

Cosmo Electronics Corporation

2023 Annual General Shareholders' Meeting Minutes

Means of Meeting Convention : Physical shareholders meeting

Time of Meeting : June 15, 2023 at 9:00 am

Location of Meeting : Conference Room B2, No. 716, Zhongzheng Road, Zhonghe District, New Taipei City 235, Taiwan

Total shares represented by shareholders presented in person or by proxy :

109,287,348 shares, accounting for 65.01% of the Company's total outstanding shares

Directors present : Chairman : TSAI, NAI-CHENG

Director : Chao Chia-chi 、 Hung Yu-han 、 Liu Chin-mu 、 Lee Chih-chin

Independent Director : Wu Yong-fu (Audit Committee Convenor) 、 Xu Bo-yu
(For and on behalf of PricewaterhouseCoopers)

Nonvoting : Taiwan Accountant Tsai, Yi Tai 、 Liyun Chang's law firm

Chairman : TSAI, NAI-CHENG, the Chairman of the Board of Directors

Recorder : Wu Xiu Hui

Meeting Commencement Announced : The aggregate shareholding of the shareholders and proxies present constituted a quorum. The Chairman called the meeting to order.

一、 Chairperson Remarks (Omitted)

二、 Management Presentations

- 1、 The business report for fiscal year 2022. (Please see Attachment 1)
- 2、 The Audit committee's review report on the Company's business report and financial statements for fiscal year 2022. (Please see Attachment 2)
- 3、 The report of remuneration distribution to employees and directors for fiscal year 2022.

Explanation: The 2022 profit is NT \$116,103,460. The 5% of the profit shall be allocated for the employees' bonus which is NT \$5,805,173 and 1% of that will be for the Board of Directors' remuneration which is NT \$1,161,035, those were paid in cash.

4 · Annual Report of director compensation for fiscal year 2022.

Explanation:

1. The remuneration policies, standard and structure which paid to the directors, independent directors are based on the responsibilities, risks and time devotion which are:
 - (1) Remuneration policies, standard and packages:
 - A. The independent directors of the Company receive fixed compensation and no other compensation.
 - B. Directors who are involved in the Company's business affairs are paid monthly in accordance with the Company's salary plan, regardless of profit or loss.
 - C. The compensation of directors and supervisors is appropriated according to the business performance of the Company in the year and the stipulated percentage in Article 19 of the Articles of Incorporation, which stipulate that: "From the profit earned by the Company as shown through the annual account closing, not more than 3% of the gross profit shall be taken for directors' and supervisors' compensation, provided that the amount of accumulated loss, if any, be first withheld."
 - (2) Procedures for setting compensation:
 - A. Compensation for President and Vice President consists of salary and bonus. Salary is paid with reference to industry standards, title, rank, education, professional ability and responsibilities, and is based on the scope of authority and responsibility of the position within the Company and its contribution to the Company's operating objectives and performance. The bonus is based on the performance evaluation items of managerial personnel, which include financial indicators (such as the achievement rate of the Company's revenue, profit before tax and profit after tax) and non-financial indicators (such as the preservation and management of assets, quality control of production, and significant deficiencies in compliance with laws and regulations and operational risks of the departments under the management).
 - B. The compensation of directors, supervisors and managers shall be evaluated and set by the Compensation Committee of the Company on a regular basis and approved by the Board of Directors, in addition to the provisions of the Company's Articles of Incorporation.
 - (3) Correlation of operating performance and future risks:
 - A. The bonus and compensation of directors, supervisors, and managers take into account the Company's operating objectives and financial condition, as well as their professional competence and responsibilities.
 - B. Important decisions by the Company's management are made after weighing various risk factors. The performance of these important decisions is reflected in the Company's profitability, which in turn is related to the management's compensation, i.e., the compensation of the Company's directors, supervisors and managers is related to the performance of future risk management.
 - C. In order to regularly evaluate the managerial personnel's bonus based on his or her participation in the Company's operations and personal performance contributions, and in accordance with the Company's "Regulations Governing the Year-End Bonus and Operating Performance Bonus", the "Regulations Governing the Year-End Bonus and Operating Performance Bonus" will be reviewed from time to time in accordance with the actual operating conditions and relevant laws and regulations, including financial indicators (such as the achievement rate of the Company's revenue, profit before tax and profit after tax) and non-financial indicators (such as asset preservation and management, product quality control, and significant deficiencies in compliance with laws and regulations and operational risks of the departments under the supervision of the Company) in order to provide reasonable compensation.

