

Stock Code: 3092



鴻碩精密電工股份有限公司

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.

Handbook for the 2023 Annual Meeting of Shareholders (Translation)

Manner of the shareholders' meeting: Physical

Time: 9:00 a.m. on May 30 (Tuesday), 2023

**Place: 8F, No. 99, Sec. 6, Minguan E. Rd., Neihu Dist.,
Taipei City (Neihu District Office Auditorium)**

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I. Meeting Procedure

Hotron Precision Electronic Industrial Co., Ltd.

Procedure for the 2023 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairperson Remarks
3. Matters to Report
4. Matters for Proposal
5. Matters for Discussion
6. Matters for Election
7. Other Matters
8. Extemporany Motions
9. Meeting Adjournment

II. Meeting Agenda

Hotron Precision Electronic Industrial Co., Ltd. Agenda of 2023 Annual Meeting of Shareholders

Manner of the shareholders' meeting: Physical

Time: 9:00 a.m. on May 30 (Tuesday), 2023

Place: 8F, No. 99, Sec. 6, Minguan E. Rd., Neihu Dist., Taipei City (Neihu District Office Auditorium)

1. Call the Meeting to Order (Report on number of shares present)

2. Chairperson Remarks

3. Matters to Report

1. 2022 Business Report
2. 2022 Audit Committee's Review Report
3. 2022 The distribution of employees' compensation and directors' profit-sharing compensation
4. 2022 The remuneration received by directors
5. 2022 Cash Dividend Payment
6. The 1st domestic secured convertible corporate bonds
7. Amendment to the "Rules of Procedure for Board of Directors Meetings"

4. Matters for Proposal

1. 2022 Business Report and Financial Statements
2. Distribution of earnings for 2022

5. Matters for Discussion

Issuance of new shares from earnings of 2022

6. Matters for Election

Election of the 10th Director (including Independent Directors)

7. Other Matters

Release the Newly-Elected Directors and its representative from Non-Competition Restrictions

8. Extemporaneous Motions

9. Meeting Adjournment

Matters to Report

1. 2022 Business Report

Business Report

Dear Shareholders,

Welcome to the 2023 annual general meeting of shareholders.

According to a research report by the Taiwan Institute of Economic Research, last year (2022) due to the outbreak of armed conflict in Russia and Ukraine, resulting in a surge in global energy and raw material prices, and China also due to the outbreak of epidemics, which led to the adoption of strict control measures, resulting in the global supply chain suffered another blow; in addition, Europe and the U.S. as inflation continues to rise, the U.S. Federal Reserve in order to curb inflation, rising interest rates rapidly since March, and since the second half of the year to reduce bond purchases, resulting in increased volatility in global financial markets, non-USD currencies mostly have seen significant depreciation, also led to a surge in imported inflationary pressure in many countries. Looking ahead to 2023, as major economies have been raising interest rates since 2022 to curb inflation, manufacturing activity in various countries has slowed down significantly, coupled with the unresolved war between Russia and Ukraine and the resurgence of the U.S.-China technology war and other variables continue to deepen doubts about the global economic outlook, major international forecasters all believe that global economic and trade growth will slow down in 2023 compared to 2022.

Hotron Group's consolidated revenue for last year (2022) was NT\$3,362 million, although it was 12% growth compared to the previous year (2021), when the revenue was NT\$3,007 million., it was still affected by the war in Russia, the epidemic, the exchange rate, the interest rate hike and the increase in raw material prices, which led to the increase in costs and expenses. Although the net income for the year was NT\$65,746 thousand, an 190% growth compared to NT\$22,676 thousand in the previous year (2021), and the after-tax earnings per share was NT\$0.71, the profit was still not satisfactory. Despite the profit was not as expected, however, Hotron Group has entered the stage of industrial upgrading and corporate transformation, and is optimistic about the future development.

Hotron Group has already taken the leading position in the market share of the existing cable products. However, in order to maintain the corporate advantages and enhance the competitiveness of the industry, Hotron Group still continues to actively carry out product upgrades and industrial transformation. In addition to the upgrade of existing products and the development of more advanced cable products with faster transmission speed, the charging gun products for electric vehicles have been steadily shipped, and we have planned to continue to develop the charging equipment products and extend the depth and breadth of electric vehicle products in order to establish a firm foothold in the electric vehicle industry in the shortest possible time. Furthermore, the new factories in Vietnam and Hubei have been put into production, which not only enable us to serve customers and supply goods locally, but also increase our production capacity, which will help increase our revenue sources and profitability.

I would like to wish all shareholders, ladies and gentlemen

Good health! All the best!

