# Cosmo Electronics Corporation

# 2025 Annual General Sharehodlers'Meeting Minutes

Means of Meeting Convention：Physical shareholders meeting

Time of Meeting：June 26, 2025 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：

149,166,331 shares(including 15,141,631 shares with voting rights exercised electronically), accounting for 86.99% of the Company's total outstanding shares , 171,458,697 shares.

Directors present：Director： Huang Tsung-Shan 、Lee Chih-chin 、Lin Jui-Tang、Liao,Po-Ya 、Lu,Hsiao-hsuan

Independent Director：Zhong Yu-Ru (Audit Committee Convenor) 、Tsai Wen-Ling. A total of 7 directors attended the meeting, which exceeded half of the 9 director seats.

Nonvoting： HLB Candor Taiwan CPAs Accountant Chen,Hsiu-Li、Chia Ho International Law Firm Lawyer Lin,Sen-Min

Chairman：Director Huang Tsung-Shan(Acting Chairman)

Recorder：Lin Jr-Fan

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 2024.（Please see Attachment 1）

2、The Audit committee's review report on the Company's business report and financial statements for fiscal year 2024（Please see Attachment 2）

3、The Directors' and employees' remuneration distribution case for fiscal year 2024.

Explanation: The 2024 profit is NT $735,730. The 5% of the profit shall be allocated for the employees' bonus which is NT $34,704 and 1% of that will be for the Board of Directors' remuneration which is NT $6,941 those were paid in cash.

4、Annual Report of director compensation for fiscal year 2024.

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" 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 (%) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Base Compensation (A) | | Severance Pay (B) | | Directors Compensation (C) | | Allowances (D) | | | | | | Salary, Bonuses, and Allowances (E) | | Severance Pay (F) | | Employee Compensation (G) | | | | | | | | Compensation from ventures other than subsidiaries or from the parent company |
| | | The company | All companies in the consolidated financial statements | The company | All companies in the consolidated financial statements | The company | All companies in the consolidated financial statements | The company | All companies in the consolidated financial statements | The company | | All companies in the consolidated financial statements | | The company | All companies in the consolidated financial statements | The company | All companies in the consolidated financial statements | The company | | All companies in the consolidated financial statements | | The company | | All companies in the consolidated financial statements | | |
| | | | | | | | | | | | | | | | | | | Cash | Stock | Cash | Stock | | | | | |
| Chairperson | Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Hsieh Shu-chuan) | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 0 | 2 | −0.01% | 2 | -0.01% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | -0.01% | 2 | -0.01% | 0 |
| Director & President | Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Huang Tsung-Shan) | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 0.00% | 1 | 0.00% | 1,021 | 1,021 | 53 | 53 | 0 | 0 | 0 | 0 | 1.075 | -3.71% | 1,075 | -3.71% | 0 |
| Director & President | DIGICROWN TECHNOLOGIES LTD. (Representative: Chao Chia-chi) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0 | 0.00% | 1,050 | 1,050 | 51 | 51 | 0 | 0 | 0 | 0 | 1,101 | -3.80% | 1,101 | -3.80% | 0 |
| Director & Chief Financial Officer | DIGICROWN TECHNOLOGIES LTD. (Representative: Hung Yu-han ) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0 | 0.00% | 745 | 745 | 35 | 35 | 0 | 0 | 0 | 0 | 780 | -2.69% | 780 | -2.69% | 0 |
| Director | DIGICROWN TECHNOLOGIES LTD. (Representative: Ho Wei-chuan ) | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 0.00% | 1 | 0.00% | 1,304 | 1,304 | 73 | 73 | 0 | 0 | 0 | 0 | 1,378 | -4.76% | 1,378 | -4.76% | 0 |
| Director | DIGICROWN TECHNOLOGIES LTD. (Representative: Lee,Hsing-Chuan) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00^% | 0 | 0.00% | 0 |
| Director | DIGICROWN TECHNOLOGIES LTD. (Representative: Chang Chia-Hao) | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 0.00% | 1 | 0.00% | 383 | 383 | 23 | 23 | 0 | 0 | 0 | 0 | 407 | -1.41% | 407 | -1.41% | 0 |
| Director & Chief Financial Officer | DIGICROWN TECHNOLOGIES LTD. (Representative: Lu Hsiao Hsuan) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0 | 0.00% | 478 | 478 | 27 | 27 | 0 | 0 | 0 | 0 | 505 | -1.74% | 505 | -1.74% | 0 |

| | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Director & Deputy GM | Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Liu Chin-mu) | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 0.00% | 1 | 0. 00% | 1,386 | 1,386 | 33 | 33 | 0 | 0 | 0 | 0 | 1,420 | -4.90% | 1,420 | -4.90% | 0 |
| Director | Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account (Representative: Lin Jui-Tang) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0 | 0. 00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0 | 0.00% | 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 | 1 | 0 | 0 | 0 | 1 | 0. 00% | 1 | 0.00% | 1,395 | 1,395 | 33 | 33 | 0 | 0 | 0 | 0 | 1,429 | -4.93% | 1,429 | -4.93% | 0 |
| Independent director | Jhong Yu-Ru | 64 | 64 | 0 | 0 | 0 | 0 | 0 | 0 | 64 | -0.22% | 64 | -0.22% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 64 | -0.22% | 64 | -0.22% | 0 |
| Independent director | Jhu Rong-Chen | 64 | 64 | 0 | 0 | 0 | 0 | 0 | 0 | 64 | -0.22% | 64 | -0.22% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 64 | -0.22% | 64 | -0.22% | 0 |
| Independent director | Cai Wun-Ling | 64 | 64 | 0 | 0 | 0 | 0 | 0 | 0 | 64 | -0.22% | 64 | -0.22% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 64 | -0.22% | 64 | -0.22% | 0 |
| Independent director | Wu Yong-fu | 420 | 420 | 0 | 0 | 0 | 0 | 0 | 0 | 420 | -1. 45% | 420 | -1.45% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 420 | -1.45% | 420 | -1.45% | 0 |
| Independent director | Xu Bo-yu | 335 | 335 | 0 | 0 | 0 | 0 | 0 | 0 | 335 | -1. 16% | 335 | -1.16% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 335 | -1.16% | 335 | -1.16% | 0 |
| Independent director | Lee Tan | 186 | 186 | 0 | 0 | 0 | 0 | 0 | 0 | 186 | -0. 64% | 186 | -0.64% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 186 | -0.64% | 186 | -0.64% | 0 |

Description:

Note: 1. The compensation to directors and supervisors and the compensation to employees for the year 2024 have been approved by the board of directors on March 28, 2025, and the amount of $6,941has been.

2. DIGICROWN TECHNOLOGIES LTD. changed its representative from Chao Chia-chi to Ho Wei-chuan on July 31,2024.

3. DIGICROWN TECHNOLOGIES LTD. changed its representative from Hung Yu-han to Lee,Hsing-chuan on July 3,2024.

4. DIGICROWN TECHNOLOGIES LTD. changed its representative from Lee,Hsing-chuan to Chang,Chia-Hao on July 31,2024.

5. DIGICROWN TECHNOLOGIES LTD. changed its representative from Changn Chia-Hao to Lu Hsiao Hsuan on January 17,2025.

6. Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account changed its representative from Ho Wei-chuan to Huang Tsung-Shan on July 1,2024.

7. Bank SinoPac as Custodian for Fine Asia Int'l Ltd. Investment Account changed its representative from Liu Chin-mu to Lin Jui-Tang on January 17,2025.

8. Independent director Lee Tan resigned on August 31, 2024 and was replaced by Cai,Wun-Ling on November 8, 2024.

9. Independent director Wu Yong-fu resigned on September 30, 2024 and was replaced by Jhong Yu-Ru on November 8, 2024.

10. Independent director Xu Bo-yu resigned on September 30, 2024 and was replaced by Jhu Rong-Chen on November 8, 2024.

**5**.Private placement of common stocks management report for fiscal year 2025.

Explanation:

1. The Company authorized the Board of Directors at the extraordinary shareholders' meeting on March 14, 2025 to conduct a private placement of common shares within a total issuance amount not exceeding 20,000,000 shares, and to conduct the private placement in four installments within one year from the date of the extraordinary shareholders' meeting resolution.
2. The first handling of this private placement case on March 14, 2025 was cancelled due to procedural issues on March 27, 2025. On April 29, 2025, the second private placement was conducted to specific persons and 2,000,000 shares were raised. As of the date of publication, the Company has conducted two private placements and issued a total of 2,000,000 common shares.
3. In accordance with Article 5 of the "Things to Note When Publicly Issued Companies Conduct Private Placements of Securities," we hereby report to the shareholders' meeting on matters related to the private placement of securities in 2025, as well as the use of funds, the progress of plan execution, and the effectiveness of the plan. Please refer to Attachment 6.

**There is no questions raised by shareholders regarding the announcements.**

# 三、 Proposals

Proposal 1：The business report and financial statements for fiscal year 2024 (Proposed by the Board of Directors)

Explanation:

1. The Company's 2024 annual business report and individual financial statements and consolidated financial statements have been viewed by the accountants Mr. Lin Chih-Kai and Ms. Chen Hsiu-Li of HLB Candor Taiwan CPAs, and together with 2024 Annual Business Report have sent and reviewed by the Audit Committee.
2. For the above forms, Attachment 1; Attachment 3 and 4.Submission for acknowledge.

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

| Shares represented at the time of voting | Voting Results | | % of the total represented share present |
|---|---|---|---|
| 149,166,331 votes | Votes in favor: | 147,262,243 votes (13,237,543 Votes*) | 98.72% |
| | Votes against: | 2,862votes (2,862 Votes*) | 0.00% |
| | Votes invalid: | 0 votes | 0.00% |
| | Votes abstained: | 1,901,226 votes (1,901,226 Votes*) | 1.27% |

*including votes casted electronically (numbers in brackets)

Proposal 2：Loss compensation case for fiscal year 2024. (Proposed by the Board of Directors)

Explanation:

1. The Board has adopted the Loss compensation case of 2024 and has sent and reviewed by the Audit Committee.
2. The 2024 Loss compensation Table is Attachment 5. Submission for acknowledge.

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

| Shares represented at the time of voting | Voting Results | | % of the total represented share present |
|---|---|---|---|
| 149,166,331 votes | Votes in favor: | 147,263,193votes (13,238,493 Votes*) | 98.72% |
| | Votes against: | 2,912 votes (2,912Votes*) | 0.00% |
| | Votes invalid: | 0 votes | 0.00% |
| | Votes abstained: | 1,900,226 votes (1,900,226 Votes*) | 1.27% |

*including votes casted electronically (numbers in brackets)

# 四、 Discussion

Discussion 1：Amendment to the Articles of Incorporation. (Proposed by the Board of Directors)
Explanation:

1. In accordance with the Financial Supervisory Commission's Order No. 1130385442, some articles of the articles of incorporation were amended.
2. Proposed amendment articles comparison table of the articles of incorporation is attached as Attachment 7. Submission for discussion.

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 |
|---|---|---|---|
| 149,166,331votes | Votes in favor: | 147,263,243 votes (13,238,543Votes | 98.72% |
| | Votes against: | 2,862 votes (2,862 Votes*) | 0.00% |
| | Votes invalid: | 0 votes | 0.00% |
| | Votes abstained: | 1,900,226 votes (1,900,226 Votes*) | 1,27% |

*including votes casted electronically (numbers in brackets)

Discussion 2 :Amendment to the procedures for Acquisition and Disposal of Assets. (Proposed by the Board of Directors)

Explanation:

1. In line with the Company's overall operating model and appropriate adjustments to the authorization authority and management of subsidiaries, some provisions of the procedures for acquiring or disposing of assets have been revised.
2. Proposed amendment articles comparison table of the procedures for acquisition and disposal of assets is attached as Attachment 8.Submission for discussion.

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 |
|---|---|---|---|
| 149,166,331votes | Votes in favor: | 147,262,611 votes (13,237,911Votes | 98.72% |
| | Votes against: | 2,862 votes (2,862 Votes*) | 0.00% |
| | Votes invalid: | 0 votes | 0.00% |
| | Votes abstained: | 1,900,858 votes (1,900,858 Votes*) | 1.27% |

*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 (9:19 am on the same day)

# Attachment 1

## Summary of 2024 Annul 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 5$^{th}$-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 $5^{th}$-generation mobile networks.

## 3. Results of business plan implementation

The Company's net operating revenues for fiscal 2024 were $1,107,072 thousand, operating costs were $969,123 thousand, operating expenses were $280,863 thousand, non-operating net income was $129,593 thousand, and income tax expenses was $15,637 thousand. After offsetting income and expenses, the net income for the period was $28,958 thousand, decrease of $59,041 thousand compared to the net income of $30,083 thousand in fiscal 2024, mainly due to decrease in operating revenues and decrease in gross profit.

