

CoAsia Electronics Corp.
Parent Company Only Financial Statements and CPAs' Report
For the Years Ended December 31, 2022 and 2021
(Stock Code: 8096)

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CoAsia Electronics Corp.

Parent Company Only Financial Statements and Independent Auditors' Report For the Years Ended

December 31, 2022 and 2021

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Independent Auditors' Report

(112) C.S.B.Z. No. 22004034

To: CoAsia Electronics Corp.,

Opinions

The Parent Company Only Balance Sheets of CoAsia Electronics Corp. (hereinafter "CoAsia Electronics Corp.") as of December 31, 2022 and 2021, in addition to the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to the Parent Company Only Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2022 and 2021, have been audited by the CPAs.

In the opinion of the CPAs, the above Parent Company Only Financial Statements have been prepared in all material respects in accordance with the Financial Reporting Standards for Securities Issuers, and are sufficient to give a fair representation of the financial position of CoAsia Electronics Corp. as at December 31, 2022 and 2021, and the financial performance and cash flow from January 1 to December 31, 2022 and 2021.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS) of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are independent of CoAsia Electronics Corp. in accordance with the Norm of Professional Ethics for Certified Public Accountant, and 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 refer to those which, in accordance with the professional judgment of the CPAs, are most important for the audit of the Parent Company Only Financial Statements of CoAsia Electronics Corp. for the year 2022. 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, and we do not provide a separate opinion on these matters.

The key audit matters of the Parent Company Only Financial Statements of CoAsia Electronics Corp. for the year 2022 are listed as follows:

Inventory Evaluation

Description

Please refer to Note IV(XI) of the financial report for the accounting policy of inventory evaluation; please refer to Note V(II) of the financial report for the uncertainty of accounting estimates and assumptions of inventory evaluation; and refer to Note VI(IV) to the financial report for the description of allowance for inventory impairment loss. The inventory balance of CoAsia Electronics Corp. on December 31, 2022 was NT\$261,941 thousand (including NT\$47,157 thousand after deducting allowance for inventory impairment loss).

CoAsia Electronics Corp. operates the wholesale sales of electronic components and materials. Due to the short life cycle of its related products and the fierce market competition, there is a high risk of inventory impairment loss or obsolescence. CoAsia Electronics Corp.'s inventories are measured at the lower of cost and net realizable value; for inventories that are outdated and obsolete beyond a certain period of time, the net realizable value is calculated based on historical information on the extent of inventory depletion and discount rate.

Due to the rapid technological changes in the industry in which CoAsia Electronics Corp. operates, and because the net realizable value used in evaluating outdated and obsolete inventories often involves subjective judgments and therefore has a high degree of estimation uncertainty, considering that the inventory of CoAsia Electronics Corp. and its allowance for inventory impairment loss have a significant impact on the financial statements, the CPAs believe that the assessment of the inventory of CoAsia Electronics Corp. and its allowance for inventory impairment loss is one of the most important matters in this year's audit.

Response audit procedures

The CPAs' response procedures for the above-mentioned aspects are summarized as follows:

1. In accordance with the requirements of accounting principles and the understanding of CoAsia Electronics Corp.'s operation and industry nature, assess the rationality of the policies and procedures adopted in assessing the provision for impairment losses on inventories, including the classification of inventories based on the net realizable value, and the degree of expiry of inventories, sources of historical information and discount margins and the rationality of judging obsolete and obsolete inventory items.
2. Identify the warehouse management process of CoAsia Electronics Corp., review its annual inventory plan and participate in the annual inventory checking to evaluate the effectiveness of management in distinguishing and controlling obsolete inventory.

3. Verify the properness of the inventory age report used by CoAsia Electronics Corp. for evaluation, and estimate the net realizable value of the inventory that exceeds a certain period of time, estimate its net reliable value based on the historical information on the extent of inventory depletion and discount rate, so as to evaluate the rationality of the allowance for inventory impairment loss determined by CoAsia Electronics Corp.
4. Execute the verification of the calculation logic of the net realizable value of inventories, and then evaluate the rationality of the allow for impairment loss determined by CoAsia Electronics Corp.

Evaluation on the Allowance for Losses of Accounts Receivable

Description

Please refer to Note IV(IX) of the financial report for the evaluation on the allowance for losses of accounts receivable; please refer to Note V(II) of the financial report for the uncertainty of accounting estimates and assumptions of the allowance for losses of accounts receivable; and refer to Note VI(II) to the financial report for the description of the allowance for losses of accounts receivable. The balance of accounts receivable of CoAsia Electronics Corp. as at December 31, 2022 was NT\$2,245,415 thousand (including the deducted allowance for loss of NT\$166 thousand).

The accounts receivable of CoAsia Electronics Corp. are based on historical experience, forward-looking information and other known reasons or existing objective evidence to estimate the expected credit impairment losses that may occur, and are listed as deduction from accounts receivable in the current period when the accounts receivable may not be recovered, and CoAsia Electronics Corp. regularly reviews the rationality of its loss estimates. Because the evaluation of allowance losses often involves the subjective judgment of the management, various industrial prosperity indicators or the possibility of account recovery after the period, and the amount to be set aside is estimated accordingly, considering that the accounts receivable of CoAsia Electronics Corp. and its allowance for loss have a significant impact on the financial statements, the CPAs believe that the assessment of the allowance for loss of accounts receivable of CoAsia Electronics Corp. is one of the most important matters in this year's audit.

Response audit procedures

The CPAs' response procedures for the above-mentioned aspects are summarized as follows:

1. In accordance with the requirements of accounting principles and the understanding of the operation of CoAsia Electronics Corp. and the credit quality of customer credit standards, assess the rationality of the policies and procedures for the provision of allowance losses of accounts

receivable, including the rationality of group classification and aging analysis to determine the credit quality of customer credit standards.

2. Obtain the overdue aging data sheet used by the management to evaluate the expected credit loss rate of accounts receivable, confirm that the logic of the data source is consistent, and test the relevant forms to confirm the correctness of the aging data.
3. Evaluate the rationality of the estimates used by management to estimate the expected credit losses of accounts receivable and obtain relevant supporting documents, including: long overdue accounts, collections after the period, and signs that customers are unable to repay on time, etc.
4. Post-period collection test to support the adequacy of the provision of allowance losses.

Authenticity of Revenue Recognition

Description

Please refer to Note IV (XXVI) to the financial report for the accounting policy for revenue recognition.

CoAsia Electronics Corp. is mainly engaged in the wholesale sales of electronic components and is an agent of Samsung Electronics. The sales revenue in 2022 was NT\$9,589,512 thousand. CoAsia Electronics Corp.'s sales targets include consumer electronics manufacturers and distributors at home and abroad, and due to changes in the consumer electronics product end market and changes in Samsung Electronics' sales strategy, as well as the huge amount and volume of sales revenue, which have an impact on the Parent Company Only Financial Statements. Therefore, the CPAs considers that the authenticity of CoAsia Electronics Corp.'s revenue recognition is one of the most important matters in this year's audit.

Response audit procedures

The CPAs' response procedures for the above-mentioned aspects are summarized as follows:

1. In accordance with the requirements of accounting principles and the understanding of the internal control of CoAsia Electronics Corp. to obtain significant sales targets, including the relevant credit investigation procedures and accounting policies for revenue recognition.
2. Identify the rationality of the credit investigation and related approval procedures carried out by CoAsia Electronics Corp. for important transaction partners.

3. Perform spot checks on sales revenue transactions, including checking the date and amount of sales invoices and the delivery orders which have been properly approved and signed to confirm that the transactions have indeed occurred and belonged to the appropriate period.
4. For a certain period before and after the balance sheet date, identify the reasons for the significant return of sales and evaluate the rationality of the vesting period.

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

To ensure that the Parent Company Only Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Parent Company Only Financial Statements in accordance with the Financial Reporting Standards for Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the Parent Company Only Financial Statements.

In preparing the accompanying Parent Company Only Financial Statements, the management is responsible for assessing CoAsia Electronics Corp.'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 the management either intends to liquidate CoAsia Electronics Corp. or to cease operations, or has no realistic alternative but to do so.

Those in charge with CoAsia Electronics Corp.'s governance (including the Audit Committee) are responsible for overseeing its financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatements, 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 generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from error or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit 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 CoAsia Electronics Corp.'s internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
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 CoAsia Electronics Corp.'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 CoAsia Electronics Corp. to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Parent Company Only Financial Statements (including relevant Notes), and whether the Parent Company Only Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within CoAsia Electronics Corp. to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Parent Company Only Financial Statements.

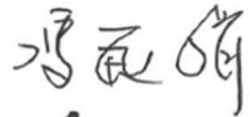
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence of the Republic of China, 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 communication with the management unit, the accountant decided on the key audit matters for the Parent Company Only Financial Statements of CoAsia Electronics Corp. for 2022. 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.

PwC Taiwan

Feng, Min-Chuan



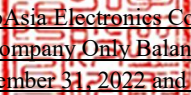
CPA

Wu, Han-Chi



Former Securities and Futures Bureau, Financial
Supervisory Commission, Executive Yuan
Approval File No.: Financial-Supervisory-Securities-Six-
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Former Securities and Futures Commission of the Ministry
of Finance
Approval File No.: (90) T.C.Z. (L.) Z. No. 157088


February 16, 2023


 CoAsia Electronics Corp.
 Parent Company Only Balance Sheets
 December 31, 2022 and 2021

Unit: NT\$ thousand

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current Assets						
1100	Cash and Cash Equivalents	VI(I)	\$ 231,025	5	\$ 82,947	2
1110	Financial assets at fair value through profit or loss - current	VI(V)	-	-	4,734	-
1136	Financial assets at amortized cost - current	VI(VII) and VIII	126,218	3	122,003	2
1170	Accounts receivable, net	VI(II)(III) and VIII	523,386	11	1,230,807	23
1180	Accounts receivable - related parties, net	VII	1,722,029	37	1,509,061	28
1200	Other receivables	VI(III)	2,775	-	28,509	1
1210	Other receivables - related parties	VII	165,214	3	5,972	-
130X	Inventories	VI(IV)	261,941	6	348,297	6
1410	Prepayments	VII	38,702	1	47,600	1
1470	Other Current Assets	VI(VIII)	148,678	3	460,783	9
11XX	Total current assets		<u>3,219,968</u>	<u>69</u>	<u>3,840,713</u>	<u>72</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	VI(V)	26,807	-	21,685	-
1550	Investments Accounted for Using the Equity Method	VI(VI) and VII	1,178,230	25	1,259,846	23
1600	Property, Plant, and Equipment	VI(IX) and VIII	183,914	4	150,061	3
1755	Right-of-use assets	VI(X)	5,738	-	5,233	-
1780	Intangible Assets	VI(XI)	31,582	1	30,610	1
1840	Deferred income tax assets	VI(XXII)	27,562	1	36,288	1
1900	Other non-current assets		9,856	-	4,388	-
15XX	Total non-current assets		<u>1,463,689</u>	<u>31</u>	<u>1,508,111</u>	<u>28</u>
1XXX	Total assets		<u>\$ 4,683,657</u>	<u>100</u>	<u>\$ 5,348,824</u>	<u>100</u>

(Continued on the next page)


CoAsia Electronics Corp.
Parent Company Only Balance Sheets
December 31, 2022 and 2021

Unit: NT\$ thousand

Liabilities and Equity		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current Liabilities						
2100	Short-term Loans	VI(XII) and VIII	\$ 1,794,496	38	\$ 2,350,465	44
2110	Short-term notes and bills payable		40,000	1	100,000	2
2130	Contract liabilities - current	VI(XVIII)	11,072	-	51,859	1
2170	Accounts Payable		36,787	1	132,661	2
2180	Accounts payable - related parties	VII	-	-	83,738	2
2200	Other payables	VI(XIII)	211,666	5	133,067	3
2220	Others payables - related parties	VII	711	-	174	-
2230	Current income tax liabilities	VI(XXII)	909	-	30	-
2280	Lease liabilities - current		3,770	-	2,657	-
2300	Other current liabilities		2,201	-	1,660	-
21XX	Total current liabilities		<u>2,101,612</u>	<u>45</u>	<u>2,856,311</u>	<u>54</u>
Non-current liabilities						
2570	Deferred income tax liabilities	VI(XXII)	5,613	-	632	-
2580	Lease liabilities - non-current		2,076	-	2,685	-
2600	Other non-current liabilities	VI(VI)	5,395	-	5,395	-
25XX	Total non-current liabilities		<u>13,084</u>	<u>-</u>	<u>8,712</u>	<u>-</u>
2XXX	Total liabilities		<u>2,114,696</u>	<u>45</u>	<u>2,865,023</u>	<u>54</u>
Equity						
Capital Stock		VI(XV)				
3110	Capital stock - common shares		1,488,964	32	1,452,648	27
Capital Surplus		VI(XVI)				
3200	Capital Surplus		837,054	18	837,054	16
Retained Earnings		VI(XVII)				
3310	Legal reserve		82,593	2	66,161	1
3320	Special reserve		140,416	3	84,408	2
3350	Unappropriated earnings		39,987	1	183,946	3
Other equity						
3400	Other equity		(20,053)	(1)	(140,416)	(3)
3XXX	Total equity		<u>2,568,961</u>	<u>55</u>	<u>2,483,801</u>	<u>46</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments		IX				
3X2X	Total liabilities and equity		<u>\$ 4,683,657</u>	<u>100</u>	<u>\$ 5,348,824</u>	<u>100</u>

Please also refer to the accompanying Notes to the Parent Company Only Financial Statements, which are an integral part of the Parent Company Only Financial Statements.

Chairman:
Lee Hee Jun



Managerial Officer:
Shin Dong Soo



Accounting Manager:
Wang, Peng-Cheng





CoAsia Electronics Corp.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand
(Except earnings per share in NT\$)

Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operating Revenue	VI(XVIII) and VII	\$ 9,589,512	100	\$ 14,564,375	100
5000 Operating Costs	VI(IV) and VII	(9,285,395)	(97)	(14,222,536)	(97)
5900 Gross profit		304,117	3	341,839	3
5910 Unrealized sales profits	VI(VI)	(4,238)	-	(14,289)	-
5920 Realized gains from sales	VI(VI)	14,289	-	11,151	-
5950 Gross profit, net		314,168	3	338,701	3
Operating expenses	VI(XX) (XXI) and VII				
6100 Selling and Marketing Expenses		(70,104)	(1)	(111,422)	(1)
6200 General and Administrative Expenses		(116,219)	(1)	(116,660)	(1)
6300 Research and development expenses		-	-	(17,927)	-
6450 Expected credit impairment benefit	XII(II)	138	-	24	-
6000 Total operating expenses		(186,185)	(2)	(245,985)	(2)
6900 Operating gains		127,983	1	92,716	1
Non-operating income and expenses					
7100 Interest income	VII	8,459	-	1,176	-
7010 Other income	VII	32,670	-	37,698	-
7020 Other gains or losses	VI(XIX)	136,208	2	(38,994)	(1)
7050 Finance costs	VII	(73,047)	(1)	(36,960)	-
7070 Share of profit or loss of subsidiaries, associates, and joint ventures recognized using the equity method	VI(VI)	(215,639)	(2)	129,251	1
7000 Total non-operating income and expenses		(111,349)	(1)	92,171	-
7900 Net income before tax		16,634	-	184,887	1
7950 Income tax expenses	VI(XXII)	(15,521)	-	(20,570)	-
8200 Net profit for the period		\$ 1,113	-	\$ 164,317	1
Other comprehensive income (net)					
Components that may be reclassified to profit or loss					
8361 Exchange differences on translation of financial statements of foreign operations		\$ 120,363	1	(\$ 56,008)	-
8300 Other comprehensive income (net)		\$ 120,363	1	(\$ 56,008)	-
8500 Total comprehensive income (loss) for the period		\$ 121,476	1	\$ 108,309	1
Basic earnings per share					
9750 Net profit for the period	VI(XXIII)	\$	0.01	\$	1.10
Diluted earnings per share					
9850 Net profit for the period	VI(XXIII)	\$	0.01	\$	1.09

Please also refer to the accompanying Notes to the Parent Company Only Financial Statements, which are an integral part of the Parent Company Only Financial Statements.