Chairman: CHANG, LU-JUNG General Manager: LU, I-HSUAN

Finance Supervisor: HSU, KUO-HUANG

2. 2022 Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements, which have been audited by CPAs WU, HAN-CHI and LIN, YA-HUI of PwC Taiwan, and have been reviewed by the Audit Committee and have considered that there are no discrepancies, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To
Hotron Precision Electronic Industrial Co., Ltd.
2023 Annual General Shareholders' Meeting

Audit Committee Convener: CHOU, CHE-YI

February 24, 2023

Audit Committee's Review Report

The Board of Directors has prepared the proposal for the Company's distribution of earnings for 2022, which have been reviewed by the Audit Committee and have considered that there are no discrepancies, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To
Hotron Precision Electronic Industrial Co., Ltd.
2023 Annual General Shareholders' Meeting

Audit Committee Convener: CHOU, CHE-YI

April 17, 2023

3. 2022 The distribution of employees' compensation and directors' profit-sharing compensation

Descriptions:

- (1) The distribution of employees' compensation and directors' **profit-sharing compensation** for 2022 was in accordance with Article 20 of the Company's Articles of Incorporation.
- (2) In accordance with the Company's Articles of Incorporation and the resolution of the board of directors' meeting held on February 24, 2023, to set aside approximately 3% of employees' compensation in the amount of NT\$2,606,713 and 3% of directors' **profit-sharing compensation** in the amount of NT\$2,606,713, all of which were paid in the form of cash.

4. 2022 The remuneration received by directors

Descriptions:

- (1) The Company's remuneration policy, standards, and structure paid to the ordinary directors and independent directors, and the procedure for determining remuneration,

1. Paying remuneration policy, standards, and structure

The Company's policy and evaluation of remuneration are based on the law, Article 13-2 and Article 20 of the Company's Articles of Incorporation, the "Remuneration Committee Charter" and the "Regulations Governing the Payment of the Remuneration to the Director". The remuneration paid to directors and independent directors is determined by the Company in two categories: directors' compensation and director profit-sharing compensation.-

A.Directors' compensation, i.e., the compensation for the execution of business by directors, shall be determined in accordance with Article 13-2 of the Company's Articles of Incorporation, based on the evaluation by the Remuneration Committee, the Company's "Regulations Governing the Payment of the Remuneration to the Director", taking into account the extent of each director's participation in the Company's operations, their individual contribution (including their responsibilities, risks, time commitment, etc.), as well as taking into account the remuneration standards in the same industry, and considering the overall operational performance and taking into account external market factors. Reasonable remuneration is approved by the Remuneration Committee and the Board of Directors after regular review. The relevant performance evaluation and the reasonableness of compensation are reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed from time to time in accordance with the actual operating conditions and relevant laws and regulations in order to strike a balance between sustainable operation and risk control of the Company.

- B.** Director profit-sharing compensation, in accordance with Article 20 of the Company's Articles of Incorporation, if the Company makes a profit in a year, it shall set aside not more than 3% of the annual profit as directors' compensation for that year.
2. Procedure for determining remuneration
- To enhance corporate governance and ensure a sound remuneration system for our directors and independent directors, the Company has established a Remuneration Committee in accordance with Article 14-6 of the Securities and Exchange Act and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". The members of this committee are professional and independent, and are in a professional and objective position to evaluate the remuneration policies and systems of our directors and independent directors and make recommendations to the Board of Directors for reference in decision-making.
- (2) The remuneration received by the Company's directors, individual remuneration package, amount, and association with outcomes of performance reviews, please refer to page 22 of this handbook [Annex 1].

5. 2022 Cash Dividend Payment

Descriptions:

- (1) The Company's 2022 cash dividends will be paid in accordance with Article 20 of the Company's Articles of Incorporation.
- (2) In accordance with the Company's Articles of Incorporation and a special resolution of the Board of Directors on April 17, 2023, the Company shall distribute cash dividends of NT\$51,610,496 to shareholders in the amount of NT\$0.50 per share, calculated up to the NT\$1 (rounded down to the nearest NT\$1), and its fractional balance of all dividends less than NT\$1 will be summed into the Company's other income, and the Chairman of the Board of Directors is hereby authorized to set the record date, the cash dividend payment date, and the related matters of dividend distribution.
- (3) If the number of outstanding shares is adjusted as a result of the change in the capital stock, and subsequently the amount distributed to shareholders per share is changed, the chairman is authorized to make further adjustments in the ratio of the number of outstanding shares on the record date for dividend distribution.