2. Remuneration paid during the most recent fiscal year to directors

Title	Name	Compensation								Ratio of Total Compensation (A+B+C+D) to Net Income (%)				Relevant Compensation Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)				Compensation from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)						Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)								
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	
Chairperson	TSAI, NAI-CHENG	0	0	0	0	194	194	0	0	194	0.18%	194	0.18%	0	0	0	0	0	0	0	0	194	0.18%	194	0.18%	0
Director & President	DIGICROWN TECHNOLOGIES LTD. (Representative: Chao Chia-chi)	0	0	0	0	194	194	0	0	194	0.18%	194	0.18%	2,174	2,174	86	86	0	0	0	0	2,454	2.23%	2,454	2.23%	0
Director & Chief Financial Officer	DIGICROWN TECHNOLOGIES LTD. (Representative: Hung Yu-han)	0	0	0	0	194	194	0	0	194	0.18%	194	0.18%	1,525	1,525	66	66	0	0	0	0	1,785	1.62%	1,785	1.62%	0
Director	DIGICROWN TECHNOLOGIES LTD. (Representative : Ho Wei-chan)	0	0	0	0	193	193	0	0	193	0.18%	193	0.18%	514	514	30	30	0	0	0	0	737	0.67%	737	0.67%	0
Director & Deputy GM	Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Liu Chin-mu)	0	0	0	0	193	193	0	0	193	0.18%	193	0.18%	1,578	1,578	67	67	0	0	0	0	1,838	1.67%	1,838	1.67%	0
Director & Deputy GM & Corporate Governance Officer	Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Lee Chih-chin)	0	0	0	0	193	193	0	0	193	0.18%	193	0.18%	1,596	1,596	67	67	0	0	0	0	1,856	1.68%	1,856	1.68%	0
Independent director	Wu Yong-fu	600	600	0	0	0	0	0	0	600	0.54%	600	0.54%	0	0	0	0	0	0	0	0	600	0.54%	600	0.54%	0
Independent director	Xu Bo-yu	480	480	0	0	0	0	0	0	480	0.44%	480	0.44%	0	0	0	0	0	0	0	0	480	0.44%	480	0.44%	0
Independent director	Lee Tan	280	280	0	0	0	0	0	0	280	0.25%	280	0.25%	0	0	0	0	0	0	0	0	280	0.25%	280	0.25%	0

Description:

Note: The compensation to directors and supervisors and the compensation to employees for the year 2022 have been approved by the board of directors on March 21, 2023, and the amount of \$1,161,035 has been

5. Report of the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises"

Explanation:

1. The revision is in accordance with the official letter# 1112201443 issued by the TWSE.
2. Comparison Table of Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises (Please see Attachment 6)

三、 Proposals

Proposal 1 : The business report and financial statements for fiscal year 2022 (Proposed by the Board of Directors)

Explanation:

1. The Board has adopted the Proposal for 2022 Annual Business Report, 2022 Parent Company only Financial Statements, and 2022 Consolidated Financial Statements. The 2022 Parent Company only Financial Statements and 2022 Consolidated Financial Statements have been viewed by the accountants Ms. Tsai, I-tai and Ms. Liang, Chan-nu, and together with 2022 Annual Business Report have sent and reviewed by the Audit Committee.
2. The 2022Annual Business Report (Please see Attachment 1) , the 2022 Parent Company only Financial Statements and Report of Independent Accountants (Please see Attachment 3) , the 2022 Consolidated Financial Statements and Report of Independent Accountants (Please see Attachment 4) . Submission for acknowledge.

Resolution: There is no question raised by the shareholders. Approved and acknowledged as proposed be by the Board of Directors by Voting

Shares represented at the time of voting	Voting Results*	% of the total represented share present
109,287,348 votes	Votes in favor: 107,383,276 votes (15,381,291 Votes)	98.25%
	Votes against: 124 votes (124 Votes)	0.00%
	Votes invalid: 0 votes	0.00%
	Votes abstained: 1,903,948 votes (1,903,948 Votes)	1.74%

*including votes casted electronically (numbers in brackets)

Proposal 2 : The proposal for distribution of profit for fiscal year 2022 (Proposed by the Board of Directors)

Explanation:

1. The Board has adopted the Proposal for Distribution of 2022 Profits and has sent and reviewed by the Audit Committee.
2. The 2022 Earnings Distribution Table (Please see Attachment 5) . Submission for acknowledge.

Resolution: There is no question raised by the shareholders. Approved and acknowledged as proposed be by the Board of Directors by Voting

Shares represented at the time of voting	Voting Results*		% of the total represented share present
109,287,348 votes	Votes in favor:	107,383,276 votes (15,381,291 Votes)	98.25%
	Votes against:	124 votes (124 Votes)	0.00%
	Votes invalid:	0 votes	0.00%
	Votes abstained:	1,903,948 votes (1,903,948 Votes)	1.74%

*including votes casted electronically (numbers in brackets)

四、 Discussion

Discussion 1 : New common share issuance through the increase of capital by capitalization of capital reserve (Proposed by the Board of Directors)

Explanation:

1. To enhance the scale of capital and strengthen financial structure, the Company plans to appropriate NT \$33,619,350 from the capital reserve acquired from the amount derived from the issuance of new shares at a premium. The new common share issued is 3,361,935 shares with the par value NT\$10, the dividend distribution is NT \$0.2 per share based on the shareholding ratio of shareholders listed on Shareholders' Rosters on the base day. If fractional shares are issued, shareholders may register with agent for stock affairs for consolidation of them within 5 days of ex-rights date. If not consolidated or still short of 1 share after consolidation, a cash payment will be made in accordance with Article 240 of the Company Law. It will be calculated to 1 N.T. dollar (less will be discarded). The chairman of the board is authorized to negotiate with specific parties for them to purchase such shares at par value.
2. Upon approval by the shareholders meeting and competent authorities, the Board of

Directors is authorized to set base dates for issuing new shares and other relevant matters.

