Board performance evaluation report.</p> <p>3.Submission of the GHG Emissions Accounting and Verification schedule from November 2023 to January 2024.</p> <p>4.Discussion of the application of the credit and pre-settlement risk limits in the transactions between the Company and financial institutions.</p> <p>5.Discussed the distribution of compensation to employees, Board for 2023.</p> <p>6. Business report and financial report of 2023.</p> <p>7. The distribution of the surplus of 2023.</p> <p>8. The Effectiveness of Implementation of Internal Control and the Statement.</p> <p>Amendments to the "Related Operating Standards for Financial Business between Affiliated Enterprises".</p> <p>9. Discussion on the general election of directors.</p> <p>10. Discussion of the nomination period, the number of candidates to be nominated and the acceptance of proposals from shareholders to propose a motion for a general meeting of shareholders and to nominate candidates for election as directors (including independent directors).</p> <p>11.Discussed the general shareholders’ meeting of 2024.</p>
113.5.9	<p>1.Submission of the Internal Audit Report from Febriary to March 2024.</p> <p>2.Submission of the Report of the Board liability insurance coverage.</p> <p>3.Submission of the GHG Emissions Accounting and Verification schedule from Febriary to April 2024.</p> <p>4.Discussion of the application of the credit and pre-settlement risk limits in the transactions between the Company and financial institutions.</p> <p>5.Discussion of the independence, appointment and the audit fee of the CPA.</p> <p>6. Discussion of the 2024Q1 consolidated financial statements.</p> <p>7. Amendments to the “Rules of Procedure for Shareholders Meetings.”</p>

Date	Summary of Discussion
	8. Discussion of the proposal to approve the list of directors (including independent directors) to be nominated by the Board of Directors. 9. To release the newly elected directors and its designated representatives from non-competition restrictions 10. Discussion on the addition of the agenda item of the 2024 Annual General Meeting of Shareholders of the Company. 11. Change to the principal corporate governance officer and the accounting officer of the company. 12. Discussion of the remuneration packages for the Company's Head of Accounting and Head of Corporate Governance. 13. The board of directors of our company has announced the decision to make changes to the organizational structure of our subsidiary in Kunshan.

3.4.12 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors: None

3.4.13 Resignation or Dismissal of the Company's Key Individuals: None

3.5 Information Regarding the Company's Audit Fee and Independence

(1)

Unit: NT\$ thousands

Name of Accounting Firm	Name of CPA	Period Covered by CPAs' Audit	Audit Fee	Non-audit Fee (note)	Total	Remark
PwC Taiwan	Tsai, I-tai	Jan. 2023 - Dec. 2023	4,750	80	4,830	Conversion of capital reserve into new shares
	Liang, Chan-nu					

- (2) If the audit fee paid in the year of change of accounting firm is less than the audit fee in the year before the change, the amount of the audit fee before and after the change and the reasons for the difference should be disclosed: Not applicable.
- (3) If the audit fee is decreased by 10% or more from the previous year, the amount, percentage and reasons for the decrease should be disclosed: Not applicable.

3.6 Replacement of CPA: None

3.7 The Company's Chairperson, President, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any position in the Company's independent auditing firm or its affiliates during the most recent year: None

3.8 Changes in the transfer of shareholdings and pledge of shareholdings of directors, supervisors, managerial personnel and shareholders holding more than 10% of the shares in the most recent year and up to the date of publication of the financial statement

3.8.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Title	Name	2023		By April 28, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairperson	Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account Representative: Hsieh Shuchuan	23, 033	0	0	0
Director	Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account Representative: Liu Chin-mu				
Director	DIGICROWN TECHNOLOGIES LTD. Representative: Chao Chia-chi	312, 052	(1, 191, 000)	0	0
Director	DIGICROWN TECHNOLOGIES LTD. Representative: Hung Yu-han				
Director	DIGICROWN TECHNOLOGIES LTD. Representative: Ho Wei-chuan				
Independent director	Wu Yong-fu	0	0	0	0
Independent director	Xu Bo-yu	0	0	0	0
Independent director	Li Dan	0	0	0	0
President	Chao Chia-chi	1, 071	0	0	0
Finance and Accounting Supervisor	Hung Yu-han	0	0	0	0
Vice President & Chief Corporate Governance Officer	Lee Chih-chin	0	0	0	0
Deputy General Manger	Liu Chin-mu	0	0	0	0
Deputy General Manger	Ho Wei-chuan	0	0	0	0
Chairperson	TSAI, NAI-CHENG (Date of Resignation: September 5,2024)	0	0	0	0

3.8.2 Information on the transfer of shares: None

3.8.3 Information on pledge of shares: None

3.9 Relationship among the Top Ten Shareholders

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
DIGICROWN TECHNOLOGIES LTD.	15,914,684	9.28%					1. Kuan Chia Investment Ltd. 2. Da Liang Investment Ltd. 3. Hung Yi Investment Ltd.	1. Chairperson of each company is the same person 2. Related to the person in charge of the Company in the first degree of kinship 3. Related to the person in charge of the Company in the second-degree of kinship	—
Representative: Chao Chia-chi	54,625	0.03%	0	0	0	0	None	None	—
Representative: Hung Yu-han	0	0	0	0	0	0	None	None	—
Representative: Ho Wei-chuan	0	0	0	0	0	0	1. Kuan Chia Investment Ltd. 2. Da Liang Investment Ltd. 3. DIGICROWN TECHNOLOGIES LTD 4. Hung Yi Investment Ltd.	1. Related to the person in charge of the Company in the second-degree of kinship 2. Related to the person in charge of the Company in the first degree of kinship 3. Related to the person in charge of the Company in the second-degree of kinship 4. The person in charge of the company	—
Da Liang Investment Ltd.	14,427,304	8.41%					1. Kuan Chia Investment Ltd. 2. DIGICROWN TECHNOLOGIES LTD. 3. Hung Yi Investment Ltd.	1. Related to the person in charge of the Company in the first degree of kinship 2. Related to the person in charge of the Company in the first degree of kinship 3. Related to the person in charge of the Company in the first degree of kinship	—
Representative: Hsieh Shu Chuan	3,231,711	1.88%	0	0	0	0	1. DIGICROWN TECHNOLOGIES LTD. 2. Kuan Chia Investment Ltd. 3. Hung Yi Investment Ltd.	1. Related to the person in charge of the Company in the first degree of kinship 2. Related to the person in charge of the Company in the first degree of kinship 3. Related to the person in charge of the Company in the first degree of kinship	—
Wei Jia Investment Co., Ltd.	14,356,481	8.37%					None	None	—
Representative: Cheng Mei Hua	0	0	0	0	0	0	None	None	—
Hung Yi Investment Ltd.	13,957,367	8.14%					1. Kuan Chia Investment Ltd. 2. Da Liang Investment Ltd. 3. DIGICROWN TECHNOLOGIES LTD.	1. Related to the person in charge of the Company in the second-degree of kinship 2. Related to the person in charge of the Company in the first degree of kinship 3. Related to the person in charge of the Company in the second-degree of kinship	—
Representative: Ho Wei-chuan	0	0	0	0	0	0	1. Kuan Chia Investment Ltd. 2. Da Liang Investment Ltd. 3. DIGICROWN TECHNOLOGIES LTD.	1. Related to the person in charge of the Company in the second-degree of kinship 2. Related to the person in charge of the Company in the first degree of kinship 3. Related to the person in charge of the Company in the second-degree of kinship	—
Tsan Hua Investment Co., Ltd.	13,266,627	7.74%					None	None	—
Representative: Brook Lin	10,924	0.01%	0	0	0	0	None	None	—

Kuan Che Investment Ltd.	12,936,160	7.54%					None	None	—
Representative: Johnson Tsao	1,105,684	0.64%	0	0	0	0	None	None	—
Tai Sung Investment Co., Ltd.	12,398,760	7.23%					None	None	—
Representative: Ernest Song	5,235,629	3.05%	0	0	0	0	None	None	—
Kuan Chia Investment Ltd.	12,285,057	7.17%					1. DIGICROWN TECHNOLOGIES LTD. 2. Da Liang Investment Ltd. 3. Hung Yi Investment Ltd.	1. Chairperson of each company is the same person 2. Related to the person in charge of the Company in the first degree of kinship 3. Related to the person in charge of the Company in the first degree of kinship	—
Representative: TSAI, NAI-CHENG	522,299	0.30%	112	0	0	0	1. DIGICROWN TECHNOLOGIES LTD. 2. Da Liang Investment Ltd. 3. Hung Yi Investment Ltd.	1. The person in charge of the company 2. Related to the person in charge of the Company in the first degree of kinship 3. Related to the person in charge of the Company in the second-degree of kinship	—
Cathay United Bank as Custodian for Fei Da Co., Ltd. Investment Account	11,223,833	6.55%					None	None	—
Ming Sheng Investment Co., Ltd.	8,069,691	4.71%					None	None	—
Representative: Collin HY Wang	0	0	0	0	0	0	None	None	—

3.10 The number of shares held by the Company, its directors, supervisors, managerial personnel, and entities under the direct or indirect control of the Company in the same investee company shall be aggregated and calculated as a percentage of the consolidated shareholding

March 31, 2024 Unit: shares / %

Name	Investment by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Cosmo Electronics Co., Ltd.	5,500,038	100%	0	0	5,500,038	100%
COSMO ELECTRONICS (HK) COMPANY LIMITED	63,180,000	100%	0	0	63,180,000	100%
GRAND CONCEPT GROUP LIMITED	10,350,000	100%	0	0	10,350,000	100%
GRANDWAY INTERNATIONAL LIMITED	30,080,000	100%	0	0	30,080,000	100%
PT COSMO TECHNOLOGY	21,100,000	100%	0	0	21,100,000	100%
Cosmo Green Power Ltd.	—	100%	0	0	—	100%

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Sources of Capital

Month /Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
Aug. 1995	1,000	59,000	59,000,000	59,000	59,000,000	Cash capital increase: \$30,000,000	—	Jing(84)-Shang-Zi No. 01008237
Dec. 1996	10	10,760,000	107,600,000	10,760,000	107,600,000	Cash capital increase: \$48,600,000	—	Jing(86)-Shang-Zi No. 101454
Sep. 1997	10	15,374,000	153,740,000	13,374,000	133,740,000	Cash capital increase: \$10,000,000 Capitalization of retained earnings: \$16,140,000	—	Jing(86)-Shang-Zi No. 121515
Sep. 1997	10	15,374,000	153,740,000	15,374,000	153,740,000	Cash capital increase: \$20,000,000	—	Jing(86)-Shang-Zi No. 121515
Oct. 1998	10	44,500,000	445,000,000	22,667,452	226,674,520	Cash capital increase: \$49,000,000 Capitalization of retained earnings: \$8,560,520 Capitalization of capital reserves: \$15,374,000	—	Tai-Cai-Zheng (Yi) No. 57083
June 1999	10	44,500,000	445,000,000	26,448,795	264,487,950	Capitalization of retained earnings: \$15,145,980 Capitalization of capital reserves: \$22,667,450	—	Tai-Cai-Zheng (Yi) No. 55844
Nov. 1999	10	44,500,000	445,000,000	30,000,000	300,000,000	Cash capital increase: \$35,512,050	—	Tai-Cai-Zheng (Yi) No. 82841
April 2000	10	44,500,000	445,000,000	36,942,272	369,422,720	Capitalization of retained earnings: \$39,422,720 Capitalization of capital reserves: \$30,000,000	—	Tai-Cai-Zheng (Yi) No. 32118
Jan. 2001	10	44,500,000	445,000,000	44,442,272	444,422,720	Cash capital increase: \$75,000,000	—	Tai-Cai-Zheng (Yi) No. 79433
Dec. 2001	10	101,600,000	1,016,000,000	53,780,200	537,802,000	Capitalization of retained earnings: \$87,601,900 Capitalization of capital reserves: \$5,777,380	—	Tai-Cai-Zheng (Yi) No. 165285
Nov. 2002	10	101,600,000	1,016,000,000	71,580,200	715,802,000	Cash capital increase: \$178,000,000	—	Tai-Cai-Zheng-Yi No. 0910129807
Feb. 2003	10	101,600,000	1,016,000,000	73,036,890	730,368,900	Convertible bonds: \$14,566,900	—	Tai-Cai-Zheng-Yi No. 0910129807
April 2003	10	101,600,000	1,016,000,000	73,327,798	733,277,980	Convertible bonds: \$2,909,080	—	Tai-Cai-Zheng-Yi No. 0910129807
Oct. 2003	10	101,600,000	1,016,000,000	73,436,883	734,368,830	Convertible bonds: \$1,090,850	—	Tai-Cai-Zheng-Yi No. 0910129807
Dec. 2003	10	101,600,000	1,016,000,000	74,036,869	740,368,690	Convertible bonds: \$5,999,860	—	Tai-Cai-Zheng-Yi No. 0910129807
June 2004	10	101,600,000	1,016,000,000	77,355,032	773,550,320	Convertible bonds: \$33,181,630	—	Tai-Cai-Zheng-Yi No. 0910129807
Nov. 2004	10	101,600,000	1,016,000,000	89,622,899	896,228,990	Convertible bonds: \$122,678,670	—	Tai-Cai-Zheng-Yi No. 0910129807
Jan. 2007	10	170,000,000	1,700,000,000	119,622,899	1,196,228,990	Private cash capital increase: \$300,000,000	—	Jing-Shou-Shang-Zi No. 96.1.15 09601009090
Sep. 2008	10	170,000,000	1,700,000,000	132,822,665	1,328,226,650	Capitalization of retained earnings: \$72,186,220 Capitalization of capital reserves: \$59,811,440	—	Jing-Shou-Shang-Zi No. 97.9.9 09701228260
Sep. 2010	10	170,000,000	1,700,000,000	136,807,345	1,368,073,450	Capitalization of retained earnings: \$39,846,800	—	Jing-Shou-Shang-Zi No. 99.9.27 09901216670
Oct. 2014	10	170,000,000	1,700,000,000	143,807,345	1,438,073,450	Private cash capital increase: \$70,000,000	—	Jing-Shou-Shang-Zi No. 103.10.17 10301215500
Dec. 2015	10	170,000,000	1,700,000,000	156,307,345	1,563,073,450	Cash capital increase: \$125,000,000	—	Jing-Shou-Shang-Zi No. 104.12.04 10401261000
Aug. 2018	10	170,000,000	1,700,000,000	156,334,226	1,563,342,260	Convertible bonds: \$268,810	—	Jing-Shou-Shang-Zi No. 107.08.17 10701081730

July 2019	10	200,000,000	2,000,000,000	156,334,226	1,563,342,260	(Capital approved)	—	Jing-Shou-Shang-Zi No. 108.07.12 10801085090
Oct 2021	10	200,000,000	2,000,000,000	161,024,253	1,610,242,530	New common share issuance through the increase of capital by capitalization of capital reserve:\$46,900,270	—	Jing-Shou-Shang-Zi No. 110.10.19 11001189830
Nov 2021	10	200,000,000	2,000,000,000	161,471,617	1,614,716,170	Convertible bonds: \$4,473,640	—	Jing-Shou-Shang-Zi No. 110.11.29 11001221890
March 2022	10	200,000,000	2,000,000,000	161,623,378	1,616,233,780	Convertible bonds: \$1,517,610	—	Jing-Shou-Shang-Zi No. 111.03.02 1110101918
Dec. 2022	10	200,000,000	2,000,000,000	168,088,313	1,680,883,130	New common share issuance through the increase of capital by capitalization of capital reserve:\$ 64,649,350	—	Jing-Shou-Shang-Zi No. 111.12.30 11101248440
April 2023	10	200,000,000	2,000,000,000	168,096,762	1,680,967,620	Convertible bonds: \$84,490	—	Jing-Shou-Shang-Zi No. 112.04.17 11230058520
Oct 2023	10	200,000,000	2,000,000,000	171,458,697	1,714,586,970	New common share issuance through the increase of capital by capitalization of capital reserve:\$ 33,619,350		Jing-Shou-Shang-Zi No 112.10.05 11230189570 號

Note: Prior to 1995, each share had a par value of NT\$1,000. In mid-1996, each share was divided into 100 shares, and the par value of each share after the division was NT\$10.

Share type	Authorized			Remark
	Issued shares	Un-issued shares	Total shares	
Registered common stock	171, 458, 697	28, 541, 303	200,000,000	None

Information on shelf registration system: None

4.1.2 Status of Shareholders

April 28, 2024

Status of Shareholders Qty.	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Treasury Stocks	Total
Number of Shareholders	0	0	23	19	1, 995	0	2, 037
Shareholding (shares)	0	0	133, 102, 788	19, 053, 040	19, 302, 869	0	171, 458, 697
Percentage	0.00%	0.00%	77. 63%	11. 11%	11. 26%	0. 00%	100. 00%

4.1.3 Shareholding Distribution Status

April 28, 2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1-999	1, 507	224, 254	0. 13%
1,000-5,000	401	787, 433	0. 46%
5,001-10,000	54	365, 582	0. 21%
10,001-15,000	16	201, 263	0. 12%
15,001-20,000	3	53, 778	0. 03%
20,001-30,000	7	175, 105	0. 10%
30,001-40,000	2	64, 225	0. 04%
40,001-50,000	2	80, 992	0. 05%
50,001-100,000	7	399, 629	0. 23%
100,001-200,000	8	1, 180, 967	0. 69%
200,001-400,000	3	860, 397	0. 50%
400,001-600,000	3	1, 483, 510	0. 87%
600,001-800,000	2	1, 411, 663	0. 82%
800,001-1,000,000	1	888, 228	0. 52%
1,000,001 or over	21	163, 281, 671	95. 23%
Total	2, 037	171, 458, 697	100. 00%

Note: This is the shareholding distribution status of common shares. The Company has not issued any preferred share.

4.1.4 List of Major Shareholders

April 28, 2024

Shareholding Name of Major Shareholder	Shares held	Shareholding percentage
DIGICROWN TECHNOLOGIES LTD.	15,914,684	9.28%
Da Liang Investment Ltd.	14,427,304	8.41%
Wei Jia Investment Co., Ltd.	14,356,481	8.37%
Hung Yi Investment Ltd.	13,957,367	8.14%
Tsan Hua Investment Co., Ltd.	13,266,627	7.74%
Kuan Che Investment Ltd.	12,936,160	7.54%
Tai Sung Investment Co., Ltd.	12,398,760	7.23%
Kuan Chia Investment Ltd.	12,285,057	7.17%
Cathay United Bank as Custodian for Fei Da Co., Ltd. Investment Account	11,223,833	6.55%
Ming Sheng Investment Co., Ltd.	8,069,691	4.71%

4.1.5 Market Prices, Net Worth, Earnings, and Dividends per Share in the Most Recent Two Years

FY		2022	2023	By March 31, 2024(Note 5)
Item				
Market Price per Share	Highest	39.00	43.75	38.35
	Lowest	30.00	32.55	35.05
	Average	33.79	36.22	36.88
Net Worth per Share	Before Distribution	11.30	10.98	11.06
	After Distribution	11.08	Note (1)	–
Earnings per Share	Weighted Average Shares (thousand shares)	168,088	171,457	171,450
	Earnings per Share Before Retroactive Adjustment	0.66	0.18	(0.38)
	Earnings per Share After Retroactive Adjustment	0.65	Note (1)	(0.38)
Dividends per Share	Cash Dividends	–	Note (1)	–
	Stock Dividends	–	–	–
	Earnings allotment	–	–	–
	Capital surplus allotment	0.02	Note (1)	–
	Accumulated Undistributed Dividends	–	–	–
Return on Investment Analysis	Price / Earnings Ratio (Note 2)	51.20	201.22	(97.05)
	Price / Earnings Ratio (Note 3)	177.84	Note (1)	–
	Cash Dividend Yield Rate (%) (Note 4)	0.56	Note (1)	–

Note 1: There is no dividend distribution in 2023 earnings distribution plan, which is subject to the resolution of the shareholders' meeting.

Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 5: The net value per share and earnings per share for the first quarter of 2024 have been reviewed by the CPAs.

Note 6: The calculation of year's average market price based upon that year's transaction value and transaction volume.

4.1.6 Dividend Policy and Implementation Status

4.1.6.1 Dividend policy

The Company shall use the current year's profit before tax to deduct the profit before compensation distribution to employees and directors and supervisors, and reserve the amount to cover accumulated losses in advance. If there is any remaining balance, 5% to 12% shall be set aside as compensation to employees and not more than 3% shall be set aside as compensation to directors and supervisors. The distribution of compensation must be approved by a resolution of the board of directors with at least two-thirds of the directors present and agreed by a majority of the directors present, and reported to the shareholders' meeting.

The aforementioned employee compensation may be made in the form of stock or cash, and may be paid to employees of subsidiaries of the Company meeting certain specific requirements.

The Company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. If necessary, special reserve may be set aside or reversed in accordance with laws and regulations. If there is any undistributed earnings from prior years, the Board of Directors shall prepare a proposal for the distribution of earnings and submit it to the shareholders' meeting for resolution.

The Company's dividend policy will take into account the Company's environment and growth stage, future capital requirements and long-term financial planning, and the Board of Directors will prepare a proposal for the distribution of earnings and submit it to the shareholders' meeting for approval.

Since the Company is in a fast-changing industry and development trend and is in a growth stage, it needs to continue to invest capital. In the future, depending on the Company's working capital position and considering the shareholders' demand for cash inflow, the Company will allocate 15% or more of the distributable earnings to shareholders as dividends, except that if the distributable earnings are less than 20% of the paid-in capital, they may not be distributed. The distribution of dividends to shareholders may be made in cash or in shares, with cash dividends not less than 10% of the total dividends paid in the year, provided that if the amount of cash dividends is less than \$0.10 per share, the entire amount may be paid as stock dividends instead.

4.1.6.2 Dividend distribution at this shareholders' meeting

The Company pays dividends in accordance with the relevant laws and regulations and the Company's Articles of Incorporation. Unappropriated earnings at the beginning of the period NT\$ 698,930; the Company's profit after tax for fiscal 2023 was NT\$ 30,083,398; comprehensive income of NT\$3,562,690; set aside NT\$ 3,434,502 for legal reserve; set aside NT\$ 30,910,516 for special reserve; the unappropriated retained earnings are NT\$0.

4.1.7 The effect of dividend distributions contemplated for the current fiscal year on company operating performance and earnings per share: None

4.1.8 Compensation to employees and compensation to directors

1. The percentage or scope of compensation to employees and remuneration to directors as set forth in the Articles of Incorporation:

The Company shall use the current year's profit before tax to deduct the profit before compensation distribution to employees and directors and supervisors, and reserve the amount to cover accumulated losses in advance. If there is any remaining balance, 5% to

12% shall be set aside as compensation to employees and not more than 3% shall be set aside as compensation to directors and supervisors.

The aforementioned employee compensation may be made in the form of stock or cash, and may be paid to employees of subsidiaries of the Company meeting certain specific requirements.

2. The basis for estimating the amount of compensation to employees and directors, the basis for calculating the number of shares to be distributed as stock dividends, and the accounting treatment for any difference from the actual amount of distribution:

The compensation to employees and directors is estimated in accordance with the Accounting Research and Development Foundation (ARDF) Interpretation (96)Ji-Mi-Zi No. 052, and is recorded as an appropriate accounting item under operating costs or operating expenses depending on the nature of the compensation to employees and directors. Any subsequent differences between the resolution of the shareholders' meeting and the estimates in the financial statements are accounted for as changes in estimates and recognized as profit or loss for the current period.

3. Information on the proposed compensation to employees approved by the Board of Directors:

(1) Amount of compensation to employees and directors and supervisors:

The Company's profit for fiscal year 2023 is NT\$ 50,112,648. The Company's board of directors' meeting on March 14, 2024 proposed to provide compensation to employees in the amount of NT\$ 2,505,633 and remuneration to directors in the amount of NT\$ 501,127 in cash.

(2) Proposed employee stock bonus and its proportion to the total profit after tax and total employee bonus for the period: No employee stock bonus was distributed.

4. Actual distribution of employee bonus and remuneration to directors in the previous year (includes distributed shares, amount and share price) did not match with the recognized ones please specify the difference, cause and how to address:

Item	The Resolution of the Board of Directors (March 21, 2023)
The distributed amount to the Employee compensation in cash	5,805,173
The distributed amount to the Board of Directors' remuneration in cash	1,161,035

Note: The above distributed amounts in 2022 matched with the recognized amounts approved by the Board.

4.1.9 Buyback of the Company's Shares: None

4.2 Corporate Bonds:

4.2.1 Corporate Bonds

Types of Corporate Bond		The Third Domestic Secured Convertible Bond
Issue date		Feb. 27, 2020
Denomination		NT\$100,000
Issuing and transaction location		R.O.C.
Issue price		Issue by 104.50% of the denomination
Total price		NT\$300,000,000
Coupon rate		0%
Tenor		3 years; Maturity: Feb. 27, 2023
Guarantee agency		CTBC Bank Co., Ltd.
Consignee		Yuanta Commercial Bank Co., Ltd.
Underwriting institution		CTBC Securities Co., Ltd.
Certified lawyer		Lawyer Chiu, Ya-wen
CPA		Deloitte & Touche Cho, Ming-hsin, Shih, Ching-pin
Repayment method		Repayment in lump sum upon maturity (bond due on 112/2/27 and repaid in cash on 112/3/14)
Outstanding principal		NT\$ 0
Terms of redemption or advance repayment		Please refer to the third domestic guaranteed convertible bond issuance and conversion regulations.
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	0
	Issuance and conversion (exchange or subscription) method	Please refer to the third domestic guaranteed convertible bond issuance and conversion regulations.
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		The issuance of convertible bonds is in the best interest of the shareholders as it avoids profit erosion and reduces the dilution of the original shareholders' equity and the dilution of earnings per share due to the substantial increase in capital stock.
Transfer Agent		None

4.2.2 Convertible Bonds:

Corporate bond type		3 rd Secured Convertible Corporate Bond		
Item	Year	2021	2022	1/4/2023~As of 2/27/2023
	Highest	120.00	113.00	101.00
Market price of the convertible bond	Lowest	104.00	101.15	99.75
	Average	110.32	106.02	100.08
Convertible Price		38.00 per share 36.90 per share	No yet	35.50 per share
Issue date and conversion price at issuance		Date: 02/27/2020 Price: 38.00		
Conversion methods		Issuance of new shares in accordance with the regulations		

4.3 Preferred Shares: None

4.4 Global Depository Receipts: None

4.5 Employee Stock Options & New Restricted Employee Shares: None

4.6 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

4.7 Financing Plans and Implementation: None

V. Operational Highlights

5.1 Business Activities

5.1.1 Business scope

5.5.1.1 Principal elements of our business

The Company is a manufacturer and distributor of the following products in the relay and optoelectronic components and clean steam business:

- (1) Manufacture and sale of photocoupler series and relay series products.
- (2) Import and export trade business related to the above.
- (3) Acting as an agent for domestic and overseas suppliers in quotation, tender and distribution business.
- (4) LED manufacturing and sales.
- (5) LED smart street light (with security camera), indoor bay light (with smart lighting control), digital control unit (DCU), light control unit (LCU), cloud platform management, face and license plate recognition and traffic controller.
- (6) Renewable energy self-generating equipment and thermal energy supply.
- (7) Businesses not prohibited by law, in addition to those permitted.
- (8) Land development business.

5.5.1.2 Main products and their share of turnover:

Unit: NT\$'000

Product Name	Turnover in 2023	% of total turnover
Photoelectric	415,578	39.45
LED lighting	568,540	53.97
Energy and materials	47,630	4.52
Trading, channels & others	21,672	2.06
Land development business	-	-
Total	1,053,420	100.00

5.5.1.3 New products (services) planned for development

- (1) Enhanced optical couplers
- (2) Development of lighter, thinner, shorter and smaller optical components
- (3) Appearance design and customization of decorative lamps

5.1.2 Industry Overview

5.1.2.1 Current Status and Development of the industry

The Company and its subsidiaries are principally engaged in the photo coupler series, relay series, electronic components, decorative lighting, industrial control and bioenergy production and sale. The main products include optical components, decorative lighting, power control panels, power controllers, switch controllers and clean steam, etc. Therefore, the following is an analysis of the current situation and development trends of the optical components, decorative lighting and electronic manufacturing and bioenergy industries or their applications:

A. Optoelectronics Department

Our products are divided into two major product lines, the photo-coupler series and the relay series. The main raw materials include optical semiconductor chips and reed switches produced by the semiconductor industry, which are widely used in the consumer electronics industry, communications industry computer peripherals products, medical and industrial equipment industries.

Upstream		Midstream (Cosmo Electronics)			Downstream	
Semiconductor		Package Testing Design			Consumer electronics	Communications
Wafer fabrication & dicing	IC design	Product design	Package design	Package, test, production	Computer peripherals	Medical
					Industrial equipment	Automotive (in the works)

The photo coupler excels in the circuit isolation, control and signal amplification and can be applied on home appliances, consumer electronics, car and industrial equipment which makes photo coupler a key component. Looking into the future, the explosive growth in 5G, AI, industrial automation control, automotive electronics, EVs and its relevant peripherals such as charging stations and batteries management systems the which propels the demand of the photo coupler for its quantity and functionality.

The photo coupler will grow from US\$1.49 billion in 2021 to US\$1.79 billion in 2025 with 20% growth rate while the high-end photo coupler will grow from US\$0.87 billion in 2021 to US\$1.07 billion with 23% growth rate.

B. Clean Steam Department

With global climate change, environmental awareness has been on the rise in recent years, and governments have initiated various energy-saving policies to reduce environmental pollution. The pressure on countries to reduce carbon emissions under the Kyoto Protocol has also led them to seek to develop low-carbon energy businesses. The advantages of biomass over renewable energy include mature technology, commercial viability, high economic efficiency, and the dual benefits of waste recycling and energy production as the materials used are waste. Taken together, it is clear that the bioenergy industry has great potential for future development. Taiwan has now passed a third reading of the “Greenhouse Gas Reduction and Management Act” at the Legislative Yuan in June 2015, expressly regulating our long-term greenhouse gas reduction target of less than 50% of the 2005 GHG emissions level by 2050. In addition, in August 2015, President Barack Obama of the United States, the world’s leading industrial power, proposed the “Clean Energy Plan,” which aims to reduce carbon emissions from power plants in the US, and stated in the published brochure that the Clean Energy Plan will cut carbon emissions by 32% from 2005 levels by 2030, and that this would be the largest measure ever taken by the US to combat climate change, and it is clear that the use of new energy sources is a major trend for the future.

C. LED Lighting Department

In the decorative string lighting industry today, the main applications are in Europe and North America, and mainly for Christmas. Christmas is a traditional and important festival in Europe and the United States. It is as meaningful to the people of Europe and US as Lunar New Year is to the Chinese speaking communities, so there is often a rush to buy Christmas decorations before the festive season. The sales of decorative lighting are mostly in large shopping malls, department stores and retail outlets, and there is often a significant correlation between product sales and economic growth, changes in consumer confidence, changes in unemployment rates and purchasing power in the region. When the purchasing power of consumers increases, it is more likely to boost the sales of these products. As a result, end-use spending in this sector is closely linked to the general economic development and consumer confidence trends across the region. The recent optimistic outlook for the US economy is expected to boost Christmas spending.

In the past, most of the decorative lights were composed of incandescent light bulbs, which had the drawbacks of power consumption, high loss rate and short service life. However, with the rising awareness of environmental protection in recent years, LED decorative lights have gained considerable advantages in the decorative lighting market due to their power saving and long service life, and have gradually expanded their application in toys and decorative light strings, and gradually taken the place of incandescent lamps. In summary, the market for LED decorative lighting is expected to remain strong as the economy in Europe and the US picks up, with the advantages of high reliability, high flexibility and low pollution.

D. Development District

The Chinese market has recently been affected by rising raw material prices, rising wages, labor shortages, the appreciation of the Renminbi and the trade conflict between the United States and China, which has led to the export-oriented manufacturing industry beginning to ponder what the future holds for it. Among them, the furniture industry, toy industry, leather industry, chemical engineering industry and other highly polluting industries are the most hit, and the closure of factories or relocation of manufacturing industries has become a trend and a signpost to the future.

The New Southbound Policy initiated by the Taiwanese government has strengthened ties with the economic markets of Southeast Asia, and many Taiwanese companies have begun to trade and invest in the region. In recent years, a large number of Taiwanese businesses have moved into Vietnam, which seems to have become another big labor market after China, but the swarm has created a new wave of challenges. The total population of Vietnam is only about 80 million, which is only comparable to the population of the province of Guangdong in China. Considering the limited land resources (331,689 square kilometers), the influx of foreign capital and the varying quality of human resources in North and South Vietnam, the supply and cost of labor for Taiwanese companies intended to locate to Vietnam will be a major concern in the future.

Also in Southeast Asia, neighboring Cambodia (with a population of around 15.5 million) and Laos (with a population of around 7.45 million) are also unable to satisfy the huge demand for labor due to their limited population size. Furthermore, the

Indonesian government has introduced a number of laws to improve the investment environment, effectively removing many barriers to foreign investment. For all these reasons, Indonesia is considered to be the best place in the coming years.

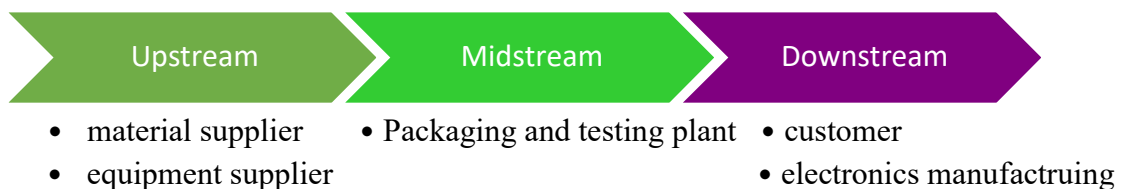
Driven by the international trend, resource environment, labor market and policy backing, the Industrial Development District will show good prospects.