6. The 1st domestic secured convertible corporate bonds

Descriptions:

The Company issued its first domestic secured convertible bonds to repay bank loans. The issuance was authorized by the Financial Supervisory Commission (FSC) issued no.: 1090353275 on August 26, 2020, and approved by the Taipei Exchange (TPEX) with letter No. 10900111101 on September 17, 2020, the total issuance amount was NT\$500 million, and began trading on the Taipei Exchange from September 21, 2020. Please refer to the table below for the issuance status as of March 31, 2023.

| | | |
|---|---|--|
| Corporate bond type | 1st domestic secured convertible corporate bond | |
| Issuing date | September 21, 2020 | |
| Face value | NT\$100,000 | |
| Place of issuance and trading | R.O.C | |
| Issuing price | Issued at 102% of face value | |
| Total Amount | NT\$ 500,000,000 | |
| Interest rate | 0% | |
| Duration | Three years; maturity date: September 21, 2023 | |
| Assurance agency | Hua Nan Commercial Bank, Ltd. | |
| Trustee | CTBC Bank Co., Ltd. | |
| Underwriter | First Securities Incorporation | |
| Repayment method | Except for the conversion of the convertible bonds into the Company's common stock in accordance with Article 10 of this Rules, or the early redemption by the Company in accordance with Article 18 of this Rules, or the exercise of the right of repurchase in accordance with Article 19 of this Rules, or the purchase and cancellation by the Company from the securities dealer's office, the Company shall repay the bonds in cash at face value upon maturity. | |
| As of the date of publication of the annual report, outstanding principal amount | NT\$ 8,200,000 | |
| Terms of redemption or early repayment Restrictions | Please refer to this conversion bond prospectus. | |
| Other rights | As of the date of publication of the annual report, the amount of conversion (exchange or subscription) common stock, overseas depositary receipts or other securities | 0 |
| | Issuing and conversion (exchange or subscription) method | Please refer to this conversion bond prospectus. |
| Possible impact of the issuance and conversion (or exchange or subscription) method or issuing conditions on the dilution of equity and existing shareholders' rights | The total amount of convertible bonds issued is NT\$500,000 thousand. Since the bonds have a three-year maturity period, the timing of conversion requests by creditors varies, which will delay the result of earnings per share and will not have a significant impact on the shareholders' equity. Since the bond's coupon rate is 0% and the conversion price is at a premium, there should be no negative impact on shareholders' equity. | |
| Implementation of the capital allocation plans | Completed in the third quarter of 2020 | |

7. Amendment to the "Rules of Procedure for Board of Directors Meetings"

Descriptions:

- (1) In accordance with the Financial Supervisory Commission (FSC) issued no.:1110383263 on August 5, 2022, to amend the "Rules of Procedure for Board of Directors Meetings" of the Company.
- (2) "Rules of Procedure for Board of Directors Meetings" Comparison table of amended articles, please refer to page 24 of this handbook [Annex 2].
- (3) The pre-amendment "Rules of Procedure for Board of Directors Meetings", please refer to page 65 of this handbook [Appendix 3].

Matters for Proposal

Item 1

Proposed by the Board of Directors

Motion: 2022 Business Report and Financial Statements. Proposed for approval.

Descriptions:

1. The Company's Parent Company Only Financial Statements and Consolidated Financial Statements, which have been audited by CPAs WU, HAN-CHI and LIN, YA-HUI of PwC Taiwan, and an audit report has been issued, together with the Business Report have been reviewed by the Audit Committee.
2. For the Independent Auditors' Report, Parent Company Only Financial Statements and Consolidated Financial Statements, please refer to page 27 [Annex 3] and page 37 [Annex 4] of this handbook. Proposed for approval.

Resolution:

Item 2**Proposed by the Board of Directors****Motion: Distribution of earnings for 2022, proposed for approval.**

Descriptions: The Company's net profit after tax for 2022 was NT\$65,745,751, and a proposal for distribution of earnings for 2022 has been prepared in accordance with the Company's Articles of Incorporation for approval.

Hotron Precision Electronic Industrial Co., Ltd.

2022 Earnings Distribution Table

| Unit: NT\$ | |
|---|--------------|
| Items | Amount |
| Undistributed retained earnings, beginning of the period | 169,860,419 |
| Add: net profit after tax-2022 | 65,745,751 |
| Add: Actuarial gain or loss adjustment - 2022 | 654,054 |
| Distributable net profit | 236,260,224 |
| Less: 10% legal reserve | (6,639,981) |
| Add: Reversal of special reserve | 32,211,917 |
| Distributable net profit for the period | 261,832,160 |
| Distributable items: | |
| Stock dividends to shareholders - stock dividends NT\$0.3 | (30,966,300) |
| Stock dividend to shareholders - cash dividends NT\$0.5 | (51,610,496) |
| Unappropriated retained earnings, end of the period | 179,255,364 |

Chairman: CHANG, LU-JUNG General Manager: LU, I-HSUAN Finance Supervisor: HSU, KUO-HUANG

Resolution:

Matters for Discussion

Proposed by the Board of Directors

Motion: Issuance of new shares from earnings of 2022. Proposed for discussion.