## 4. Budget implementation

For fiscal 2024, operating revenues reached 55% of the estimated goal, and the estimated performance of each accounting item is as follows:

Unit: NT$ thousands

| Item | Actual amount in FY2024 | Estimated amount for FY2024 | Achievement rate (%) |
|---|---|---|---|
| Operating revenues | 1,107,072 | 2,011,612 | 55% |
| Operating costs | 969,123 | 1,609,289 | 60% |
| Operating expenses | 280,863 | 201,161 | 140% |
| Net operating gain | (142,914) | 201,161 | -71% |
| Net non-operating revenues and expenses | 129,593 | 117,111 | 111% |
| Net income after tax | (28,958) | 270,531 | -11% |

## 5. Analysis of financial income and expenses and profitability

Unit: NT$ thousands

<table>
<tr><th colspan="3">Item</th><th>Actual amount in FY2024</th><th>Actual amount in FY2023</th></tr>
<tr><td rowspan="4">Financial income and expenses</td><td colspan="2">Operating profit</td><td>(142,914)</td><td>(112,724)</td></tr>
<tr><td colspan="2">Net non-operating income and expenses</td><td>129,593</td><td>168,923</td></tr>
<tr><td colspan="2">Profit before tax</td><td>(13,321)</td><td>56,199</td></tr>
<tr><td colspan="2">Profit after tax</td><td>(28,958)</td><td>30,083</td></tr>
<tr><td rowspan="6">Profitability</td><td colspan="2">Return on assets (%)</td><td>0.92</td><td>2.26</td></tr>
<tr><td colspan="2">Return on equity (%)</td><td>-1.50</td><td>1.59</td></tr>
<tr><td rowspan="2">Ratio to capital stock (%)</td><td>Operating (loss) income</td><td>-8.33</td><td>-6.57</td></tr>
<tr><td>Profit before tax</td><td>-0.77</td><td>3.28</td></tr>
<tr><td colspan="2">Profit margin (%)</td><td>-2.62</td><td>2.86</td></tr>
<tr><td colspan="2">Earnings per share (NT$)</td><td>-0.17</td><td>0.18</td></tr>
</table>

Chairman: Hsieh Shu-chuan / General Manager: Huang Tsung-Shan /Accounting Supervisor: Lin Tsung-Ting

## Attachment 2

**Audit Committee's review report of 2024.**

**Audit Committee's Review Report of Cosmo Electronics Corporation.**

The Board of Directors has prepared the Cosmo Electronics Corporation. (“the Company”) 2024 Business Report, financial statements, and loss compensation case for fiscal year 2024. Mr. Lin Chih-Kai and Ms. Chen Hsiu-Li of HLB Candor Taiwan CPAs 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 Loss compensation case 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 2025 Shareholders’ Meeting

Audit Committee Convener：Jhong Yu-Ru

March 28,2025

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2024, 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
HSIEH, SHU CHUAN
March 28, 2025

## INDEPENDENT AUDITORS' REPORT

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, which comprise the consolidated balance sheets as of December 31, 2024, 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 Cosmo Electronics Corporation and its subsidiaries as of December 31, 2024, and their 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 Cosmo Electronics Corporation and its subsidiaries 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 31,2024, are outlined as follows:

Valuation of inventory

Please refer to Note 4(8) for the description of accounting policy on inventory valuation. Please refer to Note 5(1) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(4) for details of inventory.

Cosmo Electronics Corporation and its subsidiaries have a higher risk of inventory market value decline since technology evolution affecting the market value and the possibility of inputs for obsolete products.

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.

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

Please refer to Note 4(10) 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.

Cosmo Electronics Corporation and its subsidiaries 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.

We performed the following audit procedures in respect of the above key audit matter:
1. Evaluated whether valuers and appraisal firms were engaged by Cosmo Electronics Corporation and its subsidiaries 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 Cosmo Electronics Corporation and its subsidiaries, 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-The financial statements of the prior period were audited by another auditor.**

The financial statements of Cosmo Electronics Corporation for the year ended December 31, 2023, were audited by another auditor, who expressed an unmodified opinion on those statements in their report dated March 14, 2024.

**Other Matter- Parent Company Only Financial Reports**

We have audited and expressed an unqualified opinion with Other matter paragraph on the parent company only financial statements of Cosmo Electronics Corporation, as at and for the years ended December 31, 2024.

**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 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 Cosmo Electronics Corporation and its subsidiaries' 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 Cosmo Electronics Corporation and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing Cosmo Electronics Corporation and its subsidiaries' 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 standards on Auditing of 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 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 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 Cosmo Electronics Corporation and its subsidiaries' 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 Cosmo Electronics Corporation and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause Cosmo Electronics Corporation and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Cosmo Electronics Corporation and its subsidiaries 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, 2024 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

LIN, CHIH-KAI CHEN, HSIU-LI
For and on behalf of Candor Taiwan CPAs
March 28, 2025

*Notice to Readers*

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

## COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
### CONSOLIDATED BALANCE SHEETS
### DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|---|
| | Assets | Notes | Amount | % | Amount | % |
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 4(6) and 6(1) | $ 105,101 | 2 | $ 604,711 | 14 |
| 1136 | Financial assets at amortised cost-current | 4(7), 6(2) and 8 | 30,285 | 1 | 31,055 | 1 |
| 1150 | Notes receivable, net | 4(7) and 6(3) | - | - | 3,140 | - |
| 1170 | Accounts receivable, net | 4(7) and 6(3) | 140,093 | 3 | 79,178 | 2 |
| 1180 | Accounts receivable from related parties, net | 4(7) and 7 | 137,004 | 3 | 73,891 | 1 |
| 1200 | Other receivables | 4(7) | 5,386 | - | 5,554 | - |
| 1210 | Other receivables from related parties | 4(7) and 7 | - | - | 13,846 | - |
| 1220 | Current income tax assets | 4(16) and 6(15) | 343 | - | 2,191 | - |
| 130X | Inventories | 4(8), 5(1) and 6(4) | 501,437 | 13 | 554,435 | 13 |
| 1410 | Prepayments | | 107,215 | 2 | 40,438 | 1 |
| 1470 | Other current assets | | 2,477 | - | 345 | - |
| 11XX | **Total current assets** | | 1,029,341 | 24 | 1,408,784 | 32 |
| | **Non-current assets** | | | | | |
| 1535 | Financial assets at amortized cost-non current | 4(7), 6(2) and 8 | 4,482 | - | 20,401 | 1 |
| 1600 | Property, plant and equipment | 4(9), (12), 6(5) and 8 | 776,284 | 18 | 719,938 | 17 |
| 1755 | Right-of-use assets | 4(13) and 6(6) | 186,463 | 4 | 171,344 | 4 |
| 1760 | Investment property, net | 4(10), 5(2), 6(7) and 8 | 2,168,692 | 51 | 1,871,983 | 43 |
| 1780 | Intangible assets | 4(11), (12) and 6(8) | 10,575 | - | 11,659 | - |
| 1840 | Deferred income tax assets | 4(16) and 6(15) | 80,720 | 2 | 79,549 | 2 |
| 1915 | Prepayments for equipment | | 17,364 | - | 9,814 | - |
| 1920 | Refundable deposits | | 674 | - | 1,885 | - |
| 1975 | Net defined benefit assets-non current | 4(15) and 6(11) | 32,707 | 1 | 26,550 | 1 |
| 1990 | Other non-current assets | | 17,048 | - | 16,134 | - |
| 15XX | **Total non-current assets** | | 3,295,009 | 76 | 2,929,257 | 68 |
| 1XXX | **Total assets** | | $ 4,324,350 | 100 | $ 4,338,041 | 100 |

| | Liabilities and Equity | Notes | Amount | % | Amount | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Short-term borrowings | 4(14) and 6(9) | $ 408,000 | 9 | $ 426,000 | 10 |
| 2110 | Short-term bills payable | 6(9) | 29,971 | 1 | 99,884 | 2 |
| 2130 | Contract liabilities-current | 6(13) and 7 | 47,786 | 1 | 1,018 | - |
| 2150 | Notes payable | | - | - | 59 | - |
| 2170 | Accounts payable | | 108,268 | 3 | 42,970 | 1 |
| 2180 | Accounts payable to related parties | 7 | 32,909 | 1 | 434 | - |
| 2200 | Other payables | | 94,834 | 2 | 69,226 | 2 |
| 2220 | Other payables to related parties | 7 | 7,009 | - | 6,519 | - |
| 2230 | Current income tax liabilities | 4(16) and 6(15) | 1,592 | - | 105 | - |
| 2280 | Lease liabilities-current | | 8,791 | - | 2,770 | - |
| 2320 | Long-term liabilities-current portion | 4(14) and 6(10) | 1,027,337 | 24 | 312,646 | 7 |
| 2399 | Other current liabilities | | 3,135 | - | 3,942 | - |
| 21XX | **Total current liabilities** | | 1,769,632 | 41 | 965,573 | 22 |
| | **Non-current liabilities** | | | | | |
| 2540 | Long-term borrowings | 4(14) and 6(10) | 238,014 | 6 | 1,206,851 | 28 |
| 2570 | Deferred income tax liabilities | 4(16) and 6(15) | 260,164 | 6 | 245,959 | 6 |
| 2580 | Lease liabilities-non current | | 27,016 | 1 | 23,142 | 1 |
| 2640 | Net defined benefit liability-non current | 6(11) | 16,340 | - | 13,956 | - |
| 2622 | Long-term payables to related parties | 6(10) and 7 | 22,000 | - | - | - |
| 2670 | Others non-current liabilities | | 17,997 | - | 388 | - |
| 25XX | **Total non-current liabilities** | | 581,531 | 13 | 1,490,296 | 35 |
| 2XXX | **Total liabilities** | | 2,351,163 | 54 | 2,455,869 | 57 |

| | Liabilities and Equity | Notes | Amount | % | Amount | % |
|---|---|---|---|---|---|---|
| | **Equity attributable to owners of the parent** | | | | | |
| 3110 | Common stock | 6(12) | $ 1,714,587 | 40 | $ 1,714,587 | 40 |
| 3200 | Capital surplus | 6(12) | 143,838 | 3 | 143,838 | 3 |
| 3300 | Retained earnings | | | | | |
| 3310 | Legal reserve | | 22,495 | 1 | 19,061 | - |
| 3320 | Special reserve | | 171,472 | 4 | 140,561 | 3 |
| 3350 | Unappropriated retained earnings/Accumulated deficit | | ( 24,294 ) | ( 1 ) | 34,345 | 1 |
| 3400 | Other equity | | ( 54,911 ) | ( 1 ) | ( 170,220 ) | ( 4 ) |
| 3XXX | **Total equity** | | 1,973,187 | 46 | 1,882,172 | 43 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 2-3xxx | **Total liabilities and equity** | | $ 4,324,350 | 100 | $ 4,338,041 | 100 |

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31,2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings(deficit) per share amounts)

| | Items | Notes | 2024 Amount | 2024 % | 2023 Amount | 2023 % |
|---|---|---|---|---|---|---|
| 4000 | Operating revenue | 4(17), (18), 6(13) and 7 | $ 1,107,072 | 100 | $ 1,053,420 | 100 |
| 5000 | Operating costs | 6(4) and 7 | ( 969,123 ) | ( 88 ) | ( 897,585 ) | ( 85 ) |
| 5900 | Gross profit | | 137,949 | 12 | 155,835 | 15 |
| | Operating expenses | | | | | |
| 6100 | Selling expenses | | ( 64,497 ) | ( 6 ) | ( 50,116 ) | ( 5 ) |
| 6200 | General and administrative expenses | | ( 207,571 ) | ( 19 ) | ( 222,991 ) | ( 21 ) |
| 6300 | Research and development expenses | | ( 6,069 ) | ( 1 ) | ( 3,914 ) | ( 1 ) |
| 6450 | Expected credit impairment (loss) gain | 6(3) | ( 2,726 ) | - | 8,462 | 1 |
| 6000 | Total operating expenses | | ( 280,863 ) | ( 26 ) | ( 268,559 ) | ( 26 ) |
| 6900 | Operating (loss)profit | | ( 142,914 ) | ( 14 ) | ( 112,724 ) | ( 11 ) |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(14) | 8,050 | 1 | 10,963 | 1 |
| 7010 | Other income | 6(14) | 7,770 | 1 | 14,026 | 1 |
| 7020 | Other gains and losses | 6(14) | 199,806 | 18 | 229,401 | 22 |
| 7050 | Finance costs | 6(14) | ( 86,033 ) | ( 8 ) | ( 85,467 ) | ( 8 ) |
| 7000 | Total non-operating income and expenses | | 129,593 | 12 | 168,923 | 16 |
| 7900 | **Profit (loss) before income tax** | | ( 13,321 ) | ( 2 ) | 56,199 | 5 |
| 7950 | Income tax (expense) benefit | 4(16) and 6(15) | ( 15,637 ) | ( 1 ) | ( 26,116 ) | ( 2 ) |
| 8200 | **Profit (loss) for the year** | | ( $ 28,958 ) | ( 3 ) | $ 30,083 | 3 |
| | **Other comprehensive income (loss)** | | | | | |
| | **Components of other comprehensive income that will be reclassified to profit or loss** | | | | | |
| 8311 | Gain on remeasurements of defined benefit plans | | $ 5,541 | 1 | $ 3,763 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(15) | ( 877 ) | - | ( 821 ) | - |
| 8310 | Other comprehensive income(l oss) that will not be reclassified to profit or loss | | 4,664 | - | 2,942 | - |
| | **Components of other comprehensive income(loss) that will be reclassified to profit or loss** | | | | | |
| 8361 | Financial statements translation differences of foreign operations | | 115,309 | 10 | ( 19,480 ) | ( 2 ) |
| 8360 | Components of other comprehensive income that will be reclassified to profit or loss | | 115,309 | 10 | ( 19,480 ) | ( 2 ) |
| 8300 | **Other comprehensive income for the year** | | $ 119,973 | 10 | ( $ 16,538 ) | ( 2 ) |
| 8500 | **Total comprehensive income for the year** | | $ 91,015 | 7 | $ 13,545 | 1 |
| 8600 | Profit (loss) attributable to: | | | | | |
| 8610 | Owners of the parent | | ( $ 28,958 ) | ( 3 ) | $ 30,083 | 3 |
| 8700 | Comprehensive income (loss) attributable to : | | | | | |
| 8710 | Owners of the parent | | $ 91,015 | 7 | $ 13,545 | 1 |
| | Earnings per share | | | | | |
| 9750 | Basic earnings (loss) per share | 6(16) | ( $ 0.17 ) | | $ 0.18 | |
| 9850 | Diluted earnings (loss) per share | 6(16) | ( $ 0.17 ) | | $ 0.18 | |