Chairman:
Lee Hee Jun




Managerial Officer:
Shin Dong Soo



Accounting Manager:
Wang, Peng-Cheng




 CoAsia Electronics Corp.
 Parent Company Only Statements of Changes in Equity
 For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

Note	Capital Surplus				Retained Earnings			Other equity	Total Equity	
	Capital stock - common shares	Capital surplus - share premium	Capital surplus - treasury share transactions	Capital surplus - recognized value of changes in equity of ownership of subsidiaries	Capital surplus - others	Legal reserve	Special reserve	Unappropriated earnings		Exchange differences on translation of financial statements of foreign operations
2021										
Balance as of January 1, 2021	\$ 1,424,165	\$ 744,222	\$ 60,466	\$ 32,129	\$ -	\$ 56,053	\$ 52,594	\$ 118,517	(\$ 84,408)	\$ 2,403,738
Net income in 2021	-	-	-	-	-	-	-	164,317	-	164,317
Other comprehensive income in 2021	-	-	-	-	-	-	-	-	(56,008)	(56,008)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	164,317	(56,008)	108,309
Appropriation and distribution of earnings in 2020: VI(XVII)										
Legal reserve	-	-	-	-	-	10,108	-	(10,108)	-	-
Provision of special reserve	-	-	-	-	-	-	31,814	(31,814)	-	-
Cash dividends	-	-	-	-	-	-	-	(28,483)	-	(28,483)
Stock dividends VI(XV)	28,483	-	-	-	-	-	-	(28,483)	-	-
Dividends not received by shareholders beyond the time limit converted to capital surplus	-	-	-	-	237	-	-	-	-	237
Balance as of December 31, 2021	\$ 1,452,648	\$ 744,222	\$ 60,466	\$ 32,129	\$ 237	\$ 66,161	\$ 84,408	\$ 183,946	(\$ 140,416)	\$ 2,483,801
2022										
Balance as of January 1, 2022	\$ 1,452,648	\$ 744,222	\$ 60,466	\$ 32,129	\$ 237	\$ 66,161	\$ 84,408	\$ 183,946	(\$ 140,416)	\$ 2,483,801
Net income in 2022	-	-	-	-	-	-	-	1,113	-	1,113
Other comprehensive income in 2022	-	-	-	-	-	-	-	-	120,363	120,363
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	1,113	120,363	121,476
Appropriation and distribution of earnings in 2021: VI(XVII)										
Legal reserve	-	-	-	-	-	16,432	-	(16,432)	-	-
Provision of special reserve	-	-	-	-	-	-	56,008	(56,008)	-	-
Cash dividends	-	-	-	-	-	-	-	(36,316)	-	(36,316)
Stock dividends VI(XV)	36,316	-	-	-	-	-	-	(36,316)	-	-
Balance as of December 31, 2022	\$ 1,488,964	\$ 744,222	\$ 60,466	\$ 32,129	\$ 237	\$ 82,593	\$ 140,416	\$ 39,987	(\$ 20,053)	\$ 2,568,961

Please also refer to the accompanying Notes to the Parent Company Only Financial Statements, which are an integral part of the Parent Company Only Financial Statements.

Chairman:
Lee Hee Jun



Managerial Officer:
Shin Dong Soo



Accounting Manager:
Wang, Peng-Cheng





CoAsia Electronics Corp.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	Note	From January 1 to December 31, 2022	Unit: NT\$ thousand From January 1 to December 31, 2021
<u>Cash flows from operating activities</u>			
Net profit before tax of the period		\$ 16,634	\$ 184,887
Adjustment item			
Income (expense) items			
Depreciation expenses (including right-of-use assets)	VI(IX)(X) (XX)	9,758	7,551
Amortization expenses	VI(XI)(XX)	7,104	5,810
Expected credit impairment benefit	XII(II)	(138)	(24)
Interest expenses		73,047	36,960
Interest income		(8,459)	(1,176)
Net loss (gain) on financial assets at fair value through profit or loss	VI(XIX)	(5,234)	3,942
Share of losses (gains) of subsidiaries, affiliates, and joint ventures recognized using the equity method	VI(VI)	215,639	(129,251)
Net loss on disposal of property, plant, and equipment	VI(XIX)	-	173
Unrealized sales profits	VI(VI)	4,238	14,289
Realized gains from sales	VI(VI)	(14,289)	(11,151)
Changes in operating assets and liabilities			
Net change in assets related to operating activities			
Accounts receivable		707,559	(362,314)
Accounts receivable - related parties		(212,968)	118,556
Other receivables		25,858	(15,640)
Other receivables - related parties		(5,692)	2,397
Inventories		86,356	12,356
Prepayments		8,898	167,968
Other Current Assets		312,105	(459,881)
Net change in liabilities related to operating activities			
Contract Liabilities		(59,725)	(35)
Accounts Payable		(95,874)	57,676
Accounts payable - related parties		(83,738)	10,987
Other payables		93,675	95,908
Other payables - related parties		537	(1,064)
Other current liabilities		541	(205)
Cash inflow (outflow) generated from operations		1,075,832	(261,281)
Interest received		8,335	1,177
Interest paid		(69,101)	(36,501)
Income tax paid		(935)	(944)
Net cash inflow (outflow) generated from operating activities		1,014,131	(297,549)

(Continued on the next page)



CoAsia Electronics Corp.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand
From January 1
to December 31, 2021

Cash flows from investing activities

	Note	From January 1 to December 31, 2022	From January 1 to December 31, 2021
Decrease (increase) in other receivables - related parties		(\$ 153,550)	\$ 31,328
Increase in financial assets at amortized cost		(4,215)	(42,352)
Acquisition of investments accounted for using the equity method	VI(VI)	-	(1,400)
Acquisition of property, plant, and equipment	VI(IX)	(39,978)	(27,146)
Acquisition of financial assets at fair value through profit or loss - non-current		(610)	-
Disposal of financial assets at fair value through profit or loss - current		5,456	-
Price of asset disposal		-	15,631
Proceeds from disposal of property, plant, and equipment		-	2
Acquisition of intangible assets	VI(XI)	(8,054)	(3,524)
Increase in prepayments for equipment		(4,184)	(326)
Increase in refundable deposits		(1,284)	-
Net cash flows used in investing activities		(206,419)	(27,787)

Cash flows from financing activities

Increase (decrease) in short-term loans	VI(XXIV)	(555,969)	356,714
Increase (decrease) in short-term notes and bills payable	VI(XXIV)	(60,000)	100,000
Repayment of the principal portion of leases	VI(XXIV)	(3,718)	(3,103)
Decrease in other payables - related parties		-	(108,224)
Cash dividends paid	VI(XVII)	(36,316)	(28,483)
Dividends not received by shareholders beyond the time limit converted to capital surplus		-	237
Net cash (outflows) inflows from financing activities		(656,003)	317,141
Effect of exchange rate		(3,631)	973
Increase (decrease) in cash and cash equivalents for the current period		148,078	(7,222)
Beginning balance of cash and cash equivalents	VI(I)	82,947	90,169
Ending balance of cash and cash equivalents	VI(I)	\$ 231,025	\$ 82,947

Please also refer to the accompanying Notes to the Parent Company Only Financial Statements, which are an integral part of the Parent Company Only Financial Statements.

Chairman:
Lee Hee Jun



Managerial Officer:
Shin Dong Soo



Accounting Manager:
Wang, Peng-Cheng




CoAsia Electronics Corp.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand
(Unless Stated Otherwise)

I. Company History

CoAsia Electronics Corp. (hereinafter referred to as the "Corporation") was established in November 1997. The main business activities of the Corporation are research, development and design of integrated circuits, international trade, electronic component manufacturing, product design, electronic material wholesale and intellectual property rights, etc. The Corporation's stock has been listed for trading on the Taipei Exchange (TPEX) since July 15, 2004.

II. Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

The Parent Company Only Financial Statements were adopted and issued by the Corporation's Board of Directors on February 16, 2023.

III. Application of New and Amended Standards and Interpretations

(I) The impact of adopting new and amended IFRSs as endorsed and issued into effect by the Financial Supervisory Commission ("FSC")

The following table summarizes the new, amended and revised standards and interpretations of the applicable IFRSs for 2022 as endorsed and issued into effect by the FSC:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB</u>
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant, and Equipment: Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRSs 2018--2020 Cycle	January 1, 2022

The Corporation found through assessment that the above standards and interpretations have no material impact on the Corporation's financial condition and financial performance.

(II) The impact of not adopting new and revised IFRSs recognized by the FSC

The following table summarizes the new, amended and revised standards and interpretations of the applicable IFRSs for 2023 endorsed by the FSC:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB</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

The Corporation found through assessment that the above standards and interpretations have no material impact on the Corporation's financial condition and financial performance.

(III) Impact of IFRSs issued by the IASB but not yet endorsed by the FSC

The following table summarizes the new, amended and revised IFRSs and interpretations published by the IASB but not yet endorsed by the FSC:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB</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 IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

The Corporation found through assessment that the above standards and interpretations have no material impact on the Corporation's financial condition and financial performance.

IV. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial standards are described below. Unless otherwise stated, these policies apply consistently throughout all reporting periods.

(I) Compliance declaration

The financial statements have been prepared in accordance with the Financial Reporting Standards for Securities Issuers.

(II) Preparation basis

1. Except for financial assets at fair value through profit or loss, these financial statements have been prepared at historical cost.

2. The preparation of financial statements in compliance with the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations (hereinafter referred to as IFRSs) recognized by the FSC requires the use of certain critical accounting estimates and the use of management's judgment in the process of applying the Corporation's accounting policies. For items involving a high degree of judgment or complexity, or involving significant assumptions and estimates in the financial statements, please refer to Note V for details.

(III) Foreign currency conversion

Items included in the financial statements of the Corporation are measured in the currency of the primary economic environment in which the Corporation operates (i.e., the functional currency). The financial statements are presented in the New Taiwan dollar, the Corporation's functional currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the spot exchange rate on the transaction date or measurement date, and translation differences arising from the translation of such transactions are recognized as current profit and loss.
- (2) The balance of monetary assets and liabilities denominated in foreign currencies shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the translation differences arising from the adjustment shall be recognized as current profit and loss.
- (3) The balance of non-monetary assets and liabilities denominated in foreign currencies, which are measured at fair value through profit or loss, is adjusted according to the spot exchange rate on the balance sheet date, and the exchange differences arising from the adjustment is recognized as the current profit and loss; for those measured at fair value through other comprehensive income, the adjustment is evaluated at the spot exchange rate on the balance sheet date, and the exchange differences arising from the adjustment is recognized in other comprehensive income; those not measured at fair value are measured at the historical exchange rate on the initial transaction date.
- (4) All exchange gains or losses are reported under "Other gains or losses" of the income statement.

2. Translation of foreign operating entities

- (1) For all entities and affiliates of the Corporation whose functional currency is different from the presentation currency, the operating results and financial position are converted into the presentation currency in the following manner:
 - A. Assets and liabilities presented on each balance sheet are translated at the closing exchange rate on that balance sheet date;

- B. The gains or losses presented in each consolidated statement of gains or losses are translated at the average exchange rate for the period; and
 - C. All exchange differences arising from translation are recognized in other comprehensive income.
- (2) When a foreign operating entity that is partially disposed of or sold is an affiliate, the exchange difference under other comprehensive income will be reclassified as the current profit and loss proportionally as part of the gains or losses on sale. However, if the Corporation still retains part of the rights and interests in the former affiliate, but has lost its significant influence on the foreign operating organization that is an affiliate, it will be dealt with as a punishment for all the rights and interests of the foreign operating organization.
 - (3) When a foreign operating entity partially disposed or sold is a subsidiary, the accumulated exchange differences recognized as other comprehensive income shall be re-attributed to the non-controlling interests of the foreign operating entity on a pro rata basis. However, if the Corporation still retains part of the rights and interests in the former subsidiary, but has lost its control over the foreign operating organization that is an subsidiary, it will be dealt with as a punishment for all the rights and interests of the foreign operating organization.

(IV) Classification criteria for distinguishing current and non-current assets and liabilities

1. Assets that meet one of the following conditions are classified as current assets:

- (1) Those expected to be realized in the normal operating cycle, or intended to be sold or consumed.
- (2) Those held primarily for trading purposes.
- (3) Those expected to be realized within 12 months after the balance sheet date.
- (4) Cash or a cash equivalents, unless the assets are restricted from being exchanged or used to pay off liabilities at least 12 months after the balance sheet date.

The Corporation classifies all assets that do not meet the above criteria as non-current.

2. Liabilities that meet one of the following conditions are classified as current liabilities:

- (1) Those expected to be paid off in the normal operating cycle;
- (2) Those held primarily for trading purposes.
- (3) Those expected to be paid off within 12 months after the balance sheet date.
- (4) Those of which the settlement term cannot be deferred unconditionally to at least 12 months after the balance sheet date. The terms of a liability which may result in the settlement of an equity instrument at the option of the counterparty will not affect its classification.

The Corporation classifies all liabilities that do not meet the above criteria as non-current.

(V) Cash Equivalents

Cash equivalents refer to short-term investments with highly liquidity that can be converted into quota cash at any time with little risk of change in value. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments for operations are classified as cash equivalents.

(VI) Financial Assets at Fair Value through Profit or Loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The Corporation uses trade-date accounting for financial assets at fair value through profit or loss in customary transactions.
3. The Corporation measures them at fair value at the time of initial recognition, with the relevant transaction costs recognized as profit and loss, and subsequently measured at fair value, with its benefits or losses recognized as profit and loss.
4. The Corporation recognizes dividend income in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow in and the amount of dividends can be measured reliably.

(VII) Financial Assets at Amortized Cost

1. Refer to those which meet the following conditions at the same time:
 - (1) The financial asset is held under an operating model for the purpose to collect contract cash flows.
 - (2) The cash flow generated by the terms of the contract of the financial asset on a specified date is solely for the payment of principal and interest on the principal amount outstanding.
2. The Corporation uses trade date accounting for financial assets measured at amortized cost in accordance with trading conventions.
3. The Corporation holds time deposits that do not qualify as cash equivalents. Due to the short holding period, the impact of discounting is not significant and is measured at the investment amount.

(VIII) Accounts Receivable

1. Refer to the account with the right to unconditionally receive the consideration amount in exchange for the transfer of goods or services according to the contract.
2. Short-term accounts receivable without interest paid which are measured by the Corporation at the original invoice amount as the effect of discounting is insignificant.

(IX) Impairment of Financial Assets

With respect to financial assets at fair value through profit or loss whose credit risk has not increased significantly since the original recognition, the Group measures the allowance loss at the 12-month expected credit loss amount on each balance sheet date after considering all reasonable and corroborative information (including forward-looking ones); for those whose credit risk has increased significantly since the original recognition, the Corporation measures the allowance loss at the expected credit loss amount during the duration; for accounts receivable that do not include significant financial components, the allowance losses are measured at the expected credit loss amount during the duration.

(X) Derecognition of Financial Assets

The Corporation will de-recognize financial assets when one of the following conditions is met:

1. The contractual right to receive cash flows from the financial asset lapses.
2. The contractual right to receive cash flows from a financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred.
3. The contractual right to receive cash flows from a financial asset has been transferred, but the control over the financial asset is not retained.

(XI) Inventories

Inventories are measured at the lower of cost and net realizable value, and cost carry-forward is calculated using the weighted average method. When comparing the lower of the cost and the net realizable value, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the normal course of business deducting the estimated cost to be invested until completion and estimated cost of completion of sale.

(XII) Investments Accounted for Using the Equity Method - Subsidiaries and Affiliates

1. Subsidiary means an entity (including structured entity) that is controlled by the Corporation when the Corporation is exposed to or entitled to variable remuneration arising from participation in such entity and is able to influence such remuneration through its power over such entity.
2. All unrealized gains or losses arising from transactions between the Corporation and its subsidiaries have been written off. The accounting policies of the subsidiaries have been adjusted as necessary to be consistent with those adopted by the Corporation.
3. The Corporation recognizes the share of profit and loss of the subsidiaries after acquisition

as current profit and loss, and recognizes the share of other comprehensive income as other comprehensive income. When the shares of losses of a subsidiary recognized by the Corporation equal or exceed its equity in that subsidiary, the Corporation continues recognizing its losses in proportion to its holdings.

4. Affiliates refer to all entities over which the Corporation has significant influence but without control, generally holding more than 20% of their voting shares directly or indirectly. The Corporation's investment in affiliates is treated by equity method and is recognized according to cost at the time of acquisition.
5. The Corporation recognizes the share of profit and loss of the affiliates after acquisition as current profit and loss, and recognizes the share of other comprehensive income as other comprehensive income. If the Corporation's share of loss to any affiliate equals or exceeds its equity in that affiliate (including any other unsecured receivables), the Corporation does not recognize further losses unless the Corporation has a statutory obligation, a constructive obligation or has made payments on behalf of the affiliate.
6. When there is a change in the equity of an affiliate that is not profit or loss or other comprehensive income, which does not affect the shareholding ratio in the affiliate, the Group recognizes the change in equity attributable to the Corporation's share in the affiliate as "capital surplus" according to the shareholding ratio.
7. Unrealized gains or losses arising from transactions between the Corporation and its affiliates are eliminated in proportion to its equity in the affiliates; unrealized losses are also eliminated unless evidence shows that the assets transferred by the transaction have been impaired. The accounting policies of affiliates have been adjusted as necessary to be consistent with those adopted by the Corporation.
8. According to the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit and loss and other comprehensive income of the Parent Company Only Financial Statements shall be the same as the apportionment of the current profit and loss and other comprehensive income attributable to the owners of the parent company in the financial statements prepared on a consolidated basis, and the owner's equity of the Parent Company Only Financial Statements shall be the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis.

(XIII) Property, Plant, and Equipment

1. Property, plant and equipment are recorded on the basis of acquisition cost, and the relevant interest during the period of acquisition and construction is capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset

only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replacement part shall be derecognized. All other maintenance costs shall be recognized as current profit or loss when incurred.

3. Property, plant and equipment shall be subsequently measured by the cost model, and shall be depreciated by the straight-line method based on the estimated useful life except for land. The depreciation of each component of property, plant and equipment is provided separately if it is significant.
4. The Corporation reviews the residual value, useful life and depreciation method of each asset at the end of each financial year. If the expected value of residual value and useful life is different from previous estimates, or if there is a material change in the expected consumption pattern of future economic benefits contained in the asset, it shall be treated in accordance with the provisions of IAS 8 "Changes in Accounting Policies, Estimates and Errors" for changes in accounting estimates since the date of the change. The useful life of each major asset are as follows:

Housing and Construction	50 years
Computer and Communication Equipment	3-9 years
Office Equipment	2-12 years
Testing Equipment	3-10 years
Other Equipment	2-5 years

(XIV) Lessee's Lease Transaction - Right-of-Use Asset/Lease Liability

1. Lease assets are recognized as right-of-use assets and lease liabilities when they become available for use by the Corporation. When the lease contract is for a short-term lease or a lease of a low-value underlying asset, the lease payment is recognized as an expense by the straight-line method during the lease term.
2. With respect to lease liabilities, the outstanding lease payments shall be recognized on the commencement date of the lease at the present value after discounting at the interest rate of the Corporation's incremental loan. The lease payments include fixed payments minus any lease inducements that may be collected.