Descriptions:

1. In order to accommodate the expansion of operations, the Company intends to issue new shares in the amount of NT\$30,966,300 by capitalizing retained earnings, which will be divided into 3,096,630 shares, all of which will be issued as new shares by capitalizing shareholders' dividends.
2. The capitalization of the earnings is allocated in accordance with the shareholding ratio of shareholders as stated in the register of shareholders on the record date of capitalization. 30 bonus shares will be allotted for every thousand shares. Shareholders can request to consolidate fractional shares with the Company's shareholder service agent within the period of five days from the share transfer suspension date. The fractional shares shall be converted to cash at the face value of the shares and calculated up to NT\$ 1 (rounded down to the nearest NT\$ 1), and authorize the chairman of the board of directors to solicit specified persons to subscribe at par value.
3. The shareholder rights and obligations of these newly issued shares are the same as existing ordinary shares.
4. Upon the resolution of the shareholders' meeting and the approval of the competent authority, the board of directors is authorized to set another record date for the capital increase and allotment of shares, the payment date and other related matters.
5. If the number of outstanding shares is subsequently affected by a change in the Company's capital stock, resulting in a change in the shareholders' allotment rate, it is proposed the Board of Directors shall be authorized by the shareholders' meeting to make any such adjustment at its sole discretion.
6. If the proposed capital increase has been approved by the competent authorities and is necessary to be changed or amended in accordance with the objective circumstances, the Board of Directors shall be authorized by the shareholders' meeting. The Board of Directors shall be authorized by the shareholders' meeting to handle all matters relating to the proposal.
7. Propose for discussion.

Resolution:

Matters for Election

Proposed by the Board of Directors

Motion: Election of the 10th Director (including Independent Directors)

Descriptions:

1. The term of office of the 9th director of the Company will terminate on June 4, 2023 and it is proposed to be fully re-elected prior to the 2023 Annual General Meeting of Shareholders.
2. It is proposed that seven director seats (including three independent director seats) will be elected, and the entire newly elected independent directors will compose the Audit Committee.
3. The 10th director shall be elected for a term of three years and shall be eligible for re-election, from May 30, 2023 to May 29, 2026, the date of election by the Shareholders' Meeting.
4. In accordance with the Company's Articles of Incorporation, the election of directors (including independent directors) is adopted by the candidate nomination system. The list of candidates for the current term of directors (including independent directors) was reviewed and approved by the Company's Board of Directors on April 17, 2023. the list of candidates nominated for directors (including independent directors) is as follows:

| Category | Name | Shareholding | Educational Background and Experience |
|----------|---|------------------|---|
| Director | Gao Peng Co., Ltd. Representative: CHANG, LU-JUNG | 8,494,978 shares | Division of Mechanical Engineering, Wufeng Industrial College Chairman of the Company Researcher, Silicon Center of Semiconductor Research Laboratory, Tatung Institute of Technology Head of External Section Group, Hung Hai Precision Industry Co., Ltd. |
| Director | LU, I-HSUAN | 70,831 shares | Master, Department of Business Administration, National Chengchi University Director of the Company General Manager of the Company Vice President, Management Department of Askey Computer Corp. Chief Financial Officer, Finance Center of TAINET Communication System Corp. General Manager, Hong Xuan Information Co., Ltd. |
| Director | CHEN, SHUH | 0 share | Ph.D., Graduate School of Business Administration, National Taiwan University Passed the R.O.C. Examination Yuan Qualification Screening Examination for Certified Public Accountants (1986 Taiwan Exam No. 866) Passed the R.O.C. Examination Yuan Qualification for Accountant of higher examination (1983 Professional Exam No. 94) Chairman, Zhong Dao Association of Leadership & |