5.1.2.2 Upstream, Midstream and Downstream Industry Linkages

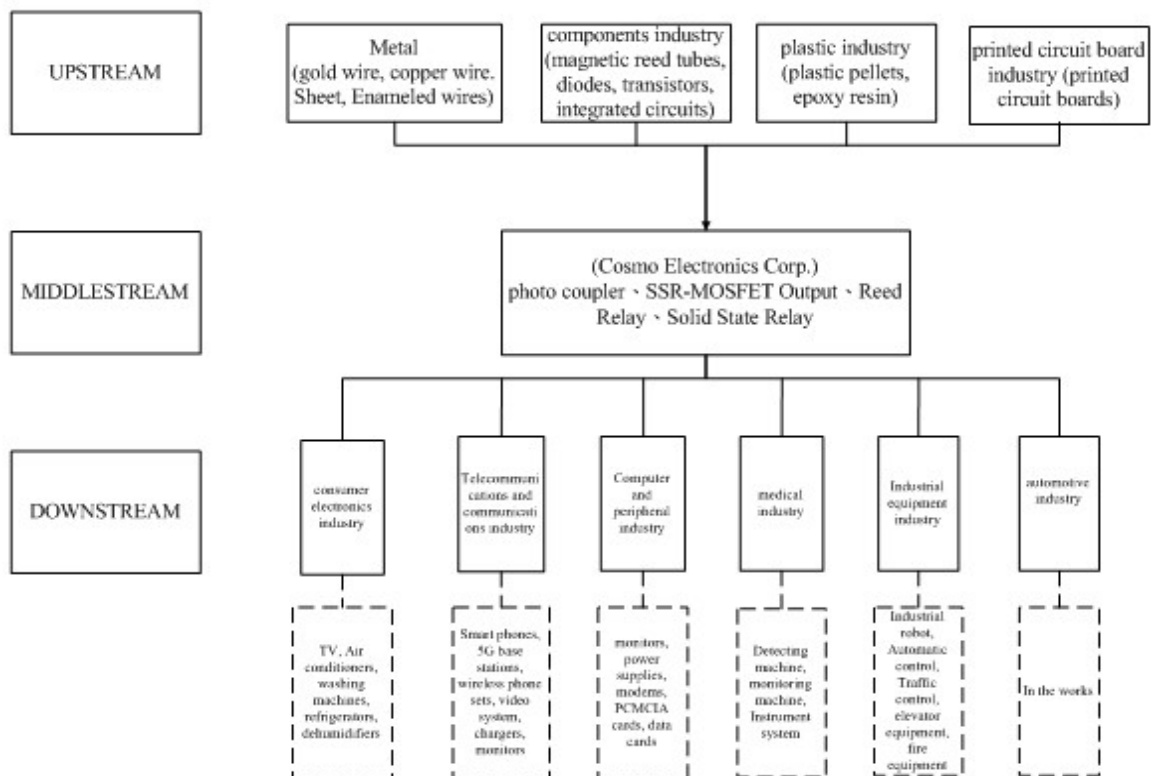
A. Optoelectronics Department:

Optical electronic components include photocoupler, SSR-MOSFET Output, reed relays, solid state relays etc. The upstream industry includes the metal, plastic, electronic components and printed circuit board industries, mainly providing raw materials for the organization of optical electronic components, while the midstream industry assembles the raw materials, packages and tests them into modules for use in downstream products for various electronic industries. The Company and its subsidiaries are primarily engaged in the manufacture and sale of optical electronic components, such as photocouplers and relays, and are in the midstream of the industry, with the capability of in-house upgrading of packaging and testing equipment, and the continued development of lightweight, thin, short and small components.

The photo coupler is manufactured by vertically-separated which comprises upstream which includes wafer IC design provider and production equipment manufacturer; the wafer IC design provider will fabricate and dice before packaging and will be testing in the midstream, and lastly to the downstream for producing electronic products.



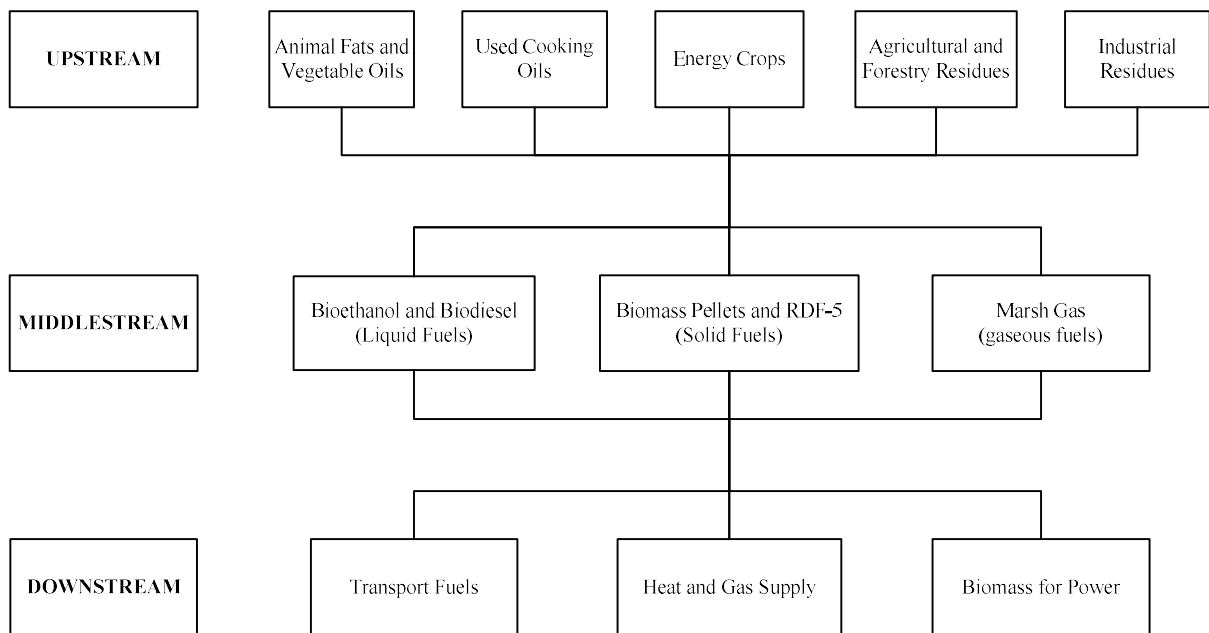
Overall, the optical electronic components industry is a mature sector with a complete upstream, midstream and downstream supply chain. Changes in the upstream, midstream and downstream are not significant and the supply chain linkages are listed below:



B. Clean Steam Department

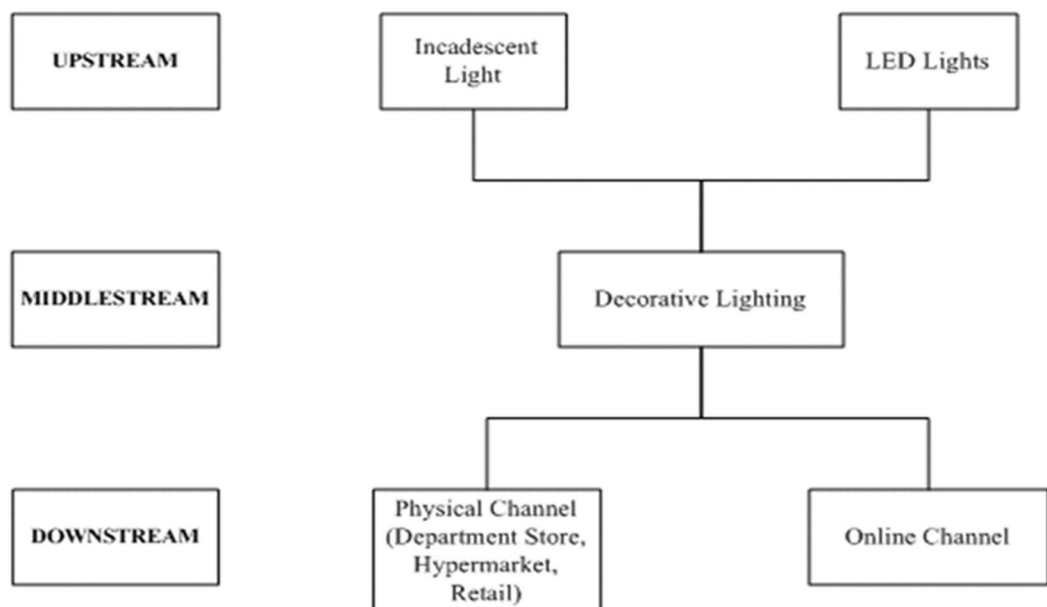
The biofuels industry comprises upstream raw materials, midstream biofuels production, and downstream blending, sales and applications. Upstream raw materials include animal and vegetable oils and fats, waste cooking oil, energy crops, agricultural and forestry waste, industrial waste, etc. Midstream biofuel production can be divided into liquid fuels such as bioethanol and bio-diesel, solid fuels such as biomass pellets and refuse derived fuels (RDF-5) and gaseous fuels such as biogas, while downstream applications can be split into transportation fuels and electricity and gas supply from biomass heat.

At this stage in the upstream, midstream and downstream changes in the industry, bio-diesel is the most mature, while the bio-thermal power industry chain is still under development. The future of the global biofuel market is still dependent on government policies and the development of second-generation biofuel technologies to provide the industry with sufficient low-cost raw materials for full market application in the future. The supply chain linkages of the industry are outlined below:



C. LED Lighting Department

The upstream, midstream and downstream of the decorative lighting industry include the manufacture of incandescent and LED lamps in the upstream, the use of light bulbs to design festive lighting or decorative lighting in the midstream, and the sales at domestic and international hypermarkets and online channels in the downstream. The decorative lighting industry has already developed into a mature sector. As festive lighting is still widely sold in Europe and North America, and is mainly used for Christmas festivities, midstream and upstream shipments are at their peak in the third quarter, while downstream is mostly dominated by hypermarkets, department stores and retail outlets and online channels. Growth momentum is mainly driven by the consumer confidence index, economic growth rate and other macroeconomic indicators, with the industry supply chain linkages listed below:



5.1.2.3 Product Development Trends

A. Opto-electronic components industry

The photo coupler uses “light” as the medium to transmit electrical signals and has strong anti-jamming ability which enables photo coupler an ideal insulation for switch current and is widely applied; the demand for photo coupler has been driven rapidly as a result of the increase of wearable device, communication networks, smart home appliances, consumer electronics, electric car, cloud server and 5G base station while relays are one of the passive elements required in almost all electronic products. With demand for quality home appliances and the integration of various electrical appliances and burglar alarm systems into smart homes, and with the advent of the Internet of Things, demand for a large number of connected devices and major applications has created a smart city that comprises smart commercial complexes, smart homes and other applications, including many IoT devices and hardware devices, thus creating another wave of business opportunities for passive control elements such as relays.

B. Bioenergy industry

In the overall bioenergy market, bio-liquid fuels, mainly bio-alcohol and bio-diesel, will continue to be the focus of industry development in the coming years, primarily in the Americas, such as the United States, Brazil, Argentina and other countries with advantages in raw materials. In terms of biomass and thermal energy, since Europe and the USA have a demand for thermal energy in winter, biomass and thermal energy development are principally in those two regions, which, together with the sparsely populated areas, are more suitable for decentralized, small-scale combined heat and power supply systems. Biomass raw materials such as agricultural and forestry crops and waste materials can be collected, dried and compressed to produce a small, high-density derived fuel. This treated biomass fuel is easily transportable and has a high calorific value per unit volume, making it suitable for wide use in small-scale boilers, district heat supply, combined heat and power plants and power stations.

C. Decorative lighting industry

With environmental awareness on the rise, the ratio of traditional incandescent to LED Christmas lights is now very different. Due to the excellent light source of LEDs, many traditional Christmas lights have been phased out and the penetration rate of LEDs has soared. The price differential between LED Christmas lights and traditional Christmas lights in the market has leveled off and the price differential is not too wide. In addition, LED lighting has more advantages than traditional incandescent lighting, such as energy saving and longer life span, which has significantly increased consumers’ willingness to purchase.

D. Industrial park development

As part of its efforts to attract more foreign investments to promote economic and trade exchanges and local economic development, the Indonesian government has recently been actively improving the investment environment by providing special economic zones, setting up the Indonesian Investment Coordinating Board (BKPM), strengthening infrastructure such as highways, railways, ports and airports to better the environment and removing barriers to investment. In early 2020, the Indonesian authorities launched the “Omnibus Law on Job Creation,” widely known as Omnibus Law, which aims to streamline Indonesia’s cumbersome business regulations, boost administrative efficiency, expand investment, enhance human resources and create more employment opportunities. Both local and foreign companies can benefit from the flexibility offered by the new Omnibus Law. In addition, the Indonesian government offers investment incentives such as Tax Holiday and Tax Allowance. According to Indonesian government regulations, foreign companies that meet the requirements are entitled to corresponding investment incentives.

Meanwhile, the government is advocating relevant investment policies. Through the promotion of the New Southbound Policy, it can also effectively encourage Taiwanese companies to expand their investment in Southeast Asian and South Asian markets.

In line with the Taiwanese government’s new southbound policy and the Indonesian government’s investment decree, areas such as industrial zones are being developed and built. In the coming years, it is expected that more Taiwanese SMEs will start to base themselves in Indonesia and work together to expand into overseas markets.

5.1.2.4 Product Competition

The Company and its subsidiaries are principally engaged in the R&D, manufacturing and sales of photoelectric components and relay, decorative lighting and clean steam, with its main product lines being optoelectronics, energy and materials trading, distribution and others. The major products accounted for 39.45%, 53.97% and 4.52% of revenue in 2023 respectively, with optoelectronic components taking the highest share. Most of the rivals for photocouplers in optoelectronics are Japanese companies, such as TOSHIBA, Renesas, as well as other European and American competitors such as VISHAY, Broadcom 、On semi. The main competitors in the relay product segment are from Japan, including Panasonic 、OMRON 、Toshiba and many other players. As the above-mentioned major international corporations are known for their large economic scale, competition in this sector is relatively fierce. However, in recent years, the Company has achieved considerable success in cost control and will continue to develop lightweight, thin, short and small devices and seek sales opportunities for specialist OEMs with competitive cost control to make our products more competitive in the market.

Fast product renewal: With the ongoing breakthroughs in artificial intelligence, Internet of Things, Internet and other new-generation information technologies, smart hardware has realized the transformation of traditional equipment into smart ones, creating new product forms. As products continue to be updated and market demand varies, the ancillary products industry is undergoing rapid changes and a variety of technologies co-exist. The product mix and technical standards of the relevant equipment manufacturers need to keep pace with the development trends and changes in demand in the sector in order to cope with the increasingly fierce competition in the industry.

In response to the industrial automation control and continuing development needs for power systems, to pursue the various photo coupler products such as High Speed Type、SSR MOSFET Output、Power Photo Triac、IGBT Gate Driver with high efficiency. The packaging size design will be thinner and to meet the safety regulations. The photo coupler market has been replaced by non-photo coupler by 1-2% which has no significant change in the competition, but the tendency will prevail with the development of the CMTI, high speed and high-performance products to strive.

5.1.3 Technology and R&D overview

1. R&D expenditure for the years 2023 and 2024 first quarter up to the date of publication of the annual report:

Unit: NT\$'000

Item \ Year	2023	2024
		As of March 31
R&D Expenses	3,914	874

5.1.3.4 Long- and short-term business development plans

The Company will keep devoting itself to R&D in a bid to expand the breadth and depth of its original product line and develop various specifications of application products at any time according to market supply and demand, technology trends and individual customer needs, with the following priorities expected for the future:

(1) Short-term business plan:

- A. Set up agency and distribution bases according to the market potential to facilitate the development of customer sources and expand the market.
- B. Focus on target industries and actively develop new products.
- C. Meet our customers' needs for products and services and be a partner in their growth in order to maintain order stability.
- D. Increase automation and reduce the use of manpower.
- E. To put focus on 3C、industrial automation control and medical product in all aspects.
- F. Raise product yields and delivery accuracy.
- G. Reduce costs and improve service quality on a continuous basis to maintain order stability.
- H. Boost the attractiveness of our product display area and actively pursue collaborative projects.

(2) Long-term business plan:

- A. Build an international marketing network and strengthen our marketing skills.
- B. Provide a wide range of products to meet customer needs and services to increase product share.
- C. Step up efforts to diversify the distribution of high-end products and markets in order to mitigate the impact of fluctuations in a single market.
- D. Cut the cost of purchased materials on an ongoing basis to enhance the competitiveness of our OEM products.
- E. Shorten production lead times to increase competitiveness in order taking.
- F. Keep abreast of international trends and relevant policies continually to adjust our business development direction in a timely manner to enhance our competitiveness.
- G. To adjust the proportion of sales in Greater China for the sake of dispersing operational risk in addition to exploit and expand in the European Market simultaneously.
- H. To aggressively engage in the industrial control automation, AI, automotive electronics, 5G and other relevant marketing.

5.2 Market and Sales Overview

5.2.1 Market analysis

5.2.1.1 Main product sales regions:

The Company's products are mostly optoelectronic components and decorative lamps, with the regions and amounts of sales of major products in the last two years as follows:

Unit: NT\$'000; %

Sales Regions		2022		2023	
		Amount	%	Amount	%
Domestic - Taiwan		105,492	7.59	58,6845	5.57
Export	Other Asian regions	600,320	43.16	426,061	40.45
	Americas	684,966	49.25	568,675	53.98
	Sub-total	1,285,286	92.41	994,736	94.43
Total		1,390,778	100.00	1,053,420	100.00

5.2.1.2 Key competitors and market share

The major global rivals of the photocoupler series include SHARP, TOSHIBA, OMROM, FAIRCHILD and other companies, which are known for their large economic scale, and in which competition is relatively intense. In recent years, the Company has achieved considerable success in strengthening cost control, enhancing its competitiveness and quality, as well as developing high value-added product lines such as high-end digital optocouplers to expand its product portfolio to the mainstream of international manufacturers.

The decorative lighting range is mainly used for Christmas festivities, with a large proportion of festive lighting being sold in Europe and North America, as well as in hypermarkets, department stores and retail outlets and online.

5.2.1.3 Market supply, demand and growth in the future

(1) Optoelectronics Department

Photo-coupler series products are essential components for electronic and electrical products and instrumentation, and are used in a wide range of industries including consumer electronics, communication industry, computer peripherals, medical and industrial industries etc. Optocouplers provide excellent isolation and perform simple transmission functions, and will hold market potential with the rapid evolution of the information industry and the maturation of technology.

(2) Clean Energy Department

After careful consideration of the risks of the industry, the management team decided to devote itself to reform and add the bioenergy and eco-friendly fuel business, which is primarily applied to power plants, cement industry, printing and dyeing industry, paper industry, textile industry, food industry, chemical engineering industry and other industries as a heat-generating and eco-friendly fuel. Palm kernel shells (PKS) are a popular eco-fuel for the next century because not only is it a green energy source, but it can also reduce costs. Its combustion conditions can shut out the air from carbonizing a solid fuel similar to charcoal at temperatures above 400°C, and its unique chemical properties reduce GHG emissions, and it has superior properties to biomass pellet fuels. It is small in size, light in quality, unbreakable, easy to transport, and will not spontaneously combust when exposed to the open air. It also has a high heat of combustion of 4,200-4,600 calories/KG, with a moisture content of less than 15%, and can be fully combusted, making it ideal for burning in large boilers, and its thermal efficiency is much higher than that of traditional coal, which will create new revenue opportunities and profitability.

(3) LED Lighting Department

The market for Christmas lights is still dominated by the European and American markets, and is already very stable and mature, with demand maintaining a stable and slight growth, except for very large fluctuations in the market due to special conditions.

Despite the low variability in total market demand, the ratio of traditional incandescent to LED Christmas lighting is very different in terms of environmental awareness and cost changes. The proportion of LED Christmas lights is increasing year on year, and LED products are the Company's most competitive mainstay, so with this trend and years of hard work, the future should be even more favorable.

(4) Industrial Park Development

Indonesia is a virgin land rich in natural resources, with 74.5% of the country's total land area available for agriculture, and has the largest number of islands in the world, with over 4,000 nautical miles of coastline to the east and west. With a population of over 270 million according to the October 2020 census, Indonesia is a hardworking, kind and optimistic nation. The country is the biggest economy in the ASEAN region, with a large territory and labor market.

According to the Central Bureau of Statistics, the manufacturing sector

accounts for the highest share of Indonesia's GDP in the industrial structure, at around 21%. The Indonesia Investment Coordinating Board (BKPM) has also identified a number of investment priorities based on economic strengths, growth factors and productivity, with export-oriented industries such as electronics and machinery manufacturing among them. Industrial parks, special economic zones and tourist attractions also create good investment opportunities. The Indonesian government has set out priority sectors for investment that will help underpin sustainable economic growth on the one hand, and create more jobs on the other.

In order to attract more foreign investment to promote economic and trade exchanges and local economic growth, the Indonesian government has recently shown a friendly attitude towards foreign investors by actively improving the investment environment and publishing relevant legislation to ensure fair treatment between foreign and local manufacturers as far as possible. In particular, the democratically elected President Joko Widodo has made great efforts in recent years to develop Indonesia's economy and build up the country's infrastructure, and is gradually shaking off the negative perception of its anti-Chinese past. In early 2020, the Indonesian government introduced the "Omnibus Law on Job Creation," which aims to remove a number of barriers to foreign investment and make it more attractive.

The internal corporate environment is also driving investment in the Indonesian market. In recent years, the market demand has grown. In order to meet the demand, enhance production capacity and increase profitability, overseas investment has become the direction of development for Taiwanese enterprises. Since 2007, Cosmo Electronics Corp. has set up a subsidiary in Indonesia and has been in contact with the Indonesian market for many years. Cosmo is familiar with its local market conditions and has its own advantages that make it easier for Taiwanese SMEs to gain a foothold in the market.

5.2.1.4 Competitive niche

(1) Product quality advantage

The Company has gradually boosted the popularity of its products with excellent quality, and with its meticulous production process and competitive price conditions, it has been well received by famous domestic and foreign companies. It has been awarded numerous international safety certifications such as UL, CUL, VDE, FIMKO, SEMKO, NEMKO, etc., and has also obtained ISO9001 and ISO14001 quality certifications, and its stable and reliable products have been recognized and adopted by renowned domestic and international corporations.

(2) Manufacturing strengths

Since its incorporation, the Company has been engaged in the production and sale of related products. On top of its many years of experience in manufacturing processes, the Company has devoted itself to the refinement of production technology, the upgrading of production equipment and the strengthening of cost control, and has attained considerable success. Our technical team has many years of experience and expertise in the product trend and production technology. We

have not only boosted our competitiveness in the industry, but also expanded our services to specialized OEMs and developed high value-added product lines such as high-end digital optocouplers to broaden our product portfolio to the international mainstream manufacturers. To expand the production base in Indonesia by making the most of the stabilized labor and salary advantage to cut the cost.

(3) R&D strengths

Since 1991, we have been dedicated to the research of optoelectronic elements and have been working on photorelays and optocouplers for many years. With the accumulation of professional production experience and the cultivation of R&D manpower, we understand the importance of mastering the key technologies of our products, including software and hardware technology integration, IC packaging technology, mechanism development technology and material science technology. In recent years, the LED Lighting Dept. has successfully developed the direct coating of LEDs with enameled wires and applied for patents with its unique technology. The flexibility of this technology has significantly increased the breadth and depth of applications, and its excellent R&D capabilities have made the Company's products more competitive in the market.

(4) Green alternative effect

The global bioenergy industry has been growing rapidly in recent years, driven by energy security and autonomy as well as CO₂ reduction. In terms of environmental factors, people are beginning to realize that the global environment has been deteriorating as a result of the development of the industrial economy, which in turn has started to jeopardize the survival of humans and animals, thus leading people to switch to low-carbon biomass energy. In economic terms, global fossil energy reserves are diminishing and the cost of extraction is rising, resulting in an increase in production costs, while biomass energy is becoming cost competitive. Moreover, the advantages of biomass energy include mature technology, the ability to operate commercially, high economic efficiency, and the fact that the material used is waste, so it has the dual benefits of waste recycling and energy generation. In summary, it is apparent that the biomass energy industry has great potential for future development.

5.2.1.5 Factors favorable and unfavorable to development prospects and response measures

(1) Prospects for the Optoelectronics Department

With many years of efforts in the field of optocouplers and photo relay series, we have acquired extensive experience and expertise, ranging from product development to process technology, and have the leading R&D and production technology capability. Through years of R&D and continued refinement of product quality and product yield, the product lineup has become complete and has received international safety certifications such as UL, CUL, VDE, FIMKO, SEMKO, CQC and ISO 9001 and ISO 14001 certifications. To put effort into applying for the IATF 16949 certification recently, this will make us grow steadily among international competitors and become a major manufacturer of optocoupler series products in the

market.

(2) Prospects for the Clean Steam Department

The global bioenergy market was at a size of approx. US\$29.3 billion in 2007 and grew at an average annual rate of 26.6% between 2004 and 2007, bringing a new impetus to the development of the global bioeconomy. Despite the controversy of the last two years over the use of raw materials that compete with the people for food, the industry is projected to continue to grow, backed by an escalation in crude oil prices and the government's focus on energy autonomy and security. Total global biomass energy production was estimated to reach US\$93 billion by 2020. In the overall bioenergy market, bio-liquid fuels, mostly bio-alcohol and bio-diesel, will continue to be the focus of the industry in the coming years, mainly in the Americas, such as the United States, Brazil and Argentina, which have advantages in terms of raw materials. The market for biomass heat and power is dominated by Europe, the US and China. On the technological front, the development of bioenergy technologies is centered on the use of non-edible raw materials such as cellulose and algae, as well as diversified sources. Cellulose hydrolysis, algae bioenergy and biomass liquefaction are the highlights of the development. Taiwan's bioenergy industry has been gaining ground in recent years, thanks to the promotion of policies. In terms of biomass power generation, the installed capacity reached 626,000 kilowatts as at the end of Dec 2007. As regards biomass fuels, the full-scale launch of B1 biodiesel commenced in July 2007.

In the biomass and thermal energy sector, the market grew at an average annual rate of 10.8% from 2004 to 2007, with a market size of approx. US\$1.6 billion in 2007. Since Europe and the US have a demand for thermal energy in winter, biomass and thermal energy development are principally in those two regions, which, coupled with the sparsely populated areas, are suitable for decentralized, small-scale combined heat and power supply systems. Biomass raw materials such as agricultural and forestry crops and waste materials can be collected, dried and compressed to produce a small, high-density derived fuel. This treated derived fuel is easily transportable and has a high calorific value per unit volume, making it suitable for wide use in small-scale boilers, district heat supply, combined heat and power plants and power stations.

Green energy is inexhaustible, has less impact on the environment than conventional energy and reduces the greenhouse effect. The palm kernel shell is used as a fuel, the Indonesia has jumped to No.1 palm oil production country with the 7 million tons of palm kernel shell in 8.2 million cultivated area.

(3) Prospects for the LED Lighting Department

With the general awareness of the importance of patent rights in the European and American markets, increasing our own patent protection measures will not only consolidate our customers, but will also be of great benefit to our business development, and the actual benefits are gradually taking shape. From the very beginning of our entry into the market, it was part of our strategy to build on our quality and differentiate the market. After several years of hard work, this reputation has been affirmed by customers in the sector and based on the above, the Company has set its sights on expanding its market share.

(4) Prospects for the Development District

Over the years, the market demand has seen an increase. To satisfy the demand, boost production capacity and raise profitability, overseas investment has become the way forward for Taiwanese enterprises. Cosmo Electronics Corp has had a presence in Indonesia since 2007 and has been in touch with the Indonesian market for many years now. The Company is familiar with the local market conditions, which gives it added advantages. Indonesia's abundant local labor force, international investment environment and the enforcement of relevant policies can also help facilitate the development progress. The Phase I industrial park was sold out in the first half of 2018 and delivered to Taiwan Paiho Limited for use. Going forward, land preparation, construction of industrial parks, residential complexes, commercial districts and infrastructures will proceed, with a view to attracting companies to move in and boosting profitability for the Group and its shareholders.

(5) Favorable factors

(A) Leading R&D and production technology capabilities

With more than 10 years of specialized and rich experience in the field of relays, our Company is able to stand on its own from product development to process technology. As each product line is developed in-house and transferred to the production line for mass production, the Company has amassed a wealth of process and production technologies.

(B) Stable and excellent products

The Company and its subsidiaries have been awarded a number of international safety and quality certifications. Owing to the excellent quality, its products have been accepted by renowned domestic and international corporations and have broken the monopoly of Japanese products.

(C) Cost competitive products

In view of the trend towards lower prices for downstream products, the Company is committed to improving machine availability/uptime and product yields, capitalizing on flexible manufacturing and adopting a production method of small quantities and multiple products to meet customers' needs, with the aim of reducing product costs.

(D) International competitive advantage

After years of efforts, we have developed a complete product lineup of optical couplers and optical relays, except for the ultra-small and high speed photocouplers products development. In addition to enriching our product portfolio, we have particularly invested in the development of IC-based optocouplers with high-

density circuit design in recent years, thereby polishing up our brand image and keeping our technology in line with international trends.

(E) Decorative lighting appearance design capabilities

We keep an eye on the trendy elements in the decorative lighting market and consider the sales of our best-selling products in the past, in order to attract the attention of consumers and provide them with customized designs. Further, with the widespread awareness of the importance of patent rights in the European and American markets, the Company's continued focus on patent enforcement not only consolidates its existing customers, but also provides a significant benefit to its business development and strengthens its quality and market differentiation.

(F) Response to the government's New Southbound Policy

We operate in tandem with the Taiwanese government's New Southbound Policy and the Indonesian government's investment decree to develop and build industrial parks and other areas to help Taiwanese SMEs quickly gain a foothold in the Indonesian market and avoid fighting alone, while working together to improve the image of Taiwan's industries and create visibility on an international scale.

(6) Unfavorable factors and responses

- (A) At present, the main raw materials for our products are imported from overseas and are susceptible to fluctuations in exchange rates.

Responses

The Company and its subsidiaries have long maintained good cooperative relationships with overseas suppliers of raw materials and have adopted a policy of diversifying the sources of supply to avoid material shortages. We will continue to look for new sources for contingency purposes and adjust for natural hedging by importing and selling goods. In addition to strengthening our hedging measures, we are expanding our foreign operations to avert greater exchange rate impacts.

- (B) Wage costs have been escalating in recent years, while overseas counterparts have been relocating their production bases to low-wage regions, resulting in falling prices.

Responses

The Company and its subsidiaries have increased automated equipment to improve capacity utilization, and are using a flexible manufacturing method with small quantities and multiple products and making continual improvements in production methods to keep costs down, minimize impact and provide a cost competitive advantage. In line with the Company's future development plan, products with low added value and low technology will be relocated to production sites with low labor cost, with the aim of achieving international division of labor and staying close to the market to serve customers.

- (C) The severe infectious disease COVID-19 outbreak from 2019 to 2023 has disrupted the global supply chain and affected the administrative work of relevant government agencies in various countries, hampering the progress of projects.

Responses

The Company and its subsidiaries have stayed abreast of the updates and progress of the relevant regulations issued by the government agencies to facilitate the progress of the project.

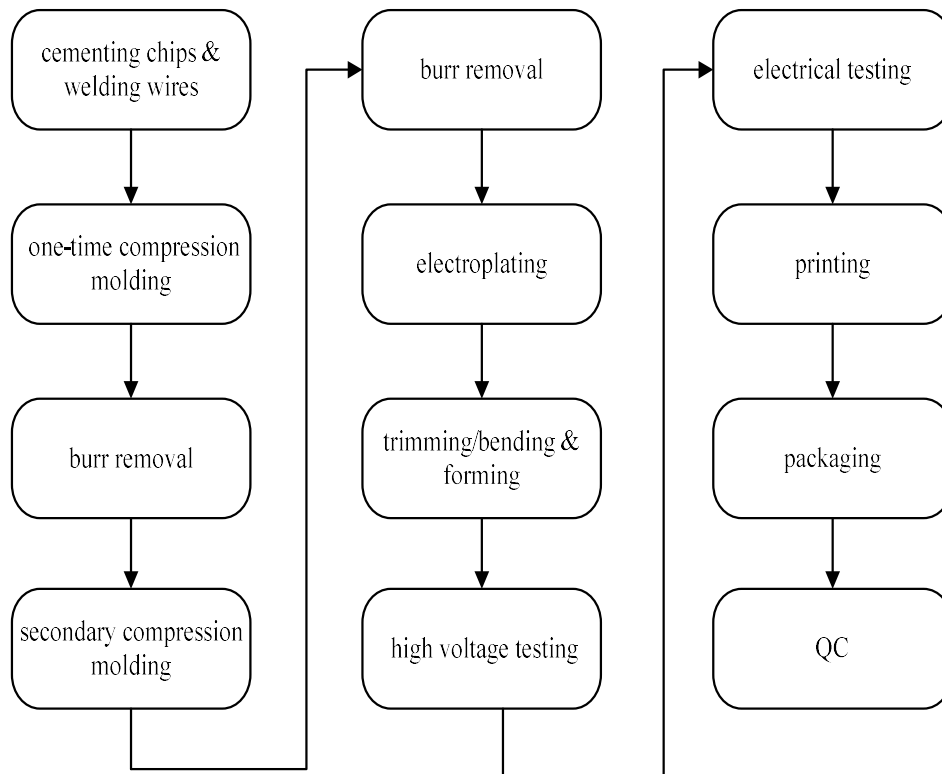
5.2.2 Key product applications and production processes

5.2.2.1 Key product applications

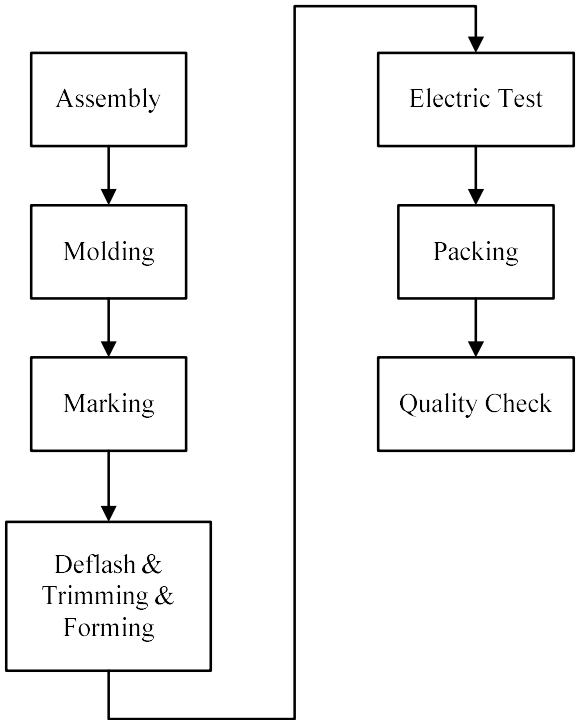
Product	Uses/Functions	Applications
Photocoupler Series	Feedback isolation, high voltage isolation, protection and switching of electronic circuits	consumer electronics, automatic detection equipment, telecommunications equipment, measuring instrument, medical equipment, communication equipment, computer peripherals, security monitor, O/A equipment, PLC, I/O control hub, etc.
Relay Series	Control, protection and switching of circuits with high voltage and current	communication equipment, security monitor, measuring instrument, O/A equipment, machinery equipment, industrial control, etc.
Decorative Lighting	Festive decoration	Christmas lighting products
Clean Steam	For heating, humidifying, power or equipment driving, cooling of high temperature metal materials, cleaning of oil contamination, etc.	Products to be dried or sterilized, facilities to be steamed or heated/warmed, conversion to power generation or cogeneration systems, high temperature water sources for cleaning operators, heat sources for cooling systems, steam ovens, etc.