The lease liabilities shall be measured by the interest method and the amortized cost method subsequently, and the provision for interest expense shall be made during the lease term. The lease liabilities will be reassessed and the remeasurement amount will be adjusted to right-of-use asset when there is a change in the lease term or lease payments due to non-contractual modification.

3. Right-of-use assets are recognized at costs on the lease commencement date. Costs include:

- (1) The initial measurement amount of the lease liability.
- (2) Any lease payments paid on or before the commencement date.

Right-of-use assets are subsequently measured by cost model. The depreciation provision for right-of-use assets shall be made on at the end of the useful life of the assets or the end of the lease term, whichever is earlier. When the lease liability is reassessed, the right-of-use assets will be adjusted to any remeasurement of the lease liability.

4. For lease modifications that reduce the scope of lease, the lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and will recognize the difference between the carrying amount and the remeasured amount of the lease liability as profit or loss.

(XV) Intangible Assets

Computer software is recognized at cost of acquisition and amortized on a straight-line basis over an estimated useful life of 3 to 8 years.

(XVI) Impairment of Non-Financial Assets

The Corporation estimates the recoverable amount of assets with signs of impairment on the balance sheet date, and recognizes impairment losses when the recoverable amount is lower than its book value. The recoverable amount is the fair value of an asset less the cost of disposal or its use value, whichever is higher. When the impairment of an asset recognized in previous years does not exist or decreases, the impairment loss shall be reversed, provided that the increase in the carrying amount of the asset resulting from the reversal of the impairment loss shall not exceed the carrying amount of the asset after deducting depreciation or amortization if the impairment loss is not recognized.

(XVII) Loans

Short-term loans from banks. They are measured by the Corporation at their fair value less transaction costs at the time of initial recognition, and with respect to any difference between the price after deducting transaction costs and the redemption value, the interest expenses are subsequently recognized as profit or loss during the circulation period by the effective interest method according to the amortization procedures.

(XVIII) Accounts Payable

1. The debts incurred for purchasing raw materials, commodities or services on credit.
2. Short-term accounts payable with no interest paid are measured by the Corporation at the original invoice amount as the effect of discounting is insignificant.

(XIX) Derecognition of Financial Liabilities

The Corporation derecognizes financial liabilities when its contractual obligations are fulfilled, cancelled or expired.

(XX) Offset of Financial Assets and Liabilities

Financial assets and financial liabilities may be offset against each other and expressed as net in the balance sheet only when there is a legally enforceable right to offset the recognized amount of financial assets and liabilities, and there is an intention to settle the assets on a net basis or to realize both assets and liabilities simultaneously.

(XXI) Financial Guarantee Contract

A financial guarantee contract entered into by the Corporation refers to a contract whereby the Corporation is obliged to make a specific payment to cover the loss incurred by the holder of the debt if the specific debtor is unable to repay the debt at maturity in accordance with the terms of the original or modified debt instrument. It is measured at the fair value on the trading day adjusted for transaction cost at the time of the original recognition, and subsequently measured at the higher of the best estimate of the expenditure required to pay off the current obligations at the balance sheet date and the amount of the original recognition.

(XXII) Employee Benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount expected to be paid and are recognized as an expense when the related services are rendered.

2. Pensions

Defined contribution plans

The amount of the retirement fund to be contributed is recognized as the current pension cost on an accrual basis for determining the contribution plan. Advance contribution is recognized as asset to the extent of refundable cash or reduced future payments.

3. Termination benefits

Termination benefits are benefits provided when the employment of an employee is terminated before the normal retirement date or when the employee decides to accept the Corporation's offer of benefits in exchange for termination of employment. The Corporation recognizes expenses when the offer of termination benefits can no longer be withdrawn or when the associated restructuring costs are recognized, whichever is earlier. Benefits that are not expected to be fully settled within 12 months after the balance sheet date shall be discounted.

4. Remunerations of employees and directors

Remunerations of employees and directors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reasonably estimated. If there is a discrepancy between the actual distribution amount and the estimated amount in subsequent resolutions, it shall be treated as a change in accounting estimate.

(XXIII) Income Tax

1. Income tax expense includes current and deferred income taxes. Income tax shall be recognized in profit and loss, except that income tax related to items included in other comprehensive income or directly included in equity shall be separately included in other comprehensive income or directly included in equity.
2. The Corporation calculates current income tax based on the tax rates enacted or substantively enacted on the balance sheet date in the countries in which it operates and generates its chargeable income. Management periodically evaluates the status of income tax returns in respect of applicable income tax regulations and, where applicable, estimates income tax liabilities based on the taxes expected to be paid to tax authorities. The income tax imposed on undistributed earnings under the Income Tax Act shall not be recognized for the distribution of undistributed earnings until the year next to the year in which the surplus is generated after the shareholders' meeting has approved the distribution of surplus.
3. Deferred income tax is recognized using the balance sheet method at temporary differences arising from the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred income tax is not recognized if it arises from the original recognition of an asset or liability in a transaction (other than a business combination) that does not affect accounting profit or taxable income (taxable loss) at the time of transaction. Temporary differences arising from investments in subsidiaries and affiliates are not recognized if it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is subject to the tax rates (and tax laws) that are enacted or substantively enacted at the balance sheet date and that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is paid off.
4. Deferred income tax assets are recognized to the extent that temporary differences are likely to be used to offset future taxable income, and unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
5. The current income tax assets and current income tax liabilities can be offset only when there is a legal enforcement right to offset the recognized amount of current income tax assets and liabilities, and there is an intention to realize the assets and pay off the liabilities on a net

basis; Only when the current income tax assets and current income tax liabilities can be offset against each other by a statutory enforcement right, and the deferred income tax assets and liabilities are generated by the same taxpayer subject to taxation by the same tax authority, or by different taxpayers but each entity intends to pay off the liabilities on a net basis or simultaneously realize the assets and pay off the liabilities, can the deferred income tax assets and liabilities be offset against each other.

(XXIV) Capital Stock

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized by the net of income tax as a deduction in equity.

(XXV) Dividend Distribution

Dividends distributed to shareholders of the Corporation are recognized in the financial statements when the Corporation's shareholders' meeting resolves to distribute dividends. Cash dividends are recognized as liabilities, while stock dividends are recognized as undistributed stock dividends and are rerecognized as ordinary shares on the base date of issuance.

(XXVI) Revenue Recognition

1. The Corporation is mainly engaged in the wholesale of electronic components related to mobile communications. Its sales revenue is recognized when the control of product is transferred to customer, that is, when the product is delivered to the customer, the customer has the discretion on the product sales channel and the price, and the Corporation has no outstanding performance obligations that may affect the customer's acceptance of the product. Product delivery occurs only when the product has been shipped to the designated location, the risk of obsolescence and loss has passed to the customer and the customer has accepted the products pursuant to the sales contract or there is objective evidence that all acceptance criteria have been met.
2. Revenue from the sale of electronic components is recognized at the contract price net of estimated sales tax, returns of sales, quantity discounts and allowances. Quantity discounts and sales discounts given to customers are estimated by the Corporation based on historical experience and relevant agreements with customers. The revenue shall be recognized to the extent that there will be no highly probable significant reversal in the future, and the estimate is updated on each balance sheet date. Estimated discounts payable to customers in relation to sales up to the balance sheet date are recognized as a refund liability (listed as other payables in the statements).
3. Accounts receivable are recognized when the goods are delivered to the customer, as the Corporation has an unconditional right to the contract price from that point on, and it only takes time to receive the consideration from the customer.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

In preparing the financial statements of the Corporation, the management has used its judgment to determine the accounting policies to be adopted and has made accounting estimates and assumptions based on reasonable expectations of future events based on the conditions prevailing at the balance sheet date. Significant accounting estimates and assumptions made may differ from actual results and will be continuously evaluated and adjusted by taking into account historical experience and other factors. Such estimates and assumptions carry risks that will result in a material adjustment to the carrying amounts of assets and liabilities in the next financial year. Please refer to the following explanations on the uncertainty of significant accounting judgments, estimates and assumptions:

(I) Important Judgments on Accounting Policies

Recognition of gross or net incomes

Based on the transaction type and its economic substance, the Corporation determines that the nature of its commitment to customers is its own performance obligation to provide specific goods (that is, the Corporation as the principal), or it is a performance obligation to arrange for the supply of such goods for another party (i.e., the Corporation as the agent). When the Corporation controls specific goods before it transfers it to a customer, the Corporation is the principal and revenue is recognized for the total consideration to which it is expected to be entitled to transfer the specific goods. If the Corporation does not have control over the specific goods prior to their transfer to the customer, the Corporation is the agent, making arrangements for the other party to supply the specific goods to the customer, and any charges or commissions to which the arrangement is entitled are recognized as incomes.

The Corporation controls specific goods prior to its transfer to the customer based on the following criteria:

- (1) Assume primary responsibility for fulfilling commitments to provide specific goods.
- (2) Bear the inventory risk before the specific goods are transferred to the customer or after the transfer of control.
- (3) Has the discretion to set prices for specific goods.

(II) Significant Accounting Estimates and Assumptions

1. Inventory evaluation

Since inventories are to be valued at the lower of cost and net realizable value, the Corporation must use judgment and estimates to determine the net realizable value of inventories at the balance sheet date. Due to the rapid changes in technology, the Corporation assesses the amount of inventories at the balance sheet date due to normal wear and tear, obsolescence or no market value, and writes down the cost of inventories to net realizable

value. Such inventory evaluation is made primarily based on product demand for specific periods in the future and is therefore subject to material change.

The carrying amount of the Corporation's inventory on December 31, 2022 was \$261,941.

2. Impairment loss estimates of accounts receivable

The amount of impairment loss is the expected credit impairment loss evaluated after considering various indicators such as forward-looking information. If the indicators such as forward-looking information slow down or decline in the future, there may be significant impairment losses.

The carrying amount of the Corporation's accounts receivable on December 31, 2022 was \$2,245,415.

VI. Details of Significant Accounts

(I) Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on Hand and Petty Cash	\$ 694	\$ 685
Time Deposits	21,804	19,653
Demand Deposits	<u>334,745</u>	<u>184,612</u>
	357,243	204,950
Rerecognized Financial Assets at Amortized Cost	<u>(126,218)</u>	<u>(122,003)</u>
	<u>\$ 231,025</u>	<u>\$ 82,947</u>

1. The financial institutions with which the Corporation is engaged with are of good credit standing, and the Corporation has contacts with a number of financial institutions to diversify credit risks, so the possibility of default is expected to be low.
2. As of December 31, 2022 and 2021, the time deposits (with annual interest rates of 2.75% and 0.10%, respectively) and demand deposits of the Corporation, which are provided as guarantee margin for short-term borrowing facilities, had been rerecognized to financial assets measured at amortized cost according to their natures.
3. Please refer to Note VIII for the details of the cash and cash equivalents provided by the Corporation as pledged guarantee.

(II) Accounts Receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts Receivable	\$ 523,552	\$ 1,231,111
Less: Loss allowances	<u>(166)</u>	<u>(304)</u>
	<u>\$ 523,386</u>	<u>\$ 1,230,807</u>

1. Please refer to Note XII(II) for the aging analysis of the Corporation's accounts receivable and related credit risk information.
2. The balances of accounts receivable as of December 31, 2022 and 2021 all arose from customer contracts, and the balances of notes receivable from customer contracts as of January 1, 2021 was \$868,797.
3. Please refer to Note VIII for information on guarantees provided by accounts receivable.

(III) Transfer of Financial Assets

1. Transferred financial assets derecognized as a whole

The Corporation has signed accounts receivable sales contracts with domestic financial institutions. According to the contracts, the Corporation does not have to bear the risk that the transferred accounts receivable cannot be recovered, but only needs to bear the losses caused by commercial disputes. In addition, the Corporation has not engaged in such transferred receivables in any way, so the Group derecognizes such accounts receivable for sale and the relevant information about them not yet due is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Factored accounts receivable (derecognized amount)	<u>\$ 26,426</u>	<u>\$ 142,498</u>
Advanced price	<u>\$ 23,783</u>	<u>\$ 113,998</u>
Unadvanced price ("Other receivables" listed in the statement)	<u>\$ 2,643</u>	<u>\$ 28,500</u>

- (1) The financial institutions with which the Corporation is engaged with are of good credit standing, and the Corporation has contacts with a number of financial institutions to diversify credit risks, so the possibility of default is expected to be low. In addition, the eligible receivables factored by the Corporation have been rerecognized as other receivables.
- (2) As of December 31, 2022 and 2021, the amounts of accounts receivable factoring contracts signed by the Corporation with banks were \$2,610,350 and \$3,321,600, respectively.
- (3) As of December 31, 2022 and 2021, the Corporation had issued promissory notes of

\$2,395,380 and \$3,321,600 respectively as agreed with banks as a guarantee against failure to perform the contracts due to commercial disputes.

2. Transferred financial assets not derecognized as a whole

- (1) The Corporation has signed accounts receivable factoring contracts with domestic financial institutions. According to the contracts, each bank still has recourse rights for these financial assets. Therefore, the Corporation does not derecognize the accounts receivable factored as a whole. The relevant advance payments are recognized under short-term borrowings.
- (2) As of December 31, 2022 and 2021, the Corporation continued to recognize the related information and fair value of the transferred factored accounts receivable as follows, and within the scope of the Corporation's continued participation, the total carrying amount of the transferred factored receivables recognized as original assets before transfer (i.e., the carrying amount of the continuously recognized assets) and the carrying amount of related liabilities are the same as the fair value of the factored accounts receivable and the fair value of the advanced price.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Book value of factored accounts receivable (fair value)	\$ 121,750	\$ 360,503
Book value of advanced price (fair value)	<u>(109,543)</u>	<u>(324,437)</u>
Net position	<u>\$ 12,207</u>	<u>\$ 36,066</u>

3. As of December 31, 2022 and 2021, the accounts receivable of \$69,322 and \$162,083 for which the Corporation had entered into contracts and is expected to factor in the future are financial assets measured at fair value through other comprehensive income (presented under accounts receivable).

(IV) Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Inventory	\$ 309,098	\$ 364,566
Allowance for inventory impairment loss	<u>(47,157)</u>	<u>(16,269)</u>
	<u>\$ 261,941</u>	<u>\$ 348,297</u>

Cost of inventories recognized by the Corporation as expense or loss:

	<u>2022</u>	<u>2021</u>
Cost of inventories sold	\$ 9,247,320	\$ 14,220,246
Loss from slow moving inventories and write-down (recovery benefit) (Note)	29,517	(7,026)
Loss on retirement of inventories	2,697	1,914
Others	<u>5,861</u>	<u>7,402</u>
	<u>\$ 9,285,395</u>	<u>\$ 14,222,536</u>

Note: In 2021, the net realizable value rebounded due to the inventory depletion, resulting in a recovery benefit.

(V) Financial Assets at Fair Value through Profit or Loss

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current:		
Financial assets mandatorily measured at fair value through profit or loss		
Trust fund beneficiary certificates	\$ -	\$ 5,000
Assessment adjustment	-	(266)
	<u>\$ -</u>	<u>\$ 4,734</u>
Non-current:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 18,869	\$ 18,259
Assessment adjustment	<u>7,938</u>	<u>3,426</u>
	<u>\$ 26,807</u>	<u>\$ 21,685</u>

Please refer to Note VI (XIX) for details of financial assets at fair value through gains or losses recognized in gains or losses.

(VI) Investments Accounted for Using the Equity Method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
CoAsia International Corp.	\$ 596,994	\$ 625,660
CoAsia Electronics Corp. (Singapore) Pte.Ltd.	517,264	558,279
CoAsia Korea Co., Ltd.	49,166	61,511
Studybank Co., Ltd.	13,881	13,072
CoAsia Electronics (US) Corp. (CoAsia US)	925	1,324
Pointchips Co., Ltd.	<u>(5,395)</u>	<u>(5,395)</u>
	1,172,835	1,254,451
Credit balance of investments accounted for using equity method (Recognized as other non-current liabilities)	<u>5,395</u>	<u>5,395</u>
	<u>\$ 1,178,230</u>	<u>\$ 1,259,846</u>

1. For information about the subsidiaries of the Corporation, please refer to Note IV (III) to the Consolidated Financial Statements of the Corporation for 2022.
2. The Corporation established CoAsia US in the year 2021 with \$1,400 in cash.
3. On May 31, 2021, the Corporation donated 100% equity of CoAsia Technology, a subsidiary directly held by the Corporation with 100% shares, to CoAsia Electronics Corporation (Hong Kong) Limited (hereinafter "CoAsia Hong Kong"), a subsidiary in which the Corporation indirectly held 100% of the shares, CoAsia Hong Kong and CoAsia Technology merged and took CoAsia Hong Kong as the surviving company. The merger base date was May 31, 2021, and the accounting treatment was carried out according to the reorganization.
4. In 2022 and 2021, the Corporation's shares of profit or loss of subsidiaries, affiliates and joint ventures recognized using the equity method were (\$215,639) and \$129,251 respectively.
5. In 2022 and 2021, the investee companies in which the Corporation held 50% or more of the shares and had control ability have been included in the preparation of the consolidated financial statements.
6. On December 31, 2022 and 2021, the unrealized gross sales profit of \$4,238 and \$14,289 generated from downstream transactions were written off in accordance with regulations, which were written off and recorded as a deduction in the item "Investment using the equity method".