| Category | Name | Shareholding | Educational Background and Experience |
|----------------------|-----------------|--------------|---|
| | | | <p>Culture</p> <p>Chairperson, Financial Supervisory Commission, Executive Yuan</p> <p>Chairman, Taiwan Stock Exchange Corporation</p> <p>Chairman, Taipei Exchange</p> <p>Chairman and President, Taiwan Academy of Banking and Finance</p> <p>Administrative Deputy Minister, Ministry of Finance</p> <p>Chairperson, Securities and Futures Commission, Executive Yuan</p> <p>Honorary Chair Professor, Chung Yuan University</p> <p>Full-time Chair Professor, Chinese Culture University</p> |
| Director | CHEN, TAI-CHUNG | 0 shares | <p>Graduated from An-Nan National School, Dongshi Township, Yunlin County</p> <p>President, Xiang-Yang Land Development Co., Ltd.</p> <p>President, Feng Dien Development & Construction Co., Ltd.</p> |
| Independent Director | HSIEH, I-TA | 0 shares | <p>Department of Law, College of Law and Business at National Chung Hsing University</p> <p>Director and Practicing Lawyer, Yi-Cheng Law Firm</p> <p>Officer, Taipei City Construction Management Office</p> |
| Independent Director | CHU, YANN-FANG | 0 shares | <p>Ph.D., Graduate School of Business Administration, National Taiwan University</p> <p>Project Management Professional (PMP), Project Management Institute (PMI)</p> <p>Adjunct Associate Professor, Shih Chien University</p> <p>Adjunct Associate Professor, Soochow University</p> <p>The 5th, 6th, 7th, 8th director, National Project Management Association of China</p> |
| Independent Director | CHOU, CHE-YI | 0 shares | <p>Master, Department of Accounting, Business Administration at National Taipei University</p> <p>Certified Public Accountant, Cheng Sing CPA Firm</p> <p>Financial Assistant, ABICO AVY Co., Ltd.</p> <p>Assurance Associate, PwC Taiwan</p> <p>Independent Director, Nan Yang Dyeing & Finishing Co., Ltd.</p> |

5. The qualifications and independence of the independent director nominees have been reviewed by the officer in charge of corporate governance and are in compliance with the relevant laws and regulations.

6. In accordance with the "Procedures for Election of Directors" of the Company, we hereby propose for election.

Resolution:

Other Matters

Proposed by the Board of Directors

Motion: Release the Newly-Elected Directors and its representative from Non-Competition Restrictions. Propose for discussion.

Descriptions:

1. In accordance with Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. In order to meet the actual business needs and without prejudice to the interests of the Company, it is proposed that the 2023 shareholders' meeting agree to release the newly-elected directors and its representative from non-competition restrictions under Article 209 of the Company Act in order to facilitate business development.
3. Propose for discussion.

Resolution:

Extemporaneous Motions

Meeting Adjournment

III. Annexes

Report on the remuneration received by directors in 2022

Unit: NT\$ thousand

| Job title | Name | Remuneration to directors | | | | | | | | Sum of A+B+C+D and ratio to net income (Note 7) | | Remuneration received by directors for concurrent service as an employee | | | | | | | | Sum of A+B+C+D+E+F+G and ratio to net income (Note 7) | | Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 8) |
|----------------------|-----------------|--------------------------------|------------------------------------|--------------------------------|------------------------------------|---|------------------------------------|---------------------------------------|------------------------------------|---|------------------------------------|--|------------------------------------|--------------------------------|------------------------------------|--|----------------|-----------------|----------------|---|-------------|---|
| | | Base compensation (A) (Note 1) | | Retirement pay and pension (B) | | Director profit-sharing compensation (C) (Note 2) | | Expenses and perquisites (D) (Note 3) | | | | Salary, rewards, and special disbursements (E) (Note 4) | | Retirement pay and pension (F) | | Employee profit-sharing compensation (G)(Note 5) | | | | | | |
| | | The Company | All consolidated entities (Note 6) | The Company | All consolidated entities (Note 6) | The Company | All consolidated entities (Note 6) | The Company | All consolidated entities (Note 6) | The Company | All consolidated entities (Note 6) | The Company | All consolidated entities (Note 6) | The Company | All consolidated entities (Note 6) | The Company | Amount in cash | Amount in stock | Amount in cash | Amount in stock | The Company | |
| Chairman | CHANG, LU-JUNG | 5,980 | 5,980 | 0 | 0 | 375 | 375 | 18 | 18 | 9.69% | 9.69% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9.69% | 9.69% | None |
| Director | LU, I-HSUAN | 0 | 0 | 0 | 0 | 375 | 375 | 18 | 18 | 0.60% | 0.60% | 2,507 | 2,507 | 108 | 108 | 93 | 0 | 93 | 0 | 4.72% | 4.72% | None |
| Director | HSU, TING-JUNG | 0 | 0 | 0 | 0 | 375 | 375 | 18 | 18 | 0.60% | 0.60% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.60% | 0.60% | None |
| Director | CHEN, TAI-CHUNG | 0 | 0 | 0 | 0 | 375 | 375 | 16 | 16 | 0.59% | 0.59% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.59% | 0.59% | None |
| Independent Director | HSIEH, I-TA | 0 | 0 | 0 | 0 | 375 | 375 | 44 | 44 | 0.64% | 0.64% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.64% | 0.64% | None |
| | CHU, YANN-FANG | 0 | 0 | 0 | 0 | 375 | 375 | 44 | 44 | 0.64% | 0.64% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.64% | 0.64% | None |
| | CHOU, CHE-YI | 0 | 0 | 0 | 0 | 375 | 375 | 44 | 44 | 0.64% | 0.64% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.64% | 0.64% | None |

1. The total remuneration paid to directors and independent directors as a percentage of net income after tax for 2022 and 2021, respectively, are as follows:

| Item /Name | Total remuneration as a percentage of net income after tax (Note) | | | |
|-------------------------------|---|---------------------------|-------------|---------------------------|
| | 2022 | | 2021 | |
| | The Company | All consolidated entities | The Company | All consolidated entities |
| Director,Independent Director | 17.52% | 17.52% | 48.31% | 48.31% |

Note: The higher percentage of total remuneration to net income after tax is mainly due to the lower profit in the current year, resulting in a higher percentage. The remuneration policies and the determination of remuneration are in line with the relevant regulations and should be reasonable.