5.2.2.2 Production/manufacturing process

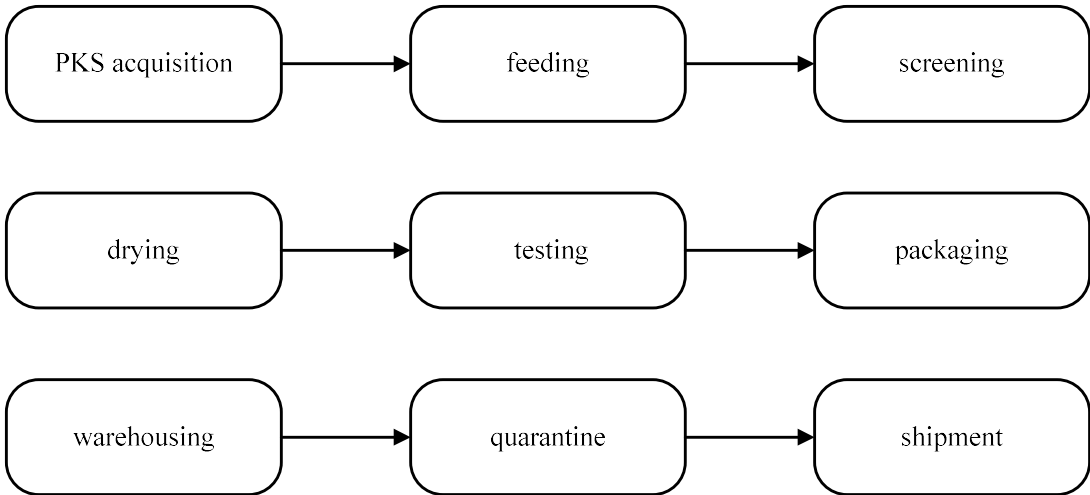
A. Optocoupler series product manufacturing process:



B. Relay series product
manufacturing process:

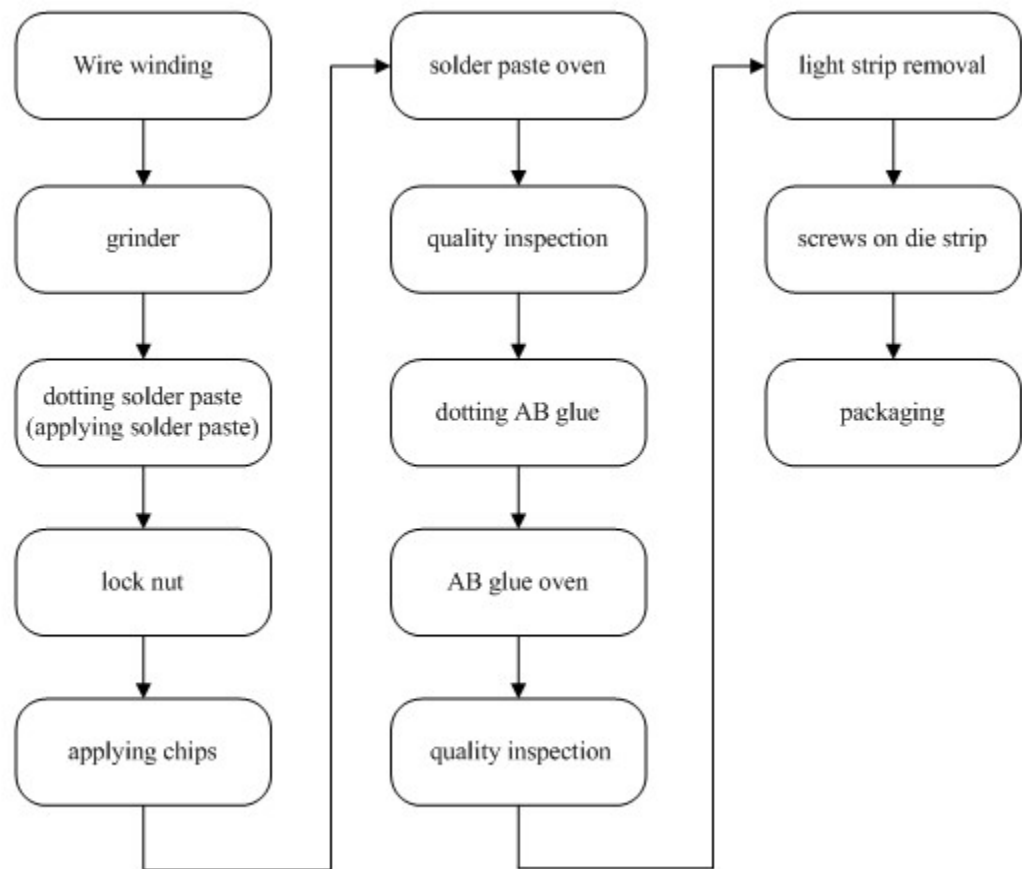


C. Palm kernel shell product manufacturing process:

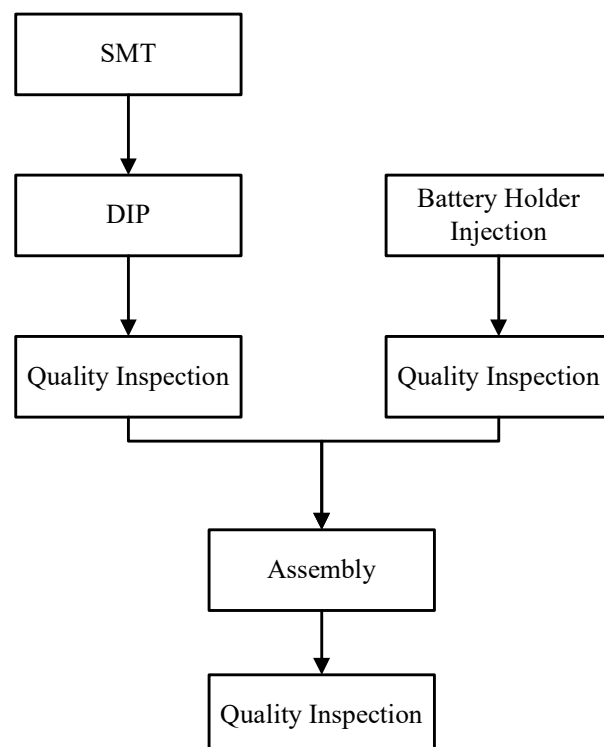


D. Decorative lighting manufacturing process:

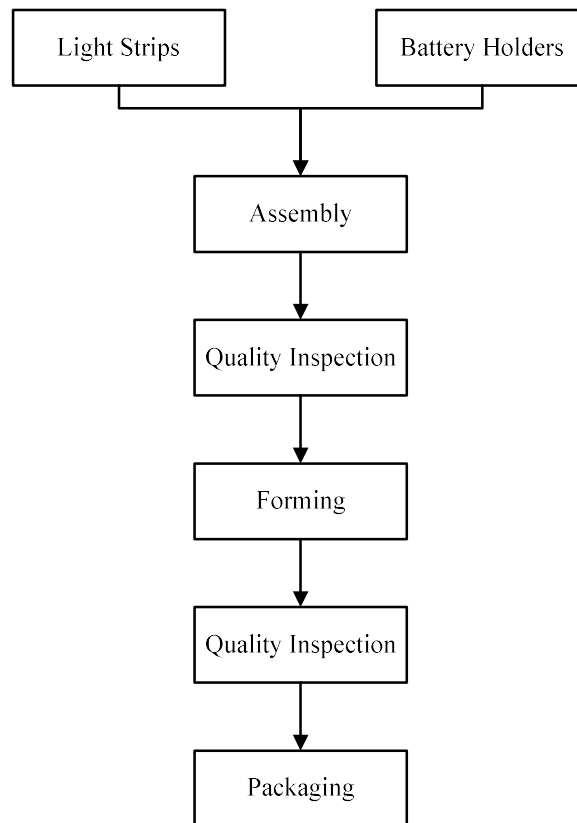
1. Light strip manufacturing process:



5.2.2.3 Battery holder manufacturing process:



5.2.2.4 Finished lighting assembly



5.2.3 Supply status of major raw materials

5.2.3.1 The main raw materials used in Optoelectronics' production of optical coupler series and relay series are shown in the table below.

Main raw materials	Main use / Supply status
Transistor	photo coupler material/ sufficient supply
Reed switch	Raw materials for relay series / sufficient supply
Lead frame	Raw materials for optical coupler series and relay series / sufficient supply

5.2.3.2 Supply of main raw materials for decorative lights

Main raw materials	Main use / Supply status
Wafer	Raw materials for light strips / sufficient supply
Enameled wire	Raw materials for light strips / sufficient supply
HIPS	Raw material for battery box / sufficient supply

5.2.3.3 Supply of main raw materials for steamer

Main raw materials	Main use / Supply status
PKS	Raw materials for steamers / sufficient supply

5.2.4 The name of the company that has accounted for more than 10% of the sales and purchases in the last two years

5.2.4.1 Information on major suppliers in the last two years:

Unit: NT\$ thousands

Item	2022				2023				As of the first quarter of fiscal 2024			
	Name	Amount	Percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases as of the first quarter of the current year (%)	Relationship with the issuer
1	Company A	83,051	10.07	None					Subsidiary	33,606	22.78	Substantial related party
2												
3												
4												
5	Other	742,083	89.93		Other	538,983	100.00		Other	113,944	77.22	
	Net Purchases	825,134	100.00		Net Purchases	538,983	100.00		Net Purchases	147,550	100.00	

5.2.4.2 Information on major buyers in the last two years:

Unit: NT\$ thousands

Item	2022				2023				As of the first quarter of fiscal 2024			
	Name	Amount	Percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales as of the first quarter of the current year (%)	Relationship with the issuer
1	Client W	485,056	34.91	None	Client W	424,039	40.25	None	Client W	27,230	21.10	Substantial related party
2												
3												
4	Other	905,272	65.09	None	Other	629,381	59.75	None	Other	101,838	78.90	None
	Net Sales	1,390,778	100.00		Net Sales	1,053,420	100.00		Net Sales	129,068	100.00	

5.2.5 Production volume table for the last two years

Unit: NT\$ thousands; 1,000; ton

Year	2022			2023		
	Production capacity	Output	Output value	Production capacity	Output	Output value
Optoelectronic components	612,277	609,144	508,167	383,643	376,314	397,265
Decorative lights	21,829	21,829	677,091	23,083	23,083	573,044
Steamer (Unit: ton)	35,588	35,588	40,100	26,517	26,517	30,068
Total	669,694	666,561	1,225,358	433,243	425,914	1,000,377

5.2.6 Sales volume table for the last two years

Unit: NT\$ thousands; 1,000; ton

Year	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
Main products	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Optoelectronic components	42,853	136,949	286,092	484,273	23,376	76,736	188,349	338,842
Decorative lights			22,275	693,482			6,740	568,540
Steamer (Unit: ton)			38,439	76,029			26,517	47,630
Trade & access				45				21,672
Total	42,853	136,949	346,806	1,253,829	23,376	76,736	221,605	976,684

Note: 1. The above sales volume and value include sales and purchases.

5.3 Human Resources

Year		2022	2023	As of March 31, 2024
Total number of persons		766	640	1,402
Average age		37.12	37.22	31.03
Average job tenure (year)		7.95	7.78	3.63
Education distribution ratio	PhD	0.00%	0.00%	0.00%
	Master	1.17%	1.72%	0.71%
	College	24.15%	29.53%	14.41%
	High School	41.91%	37.50%	53.00%
	Below High School	32.77%	31.25%	31.88%

5.4 Environmental Protection Expenditure

5.4.1 Total losses (including compensation) and penalties for environmental pollution in the most recent year and up to the date of publication of the annual report: None

5.4.2 Future corresponding measures (including improvement measures) and possible expenditures: Not applicable.

5.5 Labor Relations

5.5.1 The Company's various employee benefits, education, training and retirement systems and their implementation, as well as agreements on labor issues and measures to protect the rights and interests of employees:

5.5.1.1 Employee benefits

Insurance

- Labor insurance, health insurance, group insurance.

Leave system

- Special leave (annual leave). (After six months of employment, employees are entitled to three days of special leave; after one year, the seven days of special leave will be granted)
- Maternity/Paternity leave.
- Marriage leave, funeral leave, menstrual leave, family care leave.

Bonuses/Gifts

- Holiday bonuses
- Birthday bonuses and discounts
- Hospitalization subsidies
- Major emergency subsidies
- Funeral subsidies

- Subsidies
- Marriage bonuses
- Childbirth subsidies
- Travel subsidies
- Regular health checkups for employees
- Year-end party activities
- Provide parking space for cars and motorcycles
- Departmental activities from time to time
- Senior employee awards
- Discount for contracted stores

The status of implementation is as follows:

For the year 2023, the holiday bonuses, wedding and funeral subsidy, childbirth subsidy, birthday bonuses and discounts, hospitalization subsidies, major emergency subsidies, and funeral subsidies have all been paid according to schedule or application received.

5.5.1.2 Employee education and training

(1) In order to enhance the professional skills of the employees and improve the work flow to strengthen the competitiveness of the Company. Each year the HR department will formulate an educational training plan to meet the educational needs of each department and arrange the employees to participate in internal training or external training courses.

(2) Employee training for the year 2023

Training type	Implementation method		Training method		Total training hours	Total training cost (NT\$)	Total participants
	Self-organized training	External training	Pre-employment training	in-service training			
New employee training	√		√		187	80,303	2,232
Senior management training	√	√		√	307	106,552	99
Internal audit course	√	√		√	57	28,386	11
Management course	√	√		√	349	16,572	18
Safety and health training	√	√	√	√	59	30,654	2,463

Note: The acquisition of relevant licenses specified by the competent authorities for personnel related to the transparency of financial information:

1. The Enterprise Internal Control Basic Ability examination held by the Securities and Futures Institute: 1 person from the auditing department.
2. The Junior Professional and Technical Certified Public Bookkeeper Examination held by the Examination Yuan: 1 person from the finance department.
3. The Certified Financial Specialist for Small and Medium Enterprises held by the Small and Medium Enterprise Administration, MOEA: 4 persons from the finance department.

5.5.1.3 Employee retirement system

In order to have a secure retirement life of employees, the Labor Pension Act provides that employees who were employed before June 30, 2005 and were in service on July 1, 2005 may choose to continue to be subject to the pension provisions of the Labor

Standards Act or to be subject to the pension system of the Labor Pension Act and retain the years of service prior to the application of the Labor Pension Act. New employees hired after July 1, 2005 will be subject to the pension system under the Labor Pension Act.

For those who are subject to the old pension system under the Labor Standards Act, a monthly pension reserve of 2% shall be allocated in accordance with the Labor Standards Act and shall be supervised by the Supervisory Committee of Labor Retirement Reserve of the Company and deposited in the name of the Committee in the Bank of Taiwan, which is responsible for the receipt, custody and utilization of the pension fund. For those who are subject to the new pension system under the Labor Pension Act, the Company shall pay a monthly contribution rate of not less than 6% to the labor pension fund in accordance with the Labor Pension Act and shall pay the monthly contribution in accordance with the monthly wage scale approved by the Executive Yuan and deposit it in the individual labor pension account set up by the Bureau of Labor Insurance for the employee.

The Retirement based on The Labor Pension Act:

1. Voluntary retirement : An employee who under any of the following conditions should be retired: (for those who are eligible for the Labor Pension Act)
 1. the worker attains the age of fifty-five and has worked for fifteen years.
 2. the worker has worked for more than twenty-five years.
 3. the worker attains the age of sixty and has worked for ten years.
2. Forced retirement : An employer who under any of the following conditions should be forced to retired:
 - 2.1 the worker attains the age of sixty-five.
 - 2.2 the worker is unable to perform the duties due to medical insanity and disability.A business entity may request the central competent authority to adjust the age prescribed in Subparagraph 1 of the preceding paragraph if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided, However, that the age shall not be reduced below fifty-five.
3. The Labor Pension payment and criteria:
 - 3.1 The employee can go for either the Labor Pension Act or the Labor Standards Act for the seniority accumulation option; moreover employee can keep the seniority before the Labor Pension Act enacted, the pension will be paid in accordance with the Article 84-2 and Article 55 of the Labor Standards Act.
 - 3.2 The employee who is forced to retire due to disability incurred from the execution of their duties which in line with the subparagraph 2 of Article 35-1 should be given an additional 20% on top of the amount calculated according to the subparagraph 2 of Article 55-1 of the Labor Standards Act.
 - 3.3 The Company should allocate 6% of monthly salary to employees who conform with the Labor Pension Act to their Individual Labor Pension Accounts.
4. Pension Payment:

The eligible employees conform with the Labor Standards Act will be paid in accordance with the Article 55 while employees conform with the Labor Pension Act should apply to the Bureau of Labor Insurance for the payment from their Individual Labor Pension Accounts; the pension payment from the Company will be made within 30 days from the day of the retirement.

Operation of the Supervisory Committee of Labor Retirement Reserve:

The Supervisory Committee is composed of representatives selected by the employees and employers respectively, and each term of office is four years, and is re-elected in accordance with the law upon expiration. When an employee is eligible for retirement, he or she shall submit an application in accordance with the regulations. The HR unit shall first examine the relevant information and then submit it to the Supervisory Committee of Labor Retirement Reserve for a resolution at a meeting, and then send the application to the relevant unit after the resolution is passed.

The implementation is as follows:

No retirement applied in 2023.

5.5.1.4 Agreement between labor and management and various measures to protect employees' rights and interests.

The Company has stable labor relations and holds labor-management coordination meetings from time to time to reduce the number of labor disputes.

5.5.1.5 Work environment and employee safety protection measures:

- (1) The Company holds safety training and lectures on the use of equipment and fire drills for all employees and the fire equipment maintenance and check every year.
- (2) All new employees are trained in labor safety courses upon their arrival.
- (3) Every year, we commission professional organizations to conduct organic solvents, exhaust, drainage, and heavy metal testing, and to take control or protective measures immediately when regulations are violated.
- (4) In accordance with Occupational Safety and Health Act, a labor safety committee and labor safety and health personnel have been established to regularly monitor and conduct safety inspections and improve the work environment. In addition, we regularly send our employees to vocational training institutions to receive training in accordance with the regulations.
- (5) Annual health check-ups are conducted for employees, and special health check-ups are conducted for those who work in special environments so that employees can keep track of their health status.
- (6) The relevant professional inspection of the working environment is regularly commissioned to a qualified agency for inspection and immediate improvement if there is any abnormality.
- (7) Through systematic implementation and regular audits, the Company ensures that the

environmental and safety protection aspects are properly implemented.

The implementation is as follows:

Item	2022	2023
Labor safety and health training	114 hours / 3,071 persons	59 hours / 2,463 persons
Fire safety		

5.5.2 Losses incurred due to labor disputes in the most recent year and up to the date of publication of the annual report: None

5.5.3 Current and future estimated amounts and contingency measures: Not applicable.

5.5.4 Employee conduct and code of ethics:

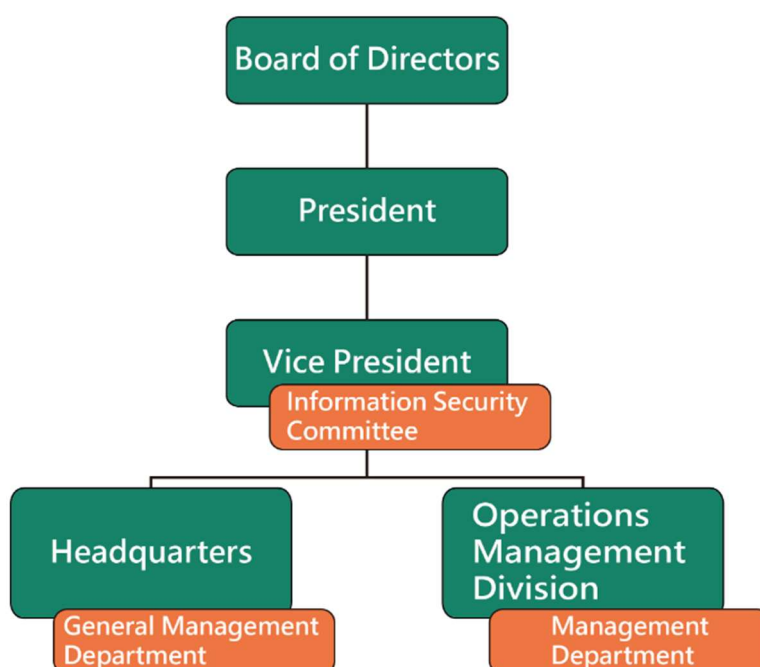
5.5.4.1 The Company has formulated a “Service Rules” in the employee handbook to regulate employee behavior; the following are some of the excerpts:

- (1) All employees of the Company shall recognize the purpose of the Company’s management, and shall work together to serve sincerely and faithfully for the development of the Company.
- (2) All employees of the Company shall comply with all reasonable regulations and matters announced or notified by the Company.
- (3) Employees shall not disclose the business secrets of the Company, whether they are in charge of the business or not.
- (4) Employees shall be responsible for the protection and care of the Company’s machinery, equipment, tools, raw materials, items, plant and documents, etc., and shall not arbitrarily place, dispose of or occupy them for personal use; those who intentionally damage them shall be fined in accordance with the law.
- (5) Employees must work together cooperatively and understand each other, and in case of disputes, they should immediately report to the supervisor for determination and mediation, and should not cause trouble by tilting.
- (6) Employees of the Company shall work conscientiously internally, take care of public property, reduce losses, improve quality and increase production, and keep business or duty secrets.
- (7) Employees shall not hold any other positions related to the Company’s business or competing companies.
- (8) Employees shall not accept hospitality or gifts, kickbacks, or other unlawful benefits for or against the performance of their duties.
- (9) Employees shall not make any remarks that are derogatory to the Company or that may damage the reputation of the Company through misconduct.
- (10) Employees shall not participate in illegal organizations, gatherings, or post notices or distribute flyers without the consent of the Company.

5.5.4.2 In order to establish a guarantee system for new employees, the Company has established the “Employee Guarantee Policy”, which requires employees to comply with the rules and regulations established by the Company during their employment with the Company. If the Company suffers financial losses due to violations of the rules and regulations, or misappropriation of financial resources, payments, dereliction of duty, negligence, or other unlawful acts during their employment, the joint guarantors are willing to fully indemnify the Company.

5.5.4.3 Confidential information of the Company shall not be delivered, shared, transferred or leaked in any way to a third party or released to the public without the written consent of the Company, nor shall it be used or utilized for oneself or for a third party, as provided in the employment agreement signed by the employee at the time of employment.

5.6 Information Security Risk Management

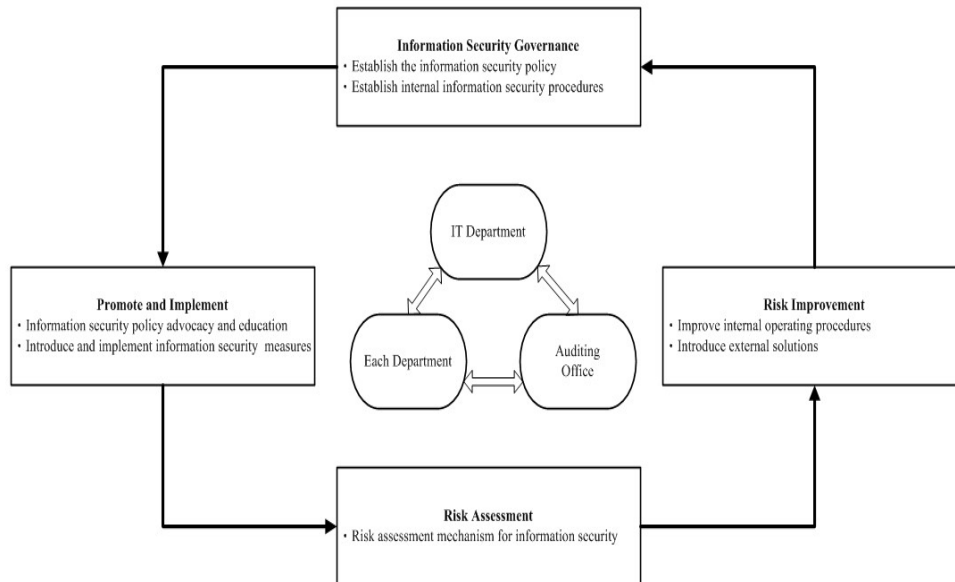


5.6.1 Information Security Risk Management Framework

1. The Company’s information security authority is the Information Technology Department, which has a chief information officer and professional information personnel who are responsible for formulating internal information security policies, planning and implementing information security operations and promoting and implementing information security policies, and reporting annually to the top manager on the Company’s information security governance.
2. The Company’s Auditing Office is the supervisory unit for information security monitoring. The Office has an auditing supervisor and full-time auditors who are responsible for supervising the implementation of internal information security, and if audits reveal deficiencies, they will immediately request the inspected unit to propose relevant improvement plans and specific

actions, and regularly track the effectiveness of improvements to reduce internal information security risks.

3. Operational Mode of Organization—PDCA (Plan-Do-Check-Act) cycle management is adopted to ensure the achievement of reliability targets and continuous improvement.



5.6.2 Information Security Policies and Specific Management Plans

To ensure the effective operation and execution of the Company's information management system, strengthen information security management, ensure the availability, integrity, and confidentiality of information, and protect it from internal and external threats, whether intentional or accidental, to ensure the safe maintenance of information systems and equipment networks, and to achieve the goal of sustainable management.

Management measures are described below:

A. Computer equipment security management

1. The Company's computer hosts, servers, and other equipment are located in a dedicated server room, and the door to the server room must be accessed by access control cards, and access records are kept.
2. The server room is equipped with independent air conditioning to maintain the computer equipment in a proper temperature environment and fire extinguishers for general or electrical fires are provided.
3. The host computer of the server room is equipped with uninterruptible power system and voltage stabilization equipment to prevent the system from crashing due to an accidental power failure or to ensure that the operation of the computer application system will not be interrupted during a temporary power failure.

B. Network security management

1. To configure an enterprise-grade firewall to ward off illegal intrusion, sabotage and stealing information to avoid from illegal use.
2. To monitor network traffic to prevent malicious internet behavior, reinforce internet

security and bandwidth resources being occupied improperly.

3. To establish information security incident monitoring, reporting and responding mechanism to prevent the incidents from happening and to response swiftly in an effort to reduce the damage.

C. Virus protection and management

1. Endpoint protection software is installed on the server and employee terminal equipment. Virus codes are automatically updated to ensure that the latest viruses are blocked and to detect and prevent the installation of potentially threatening system executable files.
2. The email server is equipped with email anti-virus and spam filtering mechanisms to prevent viruses or spam from entering the user's computer equipment.

D. System access control

1. The use of each application system shall be authorized by the system administrator according to the requested functional authority after the internal system authority application procedure is approved by the responsible supervisor and the system account is established by the information office.
2. When an employee applies for leave (disciplinary suspension) procedures, he/she must contact the information office to delete the system accounts.

E. Ensure the sustainable operation of the system.

1. System backup: A backup management system is set up and a daily backup mechanism is adopted. There are two copies of backup media, one is kept in the server room and the other is stored in a different location.
2. Disaster recovery drill: An annual drill is conducted for each system to ensure the correctness and validity of the backup media by selecting a restoration date and then storing the backup media on the system host to confirm the correctness of the restored data.

F. Information security promotion and education training

1. All newly joined employees are required to attend the information security and protection classes.
2. Employees are required to change system password quarterly to maintain account security.
3. Lectures: Provide information security related education and training courses to internal employees from time to time.
4. Joined TWCERT/CC to access the information security consulting, to gather and provide the information to the employees.

The information security management measures implemented by the Company are as follows:

information security management measures		
Type	Description	Related Operations
Authority Management	Management measures for personnel accounts, authority management and system operation behavior	-Personnel account authority management and audit -Regular inventory of personnel account authority
Access Control	Control measures for personnel access to internal and external systems and data transmission channels	-Internal/external access control measures
External Threats	Potential internal vulnerabilities, virus and protective measures	-Host/computer vulnerability detection and update measures -Virus protection and malware detection

System Availability	System availability and handling measures in case of service interruption	-System/network availability monitoring and notification mechanism -Contingency measures for service interruptions -Information backup measures, local/offsite backup mechanism -Regular disaster recovery drills
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5.6.3 Investments on the Cyber Security Management

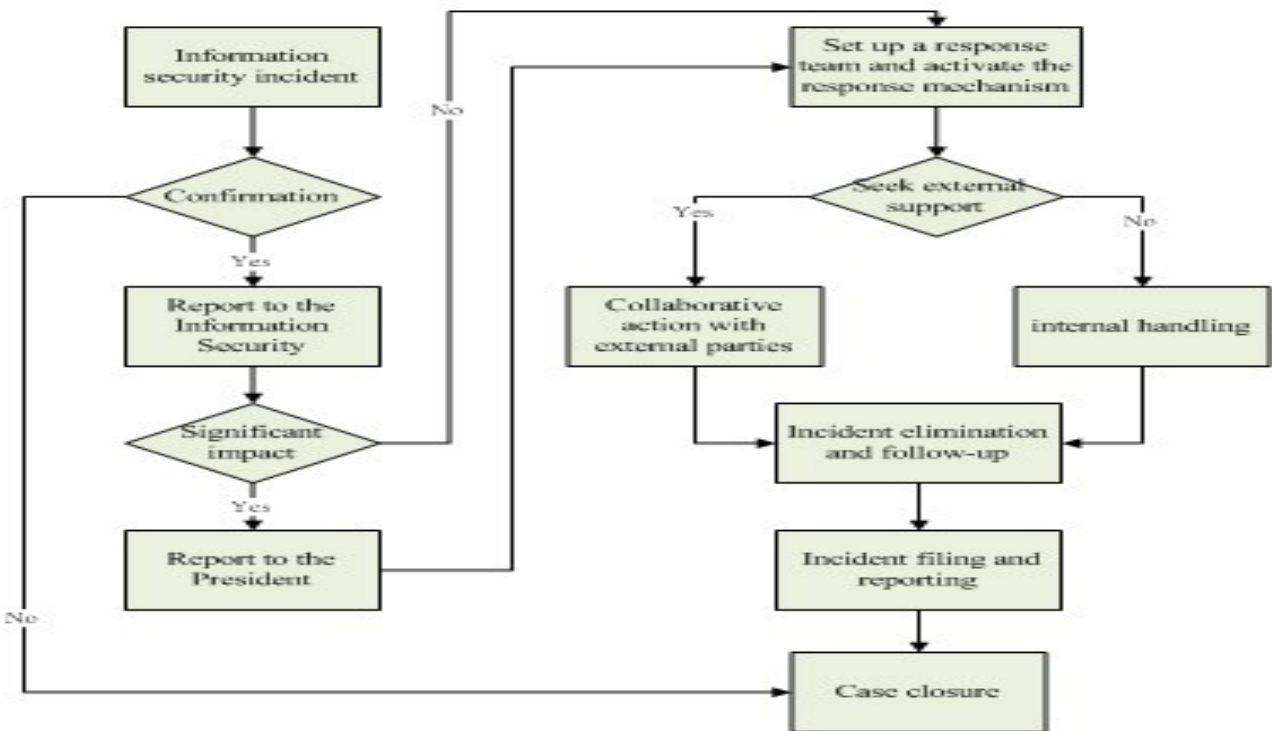
The implementation of the 6 categories of the Cyber Security Management are as follows:

1. Networking hardware
 - 1.) Next-Generation Firewall: possess the internet user behavior analysis
 - 2.) Layer 2 network switch
2. Software system
 - 1.) Server endpoint detection and response
 - 2.) User endpoint detection and response
 - 3.) Backup management software
 - 4.) Email antivirus
 - 5.) Spam filtering
 - 6.) VPN certification
3. Service provided from Telecom Operator
 - 1.) HiNet information Security Services from CHT
 - 2.) Intrusion Prevention System
 - 3.) DDOS Prevention System
4. Manpower investment
 - 1.) Each system been checked daily.
 - 2.) Practicing backup and off-site media backup weekly
 - 3.) Conducting irregular information security educational classes yearly.
 - 4.) Disaster recovery drill yearly
 - 5.) Information recycle be audited internally and by CPA.

2023 Corporate information Security Implementation Results

Scope	Items	Status
Management	Amendment to the cyber security management rules	completed
	Implementation of cyber system count, classification and evaluation	completed
	Amendment to the cyber security report mechanism and responding drill	completed
	Conduction of internal audit	completed
	Conduction of external audit	completed
Training	New joined employees are required to complete the information security training class	completed
	Announcement of information protection and security regulations and precautions	completed

5.6.4 Information Security Incident Notification Procedures



5.7 Important Contracts: None

VI. Financial Information

6.1 Condensed Balance Sheet and Income Statement for the Most Recent Five Years - IFRS

6.1.1 Condensed Consolidated Balance Sheet for the Most Recent Five Years

Unit: NT\$ thousand

Year Item		Financial information in the most recent five years (Note 1)					Financial information of the current year as of March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		1,912,926	1,879,357	1,478,984	1,660,071	1,408,784	1,519,975
Property, plant, and equipment		706,542	601,177	740,479	757,718	719,938	709,892
Investment property		1,237,555	1,301,016	1,465,874	1,615,691	1,871,983	1,930,417
Intangible assets		14,836	15,256	13,581	12,782	11,659	11,531
Other assets		324,518	263,208	290,626	328,317	325,677	337,697
Total assets		4,196,377	4,060,014	3,989,544	4,374,579	4,338,041	4,509,512
Current liabilities	Before distribution	876,503	878,931	1,644,051	978,284	965,573	2,094,575
	After distribution	876,503	878,931	1,644,051	946,346	(Note 6)	(Note 7)
Non-current liabilities		1,616,520	1,540,691	679,447	1,496,030	1,490,296	517,778
Total liabilities	Before distribution	2,493,023	2,419,622	2,323,498	2,474,314	2,455,869	2,612,353
	After distribution	2,493,023	2,419,622	2,323,498	2,442,376	(Note 6)	(Note 7)
Equity attributable to owners of parent company							
Capital stock		1,563,342	1,563,342	1,616,234	1,680,883	1,714,587	1,714,587
Capital surplus		253,248	272,535	241,891	177,242	143,838	143,838
Retained	Before distribution	5,160	13,687	69,843	192,880	193,967	128,268
	After distribution	0	0	0	0	(Note 6)	(Note 7)
Other equities		(118,396)	(209,172)	(261,922)	(150,740)	(170,220)	(89,534)
Treasury stock		0	0	0			0
Non-controlling equity		0	0	0			0
Total equity	Before distribution	1,703,354	1,640,392	1,666,046	1,900,265	1,882,172	1,897,159
	After distribution	1,703,354	1,640,392	1,666,046	1,900,265	(Note 6)	(Note 7)

Note 1: The financial information in these years was audited and certified by the independent auditors.

Note 2: After the provision of legal reserve, special reserve and other adjustments in 2019, the ending undistributed earnings balance was NT\$0 and thus was not distributed.

Note 3: After the provision of legal reserve, special reserve and other adjustments in 2020, the ending undistributed earnings balance was NT\$0 and thus was not distributed.

Note 4: After the provision of legal reserve, special reserve and other adjustments in 2021, the ending undistributed earnings balance was NT\$0 and thus was not distributed.

Note 5: After the provision of legal reserve, special reserve and other adjustments in 2022, the ending undistributed earnings balance was NT\$0 and dividends of \$0.19 per common share were distributed, totaling NT \$31,938..

Note 6: The appropriation of earnings for 2023 is subject to the resolution of the shareholders' meeting.

Note 7: The financial information for 2024Q1 of the current year was reviewed by the independent auditors.

6.1.2 Condensed Consolidated Statement of Comprehensive Income for the Most Recent Five Years

Unit: NT\$ thousand

Item \ Year	Financial information in the most recent five years (Note 1)					Financial information of the current year as of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	2,294,655	1,245,165	1,341,812	1,390,778	1,053,420	129,068
Gross profit	180,748	146,826	232,929	337,131	155,835	753
Operating profit or loss	(89,117)	(86,828)	725	39,099	(112,724)	(60,557)
Non-operating income and expenses	199,908	92,172	65,666	74,239	168,923	(12,240)
Pretax profit	110,791	5,344	66,391	113,338	56,199	(72,797)
Net Income for Continuing Operations	27,532	6,368	54,939	110,896	30,083	(65,699)
Loss of discontinued operations	0	0	0	0	0	0
Net profit (loss)	27,532	6,368	54,939	110,896	30,083	(65,699)
Other comprehensive income (loss) for the period (net, after tax)	(27,401)	(88,617)	(51,533)	123,375	(16,538)	80,686
Total comprehensive income (loss)	131	(82,249)	3,406	234,271	13,545	14,987
Net income attributable to owners of parent company	27,532	6,368	54,939	110,896	30,083	(65,699)
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income or loss attributable to the owner of the parent company	131	(82,249)	3,406	234,271	13,545	14,987
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share	0.18	0.04	0.33	0.65	0.18	(0.38)

Note 1: The financial information in these years was audited and certified by the independent auditors.