7. Associate

The carrying amounts of the Corporation's insignificant affiliates and their share of operating results are summarized as follows:

The carrying amounts of the Corporation's insignificant affiliates as of December 31, 2022 and 2021 were (\$5,395) (recognized as other non-current liabilities).

	<u>2022</u>	<u>2021</u>
Net profit from continuing operations in current period (i.e. total comprehensive income (loss) for the period)	(\$ 1,994)	(\$ 2,218)

(VII) Financial Assets at Amortized Cost

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current:		
Restricted assets - bank deposits	\$ 126,218	\$ 122,003

1. Please refer to Note XII (II) for detailed information on the credit risk of financial assets measured at amortized cost. The financial institutions with which the Corporation is engaged with are of good credit standing, and the Corporation has contacts with a number of financial institutions to diversify credit risks, so the possibility of default is expected to be low.
2. Please refer to Note VIII for details of the situation in which the Corporation had provided financial assets measured at amortized cost as pledged guarantee.

(VIII) Other Current Assets

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Assets not attributable to the owner (Note)	\$ 148,067	\$ 460,711
Others	611	72
	<u>\$ 148,678</u>	<u>\$ 460,783</u>

Note: In the purchase transaction model between the Corporation and some suppliers, it is determined to be an agent, mainly because the Corporation only holds these assets for a short time before the transfer of specific goods to customers, and does not bear the inventory risk of these goods, and is not entitled to such goods. Therefore, the Corporation has no control over these goods, which are therefore accounted for under other current assets until the goods are transferred to customers.

(IX) Property, Plant, and Equipment

	2022						
	<u>Land</u>	<u>Housing and Construction</u>	<u>Computer and Communication Equipment</u>	<u>Office Equipment</u>	<u>Testing Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
January 1							
Costs	\$ 52,744	\$ 99,026	\$ 3,321	\$ 5,432	\$ 2,349	\$ 22,789	\$ 185,661
Accumulated depreciation	-	(27,021)	(2,780)	(1,560)	(2,341)	(1,898)	(35,600)
	<u>\$ 52,744</u>	<u>\$ 72,005</u>	<u>\$ 541</u>	<u>\$ 3,872</u>	<u>\$ 8</u>	<u>\$ 20,891</u>	<u>\$ 150,061</u>
January 1	\$ 52,744	\$ 72,005	\$ 541	\$ 3,872	\$ 8	\$ 20,891	\$ 150,061
Addition	34,946	4,305	167	-	-	560	39,978
Depreciation expenses	-	(2,011)	(192)	(606)	(8)	(3,308)	(6,125)
December 31	<u>\$ 87,690</u>	<u>\$ 74,299</u>	<u>\$ 516</u>	<u>\$ 3,266</u>	<u>\$ -</u>	<u>\$ 18,143</u>	<u>\$ 183,914</u>
December 31							
Costs	\$ 87,690	\$ 103,331	\$ 3,463	\$ 5,432	\$ 2,349	\$ 23,349	\$ 225,614
Accumulated depreciation	-	(29,032)	(2,947)	(2,166)	(2,349)	(5,206)	(41,700)
	<u>\$ 87,690</u>	<u>\$ 74,299</u>	<u>\$ 516</u>	<u>\$ 3,266</u>	<u>\$ -</u>	<u>\$ 18,143</u>	<u>\$ 183,914</u>
	2021						
	<u>Land</u>	<u>Housing and Construction</u>	<u>Computer and Communication Equipment</u>	<u>Office Equipment</u>	<u>Testing Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
January 1							
Costs	\$ 52,744	\$ 99,026	\$ 3,283	\$ 1,902	\$ 2,384	\$ 1,996	\$ 161,335
Accumulated depreciation	-	(25,080)	(2,824)	(1,670)	(2,359)	(1,877)	(33,810)
	<u>\$ 52,744</u>	<u>\$ 73,946</u>	<u>\$ 459</u>	<u>\$ 232</u>	<u>\$ 25</u>	<u>\$ 119</u>	<u>\$ 127,525</u>
January 1	\$ 52,744	\$ 73,946	\$ 459	\$ 232	\$ 25	\$ 119	\$ 127,525
Addition	-	-	228	4,129	-	22,789	27,146
Net disposal	-	-	-	(97)	-	(78)	(175)
Depreciation expenses	-	(1,941)	(146)	(392)	(17)	(1,939)	(4,435)
December 31	<u>\$ 52,744</u>	<u>\$ 72,005</u>	<u>\$ 541</u>	<u>\$ 3,872</u>	<u>\$ 8</u>	<u>\$ 20,891</u>	<u>\$ 150,061</u>
December 31							
Costs	\$ 52,744	\$ 99,026	\$ 3,321	\$ 5,432	\$ 2,349	\$ 22,789	\$ 185,661
Accumulated depreciation	-	(27,021)	(2,780)	(1,560)	(2,341)	(1,898)	(35,600)
	<u>\$ 52,744</u>	<u>\$ 72,005</u>	<u>\$ 541</u>	<u>\$ 3,872</u>	<u>\$ 8</u>	<u>\$ 20,891</u>	<u>\$ 150,061</u>

1. The significant components of the property, plant and equipment of the Corporation and their useful lives are as follows:

<u>Item</u>	<u>Significant components</u>	<u>Useful life</u>
Housing and Construction	Office	50 years
Computer and Communication Equipment	Computer Equipment	3-9 years
Office Equipment	Equipment for Conference, Office and Access Control Systems	2-12 years
Testing Equipment	Oscilloscope and test fixture	3-10 years
Other Equipment	Leasehold improvements	2-5 years

2. Please refer to Note VIII for information on guarantees provided with property, plant and equipment.

(X) Lease Transactions - Lessee

1. The underlying assets leased by the Corporation include buildings and official vehicles, etc. The terms of the lease contracts usually range from 2 to 5 years. The lease contracts are negotiated individually and contain different terms and conditions, and no other restrictions are imposed except that the leased assets shall not be used as loan guarantees.
2. The lease terms of some dormitories and official vehicles leased by the Corporation do not exceed 12 months.
3. The information on the carrying value of the right-of-use assets and the recognized depreciation expenses is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying Amount</u>	<u>Carrying Amount</u>
Transportation Equipment (Official Vehicle)	\$ 5,110	\$ 4,234
Buildings	324	582
Production Equipment (Photocopier)	304	417
	<u>\$ 5,738</u>	<u>\$ 5,233</u>

	<u>2022</u>	<u>2021</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Transportation Equipment (Official Vehicle)	\$ 3,260	\$ 2,754
Buildings	259	248
Production Equipment (Photocopier)	114	114
	<u>\$ 3,633</u>	<u>\$ 3,116</u>

4. The increases in the Corporation's right-of-use assets in 2022 and 2021 were \$4,138 and \$4,940, respectively.

5. Information on the items of gains or losses related to the lease contracts is as follows:

<u>Items affecting profit or loss for the period</u>	<u>2022</u>	<u>2021</u>
Interest expense on lease liabilities	\$ 85	\$ 82
Expense attributable to short-term leases	1,544	1,372
Expense attributable to leases of low-value assets	790	736
Expenses for variable lease payment	10,319	7,942

6. The Corporation's total lease cash outflows in 2022 and 2021 were \$16,456 and \$13,235, respectively.

7. Impacts of variable lease payments on lease liabilities

The subject matters of the Corporation's lease contracts with variable lease payment terms are linked to the usage of housings and buildings. This type of lease object is based on the variably priced payment terms, and is mainly related to the land use for housings and buildings. The variable lease payments related to changes in land use for housings and buildings are recognized as an expense in the period in which these related payment terms are triggered.

8. Option to extend lease

- (1) The Corporation's lease agreements for housing and construction, including an option for the Corporation to exercise for extension, which are entered into in the lease contracts to enhance the flexible management of the Corporation's operations.
- (2) In determining the lease term, the Corporation takes into account all facts and circumstances that would give rise to economic incentives to exercise the extension option or not exercise the termination option. The lease term is re-estimated when a significant event occurs that assesses the exercise of the extension option or the non-exercise of the termination option.

(XI) Intangible Assets

	<u>2022</u>		
	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
January 1			
Costs	\$ 47,485	\$ 5,081	\$ 52,566
Accumulated amortization	(21,870)	(86)	(21,956)
	<u>\$ 25,615</u>	<u>\$ 4,995</u>	<u>\$ 30,610</u>
January 1	\$ 25,615	\$ 4,995	\$ 30,610
Addition	8,054	-	8,054
Amortization expenses	(7,000)	(104)	(7,104)
Net Exchange Differences (Note)	-	22	22
December 31	<u>\$ 26,669</u>	<u>\$ 4,913</u>	<u>\$ 31,582</u>
December 31			
Costs	\$ 55,539	\$ 5,102	\$ 60,641
Accumulated amortization	(28,870)	(189)	(29,059)
	<u>\$ 26,669</u>	<u>\$ 4,913</u>	<u>\$ 31,582</u>
	<u>2021</u>		
	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
January 1			
Costs	\$ 44,251	\$ 4,800	\$ 49,051
Accumulated amortization	(16,146)	-	(16,146)
	<u>\$ 28,105</u>	<u>\$ 4,800</u>	<u>\$ 32,905</u>
January 1	\$ 28,105	\$ 4,800	\$ 32,905
Addition	3,234	290	3,524
Amortization expenses	(5,724)	(86)	(5,810)
Net Exchange Differences (Note)	-	(9)	(9)
December 31	<u>\$ 25,615</u>	<u>\$ 4,995</u>	<u>\$ 30,610</u>
December 31			
Costs	\$ 47,485	\$ 5,081	\$ 52,566
Accumulated amortization	(21,870)	(86)	(21,956)
	<u>\$ 25,615</u>	<u>\$ 4,995</u>	<u>\$ 30,610</u>

Note: The exchange difference arising from the merger of overseas branches.

The details of amortization of intangible assets are as follows:

	<u>2022</u>	<u>2021</u>
Selling and Marketing Expenses	\$ 3,127	\$ 3,085
General and Administrative Expenses	<u>3,977</u>	<u>2,725</u>
	<u>\$ 7,104</u>	<u>\$ 5,810</u>

(XII) Short-term Loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Loans for material purchase (Note 1)	\$ 1,322,453	\$ 1,793,028
Secured loans (Note 2)	109,543	324,437
Working capital loans	<u>362,500</u>	<u>233,000</u>
	<u>\$ 1,794,496</u>	<u>\$ 2,350,465</u>

Interest rate 1.65%~6.64% 1.13%~1.56%

Note 1: Part of the loan is secured by land and housing.

Note 2: Loans secured by accounts receivable.

1. Please refer to Note III for details of the collaterals provided by the Corporation as of December 31, 2022 and 2021. In addition, the Corporation's endorsement and guarantee for the subsidiaries as of December 31, 2022 is detailed in the attached Table 2.
2. In March, 2022, the Corporation entered into a three-year syndicated credit agreement with the bank consortium including Taiwan Shin Kong Bank with a total credit line of \$650,000. The credit term is three years starting from the date of first use (March 29, 2022), but the use period is limited to three months. In addition, the Corporation undertakes to maintain the following financial ratios (calculated on the basis of annual and semi-annual consolidated financial statements) during the term of the agreement:
 - (1) The current ratio shall be maintained above 100% (inclusive);
 - (2) The financial debt ratio shall not be higher than 180% (the debt ratio refers to the total financial liabilities divided by tangible net worth, which refers to shareholders' equity less intangible assets);
 - (3) The interest coverage ratio shall be maintained at 1.5 times (inclusive) or above, which refers to the aggregate of pre-tax net profit plus interest expense, depreciation and amortization expense divided by interest expense);
 - (4) Tangible net worth shall not be less than \$2,000,000.

The Corporation calculated its financial ratios in 2022 according to the above provisions, with part of them does not satisfy the provisions. The Corporation will discuss the

improvement plan with the bank consortium.

As of December 31, 2022, The Corporation has issued guaranteed notes amounting to \$650,000 against the above syndicated loan, in addition to the collateral described in Note VIII.

(XIII) Other Payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Sales discounts and allowances payable	\$ 166,562	\$ 65,895
Remunerations of employees and directors payable	16,630	23,083
Salaries payable	10,260	33,317
Interest payable	5,982	2,036
Others	12,232	8,736
	<u>\$ 211,666</u>	<u>\$ 133,067</u>

(XIV) Pensions

Since July 1, 2005, the Corporation has formulated a retirement method with defined contributions in accordance with the "Labor Pension Act", which is applicable to employees in Taiwan. Where the Corporation chooses to apply the labor pension system for their employees stipulated in the "Labor Pension Act", the labor pension shall be paid at 6% of the salary to the employee's personal account at the Labor Insurance Bureau. The employee's pension shall be paid on a monthly pension basis or on a lump sum basis according to the dedicated pension account and the amount of accumulated incomes.

In 2022 and 2021, the Corporation's pension costs recognized by the above-mentioned pension method were \$3,292 and \$3,086 respectively.

(XV) Capital Stock

On July 27, 2021, the shareholders' meeting approved the conversion of surplus to capital to issue 2,848 thousand new shares. The base date for capital increase was September 28, 2021.

On June 24, 2022, the shareholders' meeting approved the conversion of surplus to capital to issue 3,632 thousand new shares. The capital increase base date was August 23, 2022.

As of December 31, 2022, the authorized and paid-in capital under the Corporation's Articles of Incorporation were \$2,000,000 and \$1,488,964, respectively, with a par value of NT\$10 per share, divided into 148,896 thousand shares, and all the issued shares of the Corporation have been paid up.

(XVI) Capital Surplus

In accordance with the provisions of the Company Act, in addition to being used to make up for losses, the surplus from the issuance of shares in excess of the par value and the capital reserves received from them can be issued with new shares or cash in proportion to the shareholders' existing shares when the Corporation has no accumulated losses. In addition, in accordance with the relevant regulations of the Securities and Exchange Act, when the above-mentioned capital reserve is allocated to increase the capital, the total increased amount shall not exceed 10% of the paid-in capital each year. The Corporation may not supplement its capital reserve unless surplus reserve is insufficient to cover its capital loss.

(XVII) Retained Earnings

1. According to the Corporation's Articles of Incorporation, if there is any pre-tax net profit for the current period before deducting the remunerations of employees and directors, no less than 10% shall be contributed as employee remuneration and no more than 5% as director remuneration; however, if the Corporation still has accumulated losses, it should reserve the amount in advance to make up for them.

Employee compensation can be paid in stock or in cash. The recipients include employees of controlled or affiliated companies meeting the conditions set by the Board of Directors. Director remuneration can only be paid in cash.

2. If there is a surplus in the annual final accounts of the Corporation, after paying taxes in accordance with the law and making up for previous losses, 10% shall be contributed as statutory surplus reserve, except when the statutory surplus reserve has reached the total capital of the Corporation. The special surplus reserve is contributed or reversed in accordance with the regulations of the competent authority. If there is still surplus and accumulated undistributed surplus at the beginning of the same period, the Board of Directors shall formulate a distribution proposal; when it is done by issuing new shares, it shall be submitted to the shareholders' meeting for resolution and distribution; in the case of cash, it shall be subject to a resolution of the Board of Directors.
3. The Corporation's dividend policy is determined by the Board of Directors based on the Corporation's capital and financial structure, operating conditions, capital budget and changes in internal and external environments. The Corporation is currently in the stage of operating growth, and must use the surplus to meet the needs of operating growth and investment funds. At this stage, a residual dividend policy is adopted. The principles of surplus distribution are as follows: Allocate no less than 20% of the distributable surplus of the year, determine the ratios of stock dividend and cash dividend according to the Corporation's capital needs, provided that the ratio of cash dividend shall not be less than

50%.

4. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Corporation's paid-in capital.
5. In accordance with the regulations, the Group 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.
6. (1) On July 27, 2021, the Corporation passed the resolution of the shareholders' meeting to approve the surplus distribution plan. The surplus distribution plan for the year 2020 was as follows:

	<u>2020</u>	
	<u>Amount</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 10,108	
Special reserve	31,814	
Stock dividends	28,483	\$ 0.20
Cash dividends	<u>28,483</u>	0.20
	<u>\$ 98,888</u>	

- (2) On June 24, 2022, the shareholders' meeting of the Corporation passed the resolution to approve the earnings distribution plan. The earnings distribution plan for the year 2021 was as follows:

	<u>2021</u>	
	<u>Amount</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 16,432	
Special reserve	56,008	
Stock dividends	36,316	\$ 0.25
Cash dividends	<u>36,316</u>	0.25
	<u>\$ 145,072</u>	

7. As of February 16, 2023, the earnings distribution plan for 2022 has not been proposed by the Board of Directors.

(XVIII) Operating Revenue

	<u>2022</u>	<u>2021</u>
Net sales revenue	\$ 9,589,512	\$ 14,564,375

1. The Corporation's revenue is derived from goods transferred at a certain point in time, and its main product lines are key components for mobile communication products, wafers and thin film liquid crystal displays.