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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | Share capital | | Retained earnings | | | Other equity | |
|---|---|---|---|---|---|---|---|
| | Common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings / Accumulated deficit | Financial statements translation differences of foreign operations | Total equity |
| Balance at January 1, 2023 | $ 1,680,883 | $ 177,242 | $ 6,819 | $ 63,024 | $ 122,417 | ( $ 150,740 ) | $ 1,899,645 |
| Effect of retrospective application and retrospective restatement | - | - | - | - | 620 | - | 620 |
| Balance at January 1, 2023 as restated | 1,680,883 | 177,242 | 6,819 | 63,024 | 123,037 | ( 150,740 ) | 1,900,265 |
| Distribution of 2023 earnings | | | | | | | |
| Legal reserve | - | - | 12,242 | - | ( 12,242 ) | - | - |
| Special reserve | - | - | - | 77,537 | ( 77,537 ) | - | - |
| Cash dividends | - | - | - | - | ( 31,938 ) | - | ( 31,938 ) |
| Profit of 2023 | - | - | - | - | 30,083 | - | 30,083 |
| Other comprehensive income(loss) of 2023 | - | - | - | - | 2,942 | ( 19,480 ) | ( 16,538 ) |
| Conversion of convertible bonds | 85 | 215 | - | - | - | - | 300 |
| Issuance of share from capital surplus | 33,619 | ( 33,619 ) | - | - | - | - | - |
| Balance at December 31, 2023 | $ 1,714,587 | $ 143,838 | $ 19,061 | $ 140,561 | $ 34,345 | ( $ 170,220 ) | $ 1,882,172 |
| Balance at January 1, 2024 | $ 1,714,587 | $ 143,838 | $ 19,061 | $ 140,561 | $ 34,345 | ( $ 170,220 ) | $ 1,882,172 |
| Distribution of 2024 earnings | | | | | | | |
| Legal reserve | - | - | 3,434 | - | ( 3,434 ) | - | - |
| Special reserve | - | - | - | 30,911 | ( 30,911 ) | - | - |
| Loss of 2024 | - | - | - | - | ( 28,958 ) | - | ( 28,958 ) |
| Other comprehensive income of 2024 | - | - | - | - | 4,664 | 115,309 | 119,973 |
| Balance at December 31, 2024 | $ 1,714,587 | $ 143,838 | $ 22,495 | $ 171,472 | ( $ 24,294 ) | ( $ 54,911 ) | $ 1,973,187 |

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, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars)

| | 2024 | 2023 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Consolidated loss before tax for the year | ( $ 13,321 ) | $ 56,199 |
| Adjustments | | |
| Income and expenses having no effect on cash flows | | |
| Depreciation expenses | 111,669 | 110,542 |
| Amortization expenses | 2,119 | 2,028 |
| Expected credit impairment losses (gains) | 2,726 | ( 8,462 ) |
| Interest expense | 86,033 | 85,467 |
| Interest income | ( 8,050 ) | ( 10,963 ) |
| Net gain on derecognition of financial assets at amortized cost | ( 1,304 ) | - |
| (Gain) loss on disposal and scrap of property, plant and equipment | ( 1,320 ) | 8,816 |
| Loss (gain) on fair value changes of investment property | ( 209,927 ) | ( 241,679 ) |
| Changes in assets and liabilities relating to operating activities | | |
| Decrease (increase) in notes receivable | 3,140 | 248 |
| Decrease (increase) in accounts receivable | ( 63,721 ) | 212,127 |
| Decrease (increase) in accounts receivable from related parties | ( 63,113 ) | ( 73,891 ) |
| Decrease (increase) in other receivables | 168 | 19,508 |
| Decrease (increase) in other receivables from related parties | 13,846 | 3,786 |
| Decrease (increase) in inventories | 53,211 | 61,064 |
| Decrease (increase) in prepayments | ( 60,054 ) | 51,577 |
| Decrease (increase) in other current assets | ( 2,132 ) | 1,882 |
| Decrease (increase) in other non-current assets | ( 914 ) | 7,501 |
| Decrease (increase) in net defined benefit assets | 1,768 | ( 6,060 ) |
| Increase (decrease) in contract liabilities-current | 46,768 | ( 9,219 ) |
| Increase (decrease) in notes payable | ( 59 ) | ( 37 ) |
| Increase (decrease) in accounts payable | 65,298 | ( 76,782 ) |
| Increase (decrease) in accounts payable to related parties | 32,475 | ( 15,237 ) |
| Increase (decrease) in other payables | 24,873 | ( 50,180 ) |
| Increase (decrease) in other payables to related parties | 490 | 2,783 |
| Increase (decrease) in other current liabilities | ( 807 ) | ( 4,674 ) |
| Cash inflow generated from (used in) operations | 19,862 | 126,344 |
| Interest received | 8,050 | 10,963 |
| Income taxes (paid) refund | ( 148 ) | 24,009 |
| Net cash flows generated from (used in) operating activities | 27,764 | 161,316 |

(Continued)

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars)

| | 2024 | 2023 |
|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of financial assets at amortized cost | $ 17,933 | $ 38,064 |
| Acquisitions of property, plant and equipment | ( 160,320 ) | ( 37,848 ) |
| Acquisitions and payments for investment properties | ( 25,641 ) | ( 22,701 ) |
| Proceeds from disposal of property, plant and equipment | 25,786 | 114 |
| Decrease in refundable deposits | 1,211 | 11,240 |
| Acquisitions of intangible assets | ( 459 ) | ( 893 ) |
| Proceeds from disposal of property, plant and equipment | | |
| Decrease (increase) in prepayments for equipment | ( 16,170 ) | ( 18,500 ) |
| Net cash flows generated from (used in) investing activities | ( 157,600 ) | ( 30,524 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term borrowings | 1,176,000 | 1,446,440 |
| Decrease in short-term borrowings | ( 1,194,000 ) | ( 1,416,440 ) |
| Increase (decrease) in short-term bills payable | ( 70,000 ) | 49,922 |
| Repayment for convertible bonds | - | ( 277,100 ) |
| Proceeds from long-term borrowings | 217,640 | 364,520 |
| Repayment for long-term borrowings | ( 501,369 ) | ( 103,600 ) |
| Increase (decrease) in guarantee deposits received | 17,316 | ( 140 ) |
| Increase in other non-current liabilities | 293 | - |
| Payment of lease liabilities | ( 9,448 ) | ( 11,758 ) |
| Interest paid | ( 86,976 ) | ( 85,537 ) |
| Increase in Long-term payables to related parties | 22,000 | - |
| Net cash flows generated from (used in) financing activities | ( 428,544 ) | ( 33,693 ) |
| Effect due to changes in exchange rate | 58,770 | ( 35,382 ) |
| Net increase (decrease) in cash and cash equivalents | ( 499,610 ) | 61,717 |
| Cash and cash equivalents at beginning of year | 604,711 | 542,994 |
| Cash and cash equivalents at end of year | $ 105,101 | $ 604,711 |

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2024, 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
HSIEH, SHU CHUAN
March 28, 2025

## INDEPENDENT AUDITORS' REPORT

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, which comprise the consolidated balance sheets as of December 31, 2024, 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 Cosmo Electronics Corporation and its subsidiaries as of December 31, 2024, and their 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 Cosmo Electronics Corporation and its subsidiaries 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 31,2024, are outlined as follows:

<u>Valuation of inventory</u>

Please refer to Note 4(8) for the description of accounting policy on inventory valuation. Please refer to Note 5(1) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(4) for details of inventory.

Cosmo Electronics Corporation and its subsidiaries have a higher risk of inventory market value decline since technology evolution affecting the market value and the possibility of inputs for obsolete products.

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.

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

Please refer to Note 4(10) 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.

Cosmo Electronics Corporation and its subsidiaries 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.

We performed the following audit procedures in respect of the above key audit matter:
1. Evaluated whether valuers and appraisal firms were engaged by Cosmo Electronics Corporation and its subsidiaries 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 Cosmo Electronics Corporation and its subsidiaries, 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-The financial statements of the prior period were audited by another auditor.**

The financial statements of Cosmo Electronics Corporation for the year ended December 31, 2023, were audited by another auditor, who expressed an unmodified opinion on those statements in their report dated March 14, 2024.

**Other Matter- Parent Company Only Financial Reports**

We have audited and expressed an unqualified opinion with Other matter paragraph on the parent company only financial statements of Cosmo Electronics Corporation, as at and for the years ended December 31, 2024.

**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 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 Cosmo Electronics Corporation and its subsidiaries' 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 Cosmo Electronics Corporation and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing Cosmo Electronics Corporation and its subsidiaries' 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 standards on Auditing of 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 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 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 Cosmo Electronics Corporation and its subsidiaries' 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 Cosmo Electronics Corporation and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause Cosmo Electronics Corporation and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Cosmo Electronics Corporation and its subsidiaries 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, 2024 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

LIN, CHIH-KAI CHEN, HSIU-LI
For and on behalf of Candor Taiwan CPAs
March 28, 2025

*Notice to Readers*

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

### DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | December 31, 2024 Amount | % | December 31, 2023 Amount | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 4(6) and 6(1) | $ 105,101 | 2 | $ 604,711 | 14 |
| 1136 | Financial assets at amortised cost-current | 4(7), 6(2) and 8 | 30,285 | 1 | 31,055 | 1 |
| 1150 | Notes receivable, net | 4(7) and 6(3) | - | - | 3,140 | - |
| 1170 | Accounts receivable, net | 4(7) and 6(3) | 140,093 | 3 | 79,178 | 2 |
| 1180 | Accounts receivable from related parties, net | 4(7) and 7 | 137,004 | 3 | 73,891 | 1 |
| 1200 | Other receivables | 4(7) | 5,386 | - | 5,554 | - |
| 1210 | Other receivables from related parties | 4(7) and 7 | - | - | 13,846 | - |
| 1220 | Current income tax assets | 4(16) and 6(15) | 343 | - | 2,191 | - |
| 130X | Inventories | 4(8), 5(1) and 6(4) | 501,437 | 13 | 554,435 | 13 |
| 1410 | Prepayments | | 107,215 | 2 | 40,438 | 1 |
| 1470 | Other current assets | | 2,477 | - | 345 | - |
| 11XX | **Total current assets** | | 1,029,341 | 24 | 1,408,784 | 32 |
| | **Non-current assets** | | | | | |
| 1535 | Financial assets at amortized cost-non current | 4(7), 6(2) and 8 | 4,482 | - | 20,401 | 1 |
| 1600 | Property, plant and equipment | 4(9), (12), 6(5) and 8 | 776,284 | 18 | 719,938 | 17 |
| 1755 | Right-of-use assets | 4(13) and 6(6) | 186,463 | 4 | 171,344 | 4 |
| 1760 | Investment property, net | 4(10), 5(2), 6(7) and 8 | 2,168,692 | 51 | 1,871,983 | 43 |
| 1780 | Intangible assets | 4(11), (12) and 6(8) | 10,575 | - | 11,659 | - |
| 1840 | Deferred income tax assets | 4(16) and 6(15) | 80,720 | 2 | 79,549 | 2 |
| 1915 | Prepayments for equipment | | 17,364 | - | 9,814 | - |
| 1920 | Refundable deposits | | 674 | - | 1,885 | - |
| 1975 | Net defined benefit assets-non current | 4(15) and 6(11) | 32,707 | 1 | 26,550 | 1 |
| 1990 | Other non-current assets | | 17,048 | - | 16,134 | - |
| 15XX | **Total non-current assets** | | 3,295,009 | 76 | 2,929,257 | 68 |
| 1XXX | **Total assets** | | $ 4,324,350 | 100 | $ 4,338,041 | 100 |