2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.

3. Its linkage to operating performance and future risk exposure:

The remuneration of directors and independent directors is based on their participation and individual contribution to the Company's operations, taking into account the Company's internal "Regulations for the Approval of Salaries" and "Regulations for the Payment of Directors' Remuneration", with reference to the normal standards of listed companies, and are highly linked to the Company's operating performance and its business responsibilities. The Company's Management and Remuneration Committee also regularly review the Company's salary policy and make appropriate adjustments in order to ensure the Company's competitive advantage in the area of human resources and risk management at the management level.

Note 1: This refers to director base compensation in 2022 (including director salary, duty allowances, and various rewards and incentives, etc.).

Note 2: Fill in the amount of director profit-sharing compensation approved by the board of directors for distribution for 2022.

Note 3: This refers to director expenses and perquisites in 2022 (including travel expenses, stipends of any kind, etc.).

Note 4: This includes any remuneration received by a director for concurrent service as an employee in 2022, including salary, duty allowances, rewards, incentives, travel expenses, stipends of any kind, and provision of facilities such as vehicles, etc.

Note 5: This refers to employee profit-sharing compensation (cash) received by a director for concurrent service as an employee in 2022.

The amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year.

Note 6: Disclose the total amount of remuneration paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 7: Net income means the net income after tax on the individual financial report for 2022.

Note 8: The directors of the company did not receive the amount of remuneration received from investee enterprises other than subsidiaries or from the parent company.

Hotron Precision Electronic Industrial Co., Ltd.
"Rules of Procedure for Board of Directors Meetings"
Comparison table of amended articles

| Article | Amended Article | Existing Article | Explanation |
|-----------|---|---|---|
| Article 3 | <p>The board of directors shall meet at least quarterly.</p> <p>A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.</p> <p>The notice to be given under the preceding paragraph may be effected by means of written, fax or electronic transmission with the prior consent of the recipients.</p> <p>All matters set forth under Article 13, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.</p> | <p>The board of directors shall meet at least quarterly.</p> <p>A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice. The notice to be given under the preceding paragraph may be effected by means of written, fax or electronic transmission with the prior consent of the recipients.</p> <p>All matters set forth under Article 13, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.</p> | <p>1. Paragraph amendment.</p> <p>2. Delete the fourth paragraph except for the provisions, which stipulates that all matters set forth under Article 13, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.</p> |
| Article 9 | <p>(omitted above)</p> <p>However, when the time of a meeting has arrived and one-half all board directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chair shall re-call the meeting following the procedures provided in Article 3, paragraph 2.</p> <p>(omitted below)</p> | <p>(omitted above)</p> <p>However, when the time of a meeting has arrived and one-half all board directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements, for a combined total of no more than one hour, may be made. If the quorum is still not met after two such delays, the chair shall re-call the meeting following the procedures provided in Article 3, paragraph 2.</p> <p>(omitted below)</p> | <p>In order to retain the flexibility of the postponement of the meeting and to allow the Chairman to choose whether to reconvene the meeting, hereby delete the first postponement time limit and amend the relevant wording.</p> |

| Article | Amended Article | Existing Article | Explanation |
|------------|---|--|---|
| Article 12 | (omitted above) At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 9, paragraph <u>2</u> shall apply mutatis mutandis. | (omitted above) At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 9, paragraph <u>1</u> shall apply mutatis mutandis. | Amend the article item |
| Article 13 | The company shall submit the following items for discussion by the board of directors: 1.~5. (omitted) <u>6. If the board of directors does not have managing directors, the election or discharge of the chairman of the board of directors.</u> <u>7.</u> The appointment or discharge of a financial, accounting, or internal audit officer. <u>8.</u> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition. <u>9.</u> Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority. The term "related party" in subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (omitted below) | The company shall submit the following items for discussion by the board of directors: 1.~5. (omitted) <u>6.</u> The appointment or discharge of a financial, accounting, or internal audit officer. <u>7.</u> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition. <u>8.</u> Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority. The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (omitted below) | With reference to Article 208, paragraphs 1 and 2 of the Company Act and the Ministry of Economic Affairs' Letter No. 09402105990, the discharge and election of the Chairman of the Board of Directors is an important matter for the Company, hereby a new paragraph 6 is added, and the existing paragraphs 6 to 8 are moved to paragraphs 7 to 9. |