	<u>2022</u>	<u>2021</u>
Key components for mobile communication products (Mobile)	\$ 6,991,604	\$ 9,132,584
Wafers (Foundry)	1,611,383	1,172,018
Thin film liquid crystal displays (SDC)	775,537	4,056,390
Others	210,988	203,383
	<u>\$ 9,589,512</u>	<u>\$ 14,564,375</u>

2. Contract Liabilities

The contract liabilities in relation to revenue from contracts with customers recognized by the Corporation are as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>January 1,</u> <u>2021</u>
Contract Liabilities:			
Contract Liabilities - Advance Payment	\$ 11,072	\$ 51,859	\$ 35

3. The income recognized from contract liabilities for the current period:

	<u>2022</u>	<u>2021</u>
Net sales revenue	\$ 36,022	\$ 35

(XIX) Other gains or losses

	<u>2022</u>	<u>2021</u>
Net foreign exchange gain (loss)	\$ 130,974	(\$ 34,879)
Financial assets at fair value through profit or loss	5,234	(3,942)
Net profit (loss) on assets		
Loss on disposal of property, plant and equipment	-	(173)
	<u>\$ 136,208</u>	<u>(\$ 38,994)</u>

(XX) Additional Information on the Nature of Fees

	<u>2022</u>	<u>2021</u>
Employee Benefits Expenses	\$ 90,582	\$ 135,457
Amortization Expenses for Intangible Assets	7,104	5,810
Depreciation Expenses for Property, Plant, and Equipment	6,125	4,435
Depreciation Expenses for Right-of-use Assets	<u>3,633</u>	<u>3,116</u>
	<u>\$ 107,444</u>	<u>\$ 148,818</u>

(XXI) Employee Benefits Expenses

	<u>2022</u>	<u>2021</u>
Salary Expenses	\$ 77,952	\$ 116,155
Expenses for Labor and Health Insurance	6,976	6,417
Pension Expenses	3,292	3,086
Personnel Service Expenses	<u>2,362</u>	<u>9,799</u>
	<u>\$ 90,582</u>	<u>\$ 135,457</u>

1. According to the Corporation's Articles of Incorporation, the Corporation shall contribute no less than 10% as the remuneration of employees and no more than 5% as the remuneration of directors if there is any balance after deducting the accumulated losses according to the profit status of the current year.
2. The estimated amounts of employee remuneration of the Corporation in 2022 and 2021 were \$1,869 and \$20,797, respectively. The estimated amounts of director remuneration were \$187 and 2,286, respectively, and the aforementioned amounts were charged to the remuneration expenses.

The estimation in 2022 was done according to the profit status as of the year based on the percentage stipulated in the Articles of Incorporation. The remunerations of employees and directors for 2022 as resolved by the Board of Directors were \$1,869 and \$187 respectively, of which the employee remuneration will be paid in cash.

The Board of Directors of the Corporation decided on March 8, 2022 to pay the actual remunerations of employees and directors for 2021 in cash at \$20,797 and \$2,286, respectively, which were consistent with the amounts recognized in the 2021 Financial Statements, of which the employee remuneration will be paid in cash.

3. Information on employee remuneration and director remuneration approved by the Board of Directors of the Corporation is available at the Market Observation Post System.

(XXII) Income Tax

1. Income tax expenses

Components of income tax expenses:

	<u>2022</u>	<u>2021</u>
Current Income Tax:		
Income Tax Incurred in Current Period	\$ 843	\$ -
Surtax on Unappropriated Earnings	962	110
Prior Years' Income Tax Adjustments	<u>9</u>	<u>12</u>
Total Current Income Tax	1,814	122
Deferred Income Tax:		
Relating to Origination and Reversal of Temporary Differences	<u>13,707</u>	<u>20,448</u>
Income Tax Expenses	<u>\$ 15,521</u>	<u>\$ 20,570</u>

2. The relationship between income tax expense and accounting profit

	<u>2022</u>	<u>2021</u>
Income Tax Calculated at Statutory Rate	\$ 3,327	\$ 36,977
Impact of Items Not Recognized by Statutory Regulations	44,510	(26,229)
Change in Realizability Assessment of Deferred Income Tax Assets	(398)	26,914
Prior Years' Income Tax Adjustments	9	12
Surtax on Unappropriated Earnings	962	110
Income Tax Effect of Loss Carryforwards	<u>(32,889)</u>	<u>(17,214)</u>
Income Tax Expenses	<u>\$ 15,521</u>	<u>\$ 20,570</u>

3. The amount of each deferred tax asset or liability arising from the temporary difference is as follows:

	2022		
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>December 31</u>
Deferred Income Tax Assets:			
- Temporary Differences:			
Unrealized Slow Moving Inventories and Write-down	\$ 3,259	\$ 5,903	\$ 9,162
Future Depreciation Impact of Fixed Assets Lease-to-purchase	2,617	(73)	2,544
Unrealized Losses on Exchange	11,060	(11,060)	-
Loss Carryforwards	13,126	398	13,524
Others	6,226	(3,894)	2,332
	<u>36,288</u>	<u>(8,726)</u>	<u>27,562</u>
Deferred Income Tax Liabilities:			
Unrealized Gains on Financial Assets	(632)	(956)	(1,588)
Unrealized Benefits on Exchange	-	(4,025)	(4,025)
	<u>(632)</u>	<u>(4,981)</u>	<u>(5,613)</u>
	<u>\$ 35,656</u>	<u>(\$ 13,707)</u>	<u>\$ 21,949</u>
2021			
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>December 31</u>
Deferred Income Tax Assets:			
- Temporary Differences:			
Unrealized Slow Moving Inventories and Write-down	\$ 4,664	(\$ 1,405)	\$ 3,259
Future Depreciation Impact of Fixed Assets Lease-to-purchase	2,690	(73)	2,617
Unrealized Losses on Exchange	7,301	3,759	11,060
Loss Carryforwards	40,007	(26,881)	13,126
Others	2,863	3,363	6,226
	<u>57,525</u>	<u>(21,237)</u>	<u>36,288</u>
Deferred Income Tax Liabilities:			
Unrealized Gains on Financial Assets	(1,421)	789	(632)
	<u>\$ 56,104</u>	<u>(\$ 20,448)</u>	<u>\$ 35,656</u>

4. The effective periods of the Corporation's unused tax losses and the relevant amounts of unrecognized deferred tax assets are as follows:

<u>December 31, 2022</u>				
<u>Year</u>	<u>Amount Filed/Authorized</u>	<u>Unused Amount</u>	<u>Unrecognized Deferred Tax Assets</u>	<u>Usable until Year</u>
2018	Amount Authorized	\$ 305,816	\$ 252,899	2028
2020	Amount Authorized	<u>68,321</u>	<u>53,618</u>	2030
		<u>\$ 374,137</u>	<u>\$ 306,517</u>	

<u>December 31, 2021</u>				
<u>Year</u>	<u>Amount Filed/Authorized</u>	<u>Unused Amount</u>	<u>Unrecognized Deferred Tax Assets</u>	<u>Usable until Year</u>
2017	Amount Authorized	\$ 150,139	\$ 150,139	2027
2018	Amount Authorized	320,121	252,899	2028
2020	Amount Filed	<u>68,321</u>	<u>53,618</u>	2030
		<u>\$ 538,581</u>	<u>\$ 456,656</u>	

5. Deductible temporary differences not recognized as deferred tax assets:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible Temporary Difference	<u>\$ 191,145</u>	<u>\$ 179,609</u>

6. The Corporation's profit-seeking business income tax settlement declaration was audited by the tax authority until 2020.

(XXIII) Earnings per Share

Basic and diluted earnings per share

	<u>2022</u>		
	<u>After-tax</u>	<u>Number of</u>	<u>Earnings per</u>
	<u>Amount</u>	<u>Outstanding Shares</u>	<u>Share (NT\$)</u>
		<u>(thousand shares)</u>	
<u>Basic Earnings per Share</u>			
Profit Attributable to Common Shareholders of the Parent	<u>\$ 1,113</u>	<u>148,896</u>	<u>\$ 0.01</u>
<u>Diluted earnings per share</u>			
Profit Attributable to Common Shareholders of the Parent	\$ 1,113	148,896	
Effect of Potentially Dilutive Common Shares			
Employee Compensation		<u>445</u>	
Profit Attributable to Common Shareholders of the Parent plus Effect of Potential Common Shares	<u>\$ 1,113</u>	<u>149,341</u>	<u>\$ 0.01</u>
<u>2021</u>			
	<u>After-tax</u>	<u>Number of</u>	<u>Earnings per</u>
	<u>Amount</u>	<u>Outstanding Shares</u>	<u>Share (NT\$)</u>
		<u>(thousand shares)</u>	
<u>Basic Earnings per Share</u>			
Profit Attributable to Common Shareholders of the Parent	<u>\$ 164,317</u>	<u>148,896</u>	<u>\$ 1.10</u>
<u>Diluted earnings per share</u>			
Profit Attributable to Common Shareholders of the Parent	\$ 164,317	148,896	
Effect of Potentially Dilutive Common Shares			
Employee Compensation		<u>1,486</u>	
Profit Attributable to Common Shareholders of the Parent plus Effect of Potential Common Shares	<u>\$ 164,317</u>	<u>150,382</u>	<u>\$ 1.09</u>

The above-mentioned retrospective adjustment of the number of outstanding shares in 2021 had been retrospectively adjusted in accordance with the ratio of surplus to capital increase in 2021.

(XXIV) Changes in liabilities arising from financing activities

Fund-raising activities that affect cash flow

	2022			<u>Total Liabilities</u>
	<u>Short-term Loans</u>	<u>Short-term Notes</u>	<u>Lease</u>	<u>Arising from</u>
		<u>and Bills Payable</u>	<u>Liabilities</u>	<u>Financing</u>
				<u>Activities</u>
January 1	\$ 2,350,465	\$ 100,000	\$ 5,342	\$ 2,455,807
Change in Cash	(555,969)	(60,000)	(3,718)	(619,687)
Flows from				
Financing Activities				
Other Non-cash	-	-	4,222	4,222
Changes				
December 31	<u>\$ 1,794,496</u>	<u>\$ 40,000</u>	<u>\$ 5,846</u>	<u>\$ 1,840,342</u>
	2021			<u>Total Liabilities</u>
	<u>Short-term Loans</u>	<u>Short-term Notes</u>	<u>Lease</u>	<u>Arising from</u>
		<u>and Bills Payable</u>	<u>Liabilities</u>	<u>Financing</u>
				<u>Activities</u>
January 1	\$ 1,993,751	\$ -	\$ 3,505	\$ 1,997,256
Change in Cash	356,714	100,000	(3,103)	453,611
Flows from				
Financing Activities				
Other Non-cash	-	-	4,940	4,940
Changes				
December 31	<u>\$ 2,350,465</u>	<u>\$ 100,000</u>	<u>\$ 5,342</u>	<u>\$ 2,455,807</u>

VII. Related Party Transactions

(I) Names and relations of related parties

<u>Related Party</u>	<u>Relationship with the Corporation</u>
Lee Hee Jun	Chairman of the Corporation
CoAsia Corporation	Individuals who Have a Significant Influence on the Corporation
CoAsia International Corp.	Subsidiary
CoAsia Technology Co., Ltd. (CoAsia Technology (Note 1))	Subsidiary
CoAsia Korea Co., Ltd. (CoAsia Korea)	Subsidiary
Studybank Co., Ltd.	Subsidiary
CoAsia Electronics Corp. (Singapore) Pte. Ltd. (CoAsia Singapore)	Subsidiary
CoAsia Electronics (US) Corp. (CoAsia US)(Note 2)	Subsidiary
CoAsia Electronics Corporation (Hong Kong) Limited (CoAsia Hong Kong)	Second-tier Subsidiary
CoAsia Electronics Corp.LLP	Second-tier Subsidiary
Taiwan Interactive Education Co., Ltd. (Taiwan Interactive) (Note 3)	Second-tier Subsidiary
CoAsia Electronics Corporation(Shanghai) Limited	Third-tier Subsidiary
CoAsia Electronics Corporation(Shenzhen) Limited (Note 1)	Third-tier Subsidiary
Samsung Electronics Taiwan Co., Ltd. (Samsung Taiwan)	Other related party
Samsung Semiconductor (Xi'an) Co.) Ltd.	Other related party
Shanghai Samsung Semiconductor Co., Ltd. (Shanghai Samsung)	Other related party
Samsung Semiconductor Inc.	Other related party
CoAsia SEMI Ltd. (CoAsia SEMI)	Other related party
Coasia Semi Taiwan Limited	Other related party
CoAsia Nexell Co., Ltd.	Other related party

Note 1: Please refer to Note VI (VI)3 for merger of CoAsia Technology and CoAsia Hong Kong.

Note 2: CoAsia US was approved and established on June 16, 2021.

Note 3: Taiwan Interactive applied for dissolution on March 2022, the base date of dissolution was March 10, 2022, the dissolution was approved by the competent authority on March 17, 2022, and the liquidation was completed on June 24, 2022.

(II) Significant transactions with related party

1. Operating revenue

	<u>2022</u>	<u>2021</u>
— Subsidiary		
CoAsia Hong Kong	\$ 4,067,816	\$ 6,237,530
Others	7,478	1,989
— Other related party	<u>256</u>	<u>409</u>
	<u>\$ 4,075,550</u>	<u>\$ 6,239,928</u>

The Corporation's collection conditions for the related parties are by monthly settlement in 45 to 90 days. The sales prices are comparable to those of ordinary customers.

2. Purchase of goods

	<u>2022</u>	<u>2021</u>
— Other related party		
Samsung Shanghai	\$ 5,792,021	\$ 7,866,222
Samsung Taiwan	2,185,806	5,634,487
Others	-	889
— Subsidiary	<u>224,694</u>	<u>234,131</u>
	<u>\$ 8,202,521</u>	<u>\$ 13,735,729</u>

The purchase price is based on the regional agency price of affiliates, and the payment is made in prepayment, monthly settlement 60 days, and OA1~OA30 days.

3. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Receivables from related parties:		
— Subsidiary		
CoAsia Hong Kong	\$ 1,715,045	\$ 1,509,061
Others	<u>6,984</u>	<u>-</u>
	<u>\$ 1,722,029</u>	<u>\$ 1,509,061</u>

Receivables from related parties are mainly from sales transactions, and their payments are mainly due 60 days after the monthly settlement. The accounts receivable are free of mortgage and interest.

4. Other receivables, net (excluding capital loans and principal)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other receivables from related parties:		
– Subsidiary		
Others	\$ 11,664	\$ 5,874
– Other related party		
Others	-	98
	<u>\$ 11,664</u>	<u>\$ 5,972</u>

It's mainly the interest receivable on capital loans and endorsement/guarantee.

5. Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
– Other related party		
Samsung Shanghai	\$ 18,265	\$ 19,317
Samsung Taiwan	5,478	15,890
	<u>\$ 23,743</u>	<u>\$ 35,207</u>

Mainly the prepayments for goods.

6. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts Payable:		
– Subsidiary		
CoAsia Singapore	\$ -	\$ 36,012
CoAsia Hong Kong	-	28,023
– Other related party		
Others	-	19,703
	-	83,738
Other Payables:		
– Subsidiary		
Others	534	174
– Individuals who Have a Significant Influence	177	-
	711	174
	<u>\$ 711</u>	<u>\$ 83,912</u>

Payables to related parties are mainly derived from purchase transactions and are not interest-bearing.

7. Financing provided to related parties

Make loans to related parties:

A. Ending balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other receivables:		
– Subsidiary		
CoAsia Korea	\$ 92,130	\$ -
CoAsia Hong Kong	<u>61,420</u>	<u>-</u>
	<u>\$ 153,550</u>	<u>\$ -</u>

B. Interest income:

	<u>2022</u>	<u>2021</u>
– Subsidiary		
CoAsia Korea	\$ 3,773	\$ -
CoAsia Hong Kong	<u>3,234</u>	<u>-</u>
	<u>\$ 7,007</u>	<u>\$ -</u>

The loan to subsidiaries is subject to the terms of the loan and repayment in accordance with the contract, and the interest is calculated on a contract basis.

8. Asset transaction

Acquisition of financial assets

			<u>2021</u>
Subsidiary	<u>Accounting Subject</u>	<u>Trading shares</u>	<u>Trading subject</u> <u>Price acquisition</u>
CoAsia US	Investments Accounted for Using the Equity Method	250 thousand shares	Common stock <u>\$ 1,400</u>

The Corporation established CoAsia US in the year 2021 with \$1,400 in cash. In addition, the Corporation did not acquire financial assets from related parties during 2022.

9. Research and development expenses

	<u>2022</u>	<u>2021</u>
Product development cost:		
– Other related party		
CoAsia SEMI	<u>\$ -</u>	<u>\$ 17,927</u>

The Corporation signed a product development contract with CoAsia SEMI in the third quarter of 2020. After the development was completed, the relevant patent rights belonged to the Corporation. The total contract price was US\$1,580 thousand and paid in five installments. From the third quarter of 2020 to the end of the second quarter of 2021, the Corporation had paid US\$1,580 thousand (approximately NT\$45,940 thousand) in five installments.

CoAsia SEMI had completed related product development work at the end of the second quarter of 2021.

10. Financial cost

	<u>2022</u>	<u>2021</u>
— Subsidiary		
Others	<u>\$ -</u>	<u>\$ 646</u>

The expenses incurred by the Corporation in borrowing money from subsidiaries in 2021.