| | Liabilities and Equity | Notes | Amount | % | Amount | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Short-term borrowings | 4(14) and 6(9) | $ 408,000 | 9 | $ 426,000 | 10 |
| 2110 | Short-term bills payable | 6(9) | 29,971 | 1 | 99,884 | 2 |
| 2130 | Contract liabilities-current | 6(13) and 7 | 47,786 | 1 | 1,018 | - |
| 2150 | Notes payable | | - | - | 59 | - |
| 2170 | Accounts payable | | 108,268 | 3 | 42,970 | 1 |
| 2180 | Accounts payable to related parties | 7 | 32,909 | 1 | 434 | - |
| 2200 | Other payables | | 94,834 | 2 | 69,226 | 2 |
| 2220 | Other payables to related parties | 7 | 7,009 | - | 6,519 | - |
| 2230 | Current income tax liabilities | 4(16) and 6(15) | 1,592 | - | 105 | - |
| 2280 | Lease liabilities-current | | 8,791 | - | 2,770 | - |
| 2320 | Long-term liabilities-current portion | 4(14) and 6(10) | 1,027,337 | 24 | 312,646 | 7 |
| 2399 | Other current liabilities | | 3,135 | - | 3,942 | - |
| 21XX | **Total current liabilities** | | 1,769,632 | 41 | 965,573 | 22 |
| | **Non-current liabilities** | | | | | |
| 2540 | Long-term borrowings | 4(14) and 6(10) | 238,014 | 6 | 1,206,851 | 28 |
| 2570 | Deferred income tax liabilities | 4(16) and 6(15) | 260,164 | 6 | 245,959 | 6 |
| 2580 | Lease liabilities-non current | | 27,016 | 1 | 23,142 | 1 |
| 2640 | Net defined benefit liability-non current | 6(11) | 16,340 | - | 13,956 | - |
| 2622 | Long-term payables to related parties | 6(10) and 7 | 22,000 | - | - | - |
| 2670 | Others non-current liabilities | | 17,997 | - | 388 | - |
| 25XX | **Total non-current liabilities** | | 581,531 | 13 | 1,490,296 | 35 |
| 2XXX | **Total liabilities** | | 2,351,163 | 54 | 2,455,869 | 57 |

| | Liabilities and Equity | Notes | Amount | % | Amount | % |
|---|---|---|---|---|---|---|
| | **Equity attributable to owners of the parent** | | | | | |
| 3110 | Common stock | 6(12) | $ 1,714,587 | 40 | $ 1,714,587 | 40 |
| 3200 | Capital surplus | 6(12) | 143,838 | 3 | 143,838 | 3 |
| 3300 | Retained earnings | | | | | |
| 3310 | Legal reserve | | 22,495 | 1 | 19,061 | - |
| 3320 | Special reserve | | 171,472 | 4 | 140,561 | 3 |
| 3350 | Unappropriated retained earnings/Accumulated deficit | | ( 24,294 ) | ( 1 ) | 34,345 | 1 |
| 3400 | Other equity | | ( 54,911 ) | ( 1 ) | ( 170,220 ) | ( 4 ) |
| 3XXX | **Total equity** | | 1,973,187 | 46 | 1,882,172 | 43 |
| 2-3xxx | **Total liabilities and equity** | | $ 4,324,350 | 100 | $ 4,338,041 | 100 |

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31,2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings(deficit) per share amounts)

| | Items | Notes | 2024 Amount | 2024 % | 2023 Amount | 2023 % |
|---|---|---|---|---|---|---|
| 4000 | Operating revenue | 4(17), (18), 6(13) and 7 | $ 1,107,072 | 100 | $ 1,053,420 | 100 |
| 5000 | Operating costs | 6(4) and 7 | ( 969,123 ) | ( 88 ) | ( 897,585 ) | ( 85 ) |
| 5900 | Gross profit | | 137,949 | 12 | 155,835 | 15 |
| | Operating expenses | | | | | |
| 6100 | Selling expenses | | ( 64,497 ) | ( 6 ) | ( 50,116 ) | ( 5 ) |
| 6200 | General and administrative expenses | | ( 207,571 ) | ( 19 ) | ( 222,991 ) | ( 21 ) |
| 6300 | Research and development expenses | | ( 6,069 ) | ( 1 ) | ( 3,914 ) | ( 1 ) |
| 6450 | Expected credit impairment (loss) gain | 6(3) | ( 2,726 ) | - | 8,462 | 1 |
| 6000 | Total operating expenses | | ( 280,863 ) | ( 26 ) | ( 268,559 ) | ( 26 ) |
| 6900 | Operating (loss)profit | | ( 142,914 ) | ( 14 ) | ( 112,724 ) | ( 11 ) |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(14) | 8,050 | 1 | 10,963 | 1 |
| 7010 | Other income | 6(14) | 7,770 | 1 | 14,026 | 1 |
| 7020 | Other gains and losses | 6(14) | 199,806 | 18 | 229,401 | 22 |
| 7050 | Finance costs | 6(14) | ( 86,033 ) | ( 8 ) | ( 85,467 ) | ( 8 ) |
| 7000 | Total non-operating income and expenses | | 129,593 | 12 | 168,923 | 16 |
| 7900 | **Profit (loss) before income tax** | | ( 13,321 ) | ( 2 ) | 56,199 | 5 |
| 7950 | Income tax (expense) benefit | 4(16) and 6(15) | ( 15,637 ) | ( 1 ) | ( 26,116 ) | ( 2 ) |
| 8200 | **Profit (loss) for the year** | | ( $ 28,958 ) | ( 3 ) | $ 30,083 | 3 |
| | **Other comprehensive income (loss)** | | | | | |
| | **Components of other comprehensive income that will be reclassified to profit or loss** | | | | | |
| 8311 | Gain on remeasurements of defined benefit plans | | $ 5,541 | 1 | $ 3,763 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(15) | ( 877 ) | - | ( 821 ) | - |
| 8310 | Other comprehensive income(l oss) that will not be reclassified to profit or loss | | 4,664 | - | 2,942 | - |
| | **Components of other comprehensive income(loss) that will be reclassified to profit or loss** | | | | | |
| 8361 | Financial statements translation differences of foreign operations | | 115,309 | 10 | ( 19,480 ) | ( 2 ) |
| 8360 | Components of other comprehensive income that will be reclassified to profit or loss | | 115,309 | 10 | ( 19,480 ) | ( 2 ) |
| 8300 | **Other comprehensive income for the year** | | $ 119,973 | 10 | ( $ 16,538 ) | ( 2 ) |
| 8500 | **Total comprehensive income for the year** | | $ 91,015 | 7 | $ 13,545 | 1 |
| 8600 | Profit (loss) attributable to: | | | | | |
| 8610 | Owners of the parent | | ( $ 28,958 ) | ( 3 ) | $ 30,083 | 3 |
| 8700 | Comprehensive income (loss) attributable to : | | | | | |
| 8710 | Owners of the parent | | $ 91,015 | 7 | $ 13,545 | 1 |
| | Earnings per share | | | | | |
| 9750 | Basic earnings (loss) per share | 6(16) | ( $ 0.17 ) | | $ 0.18 | |
| 9850 | Diluted earnings (loss) per share | 6(16) | ( $ 0.17 ) | | $ 0.18 | |

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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | Share capital | | Retained earnings | | | Other equity | |
|---|---|---|---|---|---|---|---|
| | Common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings / Accumulated deficit | Financial statements translation differences of foreign operations | Total equity |
| Balance at January 1, 2023 | $ 1,680,883 | $ 177,242 | $ 6,819 | $ 63,024 | $ 122,417 | ( $ 150,740 ) | $ 1,899,645 |
| Effect of retrospective application and retrospective restatement | - | - | - | - | 620 | - | 620 |
| Balance at January 1, 2023 as restated | 1,680,883 | 177,242 | 6,819 | 63,024 | 123,037 | ( 150,740 ) | 1,900,265 |
| Distribution of 2023 earnings | | | | | | | |
| Legal reserve | - | - | 12,242 | - | ( 12,242 ) | - | - |
| Special reserve | - | - | - | 77,537 | ( 77,537 ) | - | - |
| Cash dividends | - | - | - | - | ( 31,938 ) | - | ( 31,938 ) |
| Profit of 2023 | - | - | - | - | 30,083 | - | 30,083 |
| Other comprehensive income(loss) of 2023 | - | - | - | - | 2,942 | ( 19,480 ) | ( 16,538 ) |
| Conversion of convertible bonds | 85 | 215 | - | - | - | - | 300 |
| Issuance of share from capital surplus | 33,619 | ( 33,619 ) | - | - | - | - | - |
| Balance at December 31, 2023 | $ 1,714,587 | $ 143,838 | $ 19,061 | $ 140,561 | $ 34,345 | ( $ 170,220 ) | $ 1,882,172 |
| Balance at January 1, 2024 | $ 1,714,587 | $ 143,838 | $ 19,061 | $ 140,561 | $ 34,345 | ( $ 170,220 ) | $ 1,882,172 |
| Distribution of 2024 earnings | | | | | | | |
| Legal reserve | - | - | 3,434 | - | ( 3,434 ) | - | - |
| Special reserve | - | - | - | 30,911 | ( 30,911 ) | - | - |
| Loss of 2024 | - | - | - | - | ( 28,958 ) | - | ( 28,958 ) |
| Other comprehensive income of 2024 | - | - | - | - | 4,664 | 115,309 | 119,973 |
| Balance at December 31, 2024 | $ 1,714,587 | $ 143,838 | $ 22,495 | $ 171,472 | ( $ 24,294 ) | ( $ 54,911 ) | $ 1,973,187 |

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, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars)

| | 2024 | 2023 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Consolidated loss before tax for the year | ( $ 13,321 ) | $ 56,199 |
| Adjustments | | |
| Income and expenses having no effect on cash flows | | |
| Depreciation expenses | 111,669 | 110,542 |
| Amortization expenses | 2,119 | 2,028 |
| Expected credit impairment losses (gains) | 2,726 | ( 8,462 ) |
| Interest expense | 86,033 | 85,467 |
| Interest income | ( 8,050 ) | ( 10,963 ) |
| Net gain on derecognition of financial assets at amortized cost | ( 1,304 ) | - |
| (Gain) loss on disposal and scrap of property, plant and equipment | ( 1,320 ) | 8,816 |
| Loss (gain) on fair value changes of investment property | ( 209,927 ) | ( 241,679 ) |
| Changes in assets and liabilities relating to operating activities | | |
| Decrease (increase) in notes receivable | 3,140 | 248 |
| Decrease (increase) in accounts receivable | ( 63,721 ) | 212,127 |
| Decrease (increase) in accounts receivable from related parties | ( 63,113 ) | ( 73,891 ) |
| Decrease (increase) in other receivables | 168 | 19,508 |
| Decrease (increase) in other receivables from related parties | 13,846 | 3,786 |
| Decrease (increase) in inventories | 53,211 | 61,064 |
| Decrease (increase) in prepayments | ( 60,054 ) | 51,577 |
| Decrease (increase) in other current assets | ( 2,132 ) | 1,882 |
| Decrease (increase) in other non-current assets | ( 914 ) | 7,501 |
| Decrease (increase) in net defined benefit assets | 1,768 | ( 6,060 ) |
| Increase (decrease) in contract liabilities-current | 46,768 | ( 9,219 ) |
| Increase (decrease) in notes payable | ( 59 ) | ( 37 ) |
| Increase (decrease) in accounts payable | 65,298 | ( 76,782 ) |
| Increase (decrease) in accounts payable to related parties | 32,475 | ( 15,237 ) |
| Increase (decrease) in other payables | 24,873 | ( 50,180 ) |
| Increase (decrease) in other payables to related parties | 490 | 2,783 |
| Increase (decrease) in other current liabilities | ( 807 ) | ( 4,674 ) |
| Cash inflow generated from (used in) operations | 19,862 | 126,344 |
| Interest received | 8,050 | 10,963 |
| Income taxes (paid) refund | ( 148 ) | 24,009 |
| Net cash flows generated from (used in) operating activities | 27,764 | 161,316 |

(Continued)

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars)

| | 2024 | 2023 |
|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of financial assets at amortized cost | $ 17,933 | $ 38,064 |
| Acquisitions of property, plant and equipment | ( 160,320 ) | ( 37,848 ) |
| Acquisitions and payments for investment properties | ( 25,641 ) | ( 22,701 ) |
| Proceeds from disposal of property, plant and equipment | 25,786 | 114 |
| Decrease in refundable deposits | 1,211 | 11,240 |
| Acquisitions of intangible assets | ( 459 ) | ( 893 ) |
| Proceeds from disposal of property, plant and equipment | | |
| Decrease (increase) in prepayments for equipment | ( 16,170 ) | ( 18,500 ) |
| Net cash flows generated from (used in) investing activities | ( 157,600 ) | ( 30,524 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term borrowings | 1,176,000 | 1,446,440 |
| Decrease in short-term borrowings | ( 1,194,000 ) | ( 1,416,440 ) |
| Increase (decrease) in short-term bills payable | ( 70,000 ) | 49,922 |
| Repayment for convertible bonds | - | ( 277,100 ) |
| Proceeds from long-term borrowings | 217,640 | 364,520 |
| Repayment for long-term borrowings | ( 501,369 ) | ( 103,600 ) |
| Increase (decrease) in guarantee deposits received | 17,316 | ( 140 ) |
| Increase in other non-current liabilities | 293 | - |
| Payment of lease liabilities | ( 9,448 ) | ( 11,758 ) |
| Interest paid | ( 86,976 ) | ( 85,537 ) |
| Increase in Long-term payables to related parties | 22,000 | - |
| Net cash flows generated from (used in) financing activities | ( 428,544 ) | ( 33,693 ) |
| Effect due to changes in exchange rate | 58,770 | ( 35,382 ) |
| Net increase (decrease) in cash and cash equivalents | ( 499,610 ) | 61,717 |
| Cash and cash equivalents at beginning of year | 604,711 | 542,994 |
| Cash and cash equivalents at end of year | $ 105,101 | $ 604,711 |