| Article | Amended Article | Existing Article | Explanation |
|------------|--|---|---|
| Article 18 | <p>(omitted above)</p> <p><u>Any of the following matters</u> in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the competent authority:</p> <p><u>1. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.</u></p> <p><u>2. If the company has an audit committee, any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee.</u></p> <p>(omitted below)</p> | <p>(omitted above)</p> <p>In relation to the resolutions of the board of directors' meeting, <u>any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing</u>, shall be stated in the meeting minutes and within two days of the meeting be published on the Market Observation Post System designated by the Financial Supervisory Commission, <u>Executive Yuan</u>.</p> <p>(omitted below)</p> | <p>The Company has set up an audit committee, therefore, in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", amendments have been made to add items 1 and 2 of paragraph 2 of this Article.</p> |
| Article 19 | <p>If the board of directors has managing directors, the provisions of Article 2, paragraph 2 of Article 3, Articles 4 to 6, Article 8 <u>to 12</u>, <u>Articles 15 to 18</u> shall apply mutatis mutandis to the procedure for meetings of the managing directors. However, if a meeting of managing directors is scheduled to be convened within seven days, the notice to each managing director may be made two days in advance.</p> | <p>If the board of directors has managing directors, the provisions of Article 2, paragraph 2 of Article 3, Articles 4 to 6, Article 8 <u>to 18</u> shall apply mutatis mutandis to the procedure for meetings of the managing directors. However, if a meeting of managing directors is scheduled to be convened within seven days, the notice to each managing director may be made two days in advance.</p> | <p>In accordance with Article 208, paragraph 2 of the Company Act, amended the provisions of Article 19.</p> |
| Article 21 | <p>(omitted above)</p> <p>The 11th amendment was made on July 10, 2020. (Reported at the Annual General Meeting of Shareholders on August 27, 2021)</p> <p><u>The 12th amendment was made on October 13, 2022. (Reported at the Annual General Meeting of Shareholders on May 30, 2023)</u></p> | <p>(omitted above)</p> <p>The 11th amendment was made on July 10, 2020. (Reported at the Annual General Meeting of Shareholders on August 27, 2021)</p> | <p>Version amendments</p> |

2022 Parent Company Only Financial Statements and Independent Auditors' Report

(2023) No. Financial-Supervisory-Securities-Auditing-22004209

To Hotron Precision Electronic Industrial Co., Ltd. :

Opinion

We have audited the accompanying parent company only financial statements of Hotron Precision Electronic Industrial Co., Ltd. (the “Company”), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company’s parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows:

Investments accounted for using equity method and the recognition of the investment profit or loss

Explanations

For the accounting policies concerning the investments accounted for using equity method, please refer to Note 4(j) to the parent company only financial statements. For the explanation concerning investments accounted for using equity method, please refer to Note 6(d) to the parent company only financial statements.

As of December 31, 2022, the investments accounted for using equity method amounted to NT\$1,770,334 thousands, and the share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$(1,129) thousands in the year ended December 31, 2022. The balance of the investment accounted for using equity method is identified as one of the key audit matter, as the aforementioned amounts are material to the financial statements.

Audit procedures in response

The main audit procedures in response to the aforementioned key audit matter implemented on specific level are summarized below :

1. Obtain an understanding of the accounting policies of the investments accounted for using equity method, verify whether the accounting policies are in accordance with the regulations governing the preparation of financial reports, and assess whether the accounting policies are appropriate.
2. Obtain an understanding of the relevant control procedures of the investment accounted for using equity method, test and calculate the accuracy of the recognition of related additions, disposals, investment profit or loss and the share of the profit or loss in other comprehensive income.

Revenue Cut-off of Sales from Hubs

Explanations

For the accounting policies concerning the recognition of revenue, please refer to Note 4(u) to the parent company only financial statements.

There are two main types of sales, including recognizing revenue after shipping from the factory, and recognizing revenue after shipping from hubs. The revenue of the sales from the hubs shall be recognized after the end customers pick up the cargo and the transfer of the risk and reward has been confirmed. The Company recognizes revenue based on the information of actual shipments from the hub to the customers derived from the report or other information provided by the hub's custodian.

The revenue of sales from hubs is recognized based on the report or other information provided by the hub's custodian and the revenue recognition involves numerous manual procedures. As there are numerous sales from hubs, and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, revenue cut-off of sales from hubs has been identified as one of the key audit matters.