11. Other income

	<u>2022</u>	<u>2021</u>
Endorsement/Guarantee handling fee		
— Subsidiary		
CoAsia Singapore	\$ 15,608	\$ 15,040
CoAsia Hong Kong	12,554	7,737
	<u>\$ 28,162</u>	<u>\$ 22,777</u>

	<u>2022</u>	<u>2021</u>
Service revenue		
— Subsidiary		
Others	<u>\$ 754</u>	<u>\$ 824</u>

	<u>2022</u>	<u>2021</u>
System usage fee income		
— Subsidiary		
Others	<u>\$ 2,803</u>	<u>\$ 2,780</u>

12. Guarantee

As of December 31, 2022 and 2021, the Chairman of the Corporation provided joint guarantees for part of the Corporation's short-term loans. In addition, please refer to Table 2 for the details of the guarantees provided by the Corporation to its subsidiaries as of December 31, 2022.

(III) Information on Remuneration to the Management

	<u>2022</u>	<u>2021</u>
Salary and benefits for short-term employees	\$ 34,993	\$ 48,166
Termination benefits	3,336	-
Retirement benefits	464	324
	<u>\$ 38,793</u>	<u>\$ 48,490</u>

VIII. Pledged Assets

The details of the guarantee provided for the assets of the Corporation are as follows:

<u>Assets</u>	<u>Book value</u>		<u>Purpose of guarantee</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Bank deposits (Recognized as financial assets at amortized cost)	\$ 126,218	\$ 122,003	Short-term loan facilities
Land and housing	122,806	124,749	Short-term loan facilities
Assigned accounts receivable - with recourse	121,750	360,503	Short-term loan facilities
	<u>\$ 370,774</u>	<u>\$ 607,255</u>	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2022 and 2021, the Corporation's major commitments and contingent liabilities are as follows:

1. The letters of guarantee issued by the Corporation to banks for the import of goods are all counted as \$2,000.
2. Please refer to Note VII for the product development contracts entered into by the Corporation with related parties and relevant commitments.

3. Please refer to Note VI (XII) for details of the guaranteed notes issued by the Corporation for syndicated loans.
4. Please refer to Note VI (III) for the promissory notes issued by the Corporation for the transferred financial assets derecognized as a whole.

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

None.

XII. Others

(I) Capital Management

The Corporation's capital management objectives are to ensure that the Corporation can continue to operate as a going concern, maintain an optimal capital structure to reduce capital costs, and provide remunerations to shareholders. In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Corporation monitors its capital using the debt-to-equity ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' reported in the balance sheet plus net debt.

The Corporation's strategy in 2022 was the same as in 2021. As of December 31, 2022 and 2021, the Corporation's debt-to-equity ratios were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total loans	\$ 1,834,496	\$ 2,450,465
Less: cash and cash equivalents	<u>(231,025)</u>	<u>(82,947)</u>
Net debt	1,603,471	2,367,518
Total equity	<u>2,568,961</u>	<u>2,483,801</u>
Total capital	<u>\$ 4,172,432</u>	<u>\$ 4,851,319</u>
Debt-to-equity ratio	<u>38.43%</u>	<u>48.80%</u>

(II) Financial Instruments

1. Category of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 26,807	\$ 26,419
Financial assets at fair value through other comprehensive income (Note 1)	69,322	162,083
Financial assets at amortized cost (Note 2)	<u>2,706,671</u>	<u>2,821,278</u>
	<u>\$ 2,802,800</u>	<u>\$ 3,009,780</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	\$ 2,083,660	\$ 2,800,105
Lease liabilities	<u>5,846</u>	<u>5,342</u>
	<u>\$ 2,089,506</u>	<u>\$ 2,805,447</u>

Note 1: Accounts receivable that are expected to be factored in the future.

Note 2: Financial assets measured at amortized cost include cash and cash equivalents, financial assets measured at amortized cost, accounts receivable (including related parties), other receivables (including related parties) and refundable deposits; financial liabilities measured at amortized cost include short-term borrowings, short-term bills payable, accounts payable (including related parties) and other payables (including related parties).

2. Risk management policies

- (1) The risk control undertaken by the Corporation is influenced by the needs of the customer-oriented consumer electronics industry and the supply of products by suppliers. In order to meet the above requirements, the Corporation adopts a comprehensive risk management and control system to identify all risks of the Corporation (including market risk, credit risk and operational risk) and measure various risks, so that the Corporation's management can effectively control and measure market risk, credit risk and operational risk.
- (2) Risk management is carried out by the Finance Department of the Corporation in accordance with the policies approved by the Board of Directors. The Corporation's Finance Department is responsible for identifying, assessing and avoiding financial risks through close cooperation with the Corporation's operating units. The Board of

Directors has established written principles for overall risk management and written policies on specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of surplus working capital.

3. The natures and extents of material financial risks

(1) Market risks

Foreign Exchange Risk

A. The Corporation's main purchases and sales are denominated in U.S. dollars, and the fair value will vary with market exchange rate fluctuations. However, the Corporation's holdings of foreign currency assets and liabilities and the timing of receipt and payment can offset market risks. If there is a short-term position gap, option trading will be conducted to avoid possible risks, so it is not expected to generate significant market risks.

B. The Corporation's business involves certain non-functional currencies (the functional currency of the Corporation is New Taiwan dollar). Information on foreign currency assets and liabilities affected by fluctuations is as follows:

	<u>December 31, 2022</u>		
	<u>Foreign Currency</u>	<u>Exchange</u>	<u>Carrying</u>
	<u>(NT\$ thousand)</u>	<u>Rate</u>	<u>Amount (NT\$)</u>
<u>Financial Assets</u>			
<u>Monetary Items</u>			
US\$:NT\$	\$ 86,605	30.71	\$ 2,659,640
<u>Non-monetary Items</u>			
<u>Investments Accounted for Using the Equity</u>			
<u>Method</u>			
US\$:NT\$	19,470	30.71	597,919
SG\$: NT\$	22,608	22.88	517,264
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
US\$:NT\$	41,543	30.71	1,275,786
	<u>December 31, 2021</u>		
	<u>Foreign Currency</u>	<u>Exchange</u>	<u>Carrying</u>
	<u>(NT\$ thousand)</u>	<u>Rate</u>	<u>Amount (NT\$)</u>
<u>Financial Assets</u>			
<u>Monetary Items</u>			
US\$:NT\$	\$ 135,658	27.68	\$ 3,755,013
<u>Non-monetary Items</u>			
<u>Investments Accounted for Using the Equity</u>			
<u>Method</u>			
US\$:NT\$	22,651	27.68	626,984
SG\$: NT\$	27,286	20.46	558,279
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
US\$:NT\$	94,055	27.68	2,603,442

- C. The total exchange gains and losses realized and unrealized of the Corporation's monetary items due to fluctuations in exchange rates in 2022 and 2021 were aggregated to \$130,974 and (\$34,879), respectively.
- D. The foreign currency market risk analysis of the Corporation due to significant exchange rate fluctuations is as follows:

	2022		
	<u>Range of change</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
US\$:NT\$	1%	\$ 26,596	\$ -
<u>Non-monetary items</u>			
<u>Investments Accounted for Using the Equity Method</u>			
US\$:NT\$	1%	-	5,979
SG\$: NT\$	1%	-	5,173
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US\$:NT\$	1%	12,758	-
2021			
	<u>Range of change</u>	<u>Effect on profit and loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
US\$:NT\$	1%	\$ 37,550	\$ -
<u>Non-monetary items</u>			
<u>Investments Accounted for Using the Equity Method</u>			
US\$:NT\$	1%	-	6,270
SG\$: NT\$	1%	-	5,583
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US\$:NT\$	1%	26,034	-

Price Risk

Equity commodities invested by the Corporation are affected by changes in market prices, but the positions held by the Corporation are not significant, and a stop loss point has been set, so no significant market risk is expected.

Cash Flow and Fair Value Interest Rate Risk

In 2022 and 2021, some of the Corporation's short-term borrowings were debts with floating interest rates. Therefore, changes in market interest rates will cause the effective interest rates of short-term borrowings to fluctuate, which will cause fluctuations in future cash flows. When the market interest rate increases by 1%, the Corporation's cash outflows will increase by \$17,945 and \$23,505, respectively.

(2) Credit risk

- A. The Corporation's credit risk is the risk of financial loss to the Corporation due to the failure of the customer or counterparty to a financial instrument to perform its contractual obligations, mainly arising from the counterparty's inability to pay off the accounts receivable based on collection terms and financial assets classified as measured at amortized cost.
- B. The Corporation establishes credit risk management from a Corporation perspective. For banks and financial institutions, only those with an independent credit rating of at least "A" can be accepted as transaction counterparties. According to the internal credit policy, each operating entity and each new customer within the Corporation must conduct management and credit risk analysis before setting the terms and conditions for payment and delivery. Internal risk control is to assess the credit quality of customers by taking into account their financial status, past experience and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings, and the use of credit lines is regularly monitored.
- C. The Corporation adopts the following premises as the bases for judging whether the credit risk of financial instruments has increased significantly since original recognition:

When the contract payment is overdue for more than 30 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the original recognition.
- D. The Corporation is deemed to have breached the contract when the payment is overdue for more than 90 days according to the agreed payment terms.
- E. The Corporation uses a simplified approach to estimate expected credit losses on the basis of an allowance matrix for accounts receivable from customers based on the characteristics of the type of customers.
- F. The Corporation adjust the loss rate established according to historical and current information in a specific period by taking into account the business indicators for

future forward-looking as specified in the prosperity observation report of the Taiwan Institute of Economic Research and the National Development Commission, respectively, to estimate the allowance losses of accounts receivable (including related parties), and the reserve matrices as of December 31, 2022 and 2021 were as follows:

	<u>Not Past Due</u>	<u>Up to 30 days past due</u>	<u>Up to 60 days past due</u>	<u>Up to 90 days past due</u>	<u>Total</u>
<u>December 31, 2022</u>					
Expected loss rate	0.03%	0.07%	-	-	
Total book value	\$ 2,236,076	\$ 9,505	\$ -	\$ -	2,245,581
Loss allowances	159	7	-	-	166

	<u>Not Past Due</u>	<u>Up to 30 days past due</u>	<u>Up to 60 days past due</u>	<u>Up to 90 days past due</u>	<u>Total</u>
<u>December 31, 2021</u>					
Expected loss rate	0.03%	0.07%	0.77%	-	
Total book value	\$ 2,740,106	\$ 24	\$ 42	\$ -	2,740,172
Loss allowances	304	-	-	-	304

G. The aging analysis of the Corporation's accounts receivable is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Accounts Receivable</u>	<u>Accounts Receivable</u>
Not Past Due	\$ 2,236,076	\$ 2,740,106
Up to 30 days past due	9,505	24
31-60 days	-	42
	<u>\$ 2,245,581</u>	<u>\$ 2,740,172</u>

The above aging schedule was based on the number of days past due from the end of the credit term.

H. The Table of Changes in Allowance Losses of Accounts Receivable (Including Related Parties) that the Corporation adopts a simplified practice is as follows:

	<u>2022</u>
	<u>Accounts Receivable</u>
January 1	\$ 304
Reversal of impairment loss	(138)
December 31	<u>\$ 166</u>
	<u>2021</u>
	<u>Accounts Receivable</u>
January 1	\$ 328
Reversal of impairment loss	(24)
December 31	<u>\$ 304</u>

(3) Liquidity risk

- A. Cash flow forecasting is performed by each operating entity of the Corporation and compiled by the Corporation's Finance Department. The Corporation's Finance Department monitors rolling forecasts of the Group's working capital requirements to ensure it has sufficient cash to meet operational needs, so as to prevent the Corporation from breaching the relevant borrowing limits or terms. Such forecasting takes into consideration the Corporation's debt financing plans, covenant compliance, and compliance with financial ratios targets in the internal balance sheets.
- B. When the remaining cash held by the Corporation exceeds the need for the management of working capital, the Corporation's Finance Department will invest the remaining funds in interest-bearing demand deposits, time deposits, money market deposits and marketable securities, and the instruments selected have an appropriate maturity date or sufficient liquidity to meet the above forecast and provide sufficient dispatch levels.
- C. The following table shows the Corporation's non-derivative financial liabilities, grouped by relevant maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

December 31, 2022	<u>Within 1 year</u>	<u>1-2 year(s)</u>	<u>2-3 years</u>	<u>Over 3 years</u>
<u>Non-derivative financial liabilities:</u>				
Lease liabilities	\$ 3,820	\$ 1,549	\$ 541	\$ -
December 31, 2021	<u>Within 1 year</u>	<u>1-2 year(s)</u>	<u>2-3 years</u>	<u>Over 3 years</u>
<u>Non-derivative financial liabilities:</u>				
Lease liabilities	\$ 2,715	\$ 2,228	\$ 386	\$ 95

Except as stated above, the Corporation's non-derivative financial liabilities are due within one year.

The Corporation does not expect that the timing of the cash flows for the maturity analysis will occur significantly earlier, or that the actual amounts will be significantly different.

(III) Information on Fair Value

1. The levels of evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date. An active market is one in which transactions of assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Direct or indirect observable inputs for assets or liabilities other than those included in quoted prices in Level 1.

Level 3: An unobservable input for an asset or liability.

2. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets measured at amortized cost, net accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, short-term notes payable, accounts payable (including related parties) and other payables (including related parties) are reasonable approximations of fair value.

3. Financial instruments measured at fair value are classified by the Corporation on the basis of the nature, characteristics and risks of the assets and the level of fair value. The relevant information is as follows:

	December 31, 2022		
	Fair value		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial Assets at Fair Value through Profit or Loss	\$ -	\$ -	\$ 26,807
Financial Assets at Fair Value through Other Comprehensive Income			
Accounts Receivable from Expected Factoring	-	69,322	-
	<u>\$ -</u>	<u>\$ 69,322</u>	<u>\$ 26,807</u>
	December 31, 2021		
	Fair value		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial Assets at Fair Value through Profit or Loss	\$ 4,734	\$ -	\$ 21,685
Financial Assets at Fair Value through Other Comprehensive Income			
Accounts Receivable from Expected Factoring	-	162,083	-
	<u>\$ 4,734</u>	<u>\$ 162,083</u>	<u>\$ 21,685</u>

4. The methods and assumptions used by the Corporation to measure fair value are described below:

(1) The fair value of financial instruments is obtained by evaluation techniques or by reference to counterparty's quotations. The fair value obtained through evaluation techniques may be calculated by referring to the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other evaluation techniques, including the use of models based on market information available on the parent company only balance sheet date.

(2) The Corporation incorporates credit risk assessment adjustments into the calculation of the fair value of financial instruments and non-financial instruments to reflect counterparty credit risk and the Corporation's credit quality, respectively.

5. In 2022 and 2021, there was no transfer between Level 1 and Level 2.

6. Changes in Level 3 in 2022 and 2021:

	<u>2022</u>	<u>2021</u>
	<u>Non-derivative financial instruments</u>	<u>Non-derivative financial instruments</u>
January 1	\$ 21,685	\$ 25,481
Increase in the current period	610	-
Recognized as other gains and losses	4,512	(3,796)
December 31	<u>\$ 26,807</u>	<u>\$ 21,685</u>

7. There was no transfer in or out from Level 3 in 2022 and 2021.

8. The quantitative information about the significant unobservable input value of the evaluation model used in Level 3 fair value measurement item and the sensitivity analysis of the change in the significant unobservable input value are explained as follows:

	<u>Fair value on</u> <u>December 31,</u> <u>2022</u>	<u>Valuation technique</u>	<u>Significant</u> <u>unobservable input</u> <u>value</u>	<u>Relationship</u> <u>between input value</u> <u>and fair value</u>
Non-derivative equity instruments:				
Shares from unlisted companies	\$ 26,807	Comparable listed (OTC) company method	Price-to-net multiplier and price-to-earnings multiplier	The higher the multiplier, the higher the fair value
	<u>Fair value on</u> <u>December 31,</u> <u>2021</u>	<u>Valuation technique</u>	<u>Significant</u> <u>unobservable input</u> <u>value</u>	<u>Relationship</u> <u>between input value</u> <u>and fair value</u>
Non-derivative equity instruments:				
Shares from unlisted companies	\$ 21,685	Comparable listed (OTC) company method	Price-to-net multiplier and price-to-earnings multiplier	The higher the multiplier, the higher the fair value

9. The Corporation selects the evaluation model and evaluation parameters after careful evaluation, but the use of different evaluation models or evaluation parameters may lead to different evaluation results. For financial assets and financial liabilities classified as Level 3, if the evaluation parameters change, the impacts on the current profit or loss or other comprehensive income are as follows:

			<u>December 31, 2022</u>			
			<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>	
	<u>Input value</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets						
Equity instruments	Price-to-net multiplier and price-to-earnings multiplier	±1%	\$ 268	(\$ 268)	\$ -	\$ -
			<u>December 31, 2021</u>			
			<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>	
	<u>Input value</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets						
Equity instruments	Price-to-net multiplier and price-to-earnings multiplier	±1%	\$ 217	(\$ 217)	\$ -	\$ -

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

According to the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the relevant matters related to the Corporation's major transactions in 2022 are as follows. In addition, the information to be disclosed by the investee companies is prepared based on the financial statements of the companies that have been audited by the CPAs, and the following transactions with subsidiaries have been written off when preparing the consolidated financial statements. The following disclosure information is for reference.

1. Loans provided for others: Please refer to Table 1 for details.
2. Endorsements/guarantees provided for others: Please refer Table 2 for details.
3. Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures): Please refer to Table 3 for details.
4. Accumulated purchase or sale of the same securities amounting to NT\$300 million or 20% of paid-in capital or more: None.
5. Acquisition of property amounting to NT\$300 million or 20% of the paid-in capital or more: None.