Note 2: The financial information for 2024Q1 of the current year was reviewed by the independent auditors.

6.1.3 Condensed Parent Company Only Balance Sheet for the Most Recent Five Years

Unit: NT\$ thousand

Year Item		Financial information in the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		647,705	512,904	431,865	662,970	524,382
Property, plant, and equipment		324,328	290,378	465,566	482,041	483,248
Investment property		27,460	27,840	85,347	90,588	92,856
Intangible assets		2,456	4,411	3,931	3,041	2,864
Other assets		2,166,431	2,509,710	2,418,147	2,596,216	2,736,210
Total assets		3,168,380	3,345,243	3,404,856	3,834,856	3,839,560
Current liabilities	Before distribution	551,923	770,753	1,145,292	921,765	967,256
	After distribution	551,923	770,753	1,145,292	886,827	(Note 6)
Non-current liabilities		913,103	934,098	593,518	1,012,826	990,132
Total liabilities	Before distribution	1,465,026	1,704,851	1,738,810	1,934,591	1,957,388
	After distribution	1,465,026	1,704,851	1,738,810	1,902,653	(Note 6)
Equity attributable to owners of parent company						
Capital		1,563,342	1,563,342	1,616,234	1,680,883	1,714,587
Capital surplus		253,248	272,535	241,891	177,242	143,838
Retained earnings	Before distribution	5,160	13,687	69,843	192,880	193,967
	After distribution	0	0	0	0	(Note 6)
Other equities		(118,396)	(209,172)	(261,922)	(150,740)	(170,220)
Treasury stock		0	0	0	0	0
Non-controlling equity		0	0	0	0	0
Total equity	Before distribution	1,703,354	1,640,392	1,666,046	1,900,265	1,882,172
	After distribution	1,703,354	1,640,392	1,666,046	1,900,265	(Note 6)

Note 1: The financial information in these years was audited and certified by the independent auditors.

Note 2: After the provision of legal reserve, special reserve and other adjustments in 2019, the ending undistributed earnings balance was NT\$0 and thus was not distributed.

Note 3: After the provision of legal reserve, special reserve and other adjustments in 2020, the ending undistributed earnings balance was NT\$0 and thus was not distributed.

Note 4: After the provision of legal reserve, special reserve and other adjustments in 2021, the ending undistributed earnings balance was NT\$0 and thus was not distributed.

Note 5: After the provision of legal reserve, special reserve and other adjustments in 2022, the ending undistributed earnings balance was NT\$0 and dividends of \$0.19 per common share were distributed, totaling NT \$31,938

Note 6: The appropriation of earnings for 2023 is subject to the resolution of the shareholders' meeting.

6.1.4 Condensed Parent Company Only Statement of Comprehensive Income for the Most Recent Five Years

Unit: NT\$ thousand

Year Item	Financial information in the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	376,361	444,833	590,564	625,007	376,386
Gross profit	13,263	33,001	139,373	197,103	60,660
Operating profit or loss	(75,631)	(56,129)	42,878	84,854	(35,646)
Non-operating income and expenses	131,380	130,344	77,035	24,955	82,752
Pretax profit	55,749	74,215	119,913	109,809	47,106
Net Income for Continuing Operations	27,532	6,368	54,939	110,896	30,083
Loss of discontinued operations	0	0	0	0	0
Net profit (loss)	27,532	6,368	54,939	110,896	30,083
Other comprehensive income (loss) for the period (net, after tax)	(27,401)	(88,617)	(51,533)	123,375	(16,538)
Total comprehensive income (loss)	131	(82,249)	3,406	234,271	13,545
Net income attributable to owners of parent Company	27,532	6,368	54,939	110,896	30,083
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income or loss attributable to the owner of the parent company	131	(82,249)	3,406	234,271	13,545
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	0.18	0.04	0.33	0.66	0.18

Note 1: The financial information in these years was audited and certified by the independent auditors.

6.1.5 Names of the Auditors and Their Audit Opinions in the Most Recent Five Years

1. Names of the CPAs and Their Audit Opinions in the Most Recent Five Years

Year	Name of Accounting Firm	Name of CPA	Audit opinion
2018	Deloitte Taiwan	Chiang, Ming-nan, Yeh, Shu-chuan	Unqualified opinions with other matters
2019	Deloitte Taiwan	Shih, Ching-pin Cho, Ming-hsin,	Unqualified opinions with other matters
2020	PwC Taiwan	Tsai, I-tai, Liang, Chan-nu	Unqualified opinions with other matters
2021	PwC Taiwan	Tsai, I-tai, Liang, Chan-nu	Unqualified opinions with other matters
2022	PwC Taiwan	Tsai, I-tai, Liang, Chan-nu	Unqualified opinions with other matters
2023	PwC Taiwan	Tsai, I-tai, Liang, Chan-nu	Unqualified opinions with other matters

2. The Reason for the Change of CPAs in the Most Recent Five Years:

From 2019, the Company complied with the adjustment due to the internal job rotation of Deloitte Taiwan. In 2020, the change of CPAs was to meet the future operational and internal management needs of the Company.

6.2 Financial Analysis for the Most Recent Five Years - IFRS

6.2.1 Consolidated Financial Analysis for the Most Recent Five Years

Unit: NT\$ thousand

<div>Year (Note 1)</div> <div>Item (Note 2)</div>		Financial analysis for the most recent five years					Current year as of March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt-asset ratio	59.41	59.60	58.24	56.56	56.61	57.93
	Ratio of long-term capital to property, plant and equipment	469.88	529.14	316.75	448.23	468.44	340.18
Solvency (%)	Current ratio	218.25	213.82	89.96	169.69	145.90	72.57
	Quick ratio	146.26	157.63	58.64	97.37	84.29	37.95
	Interest coverage ratio	3.06	1.13	2.81	3.09	1.66	(2.18)
Operating performance	Accounts receivable turnover (times)	3.86	3.34	4.04	4.47	4.76	3.42
	Average collection days	94.55	109.28	90.34	81.65	76.68	106.72
	Inventory turnover (times)	3.25	2.26	2.47	1.95	1.53	0.86
	Accounts payable turnover (times)	9.57	10.72	8.72	7.73	10.03	6.09
	Average days in sales	112.30	161.5	147.77	213.45	238.56	424.41
	Property, plant and equipment turnover (times)	3.17	1.90	2.00	1.86	1.43	0.72
	Total assets turnover (times)	0.56	0.30	0.33	0.33	0.24	0.12
Profitability	Return on total assets (%)	1.73	0.96	2.09	3.69	2.26	(1.07)
	Return on stockholders' equity (%)	1.62	0.38	3.32	6.22	1.59	(3.48)
	Ratio of profit before income tax to paid-in capital (%)	7.09	0.34	0.04	6.74	3.28	(4.25)
	Profit ratio (%)	1.20	0.51	4.09	7.97	2.86	(50.90)
	Earnings per share (NT\$)	0.18	0.04	0.33	0.65	0.18	(0.38)
Cash flow	Cash flow ratio (%)	21.37	30.53	3.45	7.45	16.69	(2.41)
	Cash flow adequacy ratio (%)	62.89	67.73	36.20	57.95	108.25	32.78
	Cash reinvestment ratio (%)	4.02	5.83	1.51	1.51	3.36	(1.29)
Leverage	Degree of operating leverage	(4.52)	(3.74)	544.54	12.78	(2.58)	(0.56)
	Degree of financial leverage	0.62	0.68	(0.02)	(2.57)	0.57	0.73

6.2.2 Parent Company Only Financial Analysis

Unit: NT\$ thousand

<div>Year (Note 1)</div> <div>Item (Note 2)</div>		Financial analysis for the most recent five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt-asset ratio	46.24	50.96	51.07	50.45	50.98
	Ratio of long-term capital to property, plant and equipment	806.73	886.60	485.34	604.32	594.37
Solvency (%)	Current ratio	117.35	66.55	37.71	71.92	54.21
	Quick ratio	69.20	41.52	20.86	34.88	19.83
	Interest coverage ratio	2.98	3.91	5.56	4.31	1.93
Operating performance	Accounts receivable turnover (times)	4.37	5.30	6.81	4.00	3.34
	Average collection days	83.44	68.89	53.59	91.34	109.27
	Inventory turnover (times)	1.33	1.81	2.38	1.64	0.96
	Accounts payable turnover (times)	3.59	4.61	4.37	3.57	3.82
	Average days in sales	273.57	201.58	153.14	222.73	381.59
	Property, plant and equipment turnover (times)	1.11	1.45	1.56	1.32	0.78
	Total assets turnover (times)	0.12	0.13	0.17	0.16	0.10
Profitability	Return on total assets (%)	1.65	0.82	2.25	3.80	1.84
	Return on stockholders' equity (%)	1.62	0.38	3.32	6.22	1.59
	Ratio of profit before income tax to paid-in capital (%)	3.57	4.75	7.42	6.53	2.75
	Profit ratio (%)	7.32	1.43	9.30	17.74	7.99
	Earnings per share (NT\$)	0.18	0.04	0.33	0.65	0.18
Cash flow	Cash flow ratio (%)	(7.02)	8.39	5.58	(1.80)	6.78
	Cash flow adequacy ratio (%)	6.67	3.09	7.39	6.88	13.46
	Cash reinvestment ratio (%)	(1.17)	1.76	1.68	(0.42)	1.60
Leverage	Degree of operating leverage	(1.02)	(1.62)	4.57	3.03	(3.36)
	Degree of financial leverage	0.73	0.69	2.59	1.64	0.41

Note 1: All the financial information provided above was audited and certified by the independent auditors.

Note 2: Formulas for calculating the financial analysis information:

1. Financial structure

(1) Debt-asset ratio = Total liabilities / total assets.

(2) Ratio of long-term capital to property, plant, and equipment = (total equity + non-current liabilities) / net amount of property, plant, and equipment.

2. Solvency

(1) Current ratio = Current assets / current liabilities.

(2) Current ratio = Current assets / current liabilities.

(3) Interest coverage ratio = Net profit before tax and interest / interest expenses.

3. Operating performance

(1) Accounts receivable (including accounts receivable and Note s receivable resulting from operation) turnover = Net sales / balance of average accounts receivable (including accounts receivable and Note s receivable resulting from operation).

(2) Average collection days = 365 / receivables turnover rate.

(3) Inventory turnover rate = Cost of sales / average inventory.

(4) Accounts payable (including accounts payable and Notes payable resulting from operation)

turnover = Cost of sales / balance of average accounts payable (including accounts payable and Notes payable resulting from operation).

(5) Average days for sale = 365 / Inventory turnover rate.

(6) Property, plant, and equipment turnover rate = Net sales / Average net property, plant, and equipment.

(7) Total asset turnover rate = Net sales / Average total assets.

4. Profitability

(1) Return on assets (ROA) = [Net income after income tax + Interest expenses * (1 - tax rate)] / Average total assets.

(2) Return on equity = Net income after tax / Average equity.

(3) Net margin = Net income after tax / Net sales.

(4) Earnings per share = (Net income (loss) attributable to owners of parent company – Dividends on preferred shares) / Weighted average number of issued shares.

5. Cash flow

(1) Cash flow ratio = Net operating cash flow / Current liabilities.

(2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (Capital expenditure + Increase in inventory + Cash dividends) in the most recent five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross of property, plant and equipment + Long-term investment + Other non-current assets + Working capital).

6. Leverage:

(1) Degree of operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income

(2) Degree of financial Leverage = Operating profit / (Operating profit - Interest expenses).

Note 3: If the Company's stock has no par value or the par value of each share is not NT\$10, the calculation related to its ratio to the paid-in capital in the preceding paragraph shall be the ratio to the equity attributable to owners of parent company in the balance sheet.

6.2.3 Reasons for the changes (change of 20% or more) in financial ratios in the financial analysis - IFRS (consolidated) for the last two years:

1. Decrease of the interest coverage ratio: mainly due to the borrowing rates rise which cause the interest rate increase.
2. Increase of the accounts payable turnover : mainly due to decrease in accounts payable.
3. Decreased in Property, plant, and equipment turnover rate: mainly due to decrease in net sales.
4. Decrease in total asset turnover: Mainly due to decrease in net sales.
5. Decrease of the return on assets:mainly due to the decrease in profit from optoelectronic components.
6. Increase of the return on stockholders' equity: mainly due to the decrease in profit from optoelectronic components.
7. Decrease of the ratio of profit before income tax to paid-in capital: mainly due to the decrease in profit from optoelectronic components.
8. Decrease of the net margin : mainly due to the decrease in profit from optoelectronic components.
9. Decrease of the earnings per share: mainly due to the decrease in profit from optoelectronic components.
10. Increase of the cash flow ratio: mainly attributable to the increase in net cash inflow from operating activities during the period.
11. Increase of the cash flow adequacy ratio: mainly attributable to the increase in net cash inflow from operating activities during the period.
12. Increase of the Cash reinvestment ratio: mainly due to the increase in other noncurrent assets.
13. Decrease of the degree of operating leverage: mainly due to the decrease in profit from optoelectronic components.
14. The of financial leverage: mainly due to the decrease in profit from optoelectronic components.
15. Changes in other ratios are not material and therefore are not analyzed comparatively.

6.2.4 Reasons for the changes (change of 20% or more) in financial ratios in the financial analysis - IFRS (parent company only) for the last two years:

1. Decrease of the current ratio: mainly due to the decrease in accounts payable and increase in long-term liabilities due within one year.
2. Decrease of the quick ratio: mainly due to the decrease in accounts payable and increase in long-term liabilities due within one year.
3. Decrease of the interest coverage ratio: mainly due to the increase in interest expense was due to the decrease in profits and the increase in interest rates on borrowings.
4. Decrease of the inventory turnover: mainly due to the decrease in profit from optoelectronic components.
5. Increase of the average days in sales: mainly due to the inventory increase.
6. Decrease of the Property, plant, and equipment turnover rate: mainly due to the decrease in profit from optoelectronic components.
7. Decrease in turnover of total assets: mainly due to the decrease in profit from optoelectronic components during the period.
8. Decrease of Return on assets: mainly due to the decrease in profit from optoelectronic components.
9. Decrease of the return on stockholders' equity: mainly due to the decrease in profit from optoelectronic components.
10. Decrease of Profit and loss before tax as a percentage of paid-in capital: mainly due to the decrease in profit from optoelectronic components.
11. Decrease of the profit ratio: mainly due to the decrease in profit from optoelectronic components.
12. Decrease of the earnings per share: mainly due to attributable to the increase in cash inflow from operating activities.
13. Increase of the cash flow ratio: mainly due to attributable to the increase in cash inflow from operating activities.
14. Increase of the cash flow adequacy ratio: mainly attributable to the increase in net cash inflow from operating activities during the period.
15. Increase of the cash reinvestment ratio: mainly due to the long-term investment increase.
16. Decrease of operating leverage: Mainly due to decrease in profit for the period.
17. Decrease of financial leverage: mainly due to the decrease in profit for the period and borrowing rates rise which cause the interest rates increase.
18. Changes in other ratios are not material and therefore are not analyzed comparatively.

6.3 Audit Committee's Audit Report for the Most Recent Year

Audit Committee's review report of 2023.

Audit Committee's Review Report of Cosmo Electronics Corporation.

The Board of Directors has prepared the Cosmo Electronics Corporation. ("the Company") 2023 Business Report, financial statements, and proposal for earnings distribution. The CPA firm of PwC was retained to audit the Company's financial statements and has issued an audit report relating to financial statements by Tsai, I-tai and Liang, Chan-nu. The above Business Report, financial statements, and earnings distribution proposal have been examined and determined to be correct and accurate by the Audit Committee of Cosmo Electronics Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Cosmo Electronics Corporation 2024 Shareholders' Meeting

Audit Committee Convener : Wu Yong-fu

March 14,2024

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standards No.10. If relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

HSIEH, SHU CHUAN

March 14, 2024

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Shareholders of Cosmo Electronics Corporation

Opinion

We have audited the accompanying consolidated financial statements of Cosmo Electronics Corporation and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters in relation to the consolidated financial statements for the year ended December 31,2023, are outlined as follows:

Valuation of inventory

Description

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

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

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

How our audit addressed the matter:

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

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

would be align with policies.

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

Assessment the fair value of investment property

Description

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

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

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

How our audit addressed the matter:

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

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

similar assets available from public information.

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

Other Matter – Parent Company Only Financial Reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Cosmo Electronics Corporation, as at and for the years ended December 31, 2023 and 2022.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tsai, Yi Tai

Liang, Chan Nyu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

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.

					(Restated)		(Restated)	
			December 31,2023		December 31,2022		January 1,2022	
Assets		Notes	Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 604,711	14	\$ 542,994	12	\$ 586,246	15
1136	Financial assets at amortized cost-current	6(2)	31,055	1	69,204	2	-	-
1150	Notes receivable, net	6(3)	3,140	-	3,388	-	-	-
1170	Accounts receivable, net	6(3)	79,178	2	282,782	7	336,289	8
1180	Accounts receivable from related parties, net	7	73,891	1	-	-	-	-
1200	Other receivables		5,554	-	25,062	1	16,575	-
1210	Other receivables from related parties	7	13,846	-	17,632	-	18,348	1
1220	Current income tax assets		2,191	-	9,268	-	4,941	-
130X	Inventories	6(4)	554,435	13	615,499	14	464,054	12
1410	Prepayments	7	40,438	1	92,015	2	50,795	1
1479	Other current assets		345	-	2,227	-	1,736	-
11XX	Total current assets		1,408,784	32	1,660,071	38	1,478,984	37
Non-current assets								
1535	Financial assets at amortized cost-non current	6(2) and 8	20,401	1	20,315	-	19,050	1
1600	Property, plant and equipment	6(5) and 8	719,938	17	757,718	17	740,479	19
1755	Right-of-use assets	6(6) and 8	171,344	4	165,894	4	122,369	3
1760	Investment property, net	6(7) and 8	1,871,983	43	1,615,691	37	1,465,874	37
1780	Intangible assets	6(8)	11,659	-	12,782	-	13,581	-
1840	Deferred income tax assets	6(24)	79,549	2	69,183	2	58,892	1
1915	Prepayments for equipment		9,814	-	11,925	-	36,485	1
1920	Refundable deposits		1,885	-	13,125	-	15,029	-
1975	Net defined benefit assets-non current	6(12)	26,550	1	24,239	1	18,395	-
1990	Other non-current assets		16,134	-	23,636	1	24,210	1
15XX	Total non-current assets		2,929,257	68	2,714,508	62	2,514,364	63
1XXX	Total assets		\$ 4,338,041	100	\$ 4,374,579	100	\$ 3,993,348	100

(Continued)

					(Restated)		(Restated)	
			December 31,2023		December 31,2022		January 1,2022	
Liabilities and Equity		Notes	Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term borrowings	6(9)	\$ 426,000	10	\$ 396,000	9	\$ 480,754	12
2110	Short-term bills payable	6(9)	99,884	2	49,962	1	49,887	1
2130	Contract liabilities-current	6(17)	1,018	-	10,237	-	2,943	-
2150	Notes payable		59	-	96	-	1,047	-
2170	Accounts payable		42,970	1	119,752	3	123,264	3
2180	Accounts payable to related parties	7	434	-	15,671	1	12,907	-
2219	Other payables		69,226	2	81,700	2	52,395	1
2220	Other payables to related parties	7	6,519	-	3,736	-	-	-
2230	Current income tax liabilities		105	-	301	-	1,563	-
2280	Lease liabilities-current		2,770	-	15,372	1	6,305	-
2320	Long-term liabilities-current portion	6(10)(11) and 7	312,646	7	276,841	6	898,205	23
2399	Other current liabilities		3,942	-	8,616	-	14,781	1
21XX	Total current liabilities		<u>965,573</u>	<u>22</u>	<u>978,284</u>	<u>23</u>	<u>1,644,051</u>	<u>41</u>
Non-current liabilities								
2530	Bonds payable	6(10)	-	-	-	-	273,484	7
2540	Long-term borrowings	6(11) and 7	1,206,851	28	1,258,640	29	174,000	4
2570	Deferred income tax liabilities	6(24)	245,959	6	210,905	5	200,591	5
2580	Lease liabilities-non current		23,142	1	4,490	-	6,605	-
2640	Net defined benefit liability-non current	6(12)	13,956	-	21,467	-	28,096	1
2670	Others non-current liabilities		388	-	528	-	527	-
25XX	Total non-current liabilities		<u>1,490,296</u>	<u>35</u>	<u>1,496,030</u>	<u>34</u>	<u>683,303</u>	<u>17</u>
2XXX	Total liabilities		<u>2,455,869</u>	<u>57</u>	<u>2,474,314</u>	<u>57</u>	<u>2,327,354</u>	<u>58</u>
Equity								
	Share capital	6(13)						
3110	Common stock		1,714,587	40	1,680,883	38	1,616,234	41
	Capital surplus	6(14)						
3200	Capital surplus		143,838	3	177,242	4	241,891	6
	Retained earnings	6(15)						
3310	Legal reserve		19,061	-	6,819	-	1,203	-
3320	Special reserve		140,561	3	63,024	1	12,484	-
3350	Unappropriated retained earnings		34,345	1	123,037	3	56,104	1
	Other equity interest	6(16)						
3400	Other equity interest		(170,220)	(4)	(150,740)	(3)	(261,922)	(6)
31XX	Equity attributable to owners of the parent		<u>1,882,172</u>	<u>43</u>	<u>1,900,265</u>	<u>43</u>	<u>1,665,994</u>	<u>42</u>
3XXX	Total equity		<u>1,882,172</u>	<u>43</u>	<u>1,900,265</u>	<u>43</u>	<u>1,665,994</u>	<u>42</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant subsequent events	11						
3X2X	Total liabilities and equity		\$ 4,338,041	100	\$ 4,374,579	100	\$ 3,993,348	100

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

			2023		(Restated) 2022	
Items		Notes	Amount	%	Amount	%
4000	Operating revenue	6(17) and 7	\$ 1,053,420	100	\$ 1,390,778	100
5000	Operating costs	6(4) and 7	(897,585)	(85)	(1,053,647)	(76)
5900	Gross profit		<u>155,835</u>	<u>15</u>	<u>337,131</u>	<u>24</u>
	Operating expenses					
6100	Selling expenses		(50,116)	(5)	(62,740)	(4)
6200	General and administrative expenses		(222,991)	(21)	(219,598)	(16)
6300	Research and development expenses		(3,914)	(1)	(4,905)	-
6450	Expected credit impairment gains(losses)		<u>8,462</u>	<u>1</u>	(10,789)	(1)
6000	Total operating expenses		(268,559)	(26)	(298,032)	(21)
6900	Operating (loss)profit		(112,724)	(11)	<u>39,099</u>	<u>3</u>
	Non-operating income and expenses					
7100	Interest income	6(18)	10,963	1	3,289	-
7010	Other income	6(19)	14,026	1	25,477	2
7020	Other gains and losses	6(20)	229,401	22	99,777	7
7050	Finance costs	6(21)	(85,467)	(8)	(54,304)	(4)
7000	Total non-operating income and expenses		<u>168,923</u>	<u>16</u>	<u>74,239</u>	<u>5</u>
7900	Profit before income tax		<u>56,199</u>	<u>5</u>	<u>113,338</u>	<u>8</u>
7950	Income tax expense	6(24)	(26,116)	(2)	(2,442)	-
8200	Profit for the year		<u>\$ 30,083</u>	<u>3</u>	<u>\$ 110,896</u>	<u>8</u>
	Other comprehensive income(loss)					
	Components of other comprehensive income(loss) that will not be reclassified to profit or loss					
8311	Gain on remeasurements of defined benefit plans	6(12)	\$ 3,763	-	\$ 15,501	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(821)	-	(3,308)	-
8310	Other comprehensive income(loss) that will not be reclassified to profit or loss		<u>2,942</u>	<u>-</u>	<u>12,193</u>	<u>1</u>
	Components of other comprehensive income(loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(16)	(19,480)	(2)	111,182	8
8300	Other comprehensive income(loss) for the year		(\$ 16,538)	(2)	<u>\$ 123,375</u>	<u>9</u>
8500	Total comprehensive income for the year		<u>\$ 13,545</u>	<u>1</u>	<u>\$ 234,271</u>	<u>17</u>
	Profit attributable to:					
8610	Owners of the parent		<u>\$ 30,083</u>	<u>3</u>	<u>\$ 110,896</u>	<u>8</u>
	Comprehensive income(loss) attributable to :					
8710	Owners of the parent		<u>\$ 13,545</u>	<u>1</u>	<u>\$ 234,271</u>	<u>17</u>
	Earnings per share					
9750	Basic earnings per share		<u>\$ 0.18</u>		<u>\$ 0.65</u>	
9850	Diluted earnings per share		<u>\$ 0.18</u>		<u>\$ 0.64</u>	

2022(Restated)

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>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 year		-		-		-		-		110,896		-		110,896
Other comprehensive income(loss) for the year		-		-		-		-		12,193		111,182		123,375
Total comprehensive income(loss) for the year	6(16)	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>123,089</u>		<u>111,182</u>		<u>234,271</u>
Distribution of 2021 earnings														
Legal reserve		-		-		5,616		-	(	5,616)		-		-
Special reserve		-		-		-		50,540	(	50,540)		-		-
Issuance of share from capital surplus		<u>64,649</u>	(	<u>64,649</u>)		-		-		-		-		-
Balance at December 31, 2022		<u>\$ 1,680,883</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>

2023

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>\$ 177,242</u>		<u>\$ 6,819</u>		<u>\$ 63,024</u>		<u>\$ 123,037</u>	(	<u>\$ 150,740</u>)		<u>\$ 1,900,265</u>
Profit for the year		-		-		-		-		30,083		-		30,083
Other comprehensive income(loss) for the year		-		-		-		-		2,942	(	19,480 )	(	16,538)
Total comprehensive income(loss) for the year	6(16)	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>33,025</u>	(	<u>19,480</u>)		<u>13,545</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)	<u>33,619</u>	(	<u>33,619</u>)		-		-		-		-		-
Balance at December 31, 2023		<u>\$ 1,714,587</u>		<u>\$ 143,838</u>		<u>\$ 19,061</u>		<u>\$ 140,561</u>		<u>\$ 34,345</u>	(	<u>\$ 170,220</u>)		<u>\$ 1,882,172</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Consolidated profit before tax for the year	\$	56,199	\$	113,338
Adjustments				
Income and expenses having no effect on cash flows				
Depreciation	6(5)(6)	110,542		109,990
Amortization	6(8)	2,028		2,112
Expected credit impairment losses(gains)	12	(8,462)		10,789
Interest expense	6(21)	85,467		54,304
Interest income	6(18)	(10,963 )	(	3,289)
Gain on fair value changes of investment property	6(20)	(241,679 )	(	77,537)
Provision for inventory and obsolescence	6(4)	25,146		4,366
Loss(Gain) on disposal of property, plant and equipment	6(20)	8,816	(	743)
Changes in assets and liabilities relating to operating activities				
Net changes in assets relating to operating activities				
Notes receivable		248	(	3,388)
Accounts receivable		212,127		42,665
Accounts receivable from related parties	(	73,891)		-
Other receivables		19,508	(	8,487)
Other receivables from related parties		3,786		716
Inventories		35,918	(	155,811)
Prepayments		51,577	(	41,220)
Net defined benefit assets	(	2,311 )	(	5,844)
Other current assets		1,882	(	491)
Other non-current assets		7,361		574
Net changes in liabilities relating to operating activities				
Contract liabilities-current	(	9,219)		7,294
Notes payable	(	37 )	(	951)
Accounts payable	(	76,782 )	(	3,512)
Accounts payable to related parties	(	15,237)		2,764
Other payables	(	50,180)		26,754
Other payables to related parties		2,783		3,736
Other current liabilities	(	4,674 )	(	6,165)
Net defined benefit liability	(	3,749)		8,872
Cash flows generated from operations		126,204		80,836
Interest received		10,963		3,289
Income taxes paid		24,009	(	11,279)
Net cash flows generated from operating activities		161,176		72,846

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisitions of financial assets at amortized cost		\$	-	(\$	69,721)
Proceeds from disposal of financial assets at amortized cost			38,064		-
Acquisitions of property, plant and equipment	6(5)(26)	(	57,367 )	(	90,552)
Proceeds from disposal of property, plant and equipment	6(5)		114		1,085
Decrease in refundable deposits			11,240		1,904
Acquisitions of intangible assets	6(8)	(	893 )	(	285)
Acquisitions of right-of-use assets	6(6)		-	(	31,566)
Acquisitions and payments for investment properties	6(7)	(	22,701 )	(	36,371)
Increase in prepayments for equipment			1,019	(	14,743)
Net cash flows used in investing activities		(	30,524 )	(	240,249)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in short-term borrowings	6(27)		1,446,440		2,067,490
Decrease in short-term borrowings	6(27)	(	1,416,440 )	(	2,159,213)
Increase in short-term bills payable			49,922		-
Repayment for bonds	6(27)	(	277,100)		-
Repayment for long-term borrowings	6(27)	(	103,600 )	(	886,440)
Proceeds from long-term borrowings	6(27)		364,520		1,061,550
Lease principal repayment	6(27)	(	11,758 )	(	12,678)
Interest paid		(	85,537 )	(	50,872)
Net cash flows (used in)/generated from financing activities		(	33,553)		19,837
Effect due to changes in exchange rate		(	35,382)		104,314
Net Increase(decrease) in cash and cash equivalents			61,717	(	43,252)
Cash and cash equivalents at beginning of year			542,994		586,246
Cash and cash equivalents at end of year		\$	604,711	\$	542,994

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. History and Organization

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

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

These consolidated financial statements were reported to the Board of Directors on March 14, 2024.

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 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 in deferred tax assets by NT\$0, NT\$ 3,804, and NT\$5,550, an increase in deferred tax liabilities by NT\$549, NT\$3,856, and NT\$4,930 and an increase (a decrease) in retained earnings by NT\$620, NT\$(52) and NT\$(52) as at December 31, 2023, January 1, 2022 and December 31, 2022, respectively, and an increase (a decrease) in income tax expense by NT\$(672) and NT\$1,169 for the years ended December 31, 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
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 applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Investment property at fair value.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRS") requires the use of certain

critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in

relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Cosmo Electronics Corporation	Cosmo Electronics Samoa	Investment activities	100	100	
	Cosmo Electronics (HK) Company Limited	Trading of electronic products	100	100	
	Grand Concept Group Limited	Investment activities	100	100	
	Grandway International Limited.	Investment activities	100	100	
	PT Cosmo Technology (PT Cosmo)	Manufacturing and selling of LED lighting	14	14	Note 1
	Cosmo Green Power Limited (Cosmo Green)	Manufacturing and selling of material of biomass energy	100	100	
Cosmo Electronics Samoa	Cosmo Electronics Technology Co., Ltd.	Investment activities	100	100	
Cosmo Electronics Technology Co., Ltd.	Cosmo Electronics Technology (KunShan) Co., Ltd.	Manufacturing and selling of new electronic parts	100	100	
Cosmo Electronics (HK) Company Limited	Cosmo Lighting Inc.	Selling of LED lighting	100	100	
	Cosmo Recycling Inc.	Recycling and selling of waste	-	100	Note 4
Grand Concept Group Limited	True Glory Investments Limited	Investment activities and processing and trading of PCBs	100	100	
Grandway International Limited.	Real Bonus Limited	Selling of LED lighting	100	100	
	Truly Top Investments Limited	Investment activities	100	100	
	Renown Boom Limited	Investment activities and processing and selling of routers	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
True Glory Investments Limited	PT Cosmo Technology (PT Cosmo)	Manufacturing and selling of LED lighting	13	13	Note 1
	PT Cosmo Green Technology (PT Cosmo Green)	Manufacturing and selling of material of biomass energy	50	50	Note 1
	PT Cijambe Indah (PT Cijambe)	Land development	95	93	Note 1 and 2
	PT Cosmo Electronics Indonesia (PT Electronics)	Manufacturing and selling of new electronic parts	100	100	Note 3
Truly Top Investments Limited	PT Cosmo Technology (PT Cosmo)	Manufacturing and selling of LED lighting	73	73	Note 1
	PT Cosmo Green Technology (PT Cosmo Green)	Manufacturing and selling of material of biomass energy	50	50	Note 1
Renown Boom Limited	Dong Guan Guan Zhen Xing Trading Limited	Selling of LED lighting	100	100	
	PT Cijambe Indah (PT Cijambe)	Land development	5	7	Note 1 and 2
Dong Guan Guan Zhen Xing Trading Limited	Shaoguan Woncrown Electronics Technology Co.,Ltd.	Developing, manufacturing and selling of electronic products	-	100	Note 4
	Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	100	100	
	Dongguan Guanwang Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	100	100	

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

Note 2: PT Cijambe has increased its capital on August 1, 2022 、September 27, 2022 、October 10, 2022

November 18, 2022 、March 16, 2023 、June 30, 2023 、October 4, 2023 and December 18, 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 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.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at

average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(5) Classification of current and non-current items

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

(6) Cash equivalents

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

commitments in operations are classified as cash equivalents.

(7) Financial assets at amortized cost

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

(8) Accounts and notes receivable

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

(9) Impairment of financial assets

For financial assets at amortized cost and accounts receivable that have a significant financing component, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) Leasing arrangements (lessor) — operating leases

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

(12) Inventories

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

(13) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

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

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

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(16) Investment property

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

(17) Intangible assets

A. Computer software

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

B. Patent

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

(18) Impairment of non-financial assets

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

(19) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(20) Notes and accounts payable

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

(21) Convertible bonds payable

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

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

(22) Derecognition of financial liabilities

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of

redundancy benefits in exchange for the termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

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

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

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not arise equivalent taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable

that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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

(25) Share capital

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

(26) Revenue recognition

Sales of goods—wholesale

- A. The Group manufactures and sells a range of electronic products such as photocouplers and relays in the wholesale market. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(27) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Valuation of inventories

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

As of December 31, 2023, the carrying amount of inventories was \$554,435 thousand.

B. Assessment the fair value of investment property

As the investment property is subsequently measured at fair value, the investment property held by the Group is mainly land and buildings, that experts must be entrusted to use their professional judgements and estimates to determine the fair value on the balance sheet date. The Group will adjust the cost to fair value base on the appraisal report issued by the experts. The assessment of investment property is mainly based on the reports issued by experts, so the measurement of fair value may be affected by product demand in a specific period in the future, real estate transaction prosperity and changes in experts' judgments and estimates.

As of December 31, 2023, the carrying amount of investment property was \$1,871,983 thousand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31	
	2023	2022
Cash on hand and revolving funds	\$ 4,628	\$ 5,109
Checking accounts and demand deposits	380,681	522,530
Time deposits	219,402	15,355
	<u>\$ 604,711</u>	<u>\$ 542,994</u>

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

(2) Financial assets at amortized cost

Items	December 31	
	2023	2022
Current items:		
Time deposits	<u>\$ 31,055</u>	<u>\$ 69,204</u>
Non-current items:		
Pledged time deposits (Note 8)	\$ 4,437	\$ 4,395
Restricted bank accounts	9,863	9,818
Corporate bonds-CFE	6,101	6,102
	<u>\$ 20,401</u>	<u>\$ 20,315</u>

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

	Year ended December 31	
	2023	2022
Interest income	<u>\$ 2,012</u>	<u>\$ 1,626</u>

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

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

(3) Notes and accounts receivable

	December 31	
	2023	2022
Notes receivable	\$ 3,140	\$ 3,388
Accounts receivable	\$ 81,860	\$ 293,987
Less: Allowance for uncollectible accounts	(2,682)	(11,205)
	<u>\$ 79,178</u>	<u>\$ 282,782</u>

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

	December 31			
	2023		2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 51,292	\$ 3,140	\$ 268,204	\$ 3,388
1 to 90 days	23,498	-	3,140	-
91 to 180 days	4,792	-	11,513	-
Over 181 days	2,278	-	11,130	-
	<u>\$ 81,860</u>	<u>\$ 3,140</u>	<u>\$ 293,987</u>	<u>\$ 3,388</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 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 \$340,312.
- C. As at December 31, 2023 and 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 \$85,000 and \$297,375, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12.