3. If share capital changes after appropriation of dividend affect the number of outstanding shares and thus causing changes in the dividend rate, it is proposed that the Board of Directors shall be fully authorized by the shareholders meeting to handle the matter in accordance with relevant rules and regulations.
4. The new shares shall have the same rights and obligations of the original shares.

Resolution: There is no question raised by the shareholders. Approved and acknowledged as proposed by the Board of Directors by Voting

Shares represented at the time of voting	Voting Results*	% of the total represented share present
109,287,348 votes	Votes in favor: 107,383,276 votes (15,381,291 Votes)	98.25%
	Votes against: 124 votes (124 Votes)	0.00%
	Votes invalid: 0 votes	0.00%
	Votes abstained: 1,903,948 votes (1,903,948 Votes)	1.74%

*including votes casted electronically (numbers in brackets)

五、Extempore Motions : None ◦

There is no question to extemporary motions raised by the shareholders.

六、Adjournment : The Chairman adjourned the meeting (9:15 am on the same day).

Attachment 1

Summary of 2022 Annual Business Report

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.)

1. Business Policy

(1) Optoelectronics Department

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

(2) LED Lighting

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

(3) Clean Steam Department

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

(4) Industrial Park Development

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

To increase the profitability of the group/shareholders, the company has decided to invest in the development of industrial parks. As a part of diversification in operation, it can help various Taiwanese SMEs to not only gain a foothold in the Indonesian market quickly but also jointly polish up the image of the Taiwanese industry. These can be the reasons leading to the increase in our international visibility. The Group since 2008 has been proactive in looking for suitable lands to develop an industrial park. However, we decided to take stable steps regarding industrial development due to worldwide uncertainty in economics, politics, the pandemic and also delay of local construction. As of the year 2022, the company has acquired approximately 161 hectares of land and obtained groundbreaking permits. We will continue to search for desirable lands in the vicinity of the development area.

2. Important production and marketing policies

(1) Marketing strategy:

(I) Improving the quality of services and sales network through the expansion of regional distributors and

agents.

- (II) Being able to promote products to the market, expand the business scope, raise the visibility of new products and follow current market trends by participating in international expositions or through brand/product advertising.
- (III) Adjust the sale ratio in Asia region from 80% to 60% and increase European market development for operating risk diversification

(2) Production strategy:

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

(3) Product orientation:

- (I) Developing new product specifications under existing product lines, increasing the value of our products in relation to the development of technologies, and making continuous efforts to reduce costs to improve the ability in the competition and raise the market share of our products.
- (II) Applying the latest technique to the specifications of products that are not only in high demand but also in our customers' needs to improve the development of customized OEM products.
- (III) Investing in new product developments which relate to the latest technique. Develop and innovate new products to diversify the Company's product portfolio. Improving sales performance and enhancing brand popularity.
- (IV) Upgrading equipment to manufacture high-end products, improve production efficiency and increase production yield and profitability.
- (V) Developing marketing strategy in relation to industrial automation systems, Artificial Intelligence, automotive electronic parts and 5th-generation mobile networks.

3. Results of business plan implementation

The Company's net operating revenues for fiscal 2022 were \$1,390,778 thousand, operating costs were \$1,053,647 thousand, operating expenses were \$298,032 thousand, non-operating net income was \$74,239 thousand, and income tax expenses was \$3,114 thousand. After offsetting income and expenses, the net income for the period was \$110,224 thousand, an increase of \$54,939 thousand compared to the net income of \$55,285 thousand in fiscal 2021, mainly due to an increase in revenue and gross profit.

4. Budget implementation

For fiscal 2022, operating revenues reached 86% of the estimated goal, and the estimated performance of each accounting item is as follows:

Unit: NT\$ thousands

Item	Actual amount in FY2022	Estimated amount for FY2022	Achievement rate (%)
Operating revenues	1,390,778	1,618,092	86%
Operating costs	1,053,647	1,310,655	80%
Operating expenses	298,032	177,990	167%
Net operating gain	39,099	129,447	30%
Net non-operating revenues and expenses	74,239	36,555	203%
Net income after tax	110,224	149,402	74%

5. Analysis of financial income and expenses and profitability

Unit: NT\$ thousands

Item		Actual amount in FY2022	Actual amount in FY2021	
Financial income and expenses	Operating profit	39,099	725	
	Net non-operating income and expenses	74,239	65,666	
	Profit before tax	113,338	66,391	
	Profit after tax	110,224	54,939	
Profitability	Return on assets (%)	3.68	2.09	
	Return on equity (%)	6.18	3.32	
	Ratio to capital stock (%)	Operating (loss) income	2.33	0.04
		Profit before tax	6.74	4.11
	Profit margin (%)	7.93	4.09	
Earnings per share (NT\$)	0.66	0.33		

Chairman: TSAI,NAI-CHENG / General Manage: Chao Chia-chi /Accounting Supervisor: Hung Yu-han

Attachment 2

Audit Committee's review report of 2022.