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

## Attachment 5

# Cosmo Electronics Corporation

## Loss Appropriation Table

## Year 2024

(Unit: NTD)

| | | |
|---|---|---|
| Unappropriated earnings at the beginning of the period | | $ |
| Net loss after tax of the period | $ (28,958,014) | |
| Add：OTHER COMPREHENSIVE INCOME (Re-measurement of defined benefit Plan recognized in retained earnings) | 4,664,159 | |
| Subtotal | | (24,293,855) |
| Less: 10% legal reserve | | - |
| Less: Special reserves | | - |
| Unappropriated earnings at the end of the period | | $ (24,293,855) |

Chairman: Hsieh Shu-chuan / General Manager: Huang Tsung-Shan/Accounting Supervisor: Lin Tsung-Ting

# Attachment 6

## Private Placement Securities Information

<table>
<tr><th>Item</th><th>Second Private Placement in 2025<br>Issuance Date: June 20, 2025</th></tr>
<tr><td>Type of Securities Issued</td><td>Common Shares</td></tr>
<tr><td>Date and Amount Approved by Shareholders’ Meeting</td><td>Approved at the extraordinary shareholders' meeting on March 14, 2025; total issuance not to exceed 20,000,000 shares</td></tr>
<tr><td>Basis and Reasonableness of Pricing</td><td>April 15, 2015 is the pricing base date, and the simple arithmetic average of the closing prices of common stocks calculated 1, 3 or 5 business days before the pricing date, minus the ex-rights and dividends of free rights shares, and adding back the ex-rights of capital reduction, the stock prices are NT$86.7, NT$83.17, and NT$78.4 respectively, and the simple arithmetic average of the closing prices of common stocks calculated 30 business days before the pricing date, minus the ex-rights and dividends of free rights shares, and adding back the ex-rights of capital reduction, the stock price is NT$81.74. The higher of the two base calculation prices shall not be less than 80%. Therefore, the private placement price this time is NT$90. The setting method and conditions are in compliance with legal provisions and should be reasonable.</td></tr>
<tr><td>Method of Selecting Specific Persons</td><td>Selected in accordance with Article 43-6 of the Securities and Exchange Act and FSC Letter No. 1120383220</td></tr>
<tr><td>Necessity of Private Placement</td><td>1. Reason for not using public offering: Compared to a public offering, the restriction that privately placed common shares cannot be freely transferred within three years better ensures a long-term cooperative relationship between the company and strategic partners. In addition, authorizing the board of directors to conduct the private placement based on the company’s actual operational needs will effectively enhance the flexibility and agility of the company’s fundraising efforts.<br>Private placement ensures long-term cooperation with strategic partners and enhances flexibility.<br>2. Private Placement Quota: Within the total issuance limit of no more than 20,000,000 shares, the private placement may be conducted up to four times within one year from the date of the shareholders meeting resolution.<br>3. Purpose of the Private Placement Funds and Expected Benefits:
<table>
<tr><th>Planned Round</th><th>Planned Shares</th><th>Use of Funds</th><th>Expected Benefits</th></tr>
<tr><td>1st</td><td>5,000,000 shares</td><td rowspan="4">To supplement operating capital, repay bank loans, or meet other funding needs related to the company’s future development.</td><td rowspan="4">To supplement operating capital and repay loans to reduce interest burden, improve the financial structure, and enhance the company's operational efficiency.</td></tr>
<tr><td>2nd</td><td>5,000,000 shares</td></tr>
<tr><td>3rd</td><td>5,000,000 shares</td></tr>
<tr><td>4th</td><td>5,000,000 shares</td></tr>
<tr><td colspan="4">For the aforementioned 1st, 2nd, 3rd, and 4th planned private placements, the company may, at the time of each actual issuance, combine any unissued shares from previous rounds and/or shares planned for future rounds, provided that the total number of shares issued does not exceed 20,000,000.</td></tr>
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| | | | | | |
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| Date of Payment Completion. | April 29, 2025 | | | | |
| Subscriber Information | Subscriber | Qualification | Subscription Volume (thousand shares) | Relationship with Company | Involvement in Company Operations |
| | LIANG,CHIEN-KUO | Meets Article 43-6, Paragraph 1, Item 2 | 2,000 | None | None |
| Actual Subscription (or transfer) Price | NT$90 | | | | |
| Difference from Reference (or transfer) Price | None | | | | |
| Impact of the Private Placement on Shareholder Equity (e.g., increase in accumulated losses, etc.) | Subscriber's post-placement ownership: 1.15%, minimal impact on existing shareholders. | | | | |
| Use of Private Placement Funds and Project Implementation Progress | The private placement funds are currently in the capital verification stage. The funds from this placement are expected to be used for:<br>1. Procuring materials in advance to meet the confirmed growth in orders for the lighting department in fiscal year 2025 and the eary arrival of the peak production season in 2025.<br>2. Repaying short-term loans and supplementing operating capital. | | | | |
| Effectiveness of Private Placement | Reduced short-term liabilities and improved liquidity. | | | | |

Note: The first private placement on March 14, 2025, was canceled due to operational issues.

# Attachment 7

## COSMO Electronics Corporation

## Comparison Table of Amendments to the Articles of Incorporation

| Article | Content | Basis and Reason for Amendment |
| --- | --- | --- |
| Article 19 | Before Amendment:<br>If the Company has profits for the current year, it shall allocate 5% to 12% as employee compensation and no more than 3% as director compensation. However, if there are accumulated losses, the amount for covering such losses shall be reserved in advance. The aforementioned profit of the current year refers to the pre-tax net profit before deducting employee and director compensation.<br><br>The aforementioned employee compensation may be distributed in stock or cash, and the recipients may include employees of subsidiaries who meet certain criteria.<br><br>After Amendment:<br>If the Company has profits for the current year, it shall allocate 5% to 12% as employee compensation and no more than 3% as director compensation. Among the employee compensation, not less than 3% shall be allocated for distribution to basic-level employees. However, if there are accumulated losses, the amount for covering such losses shall be reserved in advance. The aforementioned profit of the current year refers to the pre-tax net profit before deducting employee and director compensation.<br><br>The aforementioned employee compensation may be distributed in stock or cash, and the recipients may include employees of subsidiaries who meet certain criteria. | Amendment according to Financial Supervisory Commission letter No. 1130385442 |
| Article 22 | Before Amendment:<br>These Articles of Incorporation were established on March 31, 1981.<br><br>...<br><br>29th amendment on July 20, 2021.<br>30th amendment on June 24, 2022.<br>31st amendment on March 14, 2025.<br><br>After Amendment:<br>These Articles of Incorporation were established on March 31, 1981.<br><br>...<br><br>29th amendment on July 20, 2021.<br>30th amendment on June 24, 2022.<br>31st amendment on March 14, 2025.<br>32nd amendment on June 26, 2025. | Addition of amendment number and date. |

# Attachment 8

**COSMO Electronics Corporation– General Explanation of the Draft Amendments to the Procedures for Acquisition or Disposal of Assets**

To comply with Article 36-1 of the Securities and Exchange Act and the relevant provisions of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," the company has amended its procedures for acquiring or disposing of assets. The amendments reference the practices adopted by many public companies in Taiwan and add definitions in Article 4 for more detailed terminology. To avoid any regulatory gaps, additional provisions have also been included to allow the application of other relevant laws.

The key points of this amendment are as follows:

1. To clarify definitions related to asset acquisition or disposal, Article 4 has been added with detailed definitions of relevant terms.
2. In line with the principles of this amendment, Article 6 has been revised to update the company's investment limit ratios and add related regulations for subsidiaries, ensuring alignment with current conditions and practical operations.
3. To meet oversight and control requirements, Articles 8 through 12 have been expanded to include evaluation and operational procedures, decision-making processes for transaction terms and authorization limits, and designation of responsible units for various asset types.
4. Articles 19 and 20 have been newly added to enhance the company's internal oversight and controls. These are based on the regulatory framework provided by the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" and serve as standards for any provisions not explicitly defined in this procedure.

COSMO Electronics Corporation

Comparison Table of the Draft Amendments to the Procedures for Acquisition or Disposal of Assets [1]

| After | Before | Explanation |
|---|---|---|
| Article 1 – Purpose<br><br>To safeguard assets and ensure information transparency, these procedures are hereby established. | Article 1 – Legal Basis<br><br>The company's acquisition or disposal of assets shall be handlead in accordance with these procedures, unless otherwise stipulated by law. | 1. This article is newly added.<br>2. To align with supervisory and regulatory requirements, the purpose of this article has been added for clarity. |
| Article 2 – Legal Basis<br><br>These procedures are established in accordance with Article 36-1 of the Securities and Exchange Act and the relevant provisions of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies." | Article 2 – Scope of Assets Covered by These Procedures<br><br>1. Long-term and short-term investments such as stocks, government bonds, corporate bonds, financial debentures, domestic beneficial certificates, offshore mutual funds, depositary receipts, call (put) warrants, beneficial securities, and asset-backed securities.<br>2. Real estate (including land, buildings, investment property) and equipment.<br>3. Membership certificates.<br>4. Intangible assets such as patents, copyrights, trademarks, and franchise rights.<br>5. Right-of-use assets.<br>6. Claims against financial institutions (including accounts receivable, foreign exchange bills purchased and discounted, loans, and collections).<br>7. Derivatives.<br>8. Assets acquired or disposed of through mergers, demergers, acquisitions, or share transfers in accordance with the law.<br>9. Other significant assets. | 1. The original content of Article 1 has been moved here.<br>2. The legal basis has been supplemented and text revised to align with the structural format of the procedures. |
| Article 3 – Scope of Assets<br><br>1. Securities: Investments such as stocks, government bonds, corporate bonds, financial debentures, securities representing funds, depositary receipts, call (put) warrants, beneficial securities, and asset-backed securities.<br>2. Real estate: Including land, buildings, investment property, and construction inventory for construction companies, as well as equipment.<br>3. Membership certificates.<br>4. Intangible assets: Including patents, copyrights, trademarks, and franchise rights.<br>5. Right-of-use assets.<br>6. Claims against financial institutions: Including accounts receivable, foreign exchange bills purchased and discounted, loans, and collections.<br>7. Derivative financial products.<br>8. Assets acquired or disposed of through mergers, demergers, acquisitions, or share transfers according to law. | Article 3: Authorization for Decision-making<br><br>1. Before the company acquires or disposes of assets specified in this procedure, it shall first prepare relevant documents and submit them for approval by the Audit Committee and authorization by the Board of Directors. If the assets to be acquired or disposed of are short-term securities, long-term investments, and the transaction balance does not exceed NT$300 million, the Chairman of the Board is authorized to approve the decision.<br>2. If the company or its subsidiaries, or subsidiaries in which it directly or indirectly holds 100% of the issued shares or total capital, acquires or disposes of equipment for business use, its usage rights assets, or real estate usage rights assets between them, it shall be approved by the Audit Committee and resolved by the Board of Directors. The Board of Directors may authorize the Chairman of the Board to approve the transaction within a limit of USD 2 million per single | 1. This article is deleted.<br>2. The original Article 2 is moved.<br>3. To clarify and unify the scope of related securities asset items, the text in the first paragraph is added. |

[1] When revisions affect more than half of the articles, it is considered a comprehensive amendment and referred to as a "Comparison Table of the Draft Amendments."