(4) Inventories

	December 31	
	2023	2022
Raw materials	\$ 152,963	\$ 197,853
Work in progress	106,916	133,699
Finished goods	287,379	280,737
Merchandise	7,177	3,210
	<u>\$ 554,435</u>	<u>\$ 615,499</u>

The cost of inventories recognized as expense for the year:

	Year ended December 31	
	2023	2022
Cost of goods sold	\$ 872,939	\$ 1,050,153
Loss on decline in market value	25,146	4,366
Revenue from sale of scraps	(500)	(872)
	<u>\$ 897,585</u>	<u>\$ 1,053,647</u>

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

(5) Property, plant and equipment

	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	-	4,649	39,689	574	3,239	14,984	63,135
Disposals	-	-	(8,638)	-	(1)	(68)	(8,707)
Depreciation	-	(21,553)	(59,015)	(1,445)	(2,212)	(9,404)	(93,629)
Net exchange differences	-	272	1,292	(6)	46	(183)	1,421
Closing net book amount	<u>\$ 191,951</u>	<u>\$ 229,206</u>	<u>\$ 232,545</u>	<u>\$ 5,337</u>	<u>\$ 7,999</u>	<u>\$ 52,900</u>	<u>\$ 719,938</u>
<u>At December 31</u>							
Cost	\$ 191,951	\$ 474,153	\$ 1,174,362	\$ 19,533	\$ 45,077	\$ 245,923	\$ 2,150,999
Accumulated depreciation and impairment	-	(244,947)	(941,817)	(14,196)	(37,078)	(193,023)	(1,431,061)
	<u>\$ 191,951</u>	<u>\$ 229,206</u>	<u>\$ 232,545</u>	<u>\$ 5,337</u>	<u>\$ 7,999</u>	<u>\$ 52,900</u>	<u>\$ 719,938</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	-	5,397	71,273	2,897	3,014	10,527	-	93,108
Disposals	-	(102)	(240)	-	-	-	-	(342)
Depreciation	-	(21,935)	(56,948)	(1,301)	(1,794)	(8,708)	-	(90,686)
Transfers from unfinished construction	110,841	45,659	-	-	-	-	(156,500)	-
Net exchange differences	-	12,470	1,742	277	383	287	-	15,159
Closing net book amount	<u>\$ 191,951</u>	<u>\$ 245,838</u>	<u>\$ 259,217</u>	<u>\$ 6,214</u>	<u>\$ 6,927</u>	<u>\$ 47,571</u>	<u>\$ -</u>	<u>\$ 757,718</u>
<u>At December 31</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>\$ -</u>	<u>\$ 757,718</u>

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

(6) Leasing arrangements — lessee

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

- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31	
	2023	2022
	Carrying amount	Carrying amount
Land	\$ 143,762	\$ 146,174
Buildings and structures	27,582	19,720
	<u>\$ 171,344</u>	<u>\$ 165,894</u>

	Year ended December 31	
	2023	2022
	Depreciation	Depreciation
Land	\$ 4,121	\$ 3,927
Buildings and structures	12,792	15,377
	<u>\$ 16,913</u>	<u>\$ 19,304</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$28,134 and \$50,965, respectively.

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

	Year ended December 31	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 629	\$ 806
Expense on short-term lease contracts	956	2,736
Expense on lease of low-value assets	1,057	883

- F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$13,771 and \$16,297, respectively.

(7) Investment property

	Year ended December 31	
	2023	2022
At January 1	\$ 1,615,691	\$ 1,465,874
Additions — from subsequent expenditures	22,701	36,371
Gain on fair value adjustment	241,679	77,537
Net exchange differences	(8,088)	35,909
At December 31	<u>\$ 1,871,983</u>	<u>\$ 1,615,691</u>

A. Rent income from investment property is shown below:

	Year ended December 31	
	2023	2022
Rent income from investment property	<u>\$ 3,746</u>	<u>\$ 4,032</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, 2023 was based on the valuation carried out on March 1 and March 5, 2024 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 Chang, Shao Chi 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, 2022 was based on the valuation carried out on February 22, 2023 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.

- F. The fair value of the investment property held by the Group was valued by independent valuers. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy. Unrealized profit or loss from fair value adjustment on investment property in 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	
	2023	2022
Expected future cash inflows	\$ 135,616	\$ 127,788
Expected future cash outflows	5,839	7,107
Expected future cash inflows, net	\$ 129,777	\$ 120,681
Discount rate	2.250%-3.000%	2.100%-3.250%

- 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 \$260 to \$930 per ping.
- I. As at December 31, 2023 and 2022, 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 1.50% 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	
	2023	2022
Estimated total sale price	\$ 3,430,106	\$ 3,039,420
Rate of return	13%	13%
Overall capital interest rate	10.49%	10.43%

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	-	893	893
Amortization	(958)	(1,070)	(2,028)
Net exchange differences	12	-	12
Closing net book amount	<u>\$ 8,794</u>	<u>\$ 2,865</u>	<u>\$ 11,659</u>
<u>At December 31</u>			
Cost	\$ 18,607	\$ 5,461	\$ 24,068
Accumulated amortization and impairment	(9,813)	(2,596)	(12,409)
	<u>\$ 8,794</u>	<u>\$ 2,865</u>	<u>\$ 11,659</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	(917)	(1,195)	(2,112)
Net exchange differences	1,026	2	1,028
Closing net book amount	<u>\$ 9,740</u>	<u>\$ 3,042</u>	<u>\$ 12,782</u>
<u>At December 31</u>			
Cost	\$ 18,609	\$ 7,753	\$ 26,362
Accumulated amortization and impairment	(8,869)	(4,711)	(13,580)
	<u>\$ 9,740</u>	<u>\$ 3,042</u>	<u>\$ 12,782</u>

Details of amortization on intangible assets are as follows:

	Year ended December 31	
	2023	2022
Selling expenses	\$ 958	\$ 917
General and administrative expenses	1,070	1,195
	<u>\$ 2,028</u>	<u>\$ 2,112</u>

(9) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
<u>Bank borrowings</u>			
Unsecured borrowings	\$ 333,000	2.21%~2.57%	None.
Secured borrowings	93,000	2.25%~2.30%	Property, plant and investment property
	<u>\$ 426,000</u>		
<u>Short-term bills payable</u>			
Commercial paper	\$ 100,000	1.61%~2.01%	None.
Less: Unamortized discounts on bills payable	(116)		
	<u>\$ 99,884</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>		

As at December 31, 2023, the facility of short-term borrowings of the Group was \$681,000.

The chairman of the Company, Hsieh, Shu Chuan and 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) Bonds payable

	December 31	
	2023	2022
Bonds payable	\$ -	\$ 277,400
Less: Discount on bonds payable	-	(559)
Bonds payable	<u>\$ -</u>	<u>\$ 276,841</u>
	-	276,841
Less: Current portion	-	(276,841)
	<u>\$ -</u>	<u>\$ -</u>

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

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

- (a) The regulatory authority has approved the 3rd domestic secured convertible bonds issued by the Company. The total issuance amount is \$300,000 with coupon rate of 0%, covering a 3-year period of issuance and a circulation period from February 27, 2020 to February 27, 2023. The convertible bonds will be redeemed in cash at face value at the maturity date.
- (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

Type of borrowings	December 31	
	2023	2022
<u>Long-term bank borrowings</u>		
Revolving unsecured borrowings(i)	\$ 831,400	\$ 689,000
Revolving unsecured borrowings(ii)	383,812	383,875
Secured borrowings-buildings	156,000	165,000
Other unsecured borrowings	127,520	-
	<u>1,498,732</u>	<u>1,237,875</u>
<u>Loans from related parties</u>		
Fairsky International Limited	20,765	20,765
	<u>1,519,497</u>	<u>1,258,640</u>
Less: Current portion	(312,646)	-
	<u>\$ 1,206,851</u>	<u>\$ 1,258,640</u>

A. Revolving unsecured borrowings

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

The condition of borrowings as follows:

i. Revolving unsecured borrowings

The borrower was the Company, and the credit line was \$926,000 that could be used revolving during the contract period. The period of each use was 3 months or 6 months, but the maximum limit was 6 months and shall not exceed the expiry date of the credit period. The credit line shall be reduced by 10% from the first drawdown date by 18 months; by 10% by the date of full 24 months; by 20% by the date of full 30 months; by 60% by the date of full 36 months. For each use, the expiry date of the credit period was the maturity date. Interest would be paid one month from drawdown date, and the interest rate would be re-negotiated every 3 months. As at December 31, 2023 and 2022 rest rate was 3.6261% to 3.6690% and 3.2318%, respectively.

ii. Revolving unsecured borrowings

The borrower was PT Cosmo, and the credit line was USD 12,500,000 that could be used revolving during the contract period. The period of each use was 3 months or 6 months, but the maximum limit was 6 months and shall not exceed the expiry

date of the credit period. Interest would be paid monthly, and the interest rate would be re-negotiated every 3 months. As at December 31, 2023 and 2022, the interest rate was 7.79% and 6.84%, respectively.

- (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 2022, 2023 and 2024. The interest coverage ratio is calculated as the ratio of the sum of net profit before tax, finance cost, depreciation and amortization divided by finance cost. The above financial ratios were calculated based on its annual consolidated financial statements audited by independent auditors and semi-annual consolidated financial statements reviewed by independent auditors and reviewed after agreement signed. If it did not meet the above financial ratios, the company shall as soon as possible provides specific improvement plans and related explanations from the date of notification by the management bank. If it did not meet one of the above financial ratios and agreements, only the above financial ratio restrictions were met before next review date, it did not breached of the agreement. Until the date of declaration which is stated the period breaches the financial promise and all financial promise has been met, the interest would be calculated according to the agreed interest rate plus 0.25% by the balance of outstanding principals.
- (c) The chairman of the Company, Hsieh, Shu Chuan and 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 monthly from drawdown date, and the interest rate would be re-negotiated every 3 months. As at December 31, 2023 and 2022, the interest rate was 2.4247% and 2.0139% to 2.0284%, respectively.
- (c) The Company provided land and buildings as collateral (please refer to Note 8 for pledge details).
- (d) The chairman of the Company, Hsieh, Shu Chuan and substantive related parties, Tsai, Nai Chen, were the sureties of the above secured loan agreements in their 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 December 31, 2023, the interest rate was 6.66%
- (c) The chairman of the Company, Hsieh, Shu Chuan and substantive related parties, Tsai, Nai Chen and Tsai, Chi Hu, were the sureties of the above unsecured 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 amounts recognized in the balance sheet are as follows:

	December 31	
	2023	2022
Present value of defined benefit obligations	\$ 29,811	\$ 37,228
Fair value of plan assets	(42,405)	(40,000)
Net defined benefit assets	(\$ 12,594)	(\$ 2,772)
Net defined benefit assets	\$ 26,550	\$ 24,239
Net defined benefit liability	\$ 13,956	\$ 21,467

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability(assets)
At January 1	\$ 37,228	(\$ 40,001)	(\$ 2,773)
Current service cost	3,265	-	3,265
Interest (expense) income	1,784	(500)	1,284
Past service cost	(8,843)	-	(8,843)
	<u>33,434</u>	<u>(40,501)</u>	<u>(7,067)</u>
Remeasurements:			
Return on plan assets(excluding amounts included in interest income or expense)	-	(353)	(353)
Experience adjustments	(11,316)	-	(11,316)
	<u>(11,316)</u>	<u>(353)</u>	<u>(11,669)</u>
Pension fund contribution	-	(1,633)	(1,633)
Paid pension	(865)	82	(783)
Exchange difference	8,558	-	8,558
At December 31	<u>\$ 29,811</u>	<u>(\$ 42,405)</u>	<u>(\$ 12,594)</u>

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 45,060	(\$ 35,359)	\$ 9,701
Current service cost	3,071	-	3,071
Interest (expense) income	1,447	(212)	1,235
	<u>49,578</u>	<u>(35,571)</u>	<u>14,007</u>
Remeasurements:			
Return on plan assets(excluding amounts included in interest income or expense)	-	(2,840)	(2,840)
Change in financial assumptions	(736)	-	(736)
Experience adjustments	(11,925)	-	(11,925)
	<u>(12,661)</u>	<u>(2,840)</u>	<u>(15,501)</u>
Pension fund contribution	-	(1,589)	(1,589)
Paid pension	(466)	-	(466)
Exchange difference	777	-	777
At December 31	<u>\$ 37,228</u>	<u>(\$ 40,000)</u>	<u>(\$ 2,772)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from 2-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Year ended December 31	
	2023	2022
Discount rate	1.25%~7.0%	1.25%~7.5%
Future salary increases	2.75%~8%	2.75%~10%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%~1%	Decrease 0.25%~1%	Increase 1%	Decrease 1%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	<u>(\$ 1,668)</u>	<u>\$ 1,669</u>	<u>\$ 2,528</u>	<u>(\$ 2,442)</u>

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

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

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

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ended December 31, 2024 amount to zero.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 8.5 years.

B. Defined contribution pension plan

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

- (c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022, were \$4,486 and \$4,210, respectively.

(13) Share capital

- A. As of December 31, 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, 2023.
- 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 years ended February 27, 2023 and December 31 2022, the Company issued 8 thousand shares and 599 thousand shares of ordinary shares because of conversion of convertible bonds, respectively.
- 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.

	December 31	
	2023	2022
<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
Conversion of bonds	18,701	18,467
Options expired	25,199	7,383
Employee share options	1,396	1,396
<u>May not be used for any purpose</u>		
Options	-	17,835
	<u>\$ 143,838</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	(19,480)	111,182
At December 31	<u>(\$ 170,220)</u>	<u>(\$ 150,740)</u>

(17) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contract with customers		
Operating revenue	<u>\$ 1,053,420</u>	<u>\$ 1,390,778</u>

A. Disaggregation of revenue from contracts with customers

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

B. Contract liabilities

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

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	<u>\$ 1,018</u>	<u>\$ 10,237</u>	<u>\$ 2,943</u>

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

	Year ended December 31	
	2023	2022
Revenue recognized that was included in the contract liability balance at the beginning of the period	<u>\$ 10,237</u>	<u>\$ 2,943</u>

(18) Interest income

	Year ended December 31	
	2023	2022
Bank deposit	\$ 8,334	\$ 1,567
Financial assets measured at amortized cost	2,012	1,626
Other interest income	617	96
	<u>\$ 10,963</u>	<u>\$ 3,289</u>

(19) Other income

	Year ended December 31	
	2023	2022
Rent income	\$ 3,746	\$ 4,032
Royalty income	32	-
Other income, others	10,248	21,445
	<u>\$ 14,026</u>	<u>\$ 25,477</u>

(20) Other gains and losses

	Year ended December 31	
	2023	2022
Gains(Losses) on disposal of property, plant and equipment	(\$ 8,816)	\$ 743
Foreign exchange gains	9,385	22,169
Gain on fair value adjustment of investment property	241,679	77,537
Other losses	(12,847)	(672)
	<u>\$ 229,401</u>	<u>\$ 99,777</u>

(21) Finance costs

	Year ended December 31	
	2023	2022
Bank borrowings	\$ 81,357	\$ 48,657
Short-term bills payable	1,747	485
Lease liabilities	629	806
Convertible bonds payable	559	3,357
Financial expense, others	1,175	999
	<u>\$ 85,467</u>	<u>\$ 54,304</u>

(22) Depreciation and amortization

	Year ended December 31	
	2023	2022
Property, plant and equipment	\$ 93,629	\$ 90,686
Right-of-use assets	16,913	19,304
Other intangible assets	2,028	2,112
Operating costs and operating expenses	<u>\$ 112,570</u>	<u>\$ 112,102</u>

(23) Employee benefit expense

	Year ended December 31	
	2023	2022
Wages and salaries	\$ 242,818	\$ 289,783
Labor and health insurance fees	29,409	30,399
Pension		
Defined contribution pension plan	4,486	4,210
Defined benefit pension plan	11,879	4,847
Other personnel expenses	11,454	20,482
	<u>\$ 300,046</u>	<u>\$ 349,721</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 146,460	\$ 199,601
Operating expenses	153,586	150,120
	<u>\$ 300,046</u>	<u>\$ 349,721</u>

- A. According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of 5% to 12% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$2,506 and \$5,805, respectively; while directors' and supervisors' remuneration was accrued at \$501 and \$1,161, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5% and 1% of distributable profit of current year as of the end of reporting period. On March 14, 2024, the employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors consisted with accrual amount, and the employees' compensation will be distributed in the form of cash. Employees' compensation and directors' and supervisors' remuneration of 2022 as resolved by the Board of Directors 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

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 468	\$ 5,727
Prior year income tax underestimation	1,781	-
Total current tax	<u>\$ 2,249</u>	<u>\$ 5,727</u>
Deferred tax:		
Origination and reversal of temporary differences	23,867	(3,285)
Income tax expense	<u>\$ 26,116</u>	<u>\$ 2,442</u>

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

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	<u>(\$ 821)</u>	<u>(\$ 3,308)</u>

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

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 24,726	\$ 33,700
Expenses disallowed by tax regulation	(38,126)	(8,513)
Taxable loss not recognized as deferred tax assets	37,341	6,272
Change in assessment of realization of deferred tax assets	394	(28,345)
Prior year income tax underestimation(overestimation)	1,781	(672)
Income tax expense	<u>\$ 26,116</u>	<u>\$ 2,442</u>

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

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

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unrealized losses on investments accounted for using the equity method	\$ 35,731	\$ 10,105	\$ -	\$ 45,836
Defined benefit liabilities	4,731	(929)	(746)	3,056
Interest expenses on convertible bonds payable	1,881	112	-	1,993
Allowance for uncollectible accounts	83	98	-	181
Unrealized inventory losses	6,649	1,512	-	8,161
Others	5,769	1,149	-	6,918
Tax losses	14,339	(935)	-	13,404
	<u>\$ 69,183</u>	<u>\$ 11,112</u>	<u>(\$ 746)</u>	<u>\$ 79,549</u>
Deferred tax liabilities:				
Investment property	(\$ 43,747)	(\$ 11,632)	\$ -	(\$ 55,379)
Unrealized gains on investments accounted for using the equity method	(143,074)	(21,544)	-	(164,618)
Defined benefit assets	(4,875)	(462)	(75)	(5,412)
Unrealized gross profit from sales	(1,183)	(1,384)	-	(2,567)
Others	(18,026)	43	-	(17,983)
	<u>(\$ 210,905)</u>	<u>(\$ 34,979)</u>	<u>(\$ 75)</u>	<u>(\$ 245,959)</u>
	<u>(\$ 141,722)</u>	<u>(\$ 23,867)</u>	<u>(\$ 821)</u>	<u>(\$ 166,410)</u>

2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unrealized losses on investments accounted for using the equity method	\$ 35,035	\$ 696	\$ -	\$ 35,731
Defined benefit liabilities	6,181	1,029	(2,479)	4,731
Interest expenses on convertible bonds payable	-	1,881	-	1,881
Allowance for uncollectible accounts	83	-	-	83
Unrealized inventory losses	6,650	(1)	-	6,649
Others	4,613	1,156	-	5,769
Tax losses	6,330	8,009	-	14,339
	<u>\$ 58,892</u>	<u>\$ 12,770</u>	<u>(\$ 2,479)</u>	<u>\$ 69,183</u>
Deferred tax liabilities:				
Investment property	(\$ 44,025)	\$ 278	\$ -	(\$ 43,747)
Unrealized gains on investments accounted for using the equity method	(135,994)	(7,080)	-	(143,074)
Defined benefit assets	(3,706)	(340)	(829)	(4,875)
Unrealized gross profit from sales	(500)	(683)	-	(1,183)
Others	(16,366)	(1,660)	-	(18,026)
	<u>(\$ 200,591)</u>	<u>(\$ 9,485)</u>	<u>(\$ 829)</u>	<u>(\$ 210,905)</u>
	<u>(\$ 141,699)</u>	<u>\$ 3,285</u>	<u>(\$ 3,308)</u>	<u>(\$ 141,722)</u>

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

December 31, 2023				
	Year incurred	Unused amount	Unrecognized deferred tax assets	Expiry year
The Company	2014	\$ 109,634	\$ 100,188	2024
	2015	80,283	66,683	2025
	2016	52,729	39,129	2026
	2017	154,071	140,471	2027
	2018	35,773	22,173	2028
	2019	48,676	48,676	2029
	2020	100,873	100,873	2030
	2023	49,120	49,120	2033
		<u>\$ 631,159</u>	<u>\$ 567,313</u>	
PT Cosmo	2022	\$ 2,890	\$ -	2027
	2023	35,088	35,088	2028
		<u>\$ 37,978</u>	<u>\$ 35,088</u>	
Cosmo Green	2019	\$ 1,780	\$ 1,780	2024
	2020	2,083	2,083	2025
	2021	2,104	2,104	2026
		<u>\$ 5,967</u>	<u>\$ 5,967</u>	
PT Cijambe	2020	\$ 33,759	\$ 33,759	2025
	2021	6,317	6,317	2026
	2022	15,565	15,565	2027
	2023	7,451	7,451	2028
		<u>\$ 63,092</u>	<u>\$ 63,092</u>	

December 31, 2022

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

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(25) Earnings per share

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 30,083	171,457	\$ 0.18
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	30,083	171,457	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	66	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 30,083	171,523	\$ 0.18
Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands) (Note)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 110,896	171,450	\$ 0.65
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	110,896	171,450	
Assumed conversion of all dilutive potential ordinary shares			
Convertible corporate bonds	3,357	7,502	
Employees' compensation	-	175	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 114,253	179,127	\$ 0.64

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:

	Year ended December 31	
	2023	2022
Purchase of property, plant and equipment	\$ 63,135	\$ 93,108
Add: Opening balance of payable on equipment	4,397	1,841
Less: Ending balance of payable on equipment	(10,165)	(4,397)
Cash paid during the year	<u>\$ 57,367</u>	<u>\$ 90,552</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	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	30,000	49,922	260,920	-	(11,758)	(277,100)	51,984
Impact of changes in foreign exchange rate	-	-	(63)	-	(3,967)	-	(4,030)
Changes in other non-cash items	-	-	-	-	21,775	259	22,034
At December 31	<u>\$ 426,000</u>	<u>\$ 99,884</u>	<u>\$ 1,498,732</u>	<u>\$ 20,765</u>	<u>\$ 25,912</u>	<u>\$ -</u>	<u>\$ 2,071,293</u>

	2022						
	Short-term borrowings	Short-term bills payable	Long-term borrowings	Long-term payable to related parties	Lease liabilities	Bonds payable	Liabilities from financing activities
At January 1	\$ 480,754	\$ 49,887	\$ 1,039,000	\$ 33,205	\$ 12,910	\$ 273,484	\$ 1,889,240
Changes in cash flow from financing activities	(91,723)	75	187,550	(12,628)	(12,678)	-	70,596
Impact of changes in foreign exchange rate	6,969	-	11,325	188	231	-	18,713
Changes in other non-cash items	-	-	-	-	19,399	3,357	22,756
At December 31	<u>\$ 396,000</u>	<u>\$ 49,962</u>	<u>\$ 1,237,875</u>	<u>\$ 20,765</u>	<u>\$ 19,862</u>	<u>\$ 276,841</u>	<u>\$ 2,001,305</u>

7. Related Party Transactions

(1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Group</u>
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
Starlite Creations Inc.	Substantive related parties(Note)
Hsieh, Shu Chuan	Chairman of the Company
Tsai, Nai Chen	Substantive related parties
Tsai, Chi Hu	Substantive related parties

Note: Starlite Creations Inc. and PT Cosmo Technology, which the Group's subsidiary, appointed directors to each other on December 29, 2023, then Starlite Creations Inc. became a substantive related party.

(2) Significant transactions and balances with related parties

A. Operating revenue

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
Associates		
Ever Merit Trading Limited	\$ 349	\$ 118
Evermerit Technology Electronic Co., Ltd.	33	-
City Orient Limited	-	49
	<u>\$ 382</u>	<u>\$ 167</u>

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

B. Purchases of goods

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Purchases of raw material:		
Ever Merit Trading Limited	\$ 36,710	\$ 82,031
Evermerit Technology Electronic Co., Ltd.	19,343	42
Ding Wang Electronics Technology	5,443	8,680
	<u>\$ 61,496</u>	<u>\$ 90,753</u>

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

C. Receivables from related parties

	December 31	
	2023	2022
Accounts receivable from related parties, net		
Starlite Creations Inc.	\$ 73,547	\$ -
Ever Merit Trading Limited	344	-
	<u>\$ 73,891</u>	<u>\$ -</u>
Other receivables from related parties		
Evermerit Technology Electronic Co., Ltd.	\$ 13,846	\$ 17,632

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

D. Payables to related parties

	December 31	
	2023	2022
Accounts payable to related parties:		
Ever Merit Trading Limited	\$ 434	\$ 15,671
Other payables to related parties:		
Ding Wang Electronics Technology Corporation	\$ 6,399	\$ 3,732
Evermerit Technology Electronic Co., Ltd.	120	4
	<u>\$ 6,519</u>	<u>\$ 3,736</u>
	<u>\$ 6,953</u>	<u>\$ 19,407</u>

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

E. Prepayments

	December 31	
	2023	2022
Ever Merit Trading Limited	\$ 2,706	\$ -
Evermerit Technology Electronic Co., Ltd.	-	8,977
	<u>\$ 2,706</u>	<u>\$ 8,977</u>

F. Property transactions

	December 31	
	2023	2022
Acquisition of property, plant and equipment:		
Ever Merit Trading Limited	\$ -	\$ 101

G. Loans from related parties

	December 31	
	2023	2022
Fairsky International Limited	\$ 20,765	\$ 20,765

PT Cijambe began to be included in the Group's consolidated financial statement from October 1, 2019. Since that date, the Company has acquired its loans which were recognized initially as 'related party loans'. The maturity date was October 15, 2022, and the interest rate was 0%. The maturity date was extended to October 16, 2025 on October 16, 2022. As at December 31, 2023 and 2022, the loans were expressed in "long-term borrowings", respectively.

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

(3) Key management compensation

	Year ended December 31	
	2023	2022
Short-term employee benefits	\$ 10,107	\$ 8,747
Post-employment benefits	359	316
	<u>\$ 10,466</u>	<u>\$ 9,063</u>

The remuneration of directors and other key management levels is determined by the

Remuneration Committee in accordance with individual performance and market trends.

8. Pledged Assets

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

Asset item	Book value December 31		Purpose
	2023	2022	
Pledged time deposits (shown as financial assets at amortized cost)	\$ 4,437	\$ 4,395	Collateral for import duties
Restricted bank accounts(shown as financial assets at amortized cost)	9,863	9,818	Reimbursement account of bank loan
Land use right (shown as right-of-use asset)	94,842	98,052	Credit facility
Property, plant and equipment	415,647	430,385	Credit facility
Investment property	92,855	90,588	Credit facility
	<u>\$ 617,644</u>	<u>\$ 633,238</u>	

9. Significant Contingent Liabilities And Unrecognized Contract Commitments

None.

10. Significant Casualty Loss

None.

11. Significant Events After The Balance Sheet Date

On March 14, 2024, the distribution of earnings for the year of 2023 resolved by the Board of Directors. Information for resolution is provided in Note 6(15) and 6(23).

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. The gearing ratios were as follows:

	December 31	
	2023	2022
Total borrowings	\$ 2,045,381	\$ 1,981,443
Less: Cash and cash equivalents	604,711	542,994
Net debt	1,440,670	1,438,449
Total equity	1,882,172	1,900,265
Total capital	\$ 3,322,842	\$ 3,338,714
Gearing ratio	43.36%	43.08%

(2) Financial instruments

A. Financial instruments by category

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 604,711	\$ 542,994
Financial assets at amortized cost	51,456	89,519
Notes receivable	3,140	3,388
Accounts receivable (including related parties)	153,069	282,782
Other receivables (including related parties)	19,400	42,694
Refundable deposits	1,885	13,125
	\$ 833,661	\$ 974,502

	December 31	
	2023	2022
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 426,000	\$ 396,000
Short-term bills payable	99,884	49,962
Notes payable	59	96
Accounts payable (including related parties)	43,404	135,423
Other payables (including related parties)	75,746	85,436
Long-term borrowings (including current portion and related parties)	1,519,498	1,258,640
Bonds payable(including current portion)	-	276,841
	<u>\$ 2,164,591</u>	<u>\$ 2,202,398</u>
Lease liabilities	<u>\$ 25,912</u>	<u>\$ 19,862</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

December 31, 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	\$ 2,289	30.71	\$ 70,284	5%	\$	3,514
USD:RMB	649	7.10	19,928	5%		996
USD:IDR	280	15,507.58	8,597	5%		430
USD:VND	262	24,564.00	8,045	5%		402
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 75	30.71	\$ 2,303	5%	\$	115
USD:RMB	352	7.10	10,808	5%		540
USD:IDR	2	15,507.58	61	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

- iii. Total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to \$9,385 and 22,169, respectively.

Cash flow and fair value Interest rate risk

- i. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- ii. As at December 31, 2023 and 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 \$10,227 and \$9,907, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full accounts receivable, notes receivable and financial assets at amortized cost, that based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii. The Group for banks and financial institutions, only well rated parties are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Group assume if the contract payments are past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, for example, the counterparty is in liquidation, the Group will directly write off the relevant accounts receivable, but will continue to pursue activities to recover the recovered amount are recognized in profit or loss.
- iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i.) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii.) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii.) Default or delinquency in interest or principal repayments;
 - (iv.) Adverse changes in national or regional economic conditions that are expected

to cause a default.

- v. The Group classifies customer's accounts receivable in accordance with geographic area, product types and credit rating of customer. The Group applies the simplified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss.
- vi. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 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>December 31, 2023</u>					
Expected loss rate	0.11%	0.86%	3.07%	100%	
Total book value	\$ 51,292	\$ 23,498	\$ 4,792	\$ 2,278	\$ 81,860
Loss allowance	(\$ 56)	(\$ 201)	(\$ 147)	(\$ 2,278)	(\$ 2,682)
<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)

- 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	328	10,789
Reversal of impairment loss	(8,790)	-
Write-downs during the year	-	(3,660)
Effect of foreign exchange	(61)	53
At December 31	\$ 2,682	\$ 11,205

(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>
<u>December 31,2023</u>			
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 427,761	\$ -	\$ -
Short-term bills payable	100,000	-	-
Notes payable	59	-	-
Accounts payable(including related parties)	43,404	-	-
Other payables(including related parties)	75,746	-	-
Lease liabilities	3,782	13,592	13,141
Long-term borrowings (including current portion and related parties)	321,018	1,429,438	172,239
<u>December 31,2022</u>			
<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	-
Bonds payable	277,400	-	-
Long-term borrowings (including current portion and related parties)	-	1,201,989	182,590

(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 unconvertible bonds is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in investment property is included in Level 3.

B. Financial instruments not measured at fair value

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

<u>December 31, 2023</u>	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets:				
Financial assets at amortized cost				
Corporate bonds	<u>\$ 6,102</u>	<u>\$ -</u>	<u>\$ 6,102</u>	<u>\$ -</u>
<u>December 31, 2022</u>	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets:				
Financial assets at amortized cost				
Corporate bonds	<u>\$ 6,102</u>	<u>\$ -</u>	<u>\$ 6,102</u>	<u>\$ -</u>
Financial liabilities:				
Bonds payable (including current portion)	<u>\$ 276,841</u>	<u>\$ -</u>	<u>\$ 267,841</u>	<u>\$ -</u>

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

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

<u>December 31, 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>\$ 1,871,983</u>	<u>\$ 1,871,983</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>

- D. For the years ended December 31, 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 years ended December 31, 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	22,701	36,371
Gain on fair value changes	241,679	77,537
Effect of exchange rate changes	(8,088)	35,909
At December 31	<u>\$ 1,871,983</u>	<u>\$ 1,615,691</u>

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

	Fair value at December 31,2023	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship of inputs to fair value
Non-financial instruments					
Investment property	\$ 1,871,983	Discounted cash flow method	Discount rate	2.25% ~3.00%	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	10.49%	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

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

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

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

(1) General information

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

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

The reportable operating segments are as follows:

- A. 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:

	Year ended December 31			
	Segment revenue		Segment income (loss)	
	2023	2022	2023	2022
Optoelectronic parts	\$ 415,578	\$ 621,222	(\$ 17,680)	\$ 161,574
LED lighting	568,540	693,482	(16,977)	(31,865)
Energy & Materials	47,630	76,029	1,481	5,178
Others	21,672	45	1,717	(406)
Industrial Park Development	-	-	(8,718)	(7,753)
Total from continuing operations	<u>\$ 1,053,420</u>	<u>\$ 1,390,778</u>	(40,177)	126,728
Headquarters management costs			(72,547)	(87,629)
Other income			24,989	28,766
Other gains and losses			229,401	99,777
Finance costs			(85,467)	(54,304)
Profit before income tax			<u>\$ 56,199</u>	<u>\$ 113,338</u>

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

<u>2023</u>	Optoelectronic parts	LED lighting	Energy & Materials	Others	Total
Revenue from external customers	\$ 415,578	\$ 568,540	\$ 47,630	\$ 21,672	\$ 1,053,420
Segments costs	(374,944)	(460,342)	(42,956)	(19,343)	(897,585)
Segments gross profit	<u>\$ 40,634</u>	<u>\$ 108,198</u>	<u>\$ 4,674</u>	<u>\$ 2,329</u>	<u>\$ 155,835</u>
<u>2022</u>	Optoelectronic parts	LED lighting	Energy & Materials	Others	Total
Revenue from external customers	\$ 621,222	\$ 693,482	\$ 76,029	\$ 45	\$ 1,390,778
Segments costs	(404,290)	(583,501)	(65,789)	(67)	(1,053,647)
Segments gross profit	<u>\$ 216,932</u>	<u>\$ 109,981</u>	<u>\$ 10,240</u>	<u>(\$ 22)</u>	<u>\$ 337,131</u>

(4) Reconciliation for segment income (loss)

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

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2023 and 2022 is provided as follows:

	Year ended December 31	
	2023	2022
Reportable segments profit	\$ 155,835	\$ 337,131
Reportable segments operating expense	(268,559)	(298,032)
Finance costs, net	(85,467)	(54,304)
Other	254,390	128,543
Income before tax from continuing operations	<u>\$ 56,199</u>	<u>\$ 113,338</u>

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

(5) Information on products and services

Please refer to Note 6 (17) for the related information.