Audit Committee's Review Report of Cosmo Electronics Corporation.

The Board of Directors has prepared the Cosmo Electronics Corporation. (“the Company”) 2022 Business Report, financial statements, and proposal for earnings distribution. The CPA firm of PwC was retained to audit the Company’s financial statements and has issued an audit report relating to financial statements. The above Business Report, financial statements, and earnings distribution proposal have been examined and determined to be correct and accurate by the Audit Committee of Cosmo Electronics Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Cosmo Electronics Corporation 2023 Shareholders’ Meeting

Audit Committee Convener : Wu Yong-fu

March 21,2023

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

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

Hereby declare,

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

TSAI,NAI CHEN

March 21, 2023

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Shareholders of Cosmo Electronics Corporation

Opinion

We have audited the accompanying consolidated financial statements of Cosmo Electronics Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinion

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

Key Audit Matters

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

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

Valuation of inventory

Description

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

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

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

How our audit addressed the matter:

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

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

would be align with policies.

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

Assessment the fair value of investment property

Description

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

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

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

How our audit addressed the matter:

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

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

similar assets available from public information.

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

Other Matter – Parent Company Only Financial Reports

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tsai, Yi Tai

Liang, Chan Nyu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 21, 2023

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

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

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

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

(Continued)

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

(Continued)

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

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

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

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Shareholders of Cosmo Electronics Corporation

Opinion

We have audited the accompanying parent company only financial statements of Cosmo Electronics Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

Valuation of inventory

Description

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

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

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

How our audit addressed the matter:

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

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

company only financial statement would be align with policies.

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

Assessment the fair value of investment property

Description

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

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

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

How our audit addressed the matter:

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

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

the prices of similar assets available from public information.

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tsai, Yi Tai

Liang, Chan Nyu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 21, 2023

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

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

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEET
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 132,350	3	\$ 106,658	3
1150	Notes receivable, net	6(3)	3,388	-	-	-
1170	Accounts receivable, net	6(3)	79,403	2	81,294	3
1180	Accounts receivable from related parties, net	7(2)	101,606	3	47,153	1
1200	Other receivables		2,913	-	2,353	-
1220	Current income tax assets		19	-	9	-
130X	Inventories	6(4)	334,394	9	187,856	6
1410	Prepayments		7,097	-	5,047	-
1470	Other current assets		1,800	-	1,495	-
11XX	Total current assets		<u>662,970</u>	<u>17</u>	<u>431,865</u>	<u>13</u>
Non-current assets						
1535	Financial assets at amortized cost-non current	6(2)	14,213	-	13,484	-
1550	Investments accounted for under the equity method	6(5)	2,528,897	66	2,344,181	69
1600	Property, plant and equipment	6(6)	482,041	13	465,566	14
1760	Investment property, net	6(8)	90,588	2	85,347	2
1780	Intangible assets	6(9)	3,041	-	3,931	-
1840	Deferred income tax assets	6(25)	16,242	1	5,965	-
1915	Prepayments for equipment		10,215	-	32,569	1
1920	Refundable deposits		1,426	-	3,553	-
1975	Net defined benefit assets-non current	6(14)	24,240	1	18,395	1
1990	Other non-current assets		363	-	-	-
15XX	Total non-current assets		<u>3,171,266</u>	<u>83</u>	<u>2,972,991</u>	<u>87</u>
1XXX	Total assets		<u>\$ 3,834,236</u>	<u>100</u>	<u>\$ 3,404,856</u>	<u>100</u>

(Continued)