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| 9. Other significant assets. | transaction, and report to the Audit Committee for approval and the Board of Directors for retrospective confirmation after the fact. | |
| Article 4: Definitions of Terms<br><br>1. Derivative Products: Refers to forward contracts, options contracts, futures contracts, leveraged margin contracts, swap contracts, combinations of the aforementioned contracts, or composite contracts or structured products that embed derivative products, the value of which is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables. The term "forward contract" does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sale) contracts.<br>2. Assets Acquired or Disposed of Due to Legal Mergers, Divisions, Acquisitions, or Share Transfers: Refers to assets acquired or disposed of due to mergers, divisions, or acquisitions conducted in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act, or other laws, or assets acquired or disposed of due to the issuance of new shares to acquire shares of another company in accordance with Article 156-3 of the Company Act (hereinafter referred to as "share transfers").<br>3. Related Parties, Subsidiaries: Should be recognized in accordance with the regulations of the Financial Reporting Guidelines for Securities Issuers.<br>4. Professional Appraisers: Refers to real estate appraisers or others authorized by law to engage in real estate or equipment appraisal services.<br>5. Date of Occurrence of Facts: Refers to the earlier of the transaction signing date, payment date, order execution date, transfer date, Board of Directors resolution date, or other dates sufficient to confirm the transaction party and transaction amount. However, for investments requiring approval from the competent authority, the earlier of the aforementioned dates or the date of receiving approval from the competent authority shall prevail.<br>6. Investments in Mainland China: Refers to investments in Mainland China conducted in accordance with the investment or technology cooperation permit regulations of the Investment Review Committee of the Ministry of Economic Affairs. | Article 4: Asset Acquisition or Disposal Procedures<br><br>1. When acquiring or disposing of assets, the responsible unit shall assess the reasons for acquisition or disposal, the subject matter, the counterparty, transfer price, payment terms, and pricing reference basis. After evaluation, the proposal shall be submitted to the authorized unit for decision, and the management department shall implement the decision. Relevant matters shall be handled in accordance with the company's internal control system and the applicable operational regulations of this procedure.<br>2. The executing unit for the company's short-term and long-term securities investments shall be the Finance Department. The executing units for real estate and its usage rights assets, as well as equipment and its usage rights assets, shall be the respective operational departments and relevant authorized units. For other assets that do not belong to securities investments, real estate and its usage rights assets, or equipment and its usage rights assets, the executing unit shall evaluate them before proceeding. | 1. The original article is deleted, and this article is newly added.<br><br>2. In order to clarify the definition of terms related to the acquisition or disposal of assets, this article is added for comprehensiveness. |
| Article 5: Asset Acquisition or Disposal Procedures | Article 5: Transaction Conditions Evaluation<br><br>1. For the acquisition or disposal of | 1. The original text of Article 4 is relocated. |

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| 1. When acquiring or disposing of assets, the responsible department shall evaluate matters such as the reasons for acquisition or disposal, the object of the transaction, the counterparties, transfer prices, payment terms, and price references. After evaluation, the proposal should be submitted for the decision of the responsible authority and executed by the management department. Relevant matters shall be handled in accordance with the company's internal control system and the applicable operational regulations and procedures.<br>2. The responsible unit for executing investments in short-term and long-term securities of the company is the Finance Department. For real estate and its usage rights assets, and equipment and its usage rights assets, the executing units are the using departments and related responsible units. For other assets that are not securities investments, real estate, or equipment assets, they shall be evaluated by the relevant executing units before proceeding. | securities traded in centralized markets or securities dealers' business locations, the price shall be determined based on the stock or bond prices at the time.<br>2. For the acquisition or disposal of securities not traded in centralized markets or securities dealers' business locations, the evaluation should consider factors such as the net value per share, profitability, future development potential, market interest rates, bond coupon rates, the creditworthiness of the debtor, and the negotiated transaction price at that time.<br>3. For the acquisition or disposal of other assets covered in the previous two paragraphs, one of the following methods shall be chosen: inquiry, comparison, negotiation, or public bidding. The evaluation should refer to the announced present value, assessed present value, actual transaction prices of neighboring real estate, and other negotiated factors. | |
| <u>Article 6: Investment Limits for Non-Business Use Real Estate, Non-Business Use Real Estate Usage Rights, and Securities</u><br><u>The investment limits for the Company and each subsidiary in acquiring the aforementioned assets are as follows:</u><br>1. <u>Company Investment Limits:</u><br>(1) <u>For non-business use real estate and non-business use real estate usage rights, the total investment amount shall not exceed 150% of the Company's net worth or paid-in capital (whichever is higher) as shown in the financial statement.</u><br>(2) <u>The total investment amount in securities shall not exceed 160% of the Company's net worth or paid-in capital (whichever is higher) as shown in the financial statement. The investment amount in individual securities shall not exceed 60% of the Company's net worth or paid-in capital (whichever is higher) as shown in the financial statement, or NT$900 million.</u><br>2. <u>Subsidiary Investment Limits:</u><br>(1) <u>For non-business use real estate and non-business use real estate usage rights, the total investment amount shall not exceed 150% of the subsidiary's net worth or paid-in capital (whichever is higher) as shown in the financial statement.</u><br>(2) <u>The total investment amount in securities shall not exceed 120% of</u> | Article 6: Investment Limits<br>The Company may purchase non-business use real estate and its usage rights or securities, but the total investment amount shall not exceed 150% of the Company's net worth or paid-in capital (whichever is higher) as shown in the financial statement. For securities investments, the total amount shall not exceed 120% of the Company's net worth or paid-in capital (whichever is higher) as shown in the financial statement. Additionally, the investment amount in individual securities shall not exceed 60% of the Company's net worth or paid-in capital (whichever is higher) as shown in the financial statement, or NT$800 million. | 1. <u>The purpose of this article is added.</u><br>2. To align with the principles of this draft amendment, the investment limits percentage for the Company is revised, and provisions regarding subsidiary investment limits are added to meet current conditions and practical operational needs, ensuring completeness. |

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| the subsidiary’s net worth or paid-in capital (whichever is higher) as shown in the financial statement. The investment amount in individual securities shall not exceed 110% of the subsidiary’s net worth or paid-in capital (whichever is higher) as shown in the financial statement. | | |
| Article 7: Expert Qualifications and the Handling Procedures for Issuing Valuation Reports or Opinions<br><br>The qualifications of the expert and their personnel, such as valuators, accountants, lawyers, or securities underwriters, and the issuance of valuation reports or opinion letters, must comply with the provisions of Article 5 of the "Guidelines for Handling the Acquisition or Disposal of Assets by Publicly Listed Companies." | Article 7: Valuation of Real Estate or Equipment<br><br>When the Company acquires or disposes of real estate, equipment, or their usage rights, except for transactions with domestic government agencies, self-built or land-leased projects, or the acquisition or disposal of equipment or its usage rights for business use, if the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, the Company must obtain a valuation report from a professional valuator before the occurrence of the event. The report must comply with the following provisions:<br>1. If the transaction is based on a fixed or specific price due to special reasons, the transaction must first be approved by the Audit Committee and then approved by the Board of Directors. The same applies if there are subsequent changes to the transaction terms.<br>2. If the results of the professional valuator’s appraisal show any of the following conditions, the Company must ask the accountant to provide a specific opinion on the cause of the discrepancy and the appropriateness of the transaction price, unless the valuation result for the acquired asset exceeds the transaction price or the valuation result for the disposed asset is lower than the transaction price:<br>(1) The difference between the valuation result and the transaction amount is 20% or more of the transaction amount.<br>(2) The difference in the valuation results from two or more professional valuators is 10% or more of the transaction amount.<br>3. If the transaction amount reaches NT$1 billion or more, the Company must obtain appraisals from at least two professional valuators.<br>4. The date of the valuation report issued by the professional valuator must not exceed three months before the contract date. However, if the same public announcement present value is used and has not exceeded six months, the original professional valuator may issue a | 1. The original article is deleted and replaced with this new article.<br>2. In accordance with Article 5 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” which stipulates the requirements that professional valuators and their personnel, accountants, lawyers, or securities underwriters must meet when issuing valuation reports or opinion letters, this article is revised and supplemented accordingly to enhance clarity. |

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| | supplementary opinion letter to correct it.<br><br>The term "professional valuator" refers to a real estate appraiser or others legally authorized to engage in real estate or equipment valuation services. | |
| <u>Article 8: Procedures and Valuation for Acquisition or Disposal of Real Estate, Real Estate Right-of-Use Assets, Equipment, or Equipment Right-of-Use Assets</u><br><br>1. <u>Assessment and Operational Procedures</u><br><u>The Company's acquisition or disposal of real estate, real estate right-of-use assets, equipment, or equipment right-of-use assets shall be handled in accordance with the asset management rules within the Company's internal control system concerning the real estate, plant, and equipment cycle.</u><br><br>2. <u>Procedures for Determining Transaction Terms and Authorization Limits</u><br><u>The Company and its subsidiaries shall each set authorization limits for acquiring the aforementioned assets as follows:</u><br><br>(1) <u>Authorization Limits for the Company:</u><br><br>i) <u>For acquisition or disposal of real estate or real estate right-of-use assets, the transaction terms and price shall be determined with reference to publicly announced current values, appraised values, and actual transaction prices of nearby real estate. An analysis report must be submitted to the General Manager. If the amount is NT$100 million or less, it must be approved by the General Manager. If the amount exceeds NT$100 million but is less than NT$300 million, it must be approved by the Chairman. If the amount is NT$300 million or more, it must be approved by both the Audit Committee and the Board of Directors.</u><br><br>ii) <u>For acquisition or disposal of equipment or equipment right-of-use assets, one of the following methods shall be adopted: price inquiry, comparison, negotiation, or bidding. Approvals shall follow the Company's "Kuan Hsi Group Delegation of Authority Table (Taiwan Region)": If the amount exceeds NT$1 million but is less than NT$10 million, approval is required from the General Manager. If it exceeds NT$10 million but is less than</u> | Article 8: Valuation of Securities<br><br>When the Company acquires or disposes of securities, it shall, prior to the occurrence of the event, obtain the most recent financial statements of the target company, which have been audited or reviewed by a certified public accountant, as a reference for evaluating the transaction price.<br><br>If the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, the Company shall, prior to the occurrence of the event, engage a certified public accountant to provide an opinion on the reasonableness of the transaction price. However, this requirement does not apply if the securities are traded on an active market with publicly quoted prices, or if otherwise provided by the Financial Supervisory Commission. | 1. The original provisions of Article 7 have been relocated.<br><br>2. In order to fulfill supervisory and control purposes, this Article additionally specifies the assessment and operational procedures for the acquisition or disposal of real estate, right-of-use assets of real estate, equipment, or right-of-use assets of equipment; the procedures for determining transaction terms and authorization limits; and the responsible executing units. The remaining sections have been rearranged and adopted in accordance with Article 9 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies to ensure completeness. |

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| NT$50 million, approval is required from the Chairman. If it is NT$50 million or more, approval must be obtained from the Audit Committee and the Board of Directors.<br><br>(2) Authorization Limits for Subsidiaries:<br><br>i) For acquisition or disposal of real estate or real estate right-of-use assets, the transaction terms and price shall be determined with reference to publicly announced current values, appraised values, and actual transaction prices of nearby real estate. An analysis report must be prepared and approvals shall follow each subsidiary's delegation of authority table: If the amount is less than NT$100 million, approval is required from the parent company's General Manager. If it exceeds NT$100 million but is less than NT$300 million, approval is required from the parent company's Chairman. If it is NT$300 million or more, approval must be obtained from the parent company's Audit Committee and Board of Directors.<br><br>ii) For acquisition or disposal of equipment or equipment right-of-use assets, one of the following methods shall be used: price inquiry, comparison, negotiation, or bidding. Approvals shall follow each subsidiary's delegation of authority table: If the amount exceeds NT$250,000 but is less than NT$1.5 million, approval is required from the parent company's General Manager. If it exceeds NT$1.5 million but is less than NT$10 million, approval is required from the parent company's Chairman. If it is NT$10 million or more, approval must be obtained from the parent company's Audit Committee and Board of Directors.<br><br>3. Executing Units<br>Upon receiving proper approvals per the authorization rules above, the responsible user department and the Management Department shall execute the acquisition or disposal of real estate, real estate right-of-use assets, equipment, or equipment right-of-use assets.<br><br>4. Valuation Reports for Real Estate, Real | | |

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| Estate Right-of-Use Assets, Equipment, or Equipment Right-of-Use Assets<br>When the Company acquires or disposes of real estate, real estate right-of-use assets, equipment, or equipment right-of-use assets, excluding transactions with domestic government agencies, self-developed projects, leased-land developments, or equipment for business use, if the transaction amount reaches 20% of paid-in capital or NT$300 million or more, a valuation report must be obtained from a professional appraiser prior to the event and must meet the following requirements:<br>(1) If, for special reasons, a fixed price, specific price, or special price is used as a reference, the transaction must be first approved by the Board of Directors. The same applies for any subsequent changes in transaction terms.<br>(2) For transaction amounts of NT$1 billion or more, appraisals from at least two professional appraisers are required.<br>(3) If the valuation results from professional appraisers meet any of the following conditions, an accountant must be consulted to provide a specific opinion on the reason for the discrepancy and the appropriateness of the transaction price—unless the appraisal for acquisition exceeds the transaction price or, in case of disposal, the appraisal is lower than the transaction price:<br>i) The difference between the valuation result and the transaction price is 20% or more.<br>ii) The difference between the appraisals from two or more appraisers is 10% or more of the transaction amount.<br>(4) The valuation report must be issued within three months prior to the contract date. If the same public value period applies and is within six months, a supplementary opinion from the original appraiser is acceptable.<br>(5) If the asset is acquired or disposed of through court auction, documentation issued by the court may be used in lieu of an appraisal or accountant's opinion.<br>(6) The calculation of transaction amount shall be handled in accordance with Article 15, Paragraph 2, and any portion for | | |