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

	Year ended December 31	
	2023	2022
Sales revenue	\$ 984,118	\$ 1,314,704
Energy & Materials revenue	47,630	76,029
Other revenue	21,672	45
	<u>\$ 1,053,420</u>	<u>\$ 1,390,778</u>

(6) Geographical information

Information about geographic areas for the years ended December 31, 2023 and 2022 were as follows:

	Year ended December 31			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 58,684	\$ 587,825	\$ 105,492	\$ 586,248
America	568,675	725	684,966	827
Asia and others	426,061	2,212,324	600,320	2,000,574
	<u>\$ 1,053,420</u>	<u>\$ 2,800,874</u>	<u>\$ 1,390,778</u>	<u>\$ 2,587,649</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 were as follows:

	Year ended December 31	
	2023	2022
	Revenue	Revenue
W	\$ 424,039	\$ 485,506
X	43,198	63,687
Y	83,195	2,825
	<u>\$ 550,432</u>	<u>\$ 552,018</u>

COSMO ELECTRONICS CORPORATION

Loans to others

For the year ended December 31, 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 year ended December 31, 2023	Balance at December 31, 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 single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Evermerit Technology Electronic Co., Ltd.	Other receivables from related parties	Y	\$ 16,010	\$ 16,010	\$ 13,846	0.00%	Short- term financing	-	Operations	\$ -	-	\$ -	\$ 22,768	\$ 22,768	Note 2
2	Shaoguan Woncrown Electronics Technology Co.,Ltd.	Evermerit Technology Electronic Co., Ltd.	Other receivables from related parties	Y	17,308	-	-	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	90,002	90,002	90,002	0.00%	Short- term financing	-	Operations	-	-	-	348,379	348,379	Note 2

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

(1) The Company is '0'.

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

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

COSMO ELECTRONICS CORPORATION
Provision of endorsements and guarantees to others
For the year ended December 31, 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 December 31, 2023	Outstanding endorsement/ guarantee amount as of December 31, 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)	\$ 752,869	\$ 70,622	-	-	0	0.00%	\$ 941,086	Y	N	N	Note 3 and 5
0	Cosmo Electronics Corporation	PT Cosmo Technology	(2)	752,869	400,000	400,000	400,000	0	21.25%	941,086	Y	N	N	Note 3
1	PT Cosmo Technology	True Glory Investments Limited	(4)	1,882,172	70,622	-	-	0	0.00%	1,882,172	N	N	N	Note 4 and 5
1	PT Cosmo Technology	Cosmo Electronics Corporation	(3)	1,882,172	926,000	926,000	831,400	0	44.17%	1,882,172	N	Y	N	Note 4
2	PT Cjambe Indah	Cosmo Electronics Corporation	(3)	941,086	300,000	-	-	0	0.00%	1,882,172	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 year ended December 31, 2023

Table 3 Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
True Glory Investments Limited	Corporate bond-CFE	-	Financial assets at amortized cost-non current	-	\$ 6,102	-	\$ -	Note 1

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

COSMO ELECTRONICS CORPORATION

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

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Cosmo Electronics (HK) Company Limited	PT Cosmo Technology	Group	Sales	(\$ 302,453)	100.00%	According to the terms agreed by both parties	\$ -	-	\$ 19,360	100.00%	Note
Dong Guan Guan Zhen Xing Trading Limited	Cosmo Electronics (HK) Company Limited	Group	Sales	(272,256)	100.00%	According to the terms agreed by both parties	-	-	12,935	100.00%	Note

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

COSMO ELECTRONICS CORPORATION
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Cosmo Electronics Corporation	Dongguan Guanwang Electronic Technology Co., Ltd.	(1)	Sales	\$ 52,760	-	5.01%
0	Cosmo Electronics Corporation	Cosmo Electronics Technology (KunShan) Co., Ltd.	(1)	Sales	22,568	-	2.14%
0	Cosmo Electronics Corporation	PT Cosmo Technology	(1)	Sales	13,217	-	1.25%
1	Cosmo Electronics Technology (KunShan) Co., Ltd.	Cosmo Electronics Corporation	(2)	Process revenue	79,573	According to the terms agreed by both parties	7.55%
2	PT Cosmo Technology	Real Bonus Limited	(3)	Sales	87,162	-	8.27%
3	Cosmo Electronics (HK) Company Limited	PT Cosmo Technology	(3)	Sales	302,453	-	28.71%
4	Dong Guan Guan Zhen Xing Trading	Cosmo Electronics (HK) Company Limited	(3)	Sales	272,256	-	25.84%
4	Dong Guan Guan Zhen Xing Trading	Dongguan Guanwang Electronic Technology Co., Ltd.	(3)	Accounts receivable	90,002	Loan	2.07%
5	PT Cjambe Indah	PT Cosmo Technology	(3)	Other unearned revenue	75,600	-	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 year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 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	
				December 31, 2023	December 31, 2022				year ended	the Company for the	
									December 31, 2023	December 31, 2023	
Cosmo Electronics Corporation	Cosmo Electronics Samoa	Samoa Islands	Investment activities	\$ 193,912	\$ 193,912	5,500,038	100%	\$ 202,716	(\$ 11,056)	(\$ 11,056)	
Cosmo Electronics Corporation	Cosmo Electronics (HK) Company Limited	Hong Kong	Trading of electronic products	269,412	269,412	63,180,000	100%	145,097	1,920	1,920	
Cosmo Electronics Corporation	Grand Concept Group Limited	Samoa Islands	Investment activities	298,438	270,524	9,850,000	100%	1,394,261	186,176	186,176	
Cosmo Electronics Corporation	Grandway International Limited	Samoa Islands	Investment activities	941,532	941,532	30,080,000	100%	812,574	(49,315)	(49,315)	
Cosmo Electronics Corporation	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	87,075	87,075	3,000,000	14%	98,638	(27,065)	(3,848)	Note 1
Cosmo Electronics Corporation	Cosmo Green Power Limited	Vietnam	Manufacturing and selling of material of biomass energy	31,760	31,760	-	100%	9,517	-	-	Note 2
Cosmo Electronics Samoa	Cosmo Electronics Technology Co., Ltd.	Mauritius Islands	Investment activities	193,912	193,912	5,500,038	100%	202,263	(11,056)	(11,056)	
Cosmo Electronics (HK) Company Limited	Cosmo Lighting Inc.	U.S.A	Selling of LED lighting	49,046	49,046	1,620,000	100%	31,695	(7,637)	(7,637)	
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	298,438	270,524	9,850,000	100%	1,341,112	182,441	182,441	
Grand Concept Group Limited	Real Bonus Limited	Samoa Islands	Selling of LED lighting	-	-	-	100%	53,080	3,735	3,735	Note 2
Grandway International Limited	Truly Top Investments Limited	Samoa Islands	Investment activities	538,516	538,516	16,850,000	100%	552,039	(18,942)	(18,942)	
Grandway International Limited	Renown Boom Limited	Samoa Islands	Investment activities and processing and selling of routers	402,983	402,983	13,230,000	100%	264,877	(30,373)	(30,373)	
True Glory Investments Limited	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	87,514	87,514	2,750,000	13%	90,348	(27,065)	(3,527)	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%	47,731	1,494	747	Note 1

COSMO ELECTRONICS CORPORATION

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

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 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	
				December 31, 2023	December 31, 2022				year ended	the Company for the	
									December 31, 2023	December 31, 2023	
True Glory Investments Limited	PT Cijambe Indah	Indonesia	Land development	\$ 381,060	\$ 346,704	117,052	95%	\$ 1,197,264	\$ 193,547	\$ 183,247	Note 1
True Glory Investments Limited	PT Cosmo Electronics Indonesia	Indonesia	Manufacturing and selling of new electronic	317	317	10,000	100%	205	(1)	(1)	
Truly Top Investments Limited	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	493,651	493,651	15,350,000	73%	504,307	(27,065)	(19,690)	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%	47,731	1,494	747	Note 1
Renown Boom Limited	PT Cijambe Indah	Indonesia	Land development	266,944	266,944	6,579	5%	67,293	193,547	10,300	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 year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
Cosmo Electronics Technology (KunShan) Co., Ltd.	Manufacturing and selling of new electronic parts	\$ 193,912	1	\$ 193,912	\$ -	\$ -	\$ 193,912	(\$ 11,056)	100%	(\$ 11,056)	\$ 202,262	\$ -	
Dong Guan Guan Zhen Xing Trading Limited	Selling of LED lighting	187,563	2	85,367	-	-	85,367	(41,560)	100%	(41,560)	174,190	-	
Shaoguan Woncrown Electronics Technology Co.,Ltd.	Developing, manufacturing and selling of electronic products	-	2	-	-	-	-	(9,365)	100%	(9,365)	-	-	Note 3
Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	26,595	2	-	-	-	-	(10,017)	100%	(10,017)	56,920	-	
Dongguan Guanwang Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	106,409	2	-	-	-	-	(24,342)	100%	(24,342)	(14,872)	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 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	\$	353,108	\$	1,129,303								

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 year ended December 31, 2023

Table 8

Name of major shareholders	Shares	
	No. of shares held	Ownership (%)
Digicrown Technologies Ltd.	15,914,684	9.28%
Da Liang Investment Ltd.	14,427,304	8.41%
Wei Jia Investment Co., Ltd.	14,356,481	8.37%
Hung Yi Investment Ltd.	13,957,367	8.17%
Tsan Hua Investment Co., Ltd.	13,266,627	7.74%
Kuan Che Investment Ltd.	12,936,160	7.54%
Tai Sung Investment Co., Ltd.	12,398,760	7.23%
Kuan Chia Investment Ltd.	12,285,057	7.17%
Flyachieve Limited.	11,223,833	6.55%

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Shareholders of Cosmo Electronics Corporation

Opinion

We have audited the accompanying parent company only financial statements of Cosmo Electronics Corporation (the “Company”), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters in relation to the parent company only financial statements for the year ended December 31, 2023, are outlined as follows:

Valuation of inventory

Description

Please refer to Note 4(11) for the description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(4) for details of inventory.

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

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

How our audit addressed the matter:

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

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

company only financial statement would be align with policies.

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

Assessment the fair value of investment property

Description

Please refer to Note 4(15) for the description of accounting policy on investment property. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to investment property. Please refer to Note 6(8) for details of investment property.

The Company held investment property to earn rent incomes from lease. The investment property was measured subsequently using the fair value model. The fair value was based on appraisal report issued by external valuers.

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

How our audit addressed the matter:

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

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

the prices of similar assets available from public information.

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

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

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

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

the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the

entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tsai, Yi Tai

Liang, Chan Nyu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

The accompanying parent company only 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 parent company only financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only 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 parent company only 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 parent company only financial statements shall prevail.

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEET
DECEMBER 31,2023, DECEMBER 31,2022 AND JANUARY 1,2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31,2023		(Restated) December 31,2022		(Restated) January 1,2022	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 145,267	4	\$ 132,350	3	\$ 106,658	3
1136	Financial assets at amortized cost-current	6(2)	3,070	-	-	-	-	-
1150	Notes receivable, net	6(3)	3,140	-	3,388	-	-	-
1170	Accounts receivable, net	6(3)	33,048	1	79,403	2	81,294	3
1180	Accounts receivable from related parties, net	7(2)	4,787	-	101,606	3	47,153	1
1200	Other receivables		1,456	-	2,913	-	2,353	-
1210	Other receivables from related parties	7(2)	634	-	-	-	-	-
1220	Current income tax assets		194	-	19	-	9	-
130X	Inventories	6(4)	325,761	9	334,394	9	187,856	6
1410	Prepayments		6,779	-	7,097	-	5,047	-
1470	Other current assets		246	-	1,800	-	1,495	-
11XX	Total current assets		524,382	14	662,970	17	431,865	13
Non-current assets								
1535	Financial assets at amortized cost-non current	6(2)	14,300	-	14,213	-	13,484	-
1550	Investments accounted for under the equity method	6(5)	2,662,803	69	2,529,517	66	2,344,129	69
1600	Property, plant and equipment	6(6)	483,248	13	482,041	13	465,566	14
1760	Investment property, net	6(8)	92,856	2	90,588	2	85,347	2
1780	Intangible assets	6(9)	2,864	-	3,041	-	3,931	-
1840	Deferred income tax assets	6(24)	23,064	1	16,242	1	5,965	-
1915	Prepayments for equipment		8,620	-	10,215	-	32,569	1
1920	Refundable deposits		636	-	1,426	-	3,553	-
1975	Net defined benefit assets-non current	6(14)	26,550	1	24,240	1	18,395	1
1990	Other non-current assets		237	-	363	-	-	-
15XX	Total non-current assets		3,315,178	86	3,171,886	83	2,972,939	87
1XXX	Total assets		\$ 3,839,560	100	\$ 3,834,856	100	\$ 3,404,804	100

(Continued)

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEET
DECEMBER 31,2023, DECEMBER 31,2022 AND JANUARY 1,2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			Notes		(Restated)		(Restated)	
					December 31,2023		December 31,2022		January 1,2022
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term borrowings	6(10)	\$ 426,000	11	\$ 396,000	11	\$ 417,090	12
2110	Short-term bills payable	6(10)	99,884	3	49,962	1	49,887	2
2130	Contract liabilities-current	6(19)	37,303	1	8,576	-	2,943	-
2150	Notes payable	6(11)	59	-	96	-	1,047	-
2170	Accounts payable	6(11)	24,000	1	87,004	2	81,403	3
2180	Accounts payable to related parties	7(2)	12,374	-	41,912	1	28,346	1
2200	Other payables		51,574	1	58,306	2	40,052	1
2220	Other payables to related parties	7(2)	-	-	-	-	2,754	-
2320	Long-term liabilities-current portion	6(12)(13)	312,646	8	276,841	7	519,000	15
2399	Other current liabilities		3,416	-	3,068	-	2,770	-
21XX	Total current liabilities		967,256	25	921,765	24	1,145,292	34
Non-current liabilities								
2530	Bonds payable	6(12)	-	-	-	-	273,484	8
2540	Long-term borrowings	6(13)	802,274	21	854,000	22	174,000	5
2570	Deferred income tax liabilities	6(24)	179,531	5	155,611	4	145,592	4
2600	Others non-current liabilities		8,327	-	3,215	-	442	-
25XX	Total non-current liabilities		990,132	26	1,012,826	26	593,518	17
2XXX	Total liabilities		1,957,388	51	1,934,591	50	1,738,810	51
Equity								
	Share capital	6(15)						
3110	Common stock		1,714,587	45	1,680,883	44	1,616,234	48
	Capital surplus	6(16)						
3200	Capital surplus		143,838	4	177,242	5	241,891	7
	Retained earnings	6(17)						
3310	Legal reserve		19,061	-	6,819	-	1,203	-
3320	Special reserve		140,561	4	63,024	2	12,484	-
3350	Unappropriated retained earnings		34,345	1	123,037	3	56,104	2
	Other equity interest	6(18)						
3400	Other equity interest		(170,220)	(5)	(150,740)	(4)	(261,922)	(8)
3XXX	Total equity		1,882,172	49	1,900,265	50	1,665,994	49
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant subsequent events	11						
3X2X	Total liabilities and equity		\$ 3,839,560	100	\$ 3,834,856	100	\$ 3,404,804	100

The accompanying notes are an integral part of these parent company only financial statements.

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items		Notes	2023		(Restated) 2022	
			Amount	%	Amount	%
4000	Operating revenue	6(19) and 7	\$ 376,386	100	\$ 625,007	100
5000	Operating costs	6(4)(23) and 7	(315,726)	(84)	(427,904)	(69)
5900	Gross profit		60,660	16	197,103	31
5910	Unrealized profit from sales		(1,668)	-	(641)	-
5950	Gross profit, net		58,992	16	196,462	31
	Operating expenses	6(23)				
6100	Selling expenses		(20,013)	(5)	(22,032)	(4)
6200	General and administrative expenses		(72,169)	(19)	(87,629)	(14)
6300	Research and development expenses		(2,077)	(1)	(1,947)	-
6450	Expected credit impairment losses	12(2)	(379)	-	-	-
6000	Total operating expenses		(94,638)	(25)	(111,608)	(18)
6900	Operating (loss)profit		(35,646)	(9)	84,854	13
	Non-operating income and expenses					
7010	Other income	6(20)	5,128	1	4,024	-
7020	Other gains and losses	6(20)	4,458	1	17,915	3
7050	Finance costs	6(21)	(50,711)	(13)	(33,165)	(5)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(5)	123,877	33	36,181	6
7000	Total non-operating income and expenses		82,752	22	24,955	4
7900	Profit before income tax		47,106	13	109,809	17
7950	Income tax (expense)benefit	6(24)	(17,023)	(5)	1,087	-
8200	Profit for the year		<u>\$ 30,083</u>	<u>8</u>	<u>\$ 110,896</u>	<u>17</u>
	Components of other comprehensive income(loss) that will not be reclassified to profit or loss					
8311	Gain on remeasurements of defined benefit plans	6(14)	\$ 374	-	\$ 4,145	1
8330	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under the equity method that will not be reclassified to profit or loss		2,643	1	8,877	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	(75)	-	(829)	-
8310	Other comprehensive income(loss) that will not be reclassified to profit or loss		<u>2,942</u>	<u>1</u>	<u>12,193</u>	<u>2</u>

(Continued)

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items		Notes	2023		(Restated) 2022	
			Amount	%	Amount	%
Components of other comprehensive income(loss) that will be reclassified to profit or loss						
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under the equity method that will be reclassified to profit or loss	6(18)	(19,480)	(5)	111,182	18
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		(19,480)	(5)	111,182	18
8300	Other comprehensive income(loss) for the year		(\$ 16,538)	(4)	\$ 123,375	20
8500	Total comprehensive income(loss) for the year		\$ 13,545	4	\$ 234,271	37
Basic earnings per share						
9750	Basic earnings per share	6(25)	\$	0.18	\$	0.66
Diluted earnings per share						
9850	Diluted earnings per share		\$	0.18	\$	0.65

The accompanying notes are an integral part of these parent company only financial statements.

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital- common stock	Capital surplus	Legal reserve	Special reserve	Retained earnings		Financial statements translation differences of foreign operations	Total equity
						Unappropriated retained earnings			
2022									
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>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 year		-	-	-	-	110,896	-	110,896	
Other comprehensive income(loss) for the year		-	-	-	-	12,193	111,182	123,375	
Total comprehensive income(loss) for the year		-	-	-	-	123,089	111,182	234,271	
Legal reserve		-	-	5,616	-	(5,616)	-	-	
Special reserve		-	-	-	50,540	(50,540)	-	-	
Issuance of share from capital surplus	6(15)	64,649	(64,649)	-	-	-	-	-	
Balance at December 31, 2022		<u>\$ 1,680,883</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>	
2023									
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>177,242</u>	<u>6,819</u>	<u>63,024</u>	<u>123,037</u>	(<u>150,740</u>)	<u>1,900,265</u>	
Profit for the year		-	-	-	-	30,083	-	30,083	
Other comprehensive income(loss) for the year		-	-	-	-	2,942	(19,480)	(16,538)	
Total comprehensive income(loss) for the year		-	-	-	-	33,025	(19,480)	13,545	
Legal reserve		-	-	12,242	-	(12,242)	-	-	
Special reserve	6(17)	-	-	-	77,537	(77,537)	-	-	
Cash dividends	6(12)	-	-	-	-	(31,938)	-	(31,938)	
Conversion of convertible bonds	6(15)	85	215	-	-	-	-	300	
Issuance of share from capital surplus		33,619	(33,619)	-	-	-	-	-	
Balance at December 31, 2023		<u>\$ 1,714,587</u>	<u>\$ 143,838</u>	<u>\$ 19,061</u>	<u>\$ 140,561</u>	<u>\$ 34,345</u>	(<u>\$ 170,220</u>)	<u>\$ 1,882,172</u>	

The accompanying notes are an integral part of these parent company only financial statements.

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax for the year		\$ 47,106	\$ 109,809
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(6)	48,554	47,026
Amortization	6(9)	1,070	1,175
Expected credit impairment losses		379	-
Finance cost	6(21)	50,711	33,165
Interest income	6(20)	(2,369)	(498)
Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(5)	(123,877)	(36,181)
Provision (Reversal) for inventory and obsolescence	6(4)	26,362	(7,792)
Gain on fair value changes of investment property	6(8)	(2,268)	(5,241)
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		248	(3,388)
Accounts receivable from related parties		96,819	(54,453)
Other receivables from related parties	(634)	-	-
Inventories	(17,729)	(138,746)	-
Prepayments		318	(2,050)
Other current assets		1,554	(305)
Other non-current assets		126	(363)
Net defined benefit assets	(1,936)	(1,700)	-
Net changes in liabilities relating to operating activities			
Contract liabilities-current		28,727	5,633
Notes payable	(37)	(951)	-
Accounts payable	(63,004)	5,601	-
Accounts payable to related parties	(29,538)	13,566	-
Other payables	(45,223)	18,574	-
Other payables to related parties		-	(2,754)
Other current liabilities		348	298
Cash flows generated from/(used in) operations		15,707	(19,575)
Interest received		2,369	498
Income taxes paid	(174)	(10)	-
Accounts receivable		45,976	1,891
Unrealized profit from sales		1,668	641
Net cash flows generated from/(used in) operating activities		65,546	(16,555)

(Continued)

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisitions of financial assets at amortized cost		(\$ 3,157)	(\$ 729)
Acquisitions of investments accounted for under the equity method	6(5)	(27,914)	(29,790)
Acquisitions of property, plant and equipment	6(26)	(25,682)	(60,278)
Proceeds from disposal of property, plant and equipment		1,332	5,997
Decrease(Increase) in refundable deposits		790	2,127
Increase in other receivables		1,457	(560)
Acquisitions of intangible assets	6(9)	(893)	(285)
Increase in prepayments for equipment		(17,924)	12,352
Net cash flows used in investing activities		(71,991)	(71,166)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	1,446,440	1,361,160
Decrease in short-term borrowings	6(27)	(1,416,440)	(1,382,250)
Increase in short-term bills payable		49,922	-
Repayment for convertible bonds		(277,100)	-
Repayment for long-term borrowings	6(27)	(103,600)	(528,000)
Proceeds from long-term borrowings	6(27)	364,520	689,000
Increase in others non-current liabilities		5,112	2,773
Interest paid		(49,492)	(29,270)
Net cash flows generated from financing activities		19,362	113,413
Net increase in cash and cash equivalents		12,917	25,692
Cash and cash equivalents at beginning of year		132,350	106,658
Cash and cash equivalents at end of year		\$ 145,267	\$ 132,350

The accompanying notes are an integral part of these parent company only financial statements.

COSMO ELECTRONICS CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. History and Organization

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

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 endorsed and issued into effect by FSC effective 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 Company’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 Company recognises a deferred tax asset and liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities in investments accounted for under the equity method retrospectively as of January 1, 2022. The impacts of these amendments are an increase(a decrease) in investments accounted for under the equity method by NT\$(549), NT\$(52), and NT\$620 and an increase (a decrease) in retained earnings by NT\$620, NT\$(52) and NT\$(52) as at December 31, 2023, January 1, 2022 and December 31, 2022, respectively, and an increase (a decrease) in share of profit of subsidiaries, associates and joint ventures accounted for under the equity method by NT\$672 and NT\$1,169 for the years ended December 31, 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 Company’s financial condition and financial performance based on the Company’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 Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only 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) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations

as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

- (a) The operating results and financial position of all the subsidiaries and associates that have a functional currency different from the presentation currency are translated into the

presentation currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

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

option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

(6) Financial assets at amortized cost

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

(7) Accounts and notes receivable

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

(8) Impairment of financial assets

For financial assets at amortized cost and accounts receivable that have a significant financing component, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts

receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

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

(10) Leasing arrangements (lessor) – operating leases

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

(11) Inventories

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

(12) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B. Inter-company transactions, balances and unrealized gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- 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 Company loses control of a subsidiary, the Company 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 Company 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.
- F. Pursuant to the Regulations Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

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

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

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

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

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;
 - (b) Any initial direct costs incurred by the lessee; and
 The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(15) Investment property

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

(16) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 2 to 10 years.

(17) Impairment of non-financial assets

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

(18) Borrowings

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

(19) Notes and accounts payable

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

(20) Convertible bonds payable

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

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

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as other equity.
- iii. Past service costs are recognized immediately in profit or loss.

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

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

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or

substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(25) Share capital

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

(26) Revenue recognition

Sales of goods

- A. The Company manufactures and sells a range of electronic products such as photocouplers and relays. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Valuation of inventories

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

As of December 31, 2023, the carrying amount of inventories was \$325,761 thousand.

B. Assessment the fair value of investment property

As the investment property is subsequently measured at fair value, the investment property held by the Company is mainly land and buildings, that experts must be entrusted to use their professional judgements and estimates to determine the fair value on the balance sheet date. The Company will adjust the cost to fair value base on the appraisal report issued by the experts. The assessment of investment property is mainly based on the reports issued by experts, so the measurement of fair value may be affected by product demand in a specific period in the future, real estate transaction prosperity and changes in experts' judgments and estimates.

As of December 31, 2023, the carrying amount of investment property was \$92,856 thousand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31	
	2023	2022
Cash on hand	\$ 436	\$ 523
Checking accounts and demand deposits	111,045	116,472
Time deposits	33,786	15,355
	<u>\$ 145,267</u>	<u>\$ 132,350</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Time deposits were pledged as collateral for custom duties of the imported materials and restricted bank accounts for reimbursement of bank loan were classified as financial assets at amortized cost. Details are provided in Note 8.

(2) Financial assets at amortized cost

Items	December 31	
	2023	2022
Current items:		
Time deposits	<u>\$ 3,070</u>	<u>\$ -</u>
Non-current items:		
Pledged time deposits	\$ 4,437	\$ 4,395
Restricted bank accounts	9,863	9,818
	<u>\$ 14,300</u>	<u>\$ 14,213</u>

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

	Year ended December 31	
	2023	2022
Interest income	\$ 116	\$ 127

- B. Details of the Company's financial assets at amortized cost pledged to others as collateral are provided in Note 8.
- C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(3) Notes and Accounts receivable

	December 31	
	2023	2022
Notes receivable	\$ 3,140	\$ 3,388
Accounts receivable	\$ 33,844	\$ 79,820
Less: Allowance for uncollectible accounts	(796)	(417)
	\$ 33,048	\$ 79,403

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

	Accounts receivable	
	December 31	
	2023	2022
Not past due	\$ 33,429	\$ 79,427
1 to 90 days	22	-
91 to 180 days	-	-
Over 181 days	393	393
	\$ 33,844	\$ 79,820

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$83,208.
- C. As of December 31, 2023 and 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 Company's notes and accounts receivable was \$36,984 and \$83,208, respectively.

D. Information relating to credit risk of accounts receivable is provided in Note 12.

(4) Inventories

	December 31	
	2023	2022
Raw materials	\$ 71,791	\$ 83,120
Work in progress	59,156	56,737
Finished goods	188,857	192,797
Merchandise	5,957	1,740
	<u>\$ 325,761</u>	<u>\$ 334,394</u>

The cost of inventories recognized as expense for the year:

	Year ended December 31	
	2023	2022
Cost of goods sold	\$ 289,864	\$ 436,568
Loss on (Gains on reversal of) decline in market value	26,362	(7,792)
Revenue from sale of scraps	(500)	(872)
	<u>\$ 315,726</u>	<u>\$ 427,904</u>

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

(5) Investments accounted for using equity method

	2023	2022
At January 1	\$ 2,529,517	\$ 2,344,129
Addition of investments accounted for using equity method	27,914	29,790
Share of profit or loss of investments accounted for using equity method	123,877	36,181
Change in other equity items	(16,837)	120,058
Others	(1,668)	(641)
At December 31	<u>\$ 2,662,803</u>	<u>\$ 2,529,517</u>

	December 31	
	2023	2022
Subsidiaries		
Cosmo Electronics Samoa	\$ 202,716	\$ 217,156
Cosmo Electronics (HK) Company Limited (Cosmo Electronics (HK))	145,097	143,228
Grand Concept Group Limited (Grand Concept)	1,394,261	1,183,141
Grandway International Limited. (Grandway)	812,574	874,168
PT Cosmo Technology (PT Cosmo)	98,638	102,003
Cosmo Green Power Limited (Cosmo Green)	9,517	9,821
	<u>\$ 2,662,803</u>	<u>\$ 2,529,517</u>

- A. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2023 consolidated financial statements.
- B. The total investment in PT Cosmo by the Company and its subsidiaries is 100% so that the investment accounted for using equity method.
- C. The Company increased the investment of Grand Concept in 2023, and the total investment was 27,915 thousand.
- D. The Company increased the investment of Grand Concept in 2022, and the total investment was 29,790 thousand.
- E. Details of Share of profit or loss of investments accounted for using equity method as follows:

	Year ended December 31	
	2023	2022
Cosmo Electronics Samoa	(\$ 11,056)	\$ 17,825
Cosmo Electronics (HK) Company Limited (Cosmo Electronics (HK))	1,920	(8,259)
Grand Concept Group Limited (Grand Concept)	186,176	48,582
Grandway International Limited. (Grandway)	(49,315)	(18,070)
PT Cosmo Technology (PT Cosmo)	(3,848)	(3,897)
	<u>\$ 123,877</u>	<u>\$ 36,181</u>

(6) 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	\$ 172,172	\$ 751,648	\$ 7,402	\$ 12,736	\$ 107,681	\$ 1,243,590
Accumulated depreciation and impairment	-	(50,453)	(597,085)	(5,400)	(11,412)	(97,199)	(761,549)
	<u>\$ 191,951</u>	<u>\$ 121,719</u>	<u>\$ 154,563</u>	<u>\$ 2,002</u>	<u>\$ 1,324</u>	<u>\$ 10,482</u>	<u>\$ 482,041</u>
<u>2022</u>							
Opening net book amount	\$ 191,951	\$ 121,719	\$ 154,563	\$ 2,002	\$ 1,324	\$ 10,482	\$ 482,041
Additions	-	101	25,212	574	120	5,568	31,575
Disposals	-	-	(1,333)	-	-	8,200	6,867
Transfers from prepayment	-	1,350	9,969	-	-	-	11,319
Depreciation	-	(3,845)	(39,840)	(432)	(669)	(3,768)	(48,554)
Closing net book amount	<u>\$ 191,951</u>	<u>\$ 119,325</u>	<u>\$ 148,571</u>	<u>\$ 2,144</u>	<u>\$ 775</u>	<u>\$ 20,482</u>	<u>\$ 483,248</u>
<u>At December 31</u>							
Cost	\$ 191,951	\$ 173,622	\$ 775,023	\$ 7,976	\$ 12,856	\$ 121,274	\$ 1,282,702
Accumulated depreciation and impairment	-	(54,297)	(626,452)	(5,832)	(12,081)	(100,792)	(799,454)
	<u>\$ 191,951</u>	<u>\$ 119,325</u>	<u>\$ 148,571</u>	<u>\$ 2,144</u>	<u>\$ 775</u>	<u>\$ 20,482</u>	<u>\$ 483,248</u>

	2022							
	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Other equipment	Unfinished construction	Total
<u>At January 1</u>								
Cost	\$ 81,110	\$ 124,833	\$ 779,001	\$ 7,051	\$ 12,068	\$ 136,613	\$ 155,052	\$ 1,295,728
Accumulated depreciation and impairment	-	(46,828)	(638,419)	(5,885)	(10,928)	(128,102)	-	(830,162)
	<u>\$ 81,110</u>	<u>\$ 78,005</u>	<u>\$ 140,582</u>	<u>\$ 1,166</u>	<u>\$ 1,140</u>	<u>\$ 8,511</u>	<u>\$ 155,052</u>	<u>\$ 465,566</u>
<u>2022</u>								
Opening net book amount	\$ 81,110	\$ 78,005	\$ 140,582	\$ 1,166	\$ 1,140	\$ 8,511	\$ 155,052	\$ 465,566
Additions	-	-	51,927	1,182	777	5,610	-	59,496
Disposals	-	(102)	(5,895)	-	-	-	-	(5,997)
Transfers from prepayment	-	3,230	6,772	-	-	-	-	10,002
Transfer	110,841	44,211	-	-	-	-	(155,052)	-
Depreciation	-	(3,625)	(38,823)	(346)	(593)	(3,639)	-	(47,026)
Closing net book amount	<u>\$ 191,951</u>	<u>\$ 121,719</u>	<u>\$ 154,563</u>	<u>\$ 2,002</u>	<u>\$ 1,324</u>	<u>\$ 10,482</u>	<u>\$ -</u>	<u>\$ 482,041</u>
<u>At December 31</u>								
Cost	\$ 191,951	\$ 172,172	\$ 751,648	\$ 7,402	\$ 12,736	\$ 107,681	\$ -	\$ 1,243,590
Accumulated depreciation and impairment	-	(50,453)	(597,085)	(5,400)	(11,412)	(97,199)	-	(761,549)
	<u>\$ 191,951</u>	<u>\$ 121,719</u>	<u>\$ 154,563</u>	<u>\$ 2,002</u>	<u>\$ 1,324</u>	<u>\$ 10,482</u>	<u>\$ -</u>	<u>\$ 482,041</u>

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

(7) Leasing arrangements — lessee

- A. For the years ended December 31, 2023 and 2022, there were no additions to right-of-use assets.
- B. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2023	2022
<u>Items affecting profit or loss</u>		
Expense on short-term lease contracts	\$ 956	\$ 1,796
Expense on lease of low-value assets	123	1,003

For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$1,079 and \$2,799 respectively.

(8) Investment property

	Year ended December 31	
	2023	2022
At January 1	\$ 90,588	\$ 85,347
Gain on fair value adjustment	2,268	5,241
At December 31	\$ 92,856	\$ 90,588

- A. Rent income from investment property is shown below:

	Year ended December 31	
	2023	2022
Rent income from investment property	\$ 2,463	\$ 2,635

- B. Information about the fair value of the investment property is provided in Note 12.
- C. The fair value of the investment property held by the Company was measured on recurring basis. The fair value at December 31, 2023 was based on the valuation carried out on March 1 and March 5, 2024 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 Chang, Shao Chi 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, 2022 was based on the valuation carried out on February 22, 2023 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.
- D. The fair value of the investment property held by the Company was valued by independent

valuers. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy. Unrealized profit or loss from fair value adjustment on investment property in 2023 and 2022 are included in other gains and losses.

- E. The fair value of investment properties 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	
	2023	2022
Expected future cash inflows	\$ 120,074	\$ 116,586
Expected future cash outflows	4,599	5,304
Expected future cash inflows, net	<u>\$ 115,475</u>	<u>\$ 111,282</u>
Discount rate	<u>2.25%~2.75%</u>	<u>2.10%~2.62%</u>

- F. 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 \$550 to \$930 per ping.
- G. As at December 31, 2023 and 2022, 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 plus any asset-specific risk premiums -0.10% to 0.40% and -0.10% to 0.40%, respectively.

(9) Intangible assets

	Computer software	
	2023	2022
<u>At January 1</u>		
Cost	\$ 7,473	\$ 8,226
Accumulated amortization and impairment	(4,432)	(4,295)
	<u>\$ 3,041</u>	<u>\$ 3,931</u>
Opening net book amount	\$ 3,041	\$ 3,931
Additions	893	285
Amortization	(1,070)	(1,175)
Closing net book amount	<u>\$ 2,864</u>	<u>\$ 3,041</u>
<u>At December 31</u>		
Cost	\$ 5,180	\$ 7,473
Accumulated amortization and impairment	(2,316)	(4,432)
	<u>\$ 2,864</u>	<u>\$ 3,041</u>

For the years ended December 31, 2023 and 2022, the amounts of amortization on intangible assets was \$1,070 and \$1,175, within general and administrative expenses, respectively.

(10) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
<u>Bank borrowings</u>			
Unsecured borrowings	\$ 333,000	2.21%~2.57%	None.
Secured borrowings	93,000	2.25%~2.30%	Property, plant and equipment and investment property
	<u>\$ 426,000</u>		
<u>Short-term bills payable</u>			
Commercial paper	\$ 100,000	1.61%~2.01%	None.
Less: Unamortized discounts on bills payable	(116)		
	<u>\$ 99,884</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 equipment 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>		

As at December 31, 2023, the facility of short-term borrowings of the Company was \$681,000.

The chairman of the Company, Hsieh, Shu Chuan and 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.