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEET
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 396,000	11	\$ 417,090	12
2110	Short-term bills payable	6(10)	49,962	1	49,887	2
2130	Contract liabilities-current	6(19)	8,576	-	2,943	-
2150	Notes payable	6(11)	96	-	1,047	-
2170	Accounts payable	6(11)	87,004	2	81,403	3
2180	Accounts payable to related parties	7(2)	41,912	1	28,346	1
2200	Other payables		58,306	2	40,052	1
2220	Other payables to related parties	7(2)	-	-	2,754	-
2320	Long-term liabilities-current portion	6(12)(13)	276,841	7	519,000	15
2399	Other current liabilities		3,068	-	2,770	-
21XX	Total current liabilities		<u>921,765</u>	<u>24</u>	<u>1,145,292</u>	<u>34</u>
Non-current liabilities						
2530	Convertible bonds payable	6(12)	-	-	273,484	8
2540	Long-term borrowings	6(11)(13)	854,000	22	174,000	5
2570	Deferred income tax liabilities	6(25)	155,611	4	145,592	4
2600	Others non-current liabilities		3,215	-	442	-
25XX	Total non-current liabilities		<u>1,012,826</u>	<u>26</u>	<u>593,518</u>	<u>17</u>
2XXX	Total liabilities		<u>1,934,591</u>	<u>50</u>	<u>1,738,810</u>	<u>51</u>
Equity						
Share capital		6(15)				
3110	Common stock		1,680,883	44	1,616,234	48
Capital surplus		6(16)				
3200	Capital surplus		177,242	5	241,891	7
Retained earnings		6(17)				
3310	Legal reserve		6,819	-	1,203	-
3320	Special reserve		63,024	2	12,484	-
3350	Unappropriated retained earnings		122,417	3	56,156	2
Other equity interest		6(18)				
3400	Other equity interest		(150,740)	(4)	(261,922)	(8)
3XXX	Total equity		<u>1,899,645</u>	<u>50</u>	<u>1,666,046</u>	<u>49</u>
Significant contingent liabilities and unrecognized contract commitments		9				
Significant subsequent events		11				
3X2X	Total liabilities and equity		<u>\$ 3,834,236</u>	<u>100</u>	<u>\$ 3,404,856</u>	<u>100</u>

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

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	2022		2021	
		Amount	%	Amount	%
4000 Operating revenue	6(19) and 7	\$ 625,007	100	\$ 590,564	100
5000 Operating costs	6(4)(24) and 7	(427,904)	(69)	(451,191)	(76)
5900 Gross profit		197,103	31	139,373	24
5910 Unrealized profit from sales		(641)	-	(1,104)	-
5950 Gross profit		196,462	31	138,269	24
Operating expenses	6(24)				
6100 Selling expenses		(22,032)	(4)	(16,739)	(3)
6200 General and administrative expenses		(87,629)	(14)	(77,802)	(13)
6300 Research and development expenses		(1,947)	-	(853)	-
6450 Expected credit impairment gain	12(2)	-	-	3	-
6000 Total operating expenses		(111,608)	(18)	(95,391)	(16)
6900 Operating profit		84,854	13	42,878	8
Non-operating income and expenses					
7010 Other income	6(20)	4,024	-	1,664	-
7020 Other gains and losses	6(21)	17,915	3	(7,720)	(1)
7050 Finance costs	6(22)	(33,165)	(5)	(26,295)	(4)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(5)	35,509	6	109,386	18
7000 Total non-operating income and expenses		24,283	4	77,035	13
7900 Profit before income tax		109,137	17	119,913	21
7950 Income tax benefit (expense)	6(25)	1,087	-	(64,974)	(11)
8200 Profit for the year		\$ 110,224	17	\$ 54,939	10
Components of other comprehensive income(loss) that will not be reclassified to profit or loss					
8311 Gain (Loss) on remeasurements of defined benefit plans	6(14)	\$ 4,145	1	(\$ 359)	-
8330 Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under the equity method that will not be reclassified to profit or loss		8,877	1	1,504	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(829)	-	72	-
8310 Other comprehensive income(loss) that will not be reclassified to profit or loss		12,193	2	1,217	-

(Continued)

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	2022		2021	
		Amount	%	Amount	%
Components of other comprehensive income(loss) that will be reclassified to profit or loss					
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under the equity method that will be reclassified to profit or loss	6(18)			
		111,182	18	(52,750)	(9)
8360	Other comprehensive income (loss) that will be reclassified to profit or loss				
		111,182	18	(52,750)	(9)
8300	Other comprehensive income(loss) for the year				
		\$ 123,375	20	(\$ 51,533)	(9)
8500	Total comprehensive income(loss) for the year				
		\$ 233,599	37	\$ 3,406	1
Basic earnings per share					
9750	Basic earnings per share	6(26)			
			0.66	\$	0.33
9850	Diluted earnings per share				
			0.65	\$	0.33

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

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

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

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

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

	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax for the year		\$ 109,137	\$ 119,913
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(6)(7)	47,026	45,004
Amortization	6(9)	1,175	1,158
Finance cost	6(22)	33,165	26,295
Interest income	6(20)	(498)	(80)
Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(5)	(35,509)	(109,386)
Reversal for inventory and obsolescence	6(4)	(7,792)	(7,157)
Gain on fair value changes of investment property	6(8)	(5,241)	(2,178)
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		(3,388)	-
Accounts receivable		1,891	10,842
Accounts receivable from related parties		(54,453)	(46,065)
Other receivables from related parties		-	73
Inventories		(138,746)	10,051
Prepayments		(2,050)	(2,910)
Other current assets		(305)	(484)
Other non-current assets		(363)	1,920
Net defined benefit assets		(1,700)	(1,576)
Net changes in liabilities relating to operating activities			
Contract liabilities-current		5,633	1,630
Notes payable		(951)	1,047
Accounts payable		5,601	14,595
Accounts payable to related parties		13,566	(378)
Other payables		18,574	1,335
Other payables to related parties		(2,754)	(1,260)
Other current liabilities		298	480
Cash inflow (used in)generated from operations		(17,684)	62,869
Interest received		498	88
Income taxes paid		(10)	-
Unrealized profit from sales		641	1,004
Net cash flows (used in)generated from operating activities		(16,555)	63,961