6. Disposal of property amounting to NT\$300 million or 20% of the paid-in capital or more: None.
7. Purchases or sales with related parties amounting to NT\$100 million or 20% of the paid-in capital or more: Please refer to Table 4 for details.
8. Receivables from related parties amounting to NT\$100 million or 20% of the paid-in capital or more: Please refer to Table 5 for details.
9. Derivatives transactions: None.
10. Relationships and significant transactions between the parent company and subsidiaries and their amounts: Please refer to Table 6 for details.

(II) Information on Investee Companies

Information on the name, region and others of the investee companies (excluding investee companies in mainland China): Please refer to Table 7 for details.

(III) Information on Investments in Mainland China

1. Basic information: Please refer to Table 8 for details.
2. Significant transactions directly or indirectly through third-region businesses and investee companies that have reinvested in mainland China: None.

(IV) Information on Major Shareholders

Information on major shareholders: Please refer to Table 9 for details.

XIV. Division Information

N/A.

(Blank below)

CoAsia Electronics Corp.
Loans provided for others
For the Year Ended December 31, 2022

Table 1

Unit: NTS thousand
(Unless Stated Otherwise)

No. (Note 1)	Financing Company	Borrower	Transaction Item	Related Party	Maximum outstanding balance for the		Actual Amount		Interest Rate	Nature for Financing (Note 2)	Business Transaction Amount	Reason for Short-term Financing	Allowance for Bad Debt			Limit on Loans		Total Limit on Loans Provided (Note 3)	Remark
					period	Ending balance	Drawn	Debt					Name	Value	Provided to a Single Party (Note 3)				
0	CoAsia Electronics Corp.	CoAsia Electronics Corporation (Hong Kong) Limited	Other receivables - related party	Yes	\$ 225,505	\$ 214,970	\$ 61,420		To comply with the contract	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 256,896	\$ 1,027,584		
0	CoAsia Electronics Corp.	CoAsia Electronics Corp. (Singapore) Pte. Ltd.	Other receivables - related party	Yes	225,505	214,970	-		To comply with the contract	2	-	Operating capital	-	-	-	256,896	1,027,584		
0	CoAsia Electronics Corp.	CoAsia Korea Co., Ltd.	Other receivables - related party	Yes	193,290	184,260	92,130		To comply with the contract	2	-	Operating capital	-	-	-	256,896	1,027,584		
0	CoAsia Electronics Corp.	Studybank Co., Ltd.	Other receivables - related party	Yes	200	-	-		To comply with the contract	2	-	Operating capital	-	-	-	256,896	1,027,584		
1	CoAsia Electronics Corporation (Hong Kong) Limited	CoAsia Electronics Corp.	Other receivables - related party	Yes	322,150	307,100	-		To comply with the contract	2	-	Operating capital	-	-	-	601,079	601,079		
1	CoAsia Electronics Corporation (Hong Kong) Limited	CoAsia Electronics Corp. (Singapore) Pte. Ltd.	Other receivables - related party	Yes	161,075	153,550	-		To comply with the contract	2	-	Operating capital	-	-	-	601,079	601,079		
1	CoAsia Electronics Corporation (Hong Kong) Limited	Coasia Semi Limited	Other receivables - related party	Yes	35,437	-	-		To comply with the contract	1	152,331	Business transaction	-	-	-	152,331	601,079		
2	CoAsia Electronics Corp. (Singapore) Pte. Ltd.	CoAsia Electronics Corp.	Other receivables - related party	Yes	161,075	153,550	-		To comply with the contract	2	-	Operating capital	-	-	-	517,244	517,244		
2	CoAsia Electronics Corp. (Singapore) Pte. Ltd.	CoAsia Electronics Corporation (Hong Kong) Limited	Other receivables - related party	Yes	161,075	153,550	92,130		To comply with the contract	2	-	Operating capital	-	-	-	517,244	517,244		
2	CoAsia Electronics Corp. (Singapore) Pte. Ltd.	CoAsia Electronics Corporation (Hong Kong) Limited	Other receivables - related party	Yes	74,888	-	-		To comply with the contract	1	1,696,951	Business transaction	-	-	-	517,244	517,244		

Note 1: The numbers filled are described as follows:

- (1) For the issuer, fill in 0.
- (2) The investee company is numbered sequentially starting from Arabic number 1 according to the company type.

Note 2: The nature of the loans provided are explained as follows:

- (1) Fill in 1 for those who has business relationship.
- (2) Fill in 2 for those who needs short-term financing.

Note 3: (1) The Corporation's aggregate amount of loans to others is limited to 40% of the net worth, and that to an individual enterprise shall not exceed 10% of the net worth. Net worth amounted to 2,568,961 as of December 31, 2022.

- (2) The aggregate amount of loans to others of CoAsia Electronics Corporation (Hong Kong) Limited to foreign companies with 100% voting shares directly and indirectly held by the parent company of the Group is limited to 100% of the net worth, and that to an individual enterprise shall not exceed 100% of the net worth.
- (3) The aggregate amount of loans to others of CoAsia Electronics Corp. (Singapore) Pte. Ltd. to foreign companies with 100% voting shares directly and indirectly held by the parent company of the Group is limited to 100% of the net worth, and that to an individual enterprise shall not exceed 100% of the net worth.

CoAsia Electronics Corp.

Endorsements/Guarantees Provided for Others

For the Year Ended December 31, 2022

Table 2

Unit: NTS thousand
(Unless Stated Otherwise)

No. (Note)	Endorsee/Guarantee		Relationship (Note 2)	Limit on	Maximum	Endorsement	Actual Amount Drawn	Amount of Endorsements/Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/Guarantees to Net Worth per Latest Financial Statements	Endorsement/Guarantee Ceiling (Note 3)	Endorsements/Guarantees Provided by Parent for Subsidiary	Endorsements/Guarantees Provided by Subsidiary for Parent	Endorsements/Guarantees Provided for Subsidiary in Mainland China	Remark
	Endorser/Guarantor	Name of Company		Endorsements/Guarantees Provided for Single Entity	Endorsement/Guarantee Balance for the Period	Ending Balance								
1)	CoAsia Electronics Corp.	CoAsia Electronics Corporation (Hong Kong) Limited	1.3	\$ 2,568,961	\$ 1,508,633	\$ 1,455,205	\$ 1,455,205	\$ -	56.65%	\$ 3,853,442	Y	N	N	
0	CoAsia Electronics Corp.	CoAsia Electronics Corp.(Singapore) Pte. Ltd.	1.2	2,568,961	1,812,713	1,428,015	1,428,015	-	55.59%	3,853,442	Y	N	N	

Note 1: The numbers filled are described as follows:

- (1). For the issuer, fill in 0.
- (2). The investee company is numbered sequentially starting from Arabic number 1 according to the company type.

Note 2: The relationships between endorser/guarantors and endorseees/guarantees are categorized into the following 6 types. Please specify the type:

- (1). Companies with which the Company conducts business.
- (2). Subsidiaries in which the Group directly holds more than 50% of their common stocks.
- (3). Investee companies in which the Company and its subsidiaries collectively hold more than 50% of their common stocks.
- (4). The parent company which holds, directly or indirectly through a subsidiary, more than 50% of its outstanding common stocks.
- (5). Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- (6). Shareholders making endorsements/guarantees for their mutually invested company in proportion to their shareholding ratio.

Note 3: The Corporation's aggregate amount of limit of endorsement/guarantee for external entities is limited to 150% of the net worth, and the amount of limit of endorsement/guarantee for an individual enterprise shall not exceed 10% of the net worth while that for an individual affiliate shall not exceed 100% of the net worth.

Note 4: In 2022, the handling fee charged by the Corporation from CoAsia Electronics Corporation (Hong Kong) Limited for the above-mentioned endorsement/guarantee amounted to \$12,554 (accounted for other income), and the outstanding amount as of December 31, 2022 amounted to \$3,668.

Note 5: In 2022, the handling fee charged by the Corporation from CoAsia Electronics Corp.(Singapore) Pte. Ltd. for the above-mentioned endorsement guarantee amounted to \$15,608 (accounted for other income), and the outstanding amount as of December 31, 2022 amounted to \$3,599.

CoAsia Electronics Corp.

Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures)

December 31, 2022

Table 3

Unit: NT\$ thousand
(Unless Stated Otherwise)

<u>Company Holding Securities</u>	<u>Type and Name of Securities</u>	<u>Relationship with Issuer of Securities</u>	<u>Ledger Account</u>	<u>End of the Period</u>				<u>Remark</u>
				<u>Number of shares</u>	<u>Carrying Amount</u>	<u>Shareholding Ratio</u>	<u>Fair value</u>	
CoAsia Electronics Corp.	Common and preferred stocks of Insignal Co. Ltd	-	Financial assets at fair value through profit or loss - non-current	16,020	\$ 26,807	17.5%	\$ 26,807	
CoAsia Korea Co. Ltd.	Stocks of Bobbintel Inc.	-	Financial assets at fair value through profit or loss - non-current	425,000	-	14%	-	

CoAsia Electronics Corp.
Purchases or Sales with Related Parties Amounting to NT\$100 Million or 20% of Paid-in Capital or More
For the Year Ended December 31, 2022

Table 4

Unit: NTS thousand
(Unless Stated Otherwise)

Purchasing (Selling) Company	Counterparty	Relationship	Transaction Situation		Percentage of Total Purchases (Sales)	Credit Period	Unusual Transaction Terms and Reasons (Note 1)		Notes and Accounts Receivable (Payable)		Remarks (Note 2)
			Purchases (Sales)	Amount			Unit Price	Credit Period	Balance	Percentage of Total Notes and Accounts Receivable (Payable)	
CoAsia Electronics Corp.	Shanghai Samsung Semiconductor Co.,Ltd.	Other related party	Purchase of goods	\$ 5,792,021	63%	Prepayments for goods	The purchase price is based on the regional distribution price of other related parties	It refers to the transaction nature of a single purchasing vendor	\$ -	-	
CoAsia Electronics Corp.	Samsung Electronics Taiwan Co., Ltd.	Other related party	Purchase of goods	2,185,806	24%	OA 1 day; prepayments for goods	The purchase price is based on the regional distribution price of other related parties	It refers to the transaction nature of a single purchasing vendor	-	-	
CoAsia Electronics Corporation (Hong Kong) Limited	Shanghai Samsung Semiconductor Co.,Ltd.	Other related party	Purchase of goods	6,765,953	49%	Prepayments for goods	The purchase price is based on the regional distribution price of other related parties	It refers to the transaction nature of a single purchasing vendor	-	-	
CoAsia Electronics Corp.(Singapore) Pte.Ltd.	Samsung Electronics Singapore Pte. Ltd.	Other related party	Purchase of goods	2,426,518	55%	OA 2 days	The purchase price is based on the regional distribution price of other related parties	It refers to the transaction nature of a single purchasing vendor	-	-	
CoAsia Electronics Corp.(Singapore) Pte.Ltd.	Samsung India Electronics Pvt Ltd.	Other related party	Purchase of goods	1,587,135	36%	OA 2 days	The purchase price is based on the regional distribution price of other related parties	It refers to the transaction nature of a single purchasing vendor	(9,328)	(35%)	
CoAsia Korea Co., Ltd	Samsung Electronics Co., Ltd.	Other related party	Purchase of goods	737,247	49%	75 days from end of month	The purchase price is based on the regional distribution price of other related parties	It refers to the transaction nature of a single purchasing vendor	(48,471)	(43%)	
CoAsia Korea Co., Ltd	CoAsia CM Co., Ltd.	Other related party	Sales	(261,339)	17%	30 days from end of month	-	-	-	-	
CoAsia Korea Co., Ltd	CoAsia Corporation	Related party in substance	Sales	(1,186,853)	77%	30 days from end of month	-	-	96,843	100%	
CoAsia Electronics Corporation (Hong Kong) Limited	Coasia Semi Limited	Other related party	Sales	(942,388)	7%	90 days from end of month	-	-	547,760	25%	
CoAsia Electronics Corporation (Hong Kong) Limited	CoAsia Electronics Corp.(Singapore) Pte.Ltd.	Sister company of the same group	Sales	(112,145)	1%	60 days from end of month	-	-	10,592	0%	
CoAsia Electronics Corp.(Singapore) Pte.Ltd.	CoAsia Electronics Corporation (Hong Kong) Limited	Sister company of the same group	Sales	(558,710)	12%	60 days from end of month	-	-	126,525	47%	
CoAsia Electronics Corp.(Singapore) Pte.Ltd.	CoAsia Electronics Corp.	Parent company	Sales	(138,406)	3%	60 days from end of month	-	-	-	-	
CoAsia Electronics Corp.(Singapore) Pte.Ltd.	CoAsia Korea Co., Ltd	Sister company of the same group	Sales	(693,365)	15%	40 days from end of month	-	-	63,841	24%	
CoAsia Electronics Corp.	CoAsia Electronics Corporation (Hong Kong) Limited	Subsidiary	Sales	(4,067,816)	42%	60 days from end of month	-	-	1,715,046	76%	

Note 1: If the related party transaction terms are different from the normal transaction terms, the differences and reasons shall be stated in the column of unit price and credit period.

Note 2: For those who have advance receipt (prepayment), the reason, contract terms, amount and the difference from the normal transaction type shall be stated in the remarks column.

Note 3: The paid-in capital is the paid-in capital of the parent company. For issuers with shares of no-par value or of par value which is not NT\$10 per share, the transaction amount of 20% of the paid-in capital is calculated as 10% of the equity attributable to owners of the parent company in the balance sheet.

Note 4: The transactions between the Corporation and its subsidiaries are disclosed as assets and income, and its relative transactions are no longer disclosed.

CoAsia Electronics Corp.

Receivables from Related Parties Amounting to NT\$100 million or 20% of the Paid-in Capital or More

December 31, 2022

Table 5

Unit: NT\$ thousand

(Unless Stated Otherwise)

<u>Company recorded under account</u> <u>receivables</u>	<u>Counterparty</u>	<u>Relationship</u>	<u>Receivables from</u>		<u>Overdue receivables from related parties</u>		<u>Receivables from</u> <u>related parties (Note</u> <u>3)</u>	<u>Allowance for bad</u> <u>debts</u>
			<u>related parties (Note 1)</u>	<u>Turnover rate</u>	<u>Amount</u>	<u>Action taken</u>		
CoAsia Electronics Corporation (Hong Kong) Limited	Coasia Semi Limited	Other related party	\$ 547,760	2.86	\$ 546,413	-	\$ 3,091	\$ 89,831
CoAsia Electronics Corp.	CoAsia Electronics Corporation (Hong Kong) Limited	Subsidiary	1,715,046	2.52	-	-	-	-
CoAsia Electronics Corp.(Singapore) Pte.Ltd.	CoAsia Electronics Corporation (Hong Kong) Limited	Sister company of the same group	126,525	1.60	-	-	-	-

Note 1: Please fill in separately according to related party's accounts receivable , notes receivable, other receivables, etc.

Note 2: The paid-in capital is the paid-in capital of the parent company. For issuers with shares of no-par value or of par value which is not NT\$10 per share, the transaction amount of 20% of the paid-in capital is calculated as 10% of the equity attributable to owners of the parent company in the balance sheet.

Note 3: It refers to the amount repatriated after the period as of January 31, 2023.

CoAsia Electronics Corp.
Intercompany Relationships and Significant Intercompany Transactions Between Parent and Subsidiaries and Between Subsidiaries and Their Amounts
For the Year Ended December 31, 2022

Table 6

Unit: NT\$ thousand
(Unless Stated Otherwise)

No.(Note 1)	Name of Trader	Counterparty	Relationship with the Trader (Note 2)	Description of Transactions			Percentage in Consolidated Total Revenue or Total Assets (Note 3)
				Ledger Account	Amount	Transaction Term	
0	CoAsia Electronics Corp.	CoAsia Electronics Corporation (Hong Kong) Limited	1	Sales revenue (cost)	\$ 4,067,816	Same as normal transactions	17%
0	CoAsia Electronics Corp.	CoAsia Electronics Corporation (Hong Kong) Limited	1	Accounts receivable	1,715,046	Same as normal transactions	27%
1	CoAsia Electronics Corp.(Singapore) Pte.Ltd.	CoAsia Electronics Corporation (Hong Kong) Limited	3	Sales revenue (cost)	558,710	Same as normal transactions	2%
2	CoAsia Electronics Corp.(Singapore) Pte.Ltd.	CoAsia Korea Co., Ltd	3	Sales revenue (cost)	693,365	Same as normal transactions	3%

Note 1: The information of business transactions between the parent company and subsidiaries shall be indicated in the number column respectively. The number shall be filled in as follows:

(1). For the parent company, fill in 0.

(2). Subsidiaries are numbered sequentially starting from Arabic number 1 according to the company type.

Note 2: There are three types of relationship between traders, and fill in the type is acceptable (if the transaction between the parent company and subsidiaries is the same as that between subsidiaries, it is not necessary to disclose again. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary, the part of the subsidiary is not required to be disclosed again;

For a transaction between two subsidiaries, if it has been disclosed by one subsidiary, it is not required to be disclosed again by the other subsidiary):

(1). Parent company's transaction with subsidiary.

(2). Subsidiary's transaction with the parent company.

(3). Transaction between two subsidiaries.

Note 3: The ratio of transaction amount to consolidated total revenue or total assets shall be calculated as the ratio of ending balance to consolidated total assets for those belongs to balance sheet item, or as the ratio of mid-term cumulative balance to consolidated total revenue for those belongs to items on the income statement.

Note 4: It is up to the Corporation to decide whether the important transactions in this table should be listed or not based on the principle of materiality.

Note 5: Individual transactions not exceeding NT\$300 million will not be disclosed.