(11) Notes and accounts payable

	December 31	
	2023	2022
Notes payable	\$ 59	\$ 96
Accounts payable	\$ 23,950	\$ 86,708
Estimated accounts payable	50	296
	<u>\$ 24,000</u>	<u>\$ 87,004</u>

(12) Bonds payable

	December 31	
	2023	2022
Bonds payable	\$ -	\$ 277,400
Less: Discount on bonds payable	-	(559)
Bonds payable	-	276,841
Less: Current portion	-	(276,841)
	<u>\$ -</u>	<u>\$ -</u>

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

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

the conversion regulations.

- iv. the Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time when the outstanding balance of the bonds is less than 10% of total initial issuance amount during the period from the date after 3 months of the bonds issuance to 40 days before the maturity date.
 - v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
 - vi. After the issuance of the convertible bonds, in the event of an increase in the number of issued ordinary shares of the Company or the distribution of cash dividends on ordinary shares, or re-issuance or private placement at a conversion or subscription price lower than the current price per share ,or a decrease in ordinary shares due to various securities or capital reduction not due to cancellation of treasury shares, the Company shall adjust the conversion price according to the formula listed in the Issuance Regulations.
- (b) As of February 27, 2023, the bonds totaling \$22,900 had been converted into 607 thousand shares of common stock ; The remaining \$277,100 was redeemed in cash.
- 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%.

(13) Long-term borrowings

Type of borrowings	December 31	
	2023	2022
<u>Long-term bank borrowings</u>		
Revolving unsecured borrowings(i)	\$ 831,400	\$ 689,000
Secured borrowings-buildings	156,000	165,000
Other unsecured borrowings	127,520	-
	1,114,920	854,000
Less: Current portion	(312,646)	-
	<u>\$ 802,274</u>	<u>\$ 854,000</u>

A. Revolving unsecured borrowings

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

The condition of borrowings as follows:

i. Revolving unsecured borrowings

The borrower was the Company, and the credit line was \$926,000 that could be used revolving during the contract period. The period of each use was 3 months or 6 months, but the maximum limit was 6 months and shall not exceed the expiry date of the credit period. The credit line shall be reduced by 10% from the first drawdown date by 18 months; by 10% by the date of full 24 months; by 20% by the date of full 30 months; by 60% by the date of full 36 months. For each use, the expiry date of the credit period was the maturity date. Interest would be paid one month from drawdown date, and the interest rate would be re-negotiated every 3 months. As at December 31, 2023 and 2022, the interest rate was 3.6261% to 3.6690% and 3.2318%, respectively.

ii. Revolving unsecured borrowings

The borrower was PT Cosmo, and the credit line was USD 12,500,000 that could be used revolving during the contract period. The period of each use was 3 months or 6 months, but the maximum limit was 6 months and shall not exceed the expiry date of the credit period. Interest would be paid monthly, and the interest rate would be re-negotiated every 3 months. As at December 31, 2023 and 2022, the interest rate was 7.79% and 6.84%, respectively.

- (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 2022 ,2023 and 2024. The interest coverage ratio is calculated as the ratio of the sum of net profit before tax, finance cost, depreciation and amortization divided by finance cost. The above financial ratios were calculated based on its annual consolidated financial statements audited by independent auditors and semi-annual consolidated financial statements reviewed by independent auditors and reviewed after agreement signed. If it did not meet the above financial ratios, the company shall as soon as possible provides specific improvement plans and related explanations from the date of notification by the management bank. If it did not meet one of the above financial ratios and agreements, only the above financial ratio restrictions were met before next review date, it did not breached of the agreement. Until the date of declaration which is stated the period breaches the financial promise and all financial promise has been met, the interest would be calculated according to the agreed interest rate plus 0.25% by the balance of outstanding principals.
- (c) The chairman of the Company, Hsieh, Shu Chuan and 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 December 31, 2023 and 2022, the interest rate was 2.4247% and 2.0139% to 2.0284%, respectively.
- (c) The Company provided land and buildings as collateral (please refer to Note 8 for pledge details).
- (d) The chairman of the Company, Hsieh, Shu Chuan and substantive related parties Tsai, Nai Chen, were the sureties of the above secured loan agreements in their 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 December 31, 2023, the interest rate was 6.66%
- (c) The chairman of the Company, Hsieh, Shu Chuan and substantive related parties, Tsai, Nai Chen and Tsai, Chi Hu, were the sureties of the above unsecured loan agreements in their personal names.

(14) 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.

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

	December 31	
	2023	2022
Present value of defined benefit obligations	\$ 15,855	\$ 15,761
Fair value of plan assets	(42,405)	(40,001)
Net defined benefit assets	<u>(\$ 26,550)</u>	<u>(\$ 24,240)</u>

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1	\$ 15,761	(\$ 40,001)	(\$ 24,240)
Interest (expense) income	197	(500)	(303)
	<u>15,958</u>	<u>(40,501)</u>	<u>(24,543)</u>
Remeasurements:			
Return on plan assets(excluding amounts included in interest income or expense)	-	(353)	(353)
Experience adjustments	(21)	-	(21)
	<u>(21)</u>	<u>(353)</u>	<u>(374)</u>
Pension fund contribution	-	(1,633)	(1,633)
Paid pension	(82)	82	-
At December 31	<u>\$ 15,855</u>	<u>(\$ 42,405)</u>	<u>(\$ 26,550)</u>
	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1	\$ 16,964	(\$ 35,359)	(\$ 18,395)
Interest (expense) income	102	(212)	(110)
	<u>17,066</u>	<u>(35,571)</u>	<u>(18,505)</u>
Remeasurements:			
Return on plan assets(excluding amounts included in interest income or expense)	-	(2,841)	(2,841)
Change in financial assumptions	(735)	-	(735)
Experience adjustments	(570)	-	(570)
	<u>(1,305)</u>	<u>(2,841)</u>	<u>(4,146)</u>
Pension fund contribution	-	(1,589)	(1,589)
Paid pension	-	-	-
At December 31	<u>\$ 15,761</u>	<u>(\$ 40,001)</u>	<u>(\$ 24,240)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from 2-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Year ended December 31	
	2023	2022
Discount rate	1.25%	1.25%
Future salary increases	2.75%	2.75%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	<u>(\$ 235)</u>	<u>\$ 242</u>	<u>\$ 988</u>	<u>(\$ 896)</u>
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	<u>(\$ 274)</u>	<u>\$ 283</u>	<u>\$ 1,164</u>	<u>(\$ 1,046)</u>

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

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

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to zero.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 8.5 years.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022, were \$4,486 and \$4,320, respectively.

(15) Share capital

- A. As of December 31, 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, 2023.
- 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

\$64,649,350. The shares were issued on December 30, 2022, and the relevant statutory registration procedures have been completed.

- E. 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.
- F. For the years ended February 24, 2023 and December 31, 2022, the Company issued 8 thousand and 599 thousand shares of ordinary shares because of conversion of convertible bonds, respectively.

(16) Capital surplus

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

	December 31	
	2023	2022
<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
Conversion of bonds	18,701	18,467
Options expired	25,199	7,383
Employee share options	1,396	1,396
<u>May not be used for any purpose</u>		
Options	-	17,835
	<u>\$ 143,838</u>	<u>\$ 177,242</u>

(17) 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. Unappropriated retained earnings
- (a) 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.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- 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.

(18) Other equity items

	Currency translation	
	2023	2022
At January 1	(\$ 150,740)	(\$ 261,922)
Group	(19,480)	111,182
At December 31	(\$ 170,220)	(\$ 150,740)

(19) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contract with customers		
Operating revenue	\$ 376,386	\$ 625,007

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

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	<u>\$ 37,303</u>	<u>\$ 8,576</u>	<u>\$ 2,943</u>

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

	Year ended December 31	
	2023	2022
Revenue recognized that was included in the contract liability balance at the beginning of the period	<u>\$ 8,576</u>	<u>\$ 2,943</u>

Other income

	Year ended December 31	
	2023	2022
Interest income	\$ 2,369	\$ 498
Rent income	2,463	2,635
Other income, others	296	891
	<u>\$ 5,128</u>	<u>\$ 4,024</u>

(20) Other gains and losses

	Year ended December 31	
	2023	2022
Gains on disposal of property, plant and equipment	\$ 1,121	\$ 758
Foreign exchange gains	1,069	12,105
Gain on fair value adjustment of investment property	2,268	5,241
Other gains and losses, net	-	(189)
	<u>\$ 4,458</u>	<u>\$ 17,915</u>

(21) Finance costs

	Year ended December 31	
	2023	2022
Bank borrowings	\$ 48,404	\$ 29,324
Convertible bonds payable	560	3,356
Short-term bills payable	1,747	485
	<u>\$ 50,711</u>	<u>\$ 33,165</u>

(22) Depreciation and amortization

	Year ended December 31	
	2023	2022
Property, plant and equipment	\$ 48,554	\$ 47,026
Other intangible assets	1,070	1,175
Operating costs and operating expenses	<u>\$ 49,624</u>	<u>\$ 48,201</u>

(23) Employee benefit expense

	Year ended December 31	
	2023	2022
Pension		
Defined contribution pension plan	\$ 4,486	\$ 4,320
Defined benefit pension plan	(303)	(110)
	4,183	4,210
Wages and salaries	91,860	111,048
Other personnel expenses	15,089	16,478
	<u>\$ 111,132</u>	<u>\$ 131,736</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 46,175	\$ 55,165
Operating expenses	64,957	76,571
	<u>\$ 111,132</u>	<u>\$ 131,736</u>

- A. According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of 5% to 12% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$2,506 and \$5,805, respectively; while directors' and supervisors' remuneration was accrued at \$501 and \$1,161, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5% and 1% of distributable profit of current year as of the end of reporting period. On March 14, 2024, the employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors consisted with accrual amount, and the employees' compensation will be distributed in the form of cash. Employees' compensation and directors' and supervisors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognized in the Company 2022 parent company only financial statements.

- C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Components of income tax expense:		
Current tax:		
Current tax on profits for the year	\$ -	\$ -
Deferred tax:		
Origination and reversal of temporary differences	17,023	1,087
Income tax expense	<u>\$ 17,023</u>	<u>\$ 1,087</u>

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

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	<u>(\$ 75)</u>	<u>(\$ 829)</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 9,421	\$ 21,827
Expenses disallowed by tax regulation	2	12
Taxable loss not recognized as deferred tax assets	9,824	-
Change in assessment of realization of deferred tax assets	(2,224)	(22,926)
Income tax expense(benefit)	<u>\$ 17,023</u>	<u>(\$ 1,087)</u>

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

2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unrealized inventory losses	\$ 3,515	\$ 4,079	\$ -	\$ 7,594
Allowance for uncollectible accounts	83	98	-	181
Others	2,100	420	-	2,520
Tax losses	10,544	2,225	-	12,769
	<u>\$ 16,242</u>	<u>\$ 6,822</u>	<u>\$ -</u>	<u>\$ 23,064</u>
Deferred tax liabilities:				
Unrealized gains on investments accounted for using the equity method	(\$ 143,074)	(\$ 21,545)	\$ -	(\$ 164,619)
Defined benefit assets	(4,874)	(462)	(75)	(5,411)
Unrealized gross profit from sales	(1,183)	(1,384)	-	(2,567)
Investment property	(6,480)	(454)	-	(6,934)
	<u>(\$ 155,611)</u>	<u>(\$ 23,845)</u>	<u>(\$ 75)</u>	<u>(\$ 179,531)</u>
	<u>(\$ 139,369)</u>	<u>(\$ 17,023)</u>	<u>(\$ 75)</u>	<u>(\$ 156,467)</u>
2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unrealized inventory losses	\$ 5,073	(\$ 1,558)	\$ -	\$ 3,515
Allowance for uncollectible accounts	83	-	-	83
Others	809	1,291	-	2,100
Tax losses	-	10,544	-	10,544
	<u>\$ 5,965</u>	<u>\$ 10,277</u>	<u>\$ -</u>	<u>\$ 16,242</u>
Deferred tax liabilities:				
Unrealized gains on investments accounted for using the equity method	(\$ 135,994)	(\$ 7,080)	\$ -	(\$ 143,074)
Defined benefit assets	(3,705)	(340)	(829)	(4,874)
Unrealized gross profit from sales	(500)	(683)	-	(1,183)
Investment property	(5,393)	(1,087)	-	(6,480)
	<u>(\$ 145,592)</u>	<u>(\$ 9,190)</u>	<u>(\$ 829)</u>	<u>(\$ 155,611)</u>
	<u>(\$ 139,627)</u>	<u>\$ 1,087</u>	<u>(\$ 829)</u>	<u>(\$ 139,369)</u>

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

December 31, 2023				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2014	Amount assessed	109,634	100,188	2024
2015	Amount assessed	80,283	66,683	2025
2016	Amount assessed	52,729	39,129	2026
2017	Amount assessed	154,071	140,471	2027
2018	Amount assessed	35,773	22,173	2028
2019	Amount assessed	48,676	48,676	2029
2020	Amount assessed	100,873	100,873	2030
2023	Amount filed	49,120	49,120	2033

December 31, 2022				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2013	Amount assessed	\$ 55,033	\$ 2,312	2023
2014	Amount assessed	109,633	109,633	2024
2015	Amount assessed	80,283	80,283	2025
2016	Amount assessed	52,729	52,729	2026
2017	Amount assessed	154,071	154,071	2027
2018	Amount assessed	35,773	35,773	2028
2019	Amount assessed	48,676	48,676	2029
2020	Amount assessed	100,873	100,873	2030

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(25) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 30,083	171,457	\$ 0.18
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	30,083	171,457	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	66	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 30,083	171,523	\$ 0.18

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands) (Note)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 110,896</u>	<u>171,450</u>	<u>\$ 0.65</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	110,896	171,450	
Assumed conversion of all dilutive potential ordinary shares			
Convertible corporate bonds	3,357	7,502	
Employees' compensation	<u>-</u>	<u>175</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 114,253</u>	<u>179,127</u>	<u>\$ 0.64</u>

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:

	Year ended December 31	
	2023	2022
Purchase of property, plant and equipment	\$ 31,575	\$ 59,496
Add: Opening balance of payable on equipment	3,679	4,461
Less: Ending balance of payable on equipment	<u>(9,572)</u>	<u>(3,679)</u>
Cash paid during the year	<u>\$ 25,682</u>	<u>\$ 60,278</u>

(27) Changes in liabilities from financing activities

	2023				
	Short-term borrowings	Short-term bills payable	Long-term borrowings	Bonds payable	Liabilities from financing activities
At January 1	\$ 396,000	\$ 49,962	\$ 854,000	\$ 276,841	\$ 1,576,803
Changes in cash flow from financing activities	30,000	49,922	260,920	(277,100)	63,742
Changes in other non-cash items	-	-	-	259	259
At December 31	<u>\$ 426,000</u>	<u>\$ 99,884</u>	<u>\$ 1,114,920</u>	<u>\$ -</u>	<u>\$ 1,640,804</u>

	2022				
	Short-term borrowings	Short-term bills payable	Long-term borrowings	Bonds payable	Liabilities from financing activities
At January 1	\$ 417,090	\$ 49,887	\$ 693,000	\$ 273,484	\$ 1,433,461
Changes in cash flow from financing activities	(21,090)	-	161,000	-	139,910
Changes in other non-cash items	-	75	-	3,357	3,432
At December 31	<u>\$ 396,000</u>	<u>\$ 49,962</u>	<u>\$ 854,000</u>	<u>\$ 276,841</u>	<u>\$ 1,576,803</u>

7. Related Party Transactions

(1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Cosmo Electronics Technology (KunShan) Co., Ltd.	Subsidiaries
PT Cosmo Technology	Subsidiaries
Real Bonus Limited	Subsidiaries
Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Subsidiaries
Dong Guan Guan Zhen Xing Trading Limited	Subsidiaries
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
Starlite Creations Inc	Substantive related parties(Note)
Tsai, Chi Hu	Substantive related parties
Tsai, Nai Chen	Substantive related parties
Hsieh, Shu Chuan	Chairman of the Company
Digicrown Technologies Ltd.	Significant investor

Note: Starlite Creations Inc. and PT Cosmo Technology, which the Group's subsidiary, appointed directors to each other on December 29, 2023, then Starlite Creations Inc. became a substantive related party.

(2) Significant transactions and balances with related parties

A. Operating revenue

	Year ended December 31	
	2023	2022
Sales of goods:		
Dongguan Guanwang Electronic Technology Co., Ltd.	\$ 52,760	\$ 143,558
Cosmo Electronics Technology (KunShan) Co., Ltd.	22,568	-
PT Cosmo Technology	13,217	-
	<u>\$ 88,545</u>	<u>\$ 143,558</u>

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

B. Purchases of goods

	Year ended December 31	
	2023	2022
Operation costs - processing costs		
Cosmo Electronics Technology (KunShan) Co., Ltd.	\$ 79,573	\$ 128,288
Purchases of raw material:		
Dongguan Guanwang Electronic Technology Co., Ltd.	2,357	13,070
PT Cosmo Technology	308	-
	<u>\$ 82,238</u>	<u>\$ 141,358</u>

Raw material and services are purchased from associates on normal commercial terms and conditions. Processing costs are in general price and the payment is within 60 days of monthly settlement.

C. Receivables from related parties

	December 31	
	2023	2022
Accounts receivable:		
Dongguan Guanwang Electronic Technology Co., Ltd.	\$ -	\$ 101,606
PT Cosmo Technology	4,787	-
Other receivables from related parties		
Real Bonus Limited	634	-
	<u>\$ 5,421</u>	<u>\$ 101,606</u>

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

D. Payables to related parties

	December 31	
	2023	2022
Accounts payable:		
Cosmo Electronics Technology (KunShan) Co., Ltd.	\$ 12,374	\$ 40,092
Dongguan Guanwang Electronic Technology Co., Ltd.	-	1,820
	<u>\$ 12,374</u>	<u>\$ 41,912</u>

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

E. Contract liabilities

	December 31	
	2023	2022
Cosmo Electronics Technology (KunShan) Co., Ltd.	\$ 25,583	\$ -
Dongguan Guanwang Electronic Technology Co., Ltd.	10,940	-
	<u>\$ 36,523</u>	<u>\$ -</u>

(3) Key management compensation

	Year ended December 31	
	2023	2022
Short-term employee benefits	\$ 10,107	\$ 8,747
Post-employment benefits	359	316
	<u>\$ 10,466</u>	<u>\$ 9,063</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 Company's assets pledged as collateral are as follows:

Asset item	Book value		Purpose
	December 31		
	2023	2022	
Pledged time deposits (shown as financial assets at amortized cost)	\$ 4,437	\$ 4,395	Collateral for import duties
Restricted bank accounts(shown as financial assets at amortized cost)	9,863	9,818	Reimbursement account of bank loan
Property, plant and equipment	311,275	313,669	Credit facility
Investment property	92,856	90,588	Credit facility
	\$ 418,431	\$ 418,470	

9. Significant Contingent Liabilities And Unrecognized Contract Commitments

None.

10. Significant Casualty Loss

None.

11. Significant Events After The Balance Sheet Date

On March 14, 2024, the distribution of earnings for the year of 2023 resolved by the Board of Directors. Information for resolution is provided in Note 6(17) and Note 6(24).

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company 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 parent company only balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus net debt. The gearing ratios were as follows:

	December 31	
	2023	2022
Total borrowings	\$ 1,640,804	\$ 1,576,803
Less: Cash and cash equivalents	(145,267)	(132,350)
Net debt	1,495,537	1,444,453
Total equity	1,882,172	1,900,265
Total capital	\$ 3,377,709	\$ 3,344,718
Gearing ratio	44%	43%

(2) Financial instruments

A. Financial instruments by category

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 145,267	\$ 132,350
Financial assets at amortized cost	17,370	14,213
Notes receivable	3,140	3,388
Accounts receivable (including related parties)	37,835	181,009
Other receivables	2,090	2,913
Refundable deposits	636	1,426
	<u>\$ 206,338</u>	<u>\$ 335,299</u>

	December 31	
	2023	2022
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 426,000	\$ 396,000
Short-term bills payable	99,884	49,962
Notes payable	59	96
Accounts payable (including related parties)	36,374	128,916
Other payables (including related parties)	51,574	58,306
Bonds payable (including current portion)	-	276,841
Long-term borrowings (including current portion)	1,114,920	854,000
	<u>\$ 1,728,811</u>	<u>\$ 1,764,121</u>

B. Financial risk management policies

The Company'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 Company treasury under policies approved by the Board of Directors. The Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company 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 Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023						
	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	\$ 2,288	30.71	\$ 70,254	5%	\$	3,513
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 406	30.71	\$ 12,457	5%	\$	623
December 31, 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	\$ 5,094	30.71	\$ 156,440	5%	\$	7,822
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 386	30.71	\$ 11,845	5%	\$	592

- iii. Total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to \$1,069 and \$12,105, respectively.

Cash flow and fair value Interest rate risk

- i. The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
 - ii. As at December 31, 2023 and 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 \$8,024 and \$7,884, 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 Company 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 Company for banks and financial institutions, only well rated parties are accepted. According to the Company's credit policy, each local entity in the Company 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 Company 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 Company cannot reasonably expect the recoverable amount, for example, the counterparty is in liquidation, the Company 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 Company classifies customer's accounts receivable in accordance with geographic area, product types and credit rating of customer. The Company applies the simplified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss.
- vi. The Company uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and

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>December 31, 2023</u>					
Expected loss rate	1.20%	2.32%	0.00%	100.00%	
Total book value	\$ 33,428	\$ 23	\$ -	\$ 393	\$ 33,844
Loss allowance	(\$ 402)	(\$ 1)	\$ -	(\$ 393)	(\$ 796)
<u>December 31, 2022</u>					
Expected loss rate	0.03%	0.00%	0.00%	100.00%	
Total book value	\$ 79,427	\$ -	\$ -	\$ 393	\$ 79,820
Loss allowance	(\$ 24)	\$ -	\$ -	(\$ 393)	(\$ 417)

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

	Accounts receivable	
	2023	2022
At January 1	\$ 417	\$ 417
Impairment loss	379	-
At December 31	<u>\$ 796</u>	<u>\$ 417</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. The table below analyses the Company'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>
<u>December 31,2023</u>			
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 427,761	\$ -	\$ -
Short-term bills payable	100,000	-	-
Notes payable	59		
Accounts payable	36,374	-	-
Other payables	51,574	-	-
Long-term borrowings (including current portion)	321,018	987,999	172,339
<u>December 31,2022</u>			
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 398,748	\$ -	\$ -
Short-term bills payable	50,000	-	-
Notes payable	96		
Accounts payable	128,916	-	-
Other payables	58,306	-	-
Bonds payable	277,400	-	-
Long-term borrowings (including current portion)	-	738,720	182,590

- iii. The Company's current liabilities on parent company only balance sheet were \$967,256, which were greater than current assets of \$524,382 on December 31, 2023. The group can request the subsidiaries to transfer back to the group when its working capital exceeds the needs of the subsidiaries, and through the loan line with the bank to solve the company's short-term cash needs. For the years ended December 31, 2023, the total of bank deposit balance in each subsidiary was \$459,444, and the amount of the Company's undrawn borrowing facilities was \$343,600.

(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 Company'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 Company's

investment in unconvertible bonds is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company'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, other receivables, financial assets at amortized cost, short-term borrowings, notes payable, accounts payable, other payables, long-term notes payable and long-term borrowings are approximate to their fair values.

<u>December 31,2023</u>	<u>Book value</u>	<u>Fair value</u>		<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	
Financial liabilities:				
Bonds payable	\$ -	\$ -	\$ -	\$ -

<u>December 31,2022</u>	<u>Book value</u>	<u>Fair value</u>		<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	
Financial liabilities:				
Bonds payable	\$ 276,841	\$ -	\$ 267,841	\$ -

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

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

<u>December 31,2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Investment property	\$ -	\$ -	\$ 92,856	\$ 92,856

<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>\$ 90,588</u>	<u>\$ 90,588</u>

- D. For the years ended December 31, 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 years ended December 31, 2023 and 2022:

	<u>Investment property</u>	
	<u>2023</u>	<u>2022</u>
At January 1	\$ 90,588	\$ 85,347
Recorded as other gains and losses	2,268	5,241
At December 31	<u>\$ 92,856</u>	<u>\$ 90,588</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:

	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (Weighted average)</u>	<u>Relationship of inputs to fair value</u>
<u>December 31,2023</u>					
Non-financial instruments					
Investment property	\$ 92,856	Discounted cash flow method	Discount rate	2.25% ~3.00%	The higher the discount rate, the lower the fair value
	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (Weighted average)</u>	<u>Relationship of inputs to fair value</u>
<u>December 31,2022</u>					
Non-financial instruments					
Investment property	\$ 90,588	Discounted cash flow method	Discount rate	2.10% ~3.25%	The higher the discount rate, the lower the fair value

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

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

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

None.

COSMO ELECTRONICS CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash		
Cash on hand		
-NTD		\$ 175
-non-NTD (Note)		261
		<u>436</u>
Bank accounts		
Checking accounts		122
Demand deposits		56,209
Foreign currency deposits (Note)		88,500
		<u>\$ 145,267</u>

Note: Including USD 2,284 thousand, RMB 4,169 thousand, HKD 73 thousand, EUR 0.39 thousand and JPY 0.57 thousand.

The exchange rates prevailing at December 31,2023 are as follows.

<u>Currency</u>	<u>Exchange rate</u>
USD	30.71
HKD	3.93
EUR	33.98
JPY	0.22
RMB	4.33

COSMO ELECTRONICS CORPORATION
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Client Name	Description	Amount	Note
A		\$ 4,535	
B		4,441	
C		3,078	
D		2,936	
E		2,694	
F		2,350	
G		2,239	
H		2,200	
Others		9,371	Note
		33,844	
Less: Allowance for uncollectible accounts		(796)	
		<u>\$ 33,048</u>	

Note: None of the balances of each remaining client is greater than 5% of this account balance.

COSMO ELECTRONICS CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Finished goods		\$ 218,352	\$ 188,857	
Work in progress		64,263	59,156	
Raw materials		75,150	71,791	
Merchandise		5,957	5,957	
		<u>\$ 363,722</u>	<u>\$ 325,761</u>	

COSMO ELECTRONICS CORPORATION
STATEMENT OF CHANGES IN INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Name	Beginning Balance		Increase		Ending Balance			Market Value or Net Equity	Collateral	Note
	Shares (in shares)	Amount	Shares (in shares)	Amount	Shares (in shares)	Percentage of Ownership	Amount			
Cosmo Electronics Samoa	5,500,038	\$ 217,156	-	\$ -	5,500,038	100.00%	\$ 202,716	\$ 202,280	None	Note
Cosmo Electronics (HK) Company Limited	63,180,000	143,228	-	-	63,180,000	100.00%	145,097	145,097	None	Note
Grand Concept Group Limited	8,950,000	1,183,141	900,000	27,915	9,850,000	100.00%	1,394,261	1,394,193	None	Note
Grandway International Limited.	30,080,000	874,168	-	-	30,080,000	100.00%	812,574	814,997	None	Note
PT Cosmo Technology	3,000,000	102,003	-	-	3,000,000	14%	98,638	98,562	None	
Cosmo Green Power Limited	-	9,821	-	-	-	100.00%	9,517	9,517	None	
		<u>\$ 2,529,517</u>		<u>\$ 27,915</u>			<u>\$ 2,662,803</u>	<u>\$ 2,664,646</u>		

Note: The differences between the ending balance and net equity are the adjustments for unrealized profit of downstream transactions.

COSMO ELECTRONICS CORPORATION
STATEMENT OF CHANGES OF PROPERTY, PLANT AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Beginning Balance	Addition	Decrease	Ending Balance	Collateral	Note
Land	\$ 191,951	\$ -	\$ -	\$ 191,951	Note	
Buildings and structures	121,719	1,451	(3,845)	119,325	Note	
Machinery	154,563	35,181	(41,173)	148,571		
Transportation equipment	2,002	574	(432)	2,144		
Office equipment	1,324	120	(669)	775		
Other equipment	10,482	13,768	(3,768)	20,482		
	<u>\$ 482,041</u>	<u>\$ 51,094</u>	<u>(\$ 49,887)</u>	<u>\$ 483,248</u>		

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

COSMO ELECTRONICS CORPORATION
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Nature</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Range of Interest Rate</u>	<u>Credit Line</u>	<u>Collateral</u>	<u>Note</u>
<u>Unsecured borrowings</u>						
Taishin International Bank	\$ 80,000	2023/10/24~2024/01/24	2.57%	80,000	None	2
The Shanghai Commercial & Savings Bank	98,000	2023/05/27~2024/05/26	2.45%	98,000	None	2 and 6
First Commercial Bank	25,000	2023/09/13~2024/03/13	2.39%	25,000	None	3
The Export-Import Bank of the Republic of China	80,000	2023/03/23~2024/01/23	2.21%	80,000	None	4
Far Eastern International Bank	50,000	2023/10/12~2024/01/12	2.50%	75,000	Note 7	5
<u>Secured borrowings</u>						
Chang Hwa Commercial Bank	10,000	2023/07/19~2024/01/19	2.30%	10,000	Note 1	2
First Commercial Bank	83,000	2023/09/13~2024/03/13	2.25%~2.39%	83,000	Note 1	3
	<u>\$ 426,000</u>					

Note 1: The net value of investment property were pledged is \$127,055 thousand.

Note 2: The chairman of the Company, Hsieh, Shu Chuan, Tsai, Nai Chen and Tsai, Chi Hu, were the sureties of the above loan agreements in their personal names.

Note 3: The chairman of the Company, Hsieh, Shu Chuan, Tsai, Nai Chen , were the sureties of the above loan agreements in their personal names.

Note 4: The chairman of the Company, Hsieh, Shu Chuan , was the surety of the above loan agreements in her personal names.

Note 5: Tsai, Chi Hu and Tsai, Nai Chen, were the sureties of the above unsecured loan agreements in their personal names.

Note 6: 10% of the amount is reimbursement account as a pledge.

Note 7: 20% of the use balance (including the equivalent in foreign currencies) is reimbursement account for control.

COSMO ELECTRONICS CORPORATION
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Supplier Name	Description	Amount	Note
A		\$ 8,620	
B		5,065	
C		2,161	
D		1,960	
E		1,836	
F		1,308	
Others		3,050	Note
		<u>\$ 24,000</u>	

Note: None of the balances of each remaining client is greater than 5% of this account balance.

COSMO ELECTRONICS CORPORATION
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Creditor	Amount	Contract Period	Interest Rate	Non-Current Portion	Collateral	Note
O-Bank	\$ 155,890	2022/03/25~2025/03/25	3.6261%	\$ 94,987	None	1 and 3
Cathay United Bank	73,626	2022/03/25~2025/03/25	3.6261%	44,862	None	1 and 3
Chang Hwa Commercial Bank	74,140	2022/03/25~2025/03/25	3.6261%	45,175	None	1 and 3
Hua Nan Commercial Bank	107,998	2022/03/25~2025/03/25	3.6261%	65,805	None	1 and 3
Bank of Kaohsiung	52,826	2022/03/25~2025/03/25	3.6261%	32,188	None	1 and 3
The Shanghai Commercial & Savings Bank	74,140	2022/03/25~2025/03/25	3.6261%	45,175	None	1 and 3
KGI Commercial Bank	148,380	2022/03/25~2025/03/25	3.6261%	90,411	None	1 and 3
O-Bank	32,630	2022/03/25~2025/03/25	3.6690%	19,882	None	1 and 3
Cathay United Bank	15,510	2022/03/25~2025/03/25	3.6690%	9,450	None	1 and 3
Chang Hwa Commercial Bank	15,620	2022/03/25~2025/03/25	3.6690%	9,518	None	1 and 3
Hua Nan Commercial Bank	22,770	2022/03/25~2025/03/25	3.6690%	13,874	None	1 and 3
Bank of Kaohsiung	11,110	2022/03/25~2025/03/25	3.6690%	6,769	None	1 and 3
The Shanghai Commercial & Savings Bank	15,620	2022/03/25~2025/03/25	3.6690%	9,518	None	1 and 3
KGI Commercial Bank	31,140	2022/03/25~2025/03/25	3.6690%	31,140	None	1 and 3
KGI Commercial Bank	154,312	2021/04/15~2028/04/15	2.4247%	154,312	2	4
KGI Commercial Bank	1,688	2021/04/15~2028/04/15	2.4247%	1,688	2	4
The Shanghai Commercial & Savings Bank	127,520	2023/07/17~2026/07/17	6.6600%	127,520	None	4
	<u>\$ 1,114,920</u>			<u>\$ 802,274</u>		

Note 1: Substantive related parties, Tsai, Nai Chen and Tsai, Chi Hu, the chairman of the Company, Hsieh, Shu Chuan were the sureties of the above syndicated loan agreements in their personal names.

Note 2: The net value of property, plant and equipment were pledged is \$185,509 thousand and the net value of investment property were pledged is \$63,651 thousand.

Note 3: For each use, the expiry date of the credit period was the maturity date(March 24, 2025), but this credit line shall be one period from the date of first drawdown date of 18 months, and thereafter every 6 months shall be a period, and the credit line shall be reduced during 4 periods with a certain proportion, by 5% from the first drawdown date by 18 months; by 5% by the date of full 24 months; by 30% by the date of full 30 months; by 60% by the date of full 36 months. If the drawdown balance exceeds the limit after reduced, the borrower shall repay the excess amount in advance.

Note 4: The chairman of the Company, Hsieh, Shu Chuan and substantive related parties, Tsai, Nai Chen and Tsai, Chi Hu, were the sureties of the above loan agreements in their personal names.

COSMO ELECTRONICS CORPORATION
STATEMENT OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Item</u>	<u>Volume (thousands)</u>	<u>Amount</u>	<u>Note</u>
Sales			
Photocouplers	147,556	\$ 169,299	
Photoelectric relay	13,955	116,483	
Reed relay	3,388	51,306	
Others	65,020	42,876	Note
		<u>379,964</u>	
Less: Sales return		(3,327)	
Sales allowance		(251)	
		<u>(3,578)</u>	
Operating revenue		<u>\$ 376,386</u>	

Note: None of the balances of each remaining client is greater than 5% of this account balance.