(Continued)

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

	Notes	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisitions of financial assets at amortized cost		(\$ 729)	(\$ 9,802)
Acquisitions of investments accounted for under the equity method	6(5)	(29,790)	-
Proceeds from capital reduction of investments accounted for under the equity method	6(5)	-	142,050
Acquisitions of property, plant and equipment	6(27)	(60,278)	(209,663)
Proceeds from disposal of property, plant and equipment		5,997	-
Decrease(increase) in refundable deposits		2,127	(1,529)
Increase in other receivables		(560)	(115)
Acquisitions of intangible assets	6(9)	(285)	(678)
Acquisitions of investment property	6(8)	-	(55,329)
Increase in prepayments for equipment		<u>12,352</u>	<u>(31,155)</u>
Net cash flows used in investing activities		<u>(71,166)</u>	<u>(166,221)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(28)	1,361,160	902,090
Decrease in short-term borrowings	6(28)	(1,382,250)	(825,000)
Lease principal repayment		-	(2,340)
Repayment for long-term borrowings	6(28)	(528,000)	(247,000)
Proceeds from long-term borrowings	6(28)	689,000	180,000
Increase in others non-current liabilities		2,773	297
Interest paid		<u>(29,270)</u>	<u>(22,579)</u>
Net cash flows generated from (used in) financing activities		<u>113,413</u>	<u>(14,532)</u>
Net increase(decrease) in cash and cash equivalents		25,692	(116,792)
Cash and cash equivalents at beginning of year		<u>106,658</u>	<u>223,450</u>
Cash and cash equivalents at end of year		<u>\$ 132,350</u>	<u>\$ 106,658</u>

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

Attachment 5

Cosmo Electronics Corporation PROFIT DISTRIBUTION TABLE

Year 2022

(Unit: NTD)

Opening Unappropriated Retained Earnings		\$	0
Add: Net profit for 2022	\$	110,223,685	
Add : OTHER COMPREHENSIVE INCOME (Re-measurement of defined benefit Plan recognized in retained earnings)		12,192,684	
Subtotal			122,416,369
Less: 10% legal reserve			(12,241,637)
Less: Special reserves			(77,537,417)
Distributable surplus for the current period			32,637,315
Less: Cash Dividends to Common Share Holders (NTD 0.19 per share)			(31,938,385)
Unappropriated Retained Earnings		\$	698,930

Notes:

1. It is planned to allocate NT\$31,938,385 in cash dividends from the distributable surplus in 2022, and distribute NT\$0.19 per share. , transferred to other income of the company
2. After the approval of capital increase and issuance of new shares by the shareholder meeting, the board of directors will separately set the base date,issuance date and other related matters of capital increase and allotment. If the share capital is affected and thus the number of shares outstanding is affected which leads to changes of shareholding ratio, the board of directors will be fully autoriozed to handle such matter under the Company Act or any other applicable regulations.

Chairman: TSAI,NAI-CHENG / General Manage: Chao Chia-chi /Accounting Supervisor: Hung Yu-han

Attachment 6

COSMO ELECTRONICS CORPORATION

Rules Governing Financial and Business Matters Between Affiliated Enterprises

Amendment Articles comparison table

Content		The basis and the reasons of amendment
Articles under amendment	Current articles	
<p>Article 1 To ensure sound financial and business interactions between this Corporation and its affiliated enterprises and to prevent non arm's-length transactions and improper channeling of interests with respect to the purchase and sale of goods, the acquisition and disposal of assets, the provision of endorsements and guarantees, and loans of funds between this Corporation and its affiliated enterprises, these Rules are adopted pursuant to Article 17 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.</p>	<p>Article 1 These measures are specially formulated in order to grasp the rationality of the Company's operations, business, and financial transactions with related parties, specific companies, and group companies.</p>	<p>Cooperate with Taiwan Securities Governance No. 1110017532 release instructions for the operation of the 2023 corporate governance evaluation system and the executing of evaluation indicators</p>
<p>Article 2 Except as otherwise provided by law and regulation or by the articles of incorporation, financial and business matters between this Corporation and any of its affiliated enterprises shall be handled in accordance with the provisions of these Rules.</p>	<p>Article 2 Transactions between the Company and related parties, specific companies, and group companies shall be handled in accordance with these regulations in addition to the relevant systems and procedures of the company.</p>	
<p>Article 3 The term "affiliated enterprise" as used here in means an enterprise that, in accordance with Article 369-1 of the Company Act, exists independently and has either of the following relationships with this Corporation: 1.A relationship of control or subordination. 2.A relationship of mutual investment. <u>In determining whether a relationship of control or subordination under the preceding subparagraph exists, the substance of the relationship shall be considered in addition to the legal form.</u></p>	<p>Article 3 The so-called group companies,specific companies and related parties,is defined by Accounting Research and Development Foundation in IASC published the sixth IFRSs 「The disclosure of transaction of related parties」 the meanings of related parties,and mentioned in TWSE Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings the meaning of group companies and specific companies.</p>	
<p>Article 4 This Corporation shall pay close attention to the following matters when exercising supervision over the operation and management of its affiliated enterprises: 1.This Corporation shall obtain an appropriate number of director and supervisor seats in the affiliated enterprise in accordance with the percentage of the shares it holds. 2.A director that this Corporation assigns to an affiliated enterprise shall attend the affiliate's board meetings, and report the matter to the chairperson or general manager of this Corporation. 3.A supervisor assigned to an affiliated enterprise by this Corporation shall supervise the affiliate's business operations, and report to the chairperson or general manager of this Corporation. 4.This Corporation shall assign competent</p>	<p>Article 4 The transaction referred to in this regulation,include the following items: 1. Purchase 2. Sales 3. Property transactions and long-term equity investment 4. Lease of real estate 5. Consignment sales and commission collection and payment 6.Consignment processing and processing fee collection and payment 7. Financial intermediation and interest collection and payment 8.Endorsement 9.Other</p>	