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| which an appraisal or accountant's opinion has already been obtained shall be excluded from further calculation. | | |
| Article 9 Procedures for Acquisition or Disposal of Securities Investments<br>1. Assessment and Operational Procedures<br>The purchase and sale of securities by the Company shall be conducted in accordance with the investment cycle operations under the Company's internal control system. Prior to the occurrence of the fact, the Company shall obtain the most recent financial statements of the target company, audited or reviewed by a certified public accountant, as a reference for evaluating the transaction price.<br>2. Procedures for Determining Transaction Terms and Authorization Limits<br>(1) For the Company's purchase or investment in securities, the responsible unit shall prepare relevant information and handle the matter in accordance with the investment cycle operations under the internal control system. If the transaction amount does not exceed NT$100 million, it shall be approved by the Chairperson. If the transaction amount exceeds NT$100 million, it shall be submitted to the Audit Committee and Board of Directors for approval before execution.<br>(2) For subsidiaries' purchase or investment in securities, the responsible unit shall prepare relevant information and submit it to the parent company for approval. If the transaction amount does not exceed NT$100 million, it shall be approved by the Chairperson of the parent company. If the transaction amount exceeds NT$100 million, it shall be submitted to the Audit Committee and Board of Directors of the parent company for approval before execution.<br>3. Executing Unit<br>Once approval is obtained in accordance with the authorization limits specified in the previous paragraph, the Company's accounting and finance unit shall be responsible for executing the acquisition or disposal of securities investments.<br>4. Obtaining Expert Opinions<br>(1) If the Company acquires or disposes of securities and the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, a CPA shall | Article 9 Valuation of Membership Certificates or Intangible Assets<br>If the Company acquires or disposes of intangible assets or their usage rights, or membership certificates, and the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, the Company shall, except for transactions with domestic government agencies, engage a certified public accountant before the occurrence of the fact to provide an opinion on the reasonableness of the transaction price. | 1. The original Article 8 has been renumbered and relocated.<br>2. To comply with regulatory oversight and internal control requirements, this article is newly added to specify the evaluation and operational procedures, the decision-making process for transaction terms and authorization limits, and the executing units for the acquisition or disposal of securities investments by the Company and its subsidiaries. The remaining provisions are revised in accordance with Article 10 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" to ensure completeness. |

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| be engaged before the fact to provide an opinion on the reasonableness of the transaction price. However, this does not apply if the securities have publicly quoted prices in an active market or if otherwise specified by the Financial Supervisory Commission (FSC).<br>(2) If the Company acquires or disposes of assets through a court auction, documentation issued by the court may substitute for an appraisal report or a CPA's opinion.<br>(3) Calculation of transaction amounts shall be handled in accordance with Paragraph 2 of Article 15. | | |
| | Article 9-1<br>The calculation of transaction amounts under the preceding three articles shall be handled in accordance with the provisions of Paragraph 2, Article 10. The term "within one year" refers to the one-year period retroactively calculated from the date the current transaction occurs. Any portion of transactions for which a valuation report issued by a professional appraiser or an opinion from a CPA has already been obtained in accordance with these procedures shall be excluded from the calculation. | 1. This article is deleted. |
| Article 10: Procedures for Acquiring or Disposing of Assets with Related Parties<br>1. When the company acquires or disposes of assets with related parties, in addition to following the relevant decision-making procedures and evaluating the reasonableness of transaction conditions as outlined in these procedures, if the transaction amount exceeds 10% of the company's total assets, the company must also obtain an appraisal report from a professional appraiser or an opinion from a certified public accountant, as per Article 7. The calculation of the transaction amount should follow the provisions in Article 15, Section 2. Furthermore, when determining whether the transaction counterparty is a related party, the company should consider not only the legal form but also the substance of the relationship.<br>2. Evaluation and Procedure<br>(1) When the company acquires or disposes of real estate or its usage rights from or to related parties, or when the company acquires or disposes of other assets from or to related parties where the transaction amount exceeds 20% of the company's paid-in capital, 10% of | Article 10: Announcement and Filing<br>1. When the company acquires or disposes of assets under the following circumstances, the related information must be announced and filed with the designated website of the Financial Supervisory Commission within two days from the occurrence of the event, in the specified format:<br>(1) Acquisition or disposal of real estate or its usage rights assets from or to related parties, or acquisition or disposal of other assets from or to related parties where the transaction amount reaches 20% of the company's paid-in capital, 10% of total assets, or more than NT$300 million. However, buying or selling domestic government bonds, bonds with repurchase or reverse repurchase agreements, and subscription or repurchase of domestic securities investment trust companies' money market funds are exempt from this requirement.<br>(2) Engaging in mergers, splits, acquisitions, or share transfers.<br>(3) Losses from derivative product transactions that reach the full or | 1. The original text of Article 13 is now relocated.<br>2. In order to align with supervision and regulatory objectives, this article has been amended to include procedures for evaluating and handling transactions with related parties, determining transaction conditions, authorization limits, and the responsible execution units. Other provisions are adjusted in accordance with the relevant articles in Chapter 2, Section 3 of the "Guidelines for the Acquisition or Disposal of Assets by Public Companies" related to transactions with related parties, to ensure completeness.<br>3. To ensure consistency in the currency used in this regulation, the currency denomination in the second item of Article 2 has been amended to "NT$60 million" for clarity. |

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| total assets, or NT$300 million, the company must submit the following information to the Audit Committee and the Board of Directors for approval before signing the transaction contract and making payments:<br>i) The purpose, necessity, and anticipated benefits of acquiring or disposing of the asset.<br>ii) The reasons for selecting related parties as the transaction counterparty.<br>iii) The relevant information for evaluating the reasonableness of the expected transaction conditions, as specified in Items (1) to (4) of Section 3 of this article.<br>iv) The original acquisition date and price, transaction counterparty, and the relationship between the counterparty, the company, and related parties.<br>v) A forecast of monthly cash flows for the upcoming year starting from the planned contract signing month, and an assessment of the necessity of the transaction and the reasonableness of the use of funds.<br>vi) The appraisal report issued by a professional appraiser or the opinion of a certified public accountant, as required by the preceding provision.<br>vii) The restrictions and other important agreements related to the transaction.<br>(2) When the company or its subsidiaries, or subsidiaries in which 100% of the issued shares or capital are directly or indirectly held by the company, acquire or dispose of business-use equipment or its usage rights assets, or real estate usage rights assets, the transaction must be approved by the Audit Committee and the Board of Directors. The Board of Directors may authorize the Chairman to proceed with individual transactions within the limit of NT$60 million, subject to subsequent approval by the Audit Committee and Board of Directors.<br>(3) When submitting the item for Board of Directors discussion, the company must fully consider the opinions of all independent directors. If any | individual contract loss limit specified in the handling procedures.<br>(4) Acquisition or disposal of assets that are business-use equipment or its usage rights, where the transaction is not with related parties, and the transaction amount exceeds NT$500 million.<br>(5) Acquisition of real estate through self-developed land construction, land-leased construction, joint development with house division, joint development with revenue-sharing, or joint development with house sales, where the transaction is not with related parties, and the company's expected investment in the transaction exceeds NT$500 million.<br>(6) Asset transactions other than the above five cases, the disposal of debt by financial institutions, or investment in Mainland China, where the transaction amount reaches 20% of the company's paid-in capital or exceeds NT$300 million.<br>2. The transaction amount mentioned in the previous paragraph is calculated as follows:<br>(1) The amount for each transaction.<br>(2) The cumulative amount for transactions with the same counterparty involving the same type of asset within one year.<br>(3) The cumulative amount for acquiring or disposing (separately accumulated for acquisition and disposal) of the same real estate or its usage rights assets within one year from the same development project<br>(4) The cumulative amount for acquiring or disposing (separately accumulated for acquisition and disposal) of the same securities within one year. "One year" refers to the period from the date of the current transaction, counting one year backward. Any transactions already announced according to these procedures need not be included again.<br>3. After the company announces a transaction according to the above provisions, if any of the following occurs, the related information must be announced and filed with the designated website of the Financial Supervisory Commission within two days from the occurrence of the event:<br>(1) Changes, termination, or rescission of the contracts originally signed for | |

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| independent director expresses objections or reservations, these should be recorded in the meeting minutes.<br>(4) If the company or its subsidiaries (which are not domestic publicly listed companies) engage in a transaction under these provisions where the transaction amount exceeds 10% of the company's total assets, the company must submit the materials listed in this article to the shareholders' meeting for approval before signing the transaction contract and making payments. However, transactions between the company and its parent or subsidiary, or between its subsidiaries, are exempt from this requirement.<br>(5) The calculation of the transaction amount must be done in accordance with Article 15, Section 2. "One year" refers to the period from the date of the current transaction, counting one year backward. Transactions already submitted to the shareholders' meeting, Audit Committee, and Board of Directors for approval do not need to be counted again.<br>3. Reasonableness Evaluation of Transaction Costs<br>(1) If the company acquires real estate or its usage rights from related parties and the result of the appraisal shows that the transaction price is lower than the assessed cost, the company must:<br>i) Set aside special surplus reserves for the difference between the transaction price and the appraised cost, in accordance with regulations, and the reserves must not be distributed or used to increase capital shares.<br>ii) The independent directors of the Audit Committee must handle this in accordance with Article 218 of the Company Act.<br>iii) The treatment of these matters (Items 1 and 2) must be reported to the shareholders' meeting, and the detailed transaction information must be disclosed in the annual report and public prospectus.<br>(2) If the company has set aside special surplus reserves as per the previous provision, the reserves can only be utilized after the high-priced acquired or leased assets have been | the transaction.<br>(2) Mergers, splits, acquisitions, or share transfers not completed as scheduled by the contract.<br>(3) Changes to the content of the original announcement.<br>4. The company must input the situation of derivative product transactions conducted by the company and its subsidiaries (which are not domestic publicly listed companies) as of the end of the previous month into the designated information reporting website of the Financial Supervisory Commission in the specified format by the 10th of each month.<br>5. If there are errors or omissions in the announced items, the company must reannounce and file all the corrected items within two days from when the error or omission is discovered. | |

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| recognized for impairment loss, disposed of, or the lease contract has been terminated, or after appropriate compensation or restoration to the original condition, or when there is other evidence confirming no unreasonable issue, and with approval from the Financial Supervisory Commission.<br>(3) If the company acquires real estate or its usage rights from related parties and there is evidence indicating that the transaction is not in line with business practices, the company must handle it in accordance with the previous two provisions.<br>(4) The term "related party" should be defined according to the criteria set forth in the Financial Report Preparation Standards for Securities Issuers. | | |
| Article 10-1: Definition of Total Assets and Paid-in Capital<br>1. For the purposes of this procedure, references to "10% of total assets" shall be calculated based on the total asset amount shown in the most recent standalone or individual financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.<br>2. If the par value per share of the company's stock is not NT$10, then where this procedure refers to "20% of paid-in capital," it shall instead be calculated as 10% of equity attributable to owners of the parent company. | | 1. This article is newly added. The original text of Article 13-1 has been relocated here. |
| Article 11: Procedures for the Acquisition or Disposal of Intangible Assets, Intangible Asset Usage Rights, or Membership Certificates<br>When the Company acquires or disposes of intangible assets, intangible asset usage rights, or membership certificates, and the transaction amount reaches a specified threshold, a CPA shall be consulted for an opinion. If the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, the Company shall, except when transacting with domestic government agencies, consult a CPA in advance of the transaction to express an opinion on the reasonableness of the transaction price. | Article 11 Exemption from Public Announcement and Reporting<br>The Company is exempt from making public announcements and reports for the acquisition or disposal of assets in the following cases, in accordance with applicable regulations:<br>1. The trading of domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign credit rating of the Republic of China (Taiwan).<br>2. The trading of bonds with repurchase or resale conditions, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises. | 1. The original Article 9 has been relocated.<br>2. In accordance with the provisions of Article 11 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, relevant wording has been added for clarity. |
| Article 12: Procedures for the Acquisition or Disposal of Claims of Financial Institutions<br>In principle, the Company does not engage in | Article 12 - Subsidiaries of the Company shall comply with the following regulations:<br>1. All subsidiaries invested by COSMO | 1. This article is newly added.<br>2. To meet supervisory and regulatory objectives, this article stipulates the |

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| <u>transactions involving the acquisition or disposal of claims of financial institutions. Should the Company decide to engage in such transactions in the future, the matter shall be submitted to the Board of Directors for approval, after which the relevant evaluation and operational procedures will be established.</u> | Electronics Corporation shall follow the "Asset Acquisition or Disposal Handling Procedure" of the parent company, COSMO Electronics Corporation. The subsidiaries shall not establish separate handling procedures for asset acquisition or disposal.<br>2. If a subsidiary is not a publicly listed company and its asset acquisition or disposal meets the disclosure standards set by the "Publicly Listed Company Asset Acquisition or Disposal Handling Standards," the parent company shall handle the public disclosure and filing for the subsidiary.<br>For the public disclosure and filing standards of subsidiaries, the standards regarding paid-in capital or total assets shall be based on the parent company's paid-in capital or total assets. | principle of not engaging in such transactions. Relevant wording has been added and revised to ensure thoroughness and alignment with practical operations. |
| Article 13: Procedures for Acquiring or Disposing of Derivative Products<br>When the company engages in derivative financial product transactions, it shall proceed according to the company's "Procedures for Engaging in Derivative Product Transactions." | Article 13 Related Party Transactions<br>1. When determining whether a transaction counterparty is a related party, not only the legal form but also the substance of the relationship should be considered.<br>2. When the Company acquires or disposes of assets from related parties, in addition to following the prescribed procedures for decision-making and assessing the reasonableness of transaction terms, if the transaction amount exceeds 10% of the Company's total assets, the Company must also obtain a professional valuation report or an accountant's opinion, as required. The transaction amount shall be calculated in accordance with Article 9-1.<br>3. When the Company acquires or disposes of real estate or its usage rights, or other assets from related parties, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets, or NT$300 million or more, except for the purchase and sale of domestic government bonds, bonds with repurchase or resale conditions, or the subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the following information must be submitted to the audit committee for approval and the board of directors for approval before the transaction contract is signed and payments are made:<br>(1) The purpose, necessity, and expected benefits of acquiring or disposing of the asset.<br>(2) The reason for selecting a related party as the counterparty.<br>(3) Related data for evaluating the reasonableness of the proposed transaction terms for acquiring real estate or its usage rights from related | 1. The original text of Article 14 text is moved. |