COSMO ELECTRONICS CORPORATION
STATEMENT OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Amount
Beginning merchandise inventory	\$ 5,157
Add(Less): Merchandise purchased	83,457
Raw material to merchandise sales	5,000
Work in progress to merchandise sales	71,075
Others	(921)
Ending merchandise inventory	(5,957)
Cost of merchandise inventory sold	<u>157,811</u>
Beginning raw materials	85,822
Add(Less): Raw materials purchased	160,051
Raw material to merchandise sales	(5,000)
Work in progress to raw materials used	3,016
Finished goods to raw materials used	8,097
Others	(1,888)
Ending raw materials	(75,150)
Raw materials used	174,948
Direct labor	22,116
Manufacturing expense	99,972
Total manufacturing cost	<u>297,036</u>
Add(Less): Beginning work in progress	57,160
Work in progress to merchandise sales	(71,075)
Work in progress to raw materials used	(3,016)
Others	(1,802)
Ending work in progress	(64,263)
Cost of finished goods	<u>214,040</u>
Add(Less): Beginning finished goods	203,823
Finished goods to raw materials used	(8,097)
Others	(14,537)
Ending finished goods	(218,352)
Cost of finished goods sold	176,877
Gains on reversal of decline in market value	26,362
Inventory surplus	(1,675)
Revenue from sale of scraps	(500)
Others	(43,149)
Cost of goods manufactured and sold	<u>157,915</u>
Operating costs	<u>\$ 315,726</u>

COSMO ELECTRONICS CORPORATION
STATEMENT OF OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Selling Expenses	General and administrative Expenses	Research and Development Expenses	Total
Salaries and Wages (Including post-employment benefits)	\$ 14,585	\$ 49,321	\$ 673	\$ 64,579
Rent	-	885	-	885
Traveling expense	436	944	-	1,380
Insurance expense	114	264	-	378
Depreciation	-	2,215	-	2,215
Amortization	-	1,070	-	1,070
Import/export (customs) expense	1,204	-	-	1,204
Certification expense	2,557	-	-	2,557
Service expense	223	6,289	-	6,512
Others	894	11,560	1,404	13,858
	<u>\$ 20,013</u>	<u>\$ 72,548</u>	<u>\$ 2,077</u>	<u>\$ 94,638</u>

COSMO ELECTRONICS CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Function Nature	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Salaries and Wages	38,630	53,230	91,860	47,420	63,628	111,048
Insurance	4,912	5,769	10,681	4,743	5,257	10,000
Pension	1,621	2,562	4,183	1,712	2,498	4,210
Directors' remuneration	-	1,861	1,861	-	2,521	2,521
Others	1,012	1,535	2,547	1,290	2,667	3,957
Depreciation	46,339	2,215	48,554	45,121	1,905	47,026
Amortization	-	1,070	1,070	-	1,175	1,175

Note 1: As of December 31, 2023 and 2022, the Company had 157 and 160 employees (including part time) , respectively, both including 4 and 4 non-employee directors.

Note 2: For the years ended December 31, 2023 and 2022, average employee benefit expense were \$713 and \$828, respectively, and average employee salaries were \$600 and \$712, respectively. Adjustments of average employee salaries were -15.73%.

Note 3: The principal of the Company's compensation is equal pay for equal work. Individual raises and rewards are based on each employee's job responsibility, performance and contribution and annually review the overall rewards level to ensure they are competitive in the labor market.

COSMO ELECTRONICS CORPORATION

Loans to others

For the year ended December 31, 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 year ended December 31, 2023	Balance at December 31, 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 single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Evermerit Technology Electronic Co., Ltd.	Other receivables from related parties	Y	\$ 16,010	\$ 16,010	\$ 13,846	0.00%	Short-term financing	-	Operations	\$ -	-	\$ -	\$ 22,768	\$ 22,768	Note 2
2	Shaoguan Woncrown Electronics Technology Co., Ltd.	Evermerit Technology Electronic Co., Ltd.	Other receivables from related parties	Y	17,308	-	-	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	90,002	90,002	90,002	0.00%	Short-term financing	-	Operations	-	-	-	348,379	348,379	Note 2

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

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

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

COSMO ELECTRONICS CORPORATION
Provision of endorsements and guarantees to others
For the year ended December 31, 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 December 31, 2023	Outstanding endorsement/ guarantee amount as of December 31, 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
		Relationship with the endorser/guarantor (Note 2)	Company name											
0	Cosmo Electronics Corporation	(2)	True Glory Investments Limited	\$ 752,869	\$ 70,622	-	-	0	0.00%	\$ 941,086	Y	N	N	Note 3 and 5
0	Cosmo Electronics Corporation	(2)	PT Cosmo Technology	752,869	400,000	400,000	400,000	0	21.25%	941,086	Y	N	N	Note 3
1	PT Cosmo Technology	(4)	True Glory Investments Limited	1,882,172	70,622	-	-	0	0.00%	1,882,172	N	N	N	Note 4 and 5
1	PT Cosmo Technology	(3)	Cosmo Electronics Corporation	1,882,172	926,000	926,000	831,400	0	44.17%	1,882,172	N	Y	N	Note 4
2	PT Cjambe Indah	(3)	Cosmo Electronics Corporation	941,086	300,000	-	-	0	0.00%	1,882,172	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 year ended December 31, 2023

Table 3 Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
True Glory Investments Limited	Corporate bond-CFE	-	Financial assets at amortized cost-non current	-	\$ 6,102	-	\$ -	Note 1

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

COSMO ELECTRONICS CORPORATION

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

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Cosmo Electronics (HK) Company Limited	PT Cosmo Technology	Group	Sales	(\$ 302,453)	100.00%	According to the terms agreed by both parties	\$ -	-	\$ 19,360	100.00%	Note
Dong Guan Guan Zhen Xing Trading Limited	Cosmo Electronics (HK) Company Limited	Group	Sales	(272,256)	100.00%	According to the terms agreed by both parties	-	-	12,935	100.00%	Note

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

COSMO ELECTRONICS CORPORATION
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Cosmo Electronics Corporation	Dongguan Guanwang Electronic Technology Co., Ltd.	(1)	Sales	\$ 52,760	-	5.01%
0	Cosmo Electronics Corporation	Cosmo Electronics Technology (KunShan) Co., Ltd.	(1)	Sales	22,568	-	2.14%
0	Cosmo Electronics Corporation	PT Cosmo Technology	(1)	Sales	13,217	-	1.25%
1	Cosmo Electronics Technology (KunShan) Co., Ltd.	Cosmo Electronics Corporation	(2)	Process revenue	79,573	According to the terms agreed by both parties	7.55%
2	PT Cosmo Technology	Real Bonus Limited	(3)	Sales	87,162	-	8.27%
3	Cosmo Electronics (HK) Company Limited	PT Cosmo Technology	(3)	Sales	302,453	-	28.71%
4	Dong Guan Guan Zhen Xing Trading	Cosmo Electronics (HK) Company Limited	(3)	Sales	272,256	-	25.84%
4	Dong Guan Guan Zhen Xing Trading	Dongguan Guanwang Electronic Technology Co., Ltd.	(3)	Accounts receivable	90,002	Loan	2.07%
5	PT Cjambe Indah	PT Cosmo Technology	(3)	Other unearned revenue	75,600	-	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 year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 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	
				December 31, 2023	December 31, 2022				year ended	the Company for the	
									December 31, 2023	December 31, 2023	
Cosmo Electronics Corporation	Cosmo Electronics Samoa	Samoa Islands	Investment activities	\$ 193,912	\$ 193,912	5,500,038	100%	\$ 202,716	(\$ 11,056)	(\$ 11,056)	
Cosmo Electronics Corporation	Cosmo Electronics (HK) Company Limited	Hong Kong	Trading of electronic products	269,412	269,412	63,180,000	100%	145,097	1,920	1,920	
Cosmo Electronics Corporation	Grand Concept Group Limited	Samoa Islands	Investment activities	298,438	270,524	9,850,000	100%	1,394,261	186,176	186,176	
Cosmo Electronics Corporation	Grandway International Limited	Samoa Islands	Investment activities	941,532	941,532	30,080,000	100%	812,574	(49,315)	(49,315)	
Cosmo Electronics Corporation	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	87,075	87,075	3,000,000	14%	98,638	(27,065)	(3,848)	Note 1
Cosmo Electronics Corporation	Cosmo Green Power Limited	Vietnam	Manufacturing and selling of material of biomass energy	31,760	31,760	-	100%	9,517	-	-	Note 2
Cosmo Electronics Samoa	Cosmo Electronics Technology Co., Ltd.	Mauritius Islands	Investment activities	193,912	193,912	5,500,038	100%	202,263	(11,056)	(11,056)	
Cosmo Electronics (HK) Company Limited	Cosmo Lighting Inc.	U.S.A	Selling of LED lighting	49,046	49,046	1,620,000	100%	31,695	(7,637)	(7,637)	
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	298,438	270,524	9,850,000	100%	1,341,112	182,441	182,441	
Grand Concept Group Limited	Real Bonus Limited	Samoa Islands	Selling of LED lighting	-	-	-	100%	53,080	3,735	3,735	Note 2
Grandway International Limited	Truly Top Investments Limited	Samoa Islands	Investment activities	538,516	538,516	16,850,000	100%	552,039	(18,942)	(18,942)	
Grandway International Limited	Renown Boom Limited	Samoa Islands	Investment activities and processing and selling of routers	402,983	402,983	13,230,000	100%	264,877	(30,373)	(30,373)	
True Glory Investments Limited	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	87,514	87,514	2,750,000	13%	90,348	(27,065)	(3,527)	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%	47,731	1,494	747	Note 1

COSMO ELECTRONICS CORPORATION

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

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended	Investment income (loss) recognised by the Company for the year ended	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Ownership					
						Number of shares	(%)	Book value	December 31, 2023	December 31, 2023	
True Glory Investments Limited	PT Cijambe Indah	Indonesia	Land development	\$ 381,060	\$ 346,704	117,052	95%	\$ 1,197,264	\$ 193,547	\$ 183,247	Note 1
True Glory Investments Limited	PT Cosmo Electronics Indonisia	Indonesia	Manufacturing and selling of new electronic	317	317	10,000	100%	205	(1)	(1)	
Truly Top Investments Limited	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	493,651	493,651	15,350,000	73%	504,307	(27,065)	(19,690)	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%	47,731	1,494	747	Note 1
Renown Boom Limited	PT Cijambe Indah	Indonesia	Land development	266,944	266,944	6,579	5%	67,293	193,547	10,300	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 year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31,2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
Cosmo Electronics Technology (KunShan) Co., Ltd.	Manufacturing and selling of new electronic parts	\$ 193,912	1	\$ 193,912	\$ -	\$ -	\$ 193,912	(\$ 11,056)	100%	(\$ 11,056)	\$ 202,262	\$ -	
Dong Guan Guan Zhen Xing Trading Limited	Selling of LED lighting	187,563	2	85,367	-	-	85,367	(41,560)	100%	(41,560)	174,190	-	
Shaoguan Woncrown Electronics Technology Co.,Ltd.	Developing, manufacturing and selling of electronic products	-	2	-	-	-	-	(9,365)	100%	(9,365)	-	-	Note 3
Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	26,595	2	-	-	-	-	(10,017)	100%	(10,017)	56,920	-	
Dongguan Guanwang Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	106,409	2	-	-	-	-	(24,342)	100%	(24,342)	(14,872)	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31,2023	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	\$	353,108	\$	1,129,303								

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 year ended December 31, 2023

Table 8

Name of major shareholders	Shares	
	No. of shares held	Ownership (%)
Digicrown Technologies Ltd.	15,914,684	9.28%
Da Liang Investment Ltd.	14,427,304	8.41%
Wei Jia Investment Co., Ltd.	14,356,481	8.37%
Hung Yi Investment Ltd.	13,957,367	8.17%
Tsan Hua Investment Co., Ltd.	13,266,627	7.74%
Kuan Che Investment Ltd.	12,936,160	7.54%
Tai Sung Investment Co., Ltd.	12,398,760	7.23%
Kuan Chia Investment Ltd.	12,285,057	7.17%
Flyachieve Limited.	11,223,833	6.55%

6.6 If the Company and Its Affiliated Companies Encountered Difficulties in Financial Turnover in the Most Recent Year and up to the Date of Publication of the Annual Report, the Impact on the Company's Financial Position Shall be Specified: None

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	1,660,071	1,408,784	-251,287	-15.14%
Property, plant and equipment	757,718	719,938	-37,780	-4.99%
Investment property	1,615,691	1,871,983	256,292	15.86%
Intangible assets	12,782	11,659	-1,123	-8.79%
Other assets	328,317	325,677	-2,640	-0.80%
Total assets	4,374,579	4,338,041	-36,538	-0.84%
Current liabilities	978,284	965,573	-12,711	-1.30%
Non-current liabilities	1,496,030	1,490,296	-5,734	-0.38%
Total liabilities	2,474,314	2,455,869	-18,445	-0.75%
Share capital	1,680,883	1,714,587	33,704	2.01%
Capital reserve	177,242	143,838	-33,404	-18.85%
Retained earnings	192,880	193,967	1,087	0.56%
Other interests	-150,740	-170,220	-19,480	12.92%
Non-controlling interests	0	0	0	-
Total stockholders' equity	1,900,265	1,882,172	-18,093	-0.95%
Analysis of changes in ratios:				
1. Decrease in current assets: Mainly due to the significant decrease in accounts receivable.				
2. Increase in investment properties: Mainly attributable to land valuation benefits.				
3. Decrease in capital surplus: Mainly attributable to premium on stock issuance.				

7.2 Analysis of Financial Performance

7.2.1 Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2022	2023	Increase (Decrease)	Percentage of Change (%)
Net sales revenue	1,390,778	1,053,420	-337,358	-24.26%
Net operating revenue	1,390,778	1,053,420	-337,358	-24.26%
Operating costs	1,053,647	897,585	-156,062	-14.81%
Gross profit	337,131	155,835	-181,296	-53.78%
Operating expenses	298,032	268,559	-29,473	-9.89%
Operating income (losses)	39,099	-112,724	-151,823	-388.30%
Non-operating income and expenses	74,239	168,923	94,684	127.54%
Income before tax	113,338	56,199	-57,139	-50.41%
Income tax expense	-3,114	-26,116	-23,674	-969.45%
Net profit for the period	110,224	30,083	-80,813	-72.87%

I. Analysis of the changes in the percentage of increase and decrease:

1. Decrease of the net operating revenues and gross profit: mainly due to the decreased revenue and the improved gross profit of the photoelectric components.
2. Increase of the operating revenue: mainly attributable to the gain on fair value adjustment of investment properties.
3. Decrease of the operating profit, income before tax and net profit for the period: mainly due to the decreased profit of the photoelectric components, and the recognition of the fair value adjustment of the invested property.

II. The expected sales volume in the coming year and its basis and the main factors affecting the Company's expected sales volume to continue to grow or decline: Please refer to pages 1-4 of the "Report to Shareholders".

7.2.2 Analysis of the change in gross profit: The rise of the gross profit from 24.1% in 2022 to 15% in 2023, mainly due to the improved gross profit of the photoelectric components.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow in Investment and Financing Activities	Exchange rate changes	Cash Surplus	Remedy for Cash Deficit	
					Investment Plans	Financing Plans
542,994	161,176	(64,077)	(35,382)	604,711	-	-

Cash inflow from operating activities of \$ 161,176 thousand: mainly attributable to profit for the year.

Cash outflow from investing activities of \$ 30,524 thousand: mainly due to equipment purchase.

Cash outflow from financing activities of \$ 33,553 thousand: mainly due to repayment of corporate bonds

7.3.2 Remedy for Cash Deficit: None

7.3.3 Cash Flow Liquidity Analysis for the Coming Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Inflow (Outflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Remedy for Cash Deficit	
				Investment Plans	Financing Plans
604,711	120,236	(389,580)	335,367	-	-

7.3.3.1 Analysis of changes in cash flows in the coming year:

- (1) Operating activities: expected net cash inflow is \$120,236 thousand, mainly from operating income.
- (2) Investing activities: expected net cash outflow is \$ 200,180 thousand, mainly from capital increase to the subsidiaries and the purchase of fixed assets.
- (3) Financing activities: expected to repayment of loans of \$ 189,400 thousand to banks.

7.3.3.2 Remedial measures for cash shortage: Not applicable.

7.4 Impact of the Major Capital Expenditure Items on Financial Operations: None

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

7.5.1 Reinvestment policy for the most recent year: Capital increase in subsidiaries.

7.5.2 Analysis of gain on reinvestment: To recognize the benefit of fair value adjustment of invested properties by the subsidiaries in the current year.

7.5.3 Investment plans for the coming year: Capital increase in PT Cijambe.

7.6 Risks and Assessments for the Latest Year and Up to the Date of Publication of the Annual Report

7.6.1 Organizational structure of risk management:

The main risk management organizations and responsible units for risk management execution are as follows:

7.6.1.1 President's Office: To coordinate and direct the promotion and operation of decision making under risk, and to evaluate the effectiveness of medium and long-term investments in order to reduce strategic risks.

7.6.1.2 Finance: Responsible for the financial planning and utilization, under the risk control and supervision mechanism, emphasizing safety, liquidity and profitability, so as to establish a hedging mechanism to reduce financial risks.

7.6.1.3 Accounting: Responsible for the revision and promotion of the internal control system to strengthen the internal control function and ensure its continuous effectiveness to achieve the purpose of reliability of financial statementing, effectiveness and efficiency of operation and compliance with relevant laws and regulations.

7.6.1.4 Legal Affairs: Responsible for legal affairs management, review contracts and internal legal consultation, and follow government supervision policies and handle contract and litigation disputes to reduce legal risks.

- 7.6.1.5 Labor Safety and Health: Responsible for safety and health supervision and management, and follow labor safety regulations to reduce the risk of accidents.
 - 7.6.1.6 Human Resources: Responsible for the selection, employment, training, and retention of human resources, establishing a performance-based salary system, and strengthening the organizational team of division of labor and cooperation to reduce the risk of human resources management.
 - 7.6.1.7 Information: Responsible for network planning, construction and maintenance, continuously measuring network quality to reduce network operation risks, reducing and avoiding risks arising from the company's system and various information projects, and providing management with fast and effective operation management information to reduce information security risks.
 - 7.6.1.8 Audit: To evaluate and consider the potential risks of the company's operations and internal control system, and to prepare an annual audit plan based on the risk orientation to assist the board of directors and managers to check and review the deficiencies of the internal control system and to measure the effectiveness and efficiency of operations and compliance with relevant laws and regulations to ensure that the internal control system is continuously and effectively implemented.
 - 7.6.1.9 Business Department: Responsible for marketing strategy, product promotion, market information collection and establishment, customer relationship establishment and handling, and receivables tracking to reduce business operation risk.
 - 7.6.1.10 Financial Accounting Department: To develop strategies based on financial risk, liquidity risk, and credit risk, and to take various countermeasures based on laws, policies, and analysis of market changes to reduce financial risk.
 - 7.6.1.11 R&D Department: Responsible for risk assessment of new product development and control of R&D progress.
 - 7.6.1.12 Manufacturing Department: Responsible for the management of production, manufacturing, equipment maintenance, and labor safety and health to reduce production risks.
- 7.6.2 The impact of changes in interest rates, exchange rates and inflation on the Company's profit and loss and future corresponding measures:
- 7.6.2.1 Changes in interest rates

The Company's bank loans are all at floating interest rates that fluctuate based on the market changes.
 - 7.6.2.2 Changes in exchange rates

The net foreign exchange gain in the most recent year was recognized when accounts receivable and payable in U.S. dollars were received or paid, mainly due to the fluctuation of the appreciation of the U.S. dollar. In order to reduce the risk of exchange rate fluctuations on the Company's profit and loss, the Company collects exchange rate information to keep abreast of exchange rate trends, regularly evaluates foreign currency positions and expects future foreign currency positions to hedge the net position of foreign currency assets and liabilities.

7.6.2.3 Inflation

The impact of inflation on the Company's profit or loss: Since there is a significant global inflation, the rising raw material costs and the product prices adjustments, all of these have no significant impact on the Company's operating results in fiscal 2023.

7.6.3 The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement and guarantee, and derivative transactions, the main reasons for profit or loss, and future corresponding measures:

7.6.3.1 Engaging in high-risk, highly leveraged investments: None

7.6.3.2 Lending of funds to others and endorsement and guarantee: In accordance with the "Procedures for Loaning of Funds" and "Regulations Governing Making of Endorsements and Guarantees" established by the Company, which are subject to regular internal audits.

7.6.3.3 The Company's policy on derivative transactions, the main reasons for profit and loss, and future corresponding measures:

(1) Derivatives trading policy: The policy is for hedging rather than trading purposes. The selection of trading commodities is based on hedging the risks arising from the Company's business operations, and the currencies held must be consistent with the Company's actual foreign currency requirements for import and export transactions, and the Company's overall internal position (foreign currency income and expenses) is squared off on its own in order to reduce the Company's overall foreign exchange risk and save foreign exchange operation costs.

(2) Main reasons for gain or loss on derivative transactions: None

The Company has not engaged in derivative transactions for fiscal 2023 and the year ending March 31, 2024.

(3) Future corresponding measures:

The Company uses derivatives with strong negative correlation with changes in fair value of the hedged item and lower risk as hedging instruments, which are evaluated periodically.

7.6.4 Research and development plan and expected investment in research and development

We have various IC packages in DIP, SOP, and SSOP forms, as well as design and production process technologies related to opto-electronic semiconductor communication. In recent years, we have invested in the research and development of IC-based optocoupler products led by high-intensity circuit design and optoelectronic relay products with high-voltage, high-current, and low-conductance specifications, in order to enhance the brand image and synchronize our technology with the international technological trend. In addition, we also focus on the development of products for customers' individual needs and application specifications, in order to fully satisfy customers' needs and provide more complete services.

In fiscal 2024, the estimated R&D expenses will be NT\$ 1,898 thousand.

7.6.5 Impact of significant changes in domestic and foreign policies and laws on the Company's financial operations and corresponding measures:

The Company follows national policies and laws, and pays attention to changes in foreign policies and laws at all times. When there are important changes in policies and laws, the

relevant units will adjust the Company's internal systems and business operations to ensure the Company's smooth operation.

7.6.6 Impact of technological changes and industry changes on the Company's financial operations and corresponding measures: None

7.6.7 The impact of corporate image change on corporate crisis management and corresponding measures: None.

7.6.8 Expected benefits and possible risks of mergers and acquisitions and corresponding measures: None.

7.6.9 Expected benefits and possible risks of plant expansion and corresponding measures: None.

7.6.10 Risks of concentration of imports or sales and corresponding measures: None.

7.6.11 The impact, risks and contingency measures of a substantial shift or change in ownership of directors, supervisors or major shareholders holding more than 10% of the shares: None.

7.6.12 Effect and risk of change in management rights: None.

7.6.13 Significant impact on shareholders' equity or securities prices due to litigation: None.

7.6.14 Other significant risks and corresponding measures:

Information security risk assessment and analysis and corresponding measures: The Company has established "Information Security Checking Operations" and performs relevant operations to ensure the security of the Company's information in accordance with the regulations. The Company also regularly conducts the assessment of the effectiveness of the internal control system and information operation audit every year to ensure its effectiveness. As of the evaluation result, there is no significant information security risk.

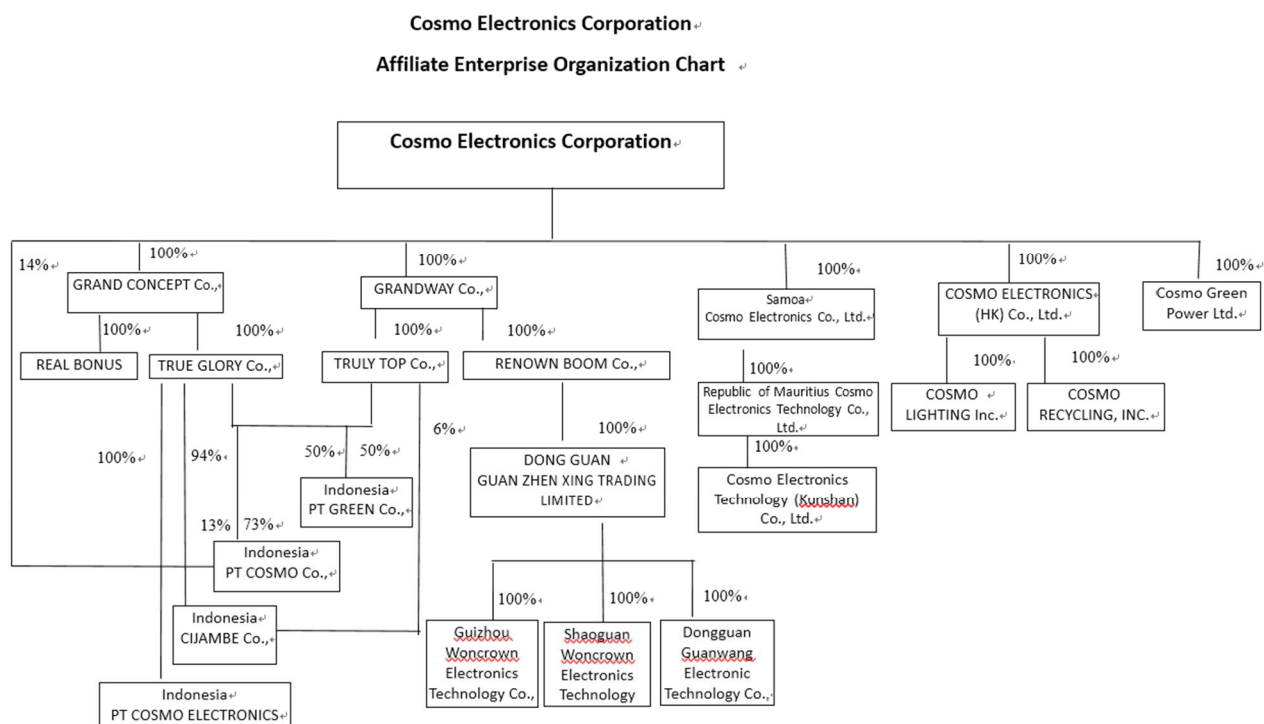
7.7 Other Important Matters: None

VIII. Special Disclosure

8.1 Information of the Affiliated Companies

8.1.1 Summary of the Affiliated Companies

8.1.1.1 Organizational Chart of the Affiliated Companies



8.1.1.2 Basic Information of the Affiliated Companies

December. 31, 2023

Unit: NT\$ thousands

Company Name	Date of Establishment	Address	Paid-in Capital	Business Item
Cosmo Electronics Co., Ltd.	93.03.10	Offshore Chambers, P.O. Box 217, Apia, Samoa	NT193,912	Investment
Cosmo Electronics Technology Co., Ltd.	93.04.29	2 nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Republic of Mauritius	NT193,912	Investment
Cosmo Electronics Technology (Kunshan) Co., Ltd.	93.06.02	No.339, Qingyang North Road, Zhou Shi Town, Kunshan City No.339, Qing Yang Highway, Zhoushi Town, Kunshan, Jiansu, China	NT193,912	New electronic device processing and manufacturing
COSMOELECTRONICS (HK) COMPANY LIMITED	94.12.15	Unit B,22/F.,Chung Pont Commercial Building,300 Hennessy Road,Wanchai,Hong Kong	USD8,100	Import and export of electronic products
Grand Concept Group Limited	95.12.18	Offshore Chambers, P.O. Box 217, Apia, Samoa	USD9,850	Investment
Grandway International Limited	95.12.18	Offshore Chambers, P.O. Box 217, Apia, Samoa	USD30,080	Investment
True Glory Investments Limited	95.12.18	Offshore Chambers, P.O. Box 217, Apia, Samoa	USD9,850	Investment and printed circuit board processing and trading
Truly Top Investments Limited	95.12.18	Offshore Chambers, P.O. Box 217, Apia, Samoa	USD16,850	Investment
PT Cosmo Technology	96.02.20	Jl.Raya Segog No.14 Desa Batununggal Kecamatan Cibadak Kabupaten Sukabumi	USD21,100	Decorative lights manufacturing and sales
PT Cosmo Green Technology	102.04.11	JL. HM. SALIM NO. 27,KEL. WAY LUNIK KEC. PANJANG BANDAR LAMPUNG 35244 INDONESIA	USD3,000	Self-usage power generation equipment utilizing renewable energy industry
Renown Boom Limited	96.01.08	Offshore Chambers, P.O. Box 217, Apia, Samoa	USD13,230	Investment
Real Bonus Limited	96.01.03	Offshore Chambers, P.O. Box 217, Apia, Samoa	-	Decorative lights sales
Cosmo Lighting Inc.	96.07.03	385 South Lemon Ave., E277, Walnut, CA 91789	USD1,620	Decorative lights sales
DONG GUAN GUAN ZHEN XING TRADING LIMITED	103.03.25	Room 202, Building 2, No.6, Yu Yuan 2nd Road, Huang Jiang Town, Dongguan City, Guangdong Province	USD6,000	Self-usage power generation equipment utilizing renewable energy industry
Cosmo Green Power Ltd.	104.01.26	436A/24 Đường 3/2, Phường 12, Quận 10, Thành phố Hồ Chí Minh	USD1,000	Self-usage power generation equipment utilizing renewable energy industry; import and sale of plastic materials
Guizhou Woncrown Electronics Technology Co., Ltd.	107.01.04	East of Industrial Avenue, Economic Development Zone Liping	CNY5,910	Research, development, production and sales of electronic products
PT CIJAMBE INDAH	100.05.25	Jl.Perintis Kemerdekaan No.6 Desa Sukamulya Kecamatan Cikembar Kabupaten Sukabumi	IDR123,631,150	Land development
Dongguan Guanwang Electronic Technology Co., Ltd.	108.06.21	Room 102, Building 1, No.6, Yu Yuan 2nd Road, Huang Jiang Town, Dongguan City, Guangdong Province	CNY 24,200	Research, development, production and sales of electronic products
PT. COSMO ELECTRONICS INDONESIA	111.7.25	Jl.Perintis Kemerdekaan No.6 Desa Sukamulya Kecamatan Cikembar Kabupaten Sukabumi	USD 10	Electrical control and power distribution equipment

8.1.1.3 Information on the same shareholders as those presumed to be in a controlling or subordinate relationship: Not applicable.

8.1.1.4 The following industries are covered by the overall affiliates' operations:

- (1) Processing, assembling, manufacturing and trading of optoelectronic components and relay components.
- (2) Import and export of electronic products and other electronics business.
- (3) Manufacture, sale and purchase of decorative lights.
- (4) Self-usage power generation equipment utilizing renewable energy industry.

8.1.1.5 Information on directors, supervisors and presidents of affiliates:

December 31, 2023

Name of enterprise	Title	Name or representative	Shares held	
			Shares	Shareholding ratio (%)
Cosmo Electronics Co., Ltd.	Director	Cosmo Electronics Corporation Representative: TSAI, NAI-CHENG	5, 500, 000	100%
Cosmo Electronics Technology Co., Ltd.	Director	Cosmo Electronics Co., Ltd. Representative: TSAI, NAI-CHENG	5, 500, 000	100%
Cosmo Electronics Technology (Kunshan) Co., Ltd.	Director	Chao Chia-chi, Liu Chin-mu, Lin, Hong-mao	-	100%
	Supervisor	Lee Chih-chin		
COSMO ELECTRONICS (HK) COMPANY LIMITED	Director	Cosmo Electronics Corporation Representative: TSAI, NAI-CHENG	63,180,000	100%
Grand Concept Group Limited	Director	Cosmo Electronics Corporation Representative: TSAI, NAI-CHENG	9, 850, 000	100%
Grandway International Limited	Director	Cosmo Electronics Corporation Representative: TSAI, NAI-CHENG	30,080,000	100%
True Glory Investments Limited	Director	Grand Concept Group Limited Representative: TSAI, NAI-CHENG	9, 850, 000	100%
Truly Top Investments Limited	Director	Grandway International Limited Representative: TSAI, NAI-CHENG	16, 850, 000	100%
PT Cosmo Technology	Director	Hsieh Shu-chuan, Chao Chia-chi, Lee Wen-hao, Ho Wei-chuan, Cheung Cher-wai	211, 000	100%
	Supervisor	Allen Zang		
PT Cosmo Green Technology	Director	TSAI, NAI-CHENG, Horse Wang, Barry Chia, Kim Kwai Lee	30, 000	100%
	Supervisor	Allen Zang		
Renown Boom Limited	Director	Grandway International Limited Representative: TSAI, NAI-CHENG	13, 230, 000	100%
Real Bonus Limited	Director	Grand Concept Group Limited Representative: TSAI, NAI-CHENG	-	100%
Cosmo Lighting Inc.	Director	Cosmo Electronics Technology Ltd. Representative: Johnny Huang	1, 620, 000	100%
DONG GUAN GUAN ZHEN XING TRADING LIMITED	Director	TSAI, NAI-CHENG, Ernest Song, Chao Chia-chi	-	100%
	Supervisor	Allen Zang		
Cosmo Green Power Ltd.	Chairperson	TSAI, NAI-CHENG	-	100%
Guizhou Woncrown Electronics Technology Co., Ltd.	Chairperson	Comer Zou	-	100%
PT CIJAMBE INDAH	Chairperson	Horse Wang,	205, 343	100%
Dongguan Guanwang Electronic Technology Co., Ltd.	Chairperson	Cesar Tsai	-	100%
PT COSMO ELECTRONICS INDONESIA	Director	TSAI, NAI-CHENG, Ho Wei-chuan, Lee Wen-hao, Li Rong-feng, Zhou Li-zhu	1, 000, 000	100%
	Supervisor	Yan Ci-jun		

8.1.1.6 Operation of Affiliates

December. 31, 2023

Unit: NT\$ thousands

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit (loss)	Profit (loss) for the period	Loss per share (NT\$)
Cosmo Electronics Co., Ltd.	193,912	202,280	0	202,280	0	0	-11,056	-
Cosmo Electronics Technology Co., Ltd.	193,912	202,263	0	202,263	0	0	-11,056	-
Cosmo Electronics Technology (Kunshan) Co., Ltd.	193,912	218,221	15,960	202,261	119,718	9,141	-11,056	-
COSMO ELECTRONICS (HK) COMPANY LIMITED	269,412	158,357	13,261	145,096	302,453	1,408	1,920	-
Grand Concept Group Limited	398,437	1,394,193	0	1,394,193	0	0	186,528	-
Grandway International Limited	941,212	814,997	0	814,997	0	0	-47,397	-
True Glory Investments Limited	298,437	1,341,296	184	1,341,112	21,672	1,717	182,793	-
Truly Top Investments Limited	538,516	552,039	0	552,039	0	0	-17,024	-
PT Cosmo Technology	668,240	1,148,412	455,195	693,217	530,305	-18,203	-24,442	-
Renown Boom Limited	402,696	264,877	0	264,877	0	0	-30,373	-
Real Bonus Limited	0	62,322	9,242	53,080	141,577	2,368	3,735	-
Cosmo Lighting Inc.	49,046	32,217	522	31,695	11,536	-8,051	-7,637	-
PT Cosmo Green Technology	89,468	96,195	733	95,462	47,630	1,481	1,515	-
DONG GUAN GUAN ZHEN XING TRADING LIMITED	187,563	265,778	91,588	174,190	272,256	-16,567	-41,560	-
Cosmo Green Power Ltd.	31,760	9,704	187	9,517	0	0	0	-
PT CJAMBE INDAH	648,004	1,396,880	132,323	1,264,557	0	-8,718	193,547	-
Guizhou Woncrown Electronics Technology Co., Ltd.	26,595	65,235	8,315	56,920	7,550	-227	-10,017	-
Dongguan Guanwang Electronic Technology Co., Ltd.	106,409	95,250	110,122	-14,872	88,352	-26,893	-24,342	-
PT COSMO ELECTRONICS INDONESIA	317	205	0	205	0	-3	-1	-

8.1.2 Consolidated Financial Statements of Affiliated Companies

Declaration of Consolidated Financial Statements of Affiliated Companies

The fiscal year 2023 (from January 1, 2023 to December 31, 2023), pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial statementing Standards 10. In addition, information required to be disclosed in the consolidated financial statements of affiliates is included in the aforementioned consolidated financial statements. Accordingly, it is not required to prepare a separate set of consolidated financial statements of affiliates.

Hereby declared by

Company name: Cosmo Electronics Corporation

Person in charge: Hsieh Shu-chuan

March_14, 2024

8.2 Private Placement of Securities for the Most Recent Year and up to the date of Publication of the Annual Report: None

8.3 Holding or Disposal of the Company's Stock by Subsidiaries for the Most Recent Year and up to the date of Publication of the Annual Report: None

8.4 Other Necessary Supplements: None

IX .Events with Material Impact on Shareholders' Equity or on Prices of Securities as Specified in Subparagraph 2, Paragraph 2 of Article 36 of the Securities and Exchange Act in the Most Recent Year and up to the date of Publication of the Annual Report: None