<p>personnel to assume important positions at its affiliated enterprise, in order to assume the duties and responsibilities of management, decision-making, and supervision and evaluation.</p> <p>5.Subsidiaries of this Corporation shall submit financial statements and management table every month, for management and control by this Corporation. Other affiliated enterprises shall also regularly submit financial statements, for analysis and review by this Corporation.</p>		
<p>Article 5 The division of powers and responsibilities between this Corporation and its affiliated enterprises with respect to personnel management shall be clearly identified, and personnel transfers between the two shall be avoided. However, where personnel support or transfer is indeed necessary, the scope of work, division of powers and responsibilities, and allocation of costs shall be specified in advance.</p>	<p>Article 5 The trading conditions are as follows: 1.When purchasing goods, if it's in special circumstances or given advantageous conditions that differ from those of ordinary suppliers, under which the granting of preferential pricing or terms of payment can be reasonably stipulated, any other prices and payment terms shall be commensurate with those offered to ordinary suppliers. 2.When selling goods,if in cases of long-term cooperation or other special factor that are different from ordinary clients, under which reasonable stipulations may be made to grant preferential pricing or terms of payment, any other prices and payment terms shall be ommensurate with those offered to ordinary clients. 3.Property transaction and long-term equity investment shall comply with procedures for the acquisition or disposal of assets in accordance with the provisions of Company's Regulations ,and in accordance with fair market value(which is obvious) or the evaluation price to negotiate 4.Lease of real estate shall set a reasonable rent contract and be commensurate with reasonable price to calculate rent. 5.Consignment sales shall be commensurate with general agent to calculate commission. 6.Consignment processing shall be commensurate with general processing manufacturers to calculate processing fee. 7.Financial intermediation shall comply with Operational Procedures for "Loaning Funds to Others "stipulated by the Company to conduct. 8.Endorsement shall comply with regulations Governing Loaning of Funds and Making of Endorsements/Guarantees stipulated by the Company to conduct. 9.Others are negotiated on a case-by-case basis.</p>	

<p>Article 6</p> <p>This Corporation shall establish an effective system of communication with each affiliated enterprise with respect to financial and business matters, and to mitigate credit risks, shall regularly conduct comprehensive risk assessments of their banks, principal clients, and suppliers. With respect to an affiliated enterprise with which it has financial and business interactions, this Corporation shall especially maintain close control over material financial and business items for the purpose of risk management.</p>	<p>Article 6</p> <p>Every single transaction amount over NTD 50 million or cumulative transaction amount over NTD 300 million dollars, shall besides comply with article 5 to conduct, it must also be approved by the resolution of the board. In case of business needs, the chairman of the board can be authorized to approve and conduct it first, and then ratified by the board afterwards.</p>	
<p>Article 7</p> <p>Any loans or endorsements /guarantees between this Corporation and an affiliated enterprise shall be carefully assessed and carried out in compliance with the provisions of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and with the procedures prescribed by this Corporation regarding loans to others and provision of endorsements/guarantees.</p>	<p>Article 7</p> <p>The Company's supervisor shall check if specific companies, group companies and related party are exist, and check the following specific companies, group companies and related party transaction procedure at any time.</p> <ol style="list-style-type: none"> 1. Whether the transaction amount and conditions of specific companies, group companies or related parties are the same as those of non-specific companies, non-group companies or non-related parties. If there's difference, is it reasonable? 2. Is there proper approval of specific companies, group companies and related parties transaction? If there is a quota, whether the transaction amount is within the limit. 3. Whether the disclosure of transactions of related party and other necessary disclosures in financial report are consistent with the account. 	
<p>Article 8</p> <p>Price terms and payment methods shall be expressly stipulated for any business interaction between this Corporation and any affiliated enterprise. The purpose, pricing, and terms of a transaction, and its formal and substantive nature and the related handling procedures, shall not differ markedly from those of a normal transaction with a non-related party, nor may they be obviously unreasonable. When business needs require the purchase of finished products, semi-finished products, or materials from an affiliated enterprise, purchasing personnel shall thoroughly evaluate the reasonableness of the price quoted by the affiliated enterprise based on market prices and other transaction terms and conditions. Except in special circumstances, or given advantageous conditions that differ from those of ordinary suppliers, under which the granting of preferential pricing or terms of payment can be reasonably stipulated, any other prices and payment terms shall be commensurate with those</p>	<p>Article 8</p> <p>The supervisor may assign the company's auditors or accountants to audit the financial statements to conduct regular inspections in accordance with Article 7. If violations of regulations or apparent abnormalities are found, the supervisor shall inform the board and ask them to explain and make necessary improvements.</p>	