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| | parties.<br>(4) The original acquisition date, price, counterparty, and the relationship between the related party and the Company.<br>(5) A cash flow forecast for the next year, starting from the expected contract signing month, and an evaluation of the necessity of the transaction and the reasonableness of capital utilization.<br>(6) The professional valuation report or accountant's opinion obtained in accordance with the relevant regulations.<br>(7) Any restrictions and other important terms of the transaction.<br>If the transaction involves the Company or its subsidiaries that are not publicly listed in Taiwan, and the transaction amount exceeds 10% of the Company's total assets, the Company must submit the above information to the shareholders' meeting for approval before signing the transaction contract and making payments. However, transactions between the Company and its parent company, subsidiaries, or between subsidiaries are exempt from this requirement.<br>The calculation of the transaction amount shall be handled according to the provisions in Paragraph 2 of Article 10, and the term "within one year" refers to a one-year period starting from the date of the current transaction, counting backward. Any parts already approved by the shareholders' meeting, audit committee, and board of directors as per this procedure need not be recalculated.<br>When submitting the matter to the board of directors for discussion under the third paragraph, the opinions of all independent directors must be fully considered. If any independent director expresses opposing or reserved opinions, they should be documented in the board meeting minutes.<br>4. If the Company acquires real estate or its usage rights from related parties, and the evaluation results show that the transaction price is lower than the assessed cost, the following actions should be taken:<br>(1) The difference between the transaction price and the assessed cost for real estate or its usage rights must be transferred to special surplus reserves, which cannot be distributed or capitalized for stock issuance.<br>(2) The independent directors of the audit committee must handle the matter in accordance with Article | |

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| | 218 of the Company Act.<br>(3) The handling of the matters in Items (i) and (ii) should be reported to the shareholders' meeting, and the details of the transaction should be disclosed in the annual report and public offering documents.<br>If the Company has made a special surplus reserve in accordance with the previous paragraph, it can only be used after the asset purchased or leased at a high price has recognized impairment losses or been disposed of, the lease contract has been terminated, appropriate compensation or restoration has been made, or other evidence confirms no unreasonable circumstances, and with approval from the Financial Supervisory Commission (FSC).<br>If there is evidence that the transaction is inconsistent with normal business practices, the Company should also follow the procedures outlined in the previous two items.<br>Related parties should be identified according to the criteria set out in the Securities Issuer Financial Reporting Standards. | |
| Article 14: Procedures for Handling Mergers, Splits, Acquisitions, or Share Transfers<br>When the company handles mergers, splits, acquisitions, or share transfers, it shall proceed according to the relevant provisions of the "Guidelines for the Handling of Asset Acquisitions or Disposals by Public Companies." | Article 14: Engaging in Derivative Product Transactions<br>When the company engages in derivative financial product transactions, it shall proceed according to the company's "Procedures for Engaging in Derivative Product Transactions." | 1. The original Article 15 text is now relocated. |
| Article 15: Information Disclosure Procedures<br>1. When the company acquires or disposes of assets under the following circumstances, the related information must be announced and filed with the designated website of the Financial Supervisory Commission within two days from the occurrence of the event, in the specified format:<br>(1) Acquisition or disposal of real estate or its usage rights assets from or to related parties, or acquisition or disposal of other assets from or to related parties where the transaction amount reaches 20% of the company's paid-in capital, 10% of total assets, or more than NT$300 million. However, buying or selling domestic government bonds, bonds with repurchase or reverse repurchase agreements, and subscription or repurchase of domestic securities investment trust | Article 15: Mergers, Splits, Acquisitions, and Share Transfers<br>When the company handles mergers, splits, acquisitions, or share transfers, it shall proceed according to the relevant provisions of the "Guidelines for the Handling of Asset Acquisitions or Disposals by Public Companies." | 1. The purpose of this article has been revised and supplemented accordingly.<br>2. The original provisions of Articles 10 and 11 have been consolidated and amended. The remaining sections have been incorporated and adapted in accordance with Chapter 3 (Information Disclosure) of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," to ensure completeness. |

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| companies' money market funds are exempt from this requirement.<br>(2) Engaging in mergers, splits, acquisitions, or share transfers.<br>(3) Losses from derivative product transactions that reach the full or individual contract loss limit specified in the handling procedures.<br>(4) Acquisition or disposal of assets that are business-use equipment or its usage rights, where the transaction is not with related parties, and the transaction amount exceeds NT$500 million.<br>(5) Acquisition of real estate through self-developed land construction, land-leased construction, joint development with house division, joint development with revenue-sharing, or joint development with house sales, where the transaction is not with related parties, and the company's expected investment in the transaction exceeds NT$500 million.<br>(6) Asset transactions other than the above five cases, the disposal of debt by financial institutions, or investment in Mainland China, where the transaction amount reaches 20% of the company's paid-in capital or exceeds NT$300 million.<br>2. The transaction amount mentioned in the previous paragraph is calculated as follows:<br>(1) The amount for each transaction.<br>(2) The cumulative amount for transactions with the same counterparty involving the same type of asset within one year.<br>(3) The cumulative amount for acquiring or disposing (separately accumulated for acquisition and disposal) of the same real estate or its usage rights assets within one year from the same development project.<br>(4) The cumulative amount for acquiring or disposing (separately accumulated for acquisition and disposal) of the same securities within one year.<br>"One year" refers to the period from the date of the current transaction, counting one year backward. Any transactions already announced according to these procedures need not be included again.<br>3. After the company announces a transaction according to the above provisions, if any of the following occurs, | | |

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<td>the related information must be announced and filed with the designated website of the Financial Supervisory Commission within two days from the occurrence of the event:<br>(1) Changes, termination, or rescission of the contracts originally signed for the transaction.<br>(2) Mergers, splits, acquisitions, or share transfers not completed as scheduled by the contract.<br>(3) Changes to the content of the original announcement.<br>4. The company must input the situation of derivative product transactions conducted by the company and its subsidiaries (which are not domestic publicly listed companies) as of the end of the previous month into the designated information reporting website of the Financial Supervisory Commission in the specified format by the 10th of each month.<br>5. If there are errors or omissions in the announced items, the company must reannounce and file all the corrected items within two days from when the error or omission is discovered.<br>6. Exemptions from Announcement and Filing:<br>The company is exempt from announcing and filing if the acquisition or disposal of assets falls under the following items:<br>(1) Buying or selling domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign rating of Taiwan.<br>(2) Buying or selling bonds with repurchase or reverse repurchase conditions, or subscribing to or repurchasing money market funds issued by domestic securities investment trust companies.</td>
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<td>Article 16 - Subsidiaries of the Company shall comply with the following regulations:<br>3. All subsidiaries invested by COSMO Electronics Corporation shall follow the "Asset Acquisition or Disposal Handling Procedure" of the parent company, COSMO Electronics Corporation. The subsidiaries shall not establish separate handling procedures for asset acquisition or disposal.<br>4. If a subsidiary is not a publicly listed company and its asset acquisition or disposal meets the disclosure standards set by the "Publicly Listed Company</td>
<td>Article 16 - Other Important Considerations<br>1. When the company acquires or disposes of assets, relevant contracts, meeting minutes, records, valuation reports, and opinions from accountants, lawyers, or securities underwriters should be kept in the company, and unless otherwise stipulated by law, they must be preserved for at least five years.<br>2. The valuation reports or opinions from accountants, lawyers, or securities underwriters obtained by the company must meet the following conditions:</td>
<td>2. The original Article 12 text is now relocated.</td>
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| Asset Acquisition or Disposal Handling Standards," the parent company shall handle the public disclosure and filing for the subsidiary.<br><br>5. For the public disclosure and filing standards of subsidiaries, the standards regarding paid-in capital or total assets shall be based on the parent company's paid-in capital or total assets. | (1) The professional valuator, its valuators, accountants, lawyers, or securities underwriters must not have been convicted of violating the laws on Company Law, Banking Law, Insurance Law, Financial Holding Company Law, Business Accounting Law, or any crimes such as fraud, breach of trust, embezzlement, forgery, or business-related crimes with a sentence of more than one year of imprisonment. However, if the sentence has been served, probation has expired, or a pardon has been granted for more than three years, this condition does not apply.<br><br>(2) They must not be related parties to or have substantial relationships with the transaction parties.<br><br>(3) If the company is required to obtain valuation reports from two or more professional valuators, the different valuators or valuators' personnel must not be related parties or have substantial relationships with each other.<br><br>3. If the company acquires or disposes of assets through a court auction process, the certificate issued by the court may replace the valuation report or accountant's opinion.<br><br>4. The company's internal audit personnel should audit the asset acquisition or disposal procedure and its execution at least once a year and prepare written records. If major violations are found, they must immediately notify the audit committee and independent directors in writing. The company shall take appropriate action against the responsible managers and personnel based on the severity of the violation. | |
| Article 17 - Other Important Considerations<br><br>1. When the company acquires or disposes of assets, relevant contracts, meeting minutes, records, valuation reports, and opinions from accountants, lawyers, or securities underwriters should be kept in the company, and unless otherwise stipulated by law, they must be preserved for at least five years.<br><br>2. The valuation reports or opinions from accountants, lawyers, or securities underwriters obtained by the company must meet the following conditions:<br><br>(1) The professional valuator, its valuators, accountants, lawyers, or securities underwriters must not have been convicted of violating the laws on Company Law, Banking Law, | Article 17: Effectiveness and Amendments<br><br>These procedures shall be approved by the Audit Committee and the Board of Directors, and submitted for approval at the next Shareholders' Meeting. The same process applies to amendments.<br><br>When submitting these procedures to the Board of Directors for discussion, the opinions of all independent directors should be fully considered. If any independent director has opposing or reserved opinions, these should be recorded in the minutes of the Board meeting.<br><br>When submitting these procedures to the Audit Committee for discussion, the approval of more than half of the members of the Audit Committee is required. If approval by more than half of the Audit Committee members is not obtained, approval may be obtained by a | 3. The original Article 16 text is now relocated. |

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| Insurance Law, Financial Holding Company Law, Business Accounting Law, or any crimes such as fraud, breach of trust, embezzlement, forgery, or business-related crimes with a sentence of more than one year of imprisonment. However, if the sentence has been served, probation has expired, or a pardon has been granted for more than three years, this condition does not apply.<br>(2) They must not be related parties to or have substantial relationships with the transaction parties.<br>(3) If the company is required to obtain valuation reports from two or more professional valuators, the different valuators or valuators' personnel must not be related parties or have substantial relationships with each other.<br>3. If the company acquires or disposes of assets through a court auction process, the certificate issued by the court may replace the valuation report or accountant's opinion.<br>4. The company's internal audit personnel should audit the asset acquisition or disposal procedure and its execution at least once a year and prepare written records. If major violations are found, they must immediately notify the audit committee and independent directors in writing. The company shall take appropriate action against the responsible managers and personnel based on the severity of the violation. | two-thirds majority of all directors. The resolution of the Audit Committee must be recorded in the minutes of the Board meeting.<br>The term "members of the Audit Committee" and "all directors" mentioned above refers to those who are actually in office. | |
| Article 18: Effectiveness and Amendments<br>1. These procedures shall be implemented after being approved by the Audit Committee and the Board of Directors, and submitted for approval at the Shareholders' Meeting. The same process applies to amendments. When discussed by the Board of Directors, if any independent director has opposing or reserved opinions, these should be recorded in the minutes of the Board meeting.<br>2. When submitting these procedures to the Audit Committee for discussion, the approval of more than half of the members of the Audit Committee is required. If approval by more than half of the Audit Committee members is not obtained, approval may be obtained by a two-thirds majority of all directors. The resolution of the Audit Committee must be recorded in the minutes of the Board meeting. | | 4. The original Article 17 text is now relocated.<br>5. Additional clause numbers are added. |

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| 3. The term "members of the Audit Committee" and "all directors" mentioned above refers to those who are actually in office. | | |
| Article 19: Penalties<br><br>If any employee of the Company violates the regulations of this asset acquisition and disposal procedure, they may be assessed according to the Company's personnel regulations and employee reward and punishment policies, and may be subjected to appropriate penalties depending on the severity of the situation. | | 1. This article is newly added.<br><br>2. To align with the company's internal supervision and control requirements, and to ensure thoroughness and practical applicability, this article has been added. |
| Article 20: Supplementary Provisions<br><br>Any matters not covered by these procedures shall be handled in accordance with the relevant laws and regulations. | | 1. This article is newly added.<br><br>2. This procedure is formulated in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. To ensure thoroughness and alignment with practical operations, this article has been added. |