CoAsia Electronics Corp.
Names, Locations and Relevant Information of Investee Companies (Excluding Investee Companies in Mainland China)
For the Year Ended December 31, 2022

Table 7

Unit: NTS thousand
(Unless Stated Otherwise)

Name of Investor	Name of Investee (Note 1, 2)	Location	Primary Business Activities	Initial Investment Amount		Held at End of Period			Profit (Loss) of Investee for the Period (Note 2(2))	Investment Profit (Loss) Recognized for the Period (Note 2(3))	Remark
				End of Period	End of Last Year	Number of Shares	Ratio	Carrying Amount			
CoAsia Electronics Corp.	CoAsia International Corp.	Mauritius	Professional investment company	\$ 432,977	\$ 432,977	1,329,612	100.00%	\$ 596,994	(\$ 100,684)	(\$ 100,684)	
CoAsia Electronics Corp.	Pointchips Co.,Ltd.	South Korea	Semiconductor design	73,102	73,102	983,049	20.14%	(5,395)	(1,994)	-	
CoAsia Electronics Corp.	CoAsia Korea Co.,Ltd.	South Korea	Manufacturing and trading of peripheral products for semiconductors and development of software and hardware technologies, etc.	171,902	171,902	1,320,000	100.00%	49,166	(14,362)	(14,362)	
CoAsia Electronics Corp.	Studybank Co., Ltd.	Taiwan	Electronic devices, data processing business, online learning courses, etc.	358,000	358,000	9,204,851	89.10%	13,881	908	809	
CoAsia Electronics Corp.	CoAsia Electronics Corp.(Singapore) Pte.Ltd.	Singapore	International trade, entrepot trade	30,202	30,202	1,000,000	100.00%	517,264	(98,839)	(100,874)	
CoAsia Electronics Corp.	CoAsia Electronics (US) Corp.	USA	International trade, entrepot trade	1,400	1,400	250,000	100.00%	925	(528)	(528)	
CoAsia International Corp.	CoAsia Electronics Corporation (Hong Kong) Limited	Hong Kong	Wholesaling, designing and manufacturing of electronic components	435,837	435,837	10,293,200	100.00%	601,079	(100,566)	(100,566)	
Studybank Co., Ltd.	Taiwan Interactive Education Co., Ltd.	Taiwan	Academic tutoring, afterschool teaching, other sound recording and music publishing	-	50,000	-	-	-	(868)	(868)	Note 4
CoAsia Electronics Corp.(Singapore) Pte.Ltd	CoAsia Electronics Corp.LLP	India	International trade, entrepot trade	4,623	4,623	-	100.00%	2,530	4,371	4,371	Note 3

Note 1: A public offering company that has a foreign holding company and uses consolidated financial statements as its main financial statements in accordance with local laws and regulations may only disclose relevant information on the holding company when disclosing information about the foreign invested company.

Note 2: According to the following rules, fill in for those who are not in the situation described in Note 1:

- (1) Fill in "Name of Investee", "Location", "Primary business" and "Original Investment Amount" and "Shareholding at the end of the period", etc. in order according to the reinvestment situation of the company (public offering) and the reinvestment situation of each directly or indirectly controlled investee company, and indicate the relationship between each investee company and the company (public offering) (if it is a subsidiary or a second-tier subsidiary) in the remarks column.
- (2) In the column of "Profit (Loss) of Investee for the Period", the profit (loss) for the period of each investee company shall be filled in.
- (3) The column of "Investment Profit (Loss) Recognized for the Period" only needs to be filled with the profit and loss amount of each subsidiary recognized by the company (public offering) for direct reinvestment and each investee company accounted for using the equity method, and the rest is not required to be filled. When filling in "Profit (Loss) of Recognition of Each Subsidiary for Direct Reinvestment for the Period", it shall be confirmed that the amount of profit and loss of each subsidiary for the period includes the investment profit and loss that shall be recognized for reinvestment according to the regulations.

Note 3: CoAsia Electronics Corp.LLP is a limited partnership without any stocks issued.

Note 4: Taiwan Interactive Education Co., Ltd. applied for dissolution on March 2022, the base date of dissolution was March 10, 2022, the dissolution was approved by the competent authority on March 17, 2022, and the liquidation was completed on June 24, 2022.

CoAsia Electronics Corp.
Information on Investments in Mainland China - Basic Data
For the Year Ended December 31, 2022

Table 8

Unit: NT\$ thousand
(Unless Stated Otherwise)

Investee Company	Primary Business Activities	Paid-in Capital	Method of Investments (Note 1)	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	Shareholding Ratio of the Corporation's Direct or Indirect Investment	Investment Profit (Loss) Recognized for the Period (Note 2. (2)B)	Carrying Amount of Investments at End of Period	Accumulated Investment Income Repatriated at End of Period	Remark
				Remitted	Repatriated							
CoAsia Electronics Corporation(Shanghai) Limited	International trade, entrepot trade, and commercial simple processing in the bonded area	\$ 155,520	2	\$ 151,004	\$ - \$ -	\$ 151,004	\$ 8,241	100.00%	\$ 8,241	\$ 41,462	\$ -	2.1
CoAsia Electronics Corporation (Shenzhen) Limited	International trade and entrepot trade	31,291	2	20,082	- -	20,082	15,007	100.00%	15,007	21,713	-	2.1

Name of Company	Accumulated Amount of Investments Remitted from Taiwan to Mainland China at End of Period	Amount of Investments Authorized by Investment Commission. M.O.E.A.	Ceiling on Amount of Investments Authorized by Investment Commission. M.O.E.A.
CoAsia Electronics Corp.	\$ 171,086	\$ 171,086	\$ 1,541,377

Note 1: Investments are divided into the following three types:

- (1) Direct investment in mainland China
- (2) Reinvestment in Mainland China through companies registered in a third region. (please specify the investment company in a third region)
 - 2.1 Reinvest in the companies in Mainland China through CoAsia Electronics Corporation (Hong Kong) Limited established in third regions
- (3) Others

Note 2: Investment profit (loss) recognized for the period:

- (1) Indicate if no investment profit (loss) is recognized as an investee is under preparation
- (2) Indicate if investment profit (loss) is recognized on the following three types of basis
 - A. Financial statements audited by international accounting firms cooperating with accounting firms in the Republic of China.
 - B. Financial statements audited and certified by the parent company's certified public accountant in Taiwan.
 - C. Others.

Note 3: Figures in this table shall be listed in New Taiwan Dollars.

CoAsia Electronics Corp.
Information on Major Shareholders
December 31, 2022

Table 9

<u>Name of Major Shareholders</u>	<u>Shareholding</u>	
	<u>Number of Shares Held</u>	<u>Shareholding Ratio</u>
Investment account of BSE Holdings Co., Ltd entrusted custody by CTBC Bank Co., Ltd.	18,182,503	12.21%
CoAsia Corporation of Korea Company	11,965,493	8.03%

CoAsia Electronics Corp.
Cash and Cash Equivalents
December 31, 2022

Statement 1

Unit: NT\$ thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash on hand		\$ 589
Pretty cash		105
Bank deposits		
Demand deposits		106,754
Time deposits	US\$710 thousand, exchange rate 1:30.71	21,804
Current deposits in foreign currency	US\$7,424 thousand, exchange rate 1:30.71	227,991
	VDN 7 thousand, exchange rate 1:0.0013	<u> -</u>
		357,243
Rerecognized Financial Assets at Amortized Cost		(126,218)
		<u>\$ 231,025</u>

(Blank below)

CoAsia Electronics Corp.
Accounts Receivable, Net
December 31, 2022

Statement 2

Unit: NT\$ thousand

<u>Customer Name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Company A		\$ 183,357	
Company B		75,760	
Company C		44,413	
Company D		44,006	
Other occasional customers		<u>176,016</u>	The balance of each occasional customer does not exceed 5% of the balance of this account
		523,552	
Less: Allowance for bad debts		<u>(166)</u>	
		<u>\$ 523,386</u>	

CoAsia Electronics Corp.
Inventories
December 31, 2022

Statement 3

Unit: NT\$ thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>		<u>Remarks</u>
		<u>Costs</u>	<u>Net realizable value (Note)</u>	
Inventory		\$ 309,098	<u>\$ 266,544</u>	Measured at net
Less: Allowance for inventory impairment loss		<u>(47,157)</u>		realizable value
			<u>\$ 261,941</u>	

Note: The above net realized value of inventory is the amount after deducting the loss allowance for slow moving inventories of \$47,157.

CoAsia Electronics Corp.
Changes in Investments Accounted for Using the Equity Method
For the Year Ended December 31, 2022

Statement 4

Unit: NT\$ thousand

Name	Beginning balance		Increase		Decrease		Ending balance Shareholding ratio	Amount	Market value/Net equity value			Guarantee or pledge	Remarks
	Shares	Amount	Shares	Amount (Note 1)	Shares	Amount (Note 2)			Shares	Amount	Unit price		
CoAsia International Corp.	1,329,612	\$ 625,660	-	\$ 72,018	-	(\$ 100,684)	1,329,612	100%	\$ 596,994	\$ 449	\$ 596,994	None	
CoAsia Electronics (US) Corp.	250,000	1,324	-	129	-	(528)	250,000	100%	925	4	925	None	
Pointchips Co.,Ltd.	983,049	(5,395)	-	-	-	-	983,049	20.14%	(5,395)	(5)	(5,395)	None	
CoAsia Korea Co., Ltd.	1,320,000	61,511	-	2,017	-	(14,362)	1,320,000	100%	49,166	37	49,166	None	
CoAsia Electronics Corp. (Singapore) Pte. Ltd.	1,000,000	558,279	-	59,859	-	(100,874)	1,000,000	100%	517,264	517	517,264	None	
Studybank Co., Ltd.	9,204,851	13,072	-	809	-	-	9,204,851	89.10%	13,881	2	13,881	None	
Credit balance of investments accounted for using equity method (recognized as other non-current liabilities)		1,254,451		\$ 134,832		(\$ 216,448)			1,172,835				
		5,395							5,395				
		<u>\$ 1,259,846</u>							<u>\$ 1,178,230</u>				

Note 1: It is the investment gains recognized under the equity method, unrealized gross profit on sales and cumulative translation adjustment in 2022.

Note 2: It is the investment losses recognized under the equity method in 2022

CoAsia Electronics Corp.
Short-term Loans
December 31, 2022

Statement 5

Unit: NT\$ thousand

<u>Type of Loans</u>	<u>Institutions</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Line of Credit</u>	<u>Pledge or Guarantee</u>	<u>Remarks</u>
Loans for material purchase	Mega International Commercial Bank		\$ 43,450	2022/10/30-2023/10/29	2.20%~6.50%	US\$ 3,180 thousand	Note 1	
Loans for material purchase	Hua Nan Commercial Bank		43,440	2022/8/5-2023/8/5	2.36%	NT\$ 300,000 thousand	Note 1	
Loans for material purchase	Taiwan Business Bank		307,100	2022/12/19-2023/12/19	6.24%~6.47%	NT\$ 330,000 thousand	Note 1	
Loans for material purchase	Shin Kong Commercial Bank		193,306	2022/8/8-2023/8/8	1.96%~6.50%	US\$ 14,000 thousand	Note 1, Note 2	
Loans for material purchase	KGI Bank		193,770	2022/12/8-2023/12/8	2.33%~5.94%	NT\$ 300,000 thousand	Note 1	
Loans for material purchase	Taiwan Cooperative Bank		203,577	2022/7/18-2023/7/15	6.37%~6.62%	NT\$ 280,000 thousand	Note 1	
Loans for material purchase	Entie Commercial Bank		61,420	2022/12/13-2023/12/13	6.37%	NT\$ 150,000 thousand	Note 1	
Accounts receivable financing	KGI Bank		109,543	2022/12/8-2023/12/8	4.49%~5.12%	NT\$ 650,000 thousand	Note 1	
Working capital loans	Hua Nan Commercial Bank		242,500	2022/8/5-2023/8/5	2.11%~2.42%	NT\$ 300,000 thousand	Note 1	
Working capital loans	Taiwan Cooperative Bank		30,000	2022/7/18-2023/7/15	1.65%	NT\$ 280,000 thousand	Note 1	
Working capital loans	Shin Kong Commercial Bank		90,000	2022/8/8-2023/8/8	1.86%	US\$ 14,000 thousand	Note 1, Note 2	
Syndicated loans	Shin Kong Commercial Bank		276,390	2022/3/21-2025/3/20	6.43%~6.64%	NT\$ 650,000 thousand	Note 1, Note 3	
			<u>\$ 1,794,496</u>					

Note 1: The Corporation has issued \$3,650,584 in guaranteed notes for the above short-term loan facilities.

Note 2: It is the mortgage loan of \$122,806 at the carrying value of land and buildings.

Note 3: According to the provisions of the loan agreement, the funds will be used within a period of 3 months, so it is accounted for under short-term loans.

CoAsia Electronics Corp.
Operating Revenue, Net
For the Year Ended December 31, 2022

Statement 6

Unit: NT\$ thousand

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>
Sales revenue		
Key components for mobile communication products (Mobile)	96,305 (thousand PCS)	\$ 6,991,604
Wafers (Foundry)	82 (thousand PCS)	1,611,383
Thin film liquid crystal displays (SDC)	440 (thousand PCS)	775,537
Others		<u>210,988</u>
		<u>\$ 9,589,512</u>

CoAsia Electronics Corp.
Operating Costs
For the Year Ended December 31, 2022

Statement 7

Unit: NT\$ thousand

<u>Item</u>		<u>Amount</u>
Inventory at beginning of period	\$	364,566
Add: Purchase (net)		8,880,957
Others		310,895
Less: Inventory at end of period	(<u>309,098)</u>
Purchases (sales) cost		9,247,320
Slow moving inventories and write-down		29,517
Loss on retirement of inventories		2,697
Other operating costs		<u>5,861</u>
Operating Costs	\$	<u><u>9,285,395</u></u>

CoAsia Electronics Corp.
Selling and Marketing Expenses
For the Year Ended December 31, 2022

Statement 8

Unit: NT\$ thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Salary expenses		\$ 29,990	
Freight		9,109	
Lease expenses		6,203	
Insurance premium		3,880	
Entertainment expenses		3,826	
Other fee		<u>17,096</u>	The balance of each fractional account does not exceed 5% of the balance of this account
		<u>\$ 70,104</u>	

CoAsia Electronics Corp.
General and Administrative Expenses
For the Year Ended December 31, 2022

Statement 9

Unit: NT\$ thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Salary expenses		\$ 51,254	
Service fee		10,613	
Bank fee		8,518	
Depreciation		7,492	
Other fee		<u>38,342</u>	The balance of each fractional account does not exceed 5% of the balance of this account
		<u>\$ 116,219</u>	

CoAsia Electronics Corp.
Statement of Employee Benefit, Depreciation and Amortization by Function
For the Year Ended December 31, 2022

Statement 10

Unit: NT\$ thousand

Property	Function	2022			2021		
		Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee Benefits Expenses							
Salary Expenses		\$ -	\$ 75,421	\$ 75,421	\$ -	\$ 113,869	\$ 113,869
Expenses for Labor and Health Insurance		-	6,976	6,976	-	6,417	6,417
Pension Expenses		-	3,292	3,292	-	3,086	3,086
Remuneration Paid to Directors		-	2,531	2,531	-	2,286	2,286
Others Employee Benefits Expenses		-	2,362	2,362	-	9,799	9,799
Depreciation expenses (including right-of-use assets)		-	9,758	9,758	-	7,551	7,551
Amortization expenses		-	7,104	7,104	-	5,810	5,810

1. The average number of employees per month-end for the current year and the previous year were 63 and 65, respectively, of which the number of directors who were not also employees was 3.
2. (1) The average employee benefit expense for 2022 was NT\$1,468 thousand.
The average employee benefit expense for 2021 was NT\$2,148 thousand.
- (2) The average employee salary expense for 2022 was NT\$1,257 thousand.
The average employee salary expense for 2021 was NT\$1,837 thousand.
- (3) Change in average employee salary expense was (31.57%).
- (4) The Supervisor's remuneration was \$0 for the past two years.
- (5) The Corporation's remuneration policy (including remuneration to directors, managers and employees)
 - A. Principles of Personnel Remuneration Policy
 - a. Salaries are determined with reference to the salary market, the Corporation's operating conditions and organizational structure, and are subject to timely adjustment in accordance with market salary dynamics, changes in the overall economic and industrial prosperity, and government regulations.
 - b. Salaries and compensation for employees are based on their academic experience, professional knowledge, professional experience, and personal performance, and do not differ based on age, gender, race, religion, political affiliation, or marital status.
 - c. Bonus is paid based on the performance of the Corporation's operations and the performance of individual employees.
 - B. The relationship between the remuneration policy, the procedure of remuneration determination and the operating performance or results
 - a. The percentage or range of remuneration for employees and directors as set forth in the Corporation's Articles of Incorporation: If there is any profit in the year, the Corporation shall allocate no less than 10% as remuneration to employees and no more than 5% as remuneration to directors. If the Corporation still has accumulated losses, it shall reserve the amount in advance to make up for them.
 - b. The remuneration policy for the President, Vice President and equivalent managerial officers is based on the Corporation's business strategy, profitability, performance and contribution, and other factors with reference to the salary level of the market. The Remuneration Committee makes a recommendation for implementation after approval by the Board of Directors.
 - c. The Corporation uses an employee bonus system to motivate performance, and provides annual performance bonuses and other project bonuses based on business and other operational performance targets set by the Company.