<p>offered to ordinary suppliers. Price quotes for the sale of any finished products, semi-finished products, or materials to an affiliated enterprise shall be made with reference to current market prices. Except in cases of long-term cooperation or other special factors that are different from ordinary clients, under which reasonable stipulations may be made to grant preferential pricing or terms of payment, any other prices and payment terms shall be commensurate with those offered to ordinary clients.</p> <p>For professional or technical services provided between this Corporation and an affiliated enterprise, both parties shall enter into a contract stipulating the scope of the services, fees charged, time period, payment terms, and after-sales service. The contract shall be implemented after approval by the general manager or the chairperson of this Corporation, and all contract terms and conditions shall comply with normal business practice.</p> <p>By the end of each month, the accounting personnel of both this Corporation and its affiliated enterprises shall perform cross checks of the purchases and sales of goods between them for the preceding month and the related balances of accounts payable and receivable. If any discrepancies are found, accounting personnel shall identify the cause and prepare a reconciliation statement.</p>		
<p>Article 9 Any asset transaction, derivative trading, merger, demerger, acquisition, or share transfer between this Corporation and an affiliated enterprise shall be conducted in accordance with the act and the procedures for acquisition and disposal of assets prescribed by this Corporation.</p>	<p>Article 9 Financial department shall report related party transactions of any event which has a material impact on securities prices or shareholders' equity to competent authority for future reference after reporting to general manager and the board.</p>	
<p>Article 10 With respect to any financial or business interaction between this Corporation and any affiliated enterprise that requires a resolution of the board of directors, full consideration shall be given to each independent director's opinion. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of board meetings.</p> <p>When a director is an interested party with respect to a particular agenda item, that director shall enter into recusal and may neither vote on that item nor exercise voting rights as proxy for another director. Directors shall maintain self-discipline among themselves and may not enter into relationships of inappropriate mutual support with other directors.</p> <p>Upon discovering that, in the course of their duties, the board of directors or a director has committed a violation of law or regulation, the articles of incorporation, or a shareholders meeting resolution, a supervisor shall immediately notify the board of directors or the individual director to cease the misconduct, and shall take appropriate measures to curb expansion of the misconduct. When necessary, a supervisor</p>	<p>Article 10 This act is formulated by financial department, and conducted after approved by the board. The same procedure shall be followed when the principles have been amended.</p>	

<p>shall also file a report with the relevant regulatory authority or agency.</p>		
<p>Article 11 This Corporation, in compliance with the requirements of laws and regulations, shall make arrangements for the provision by each subsidiary of required financial and business information, or to retain CPAs to audit or review the financial reports of each subsidiary. The company shall announce the relevant information of affiliated enterprises in accordance with the regulations of the competent authority and information on any material transaction between this Corporation and an affiliated enterprise shall be fully disclosed. If an affiliated enterprise experiences financial difficulties, this Corporation shall assess the resulting effect on the finances, business, or operations of this Corporation, and when necessary, appropriate conservatory measures shall be adopted to safeguard this Corporation's rights as a creditor. Under the above circumstances, in addition to specifying the resulting effect on this Corporation's financial position in its annual report and prospectus, this Corporation shall also make a timely announcement of material information on the Market Observation Post System (MOPS). If this Company has an "important subsidiary", it should upload its previous month's turnover, endorsement guarantee and balance of funds and loans, statistics of various product business revenues, and other related declaration matters before the tenth of each month in accordance with the regulations. The so-called "important subsidiaries" are defined in accordance with the regulations of the competent authority.</p>	<p>Article 11 This articles were originally established on 23 April,1998. The first amendment was made on 20 June,2001.</p>	
<p>Article 12 This Company,shall in accordance with the regulations of the competent authority, announce and declare relevant matters on behalf of affiliated companies that are private issue.</p>		
<p>Article 13 These Rules, and any amendments hereto, shall be implemented after adoption by the board of directors.</p>		
<p>Article 14 These Articles were originally established on April 23, 1998. The first amendment was made on June 20,2001. The second amendment was made on March 21,2023.</p>		