Audit procedures in response

The main audit procedures in response to the revenue cut-off of sales from hubs implemented are summarized below :

1. Obtain an understanding of the revenue recognition procedures of the sales from hubs, including obtaining an understanding of the relevant internal control procedures and the information and reports provided by the hub's custodian, to assess the appropriateness of the revenue recognition of sales from hubs.
2. Perform the internal control testing to the revenue from the sales from hubs, to ensure the Company recognized revenue after the end customers pick up the cargo and the transfer of the risk and reward has been confirmed.
3. Perform the revenue cut-off testing to the transactions of sales from hub during a certain period prior and after the balance sheet date, including verifying the supporting documents, shipping certificates, and revenue recognition has been recorded in the appropriate period.
4. Send confirmation letters about the inventory quantities to the hubs, and verify the number with the quantities in the account books.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

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

PricewaterhouseCoopers Taiwan

Wu, Han-Chi

CPA

Lin, Ya-Hui

Securities and Futures Bureau

Reference number of the approval letter : (90)No.

Taiwan-Finance-Securities-VI-157088

Financial Supervisory Commission

Reference number of the approval letter : No.

Financial-Supervisory-Securities-Auditing-1070323061

February 24, 2023

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO.LTD.
Parent Company Only Balance Sheets
December 31, 2022 and 2021

Expressed in thousands of New Taiwan Dollars

| Assets | Notes | December 31, 2022 | | December 31, 2021 | | |
|---------------------------|---|-------------------|---------------------|-------------------|---------------------|------------|
| | | Amount | % | Amount | % | |
| Current Assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(a) | \$ 284,284 | 9 | \$ 178,921 | 6 |
| 1170 | Accounts receivable, net | 6(b) | 265,325 | 8 | 355,376 | 12 |
| 1180 | Accounts receivable – related parties, net | 6(b), 7 | 35,376 | 1 | 49,063 | 2 |
| 1200 | Other receivables | | 1,519 | - | 30 | - |
| 1210 | Other receivables– related parties | 7 | - | - | 692 | - |
| 1220 | Current tax assets | 6(w) | - | - | 225 | - |
| 130X | Inventories | 6(c) | 15,817 | 1 | 8,786 | - |
| 1410 | Prepayments | 7 | 369,880 | 12 | 246,006 | 8 |
| 1479 | Other current assets– others | | 91 | - | 1,435 | - |
| 11XX | Total current assets | | <u>972,292</u> | <u>31</u> | <u>840,534</u> | <u>28</u> |
| Non-current Assets | | | | | | |
| 1550 | Investments accounted for using equity method | 6(d) | 1,770,334 | 56 | 1,687,437 | 57 |
| 1600 | Property, plant, and equipment | 6(e), 8 | 105,244 | 3 | 107,576 | 4 |
| 1760 | Investment property, net | 6(h), 8 | 302,961 | 9 | 307,695 | 10 |
| 1780 | Intangible assets | | 887 | - | 111 | - |
| 1840 | Deferred income tax assets | 6(w) | 18,008 | 1 | 18,763 | 1 |
| 1900 | Other non-current assets | 6(n) | 2,920 | - | 2,034 | - |
| 15XX | Total non-current assets | | <u>2,200,354</u> | <u>69</u> | <u>2,123,616</u> | <u>72</u> |
| 1XXX | Total assets | | <u>\$ 3,172,646</u> | <u>100</u> | <u>\$ 2,964,150</u> | <u>100</u> |

(Continued)

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO.LTD.

Parent Company Only Balance Sheets

December 31, 2022 and 2021

Expressed in thousands of New Taiwan Dollars

| Liabilities and Equity | Notes | December 31, 2022 | | December 31, 2021 | | |
|---|--|-------------------|---------------------|-------------------|---------------------|------------|
| | | Amount | % | Amount | % | |
| Current Liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(i), 8 | \$ 865,000 | 27 | \$ 732,000 | 25 |
| 2110 | Short-term notes payable | 6(j) | 109,843 | 4 | 149,932 | 5 |
| 2120 | Current financial liabilities at fair value through profit or loss | 6(l) | 2,116 | - | 1,811 | - |
| 2200 | Other payables | 6(k) | 13,501 | - | 14,250 | 1 |
| 2230 | Current tax liabilities | 6(w) | 16,553 | 1 | - | - |
| 2320 | Long-term liabilities-current portion | 6(m) | 8,182 | - | 42,055 | 1 |
| 2399 | Other current liabilities-others | | 484 | - | 397 | - |
| 21XX | Total current liabilities | | <u>1,015,679</u> | <u>32</u> | <u>940,445</u> | <u>32</u> |
| Non-current Liabilities | | | | | | |
| 2570 | Deferred income tax liabilities | 6(w) | 92,041 | 3 | 91,890 | 3 |
| 2670 | Other non-current liabilities-others | 7 | 2,095 | - | 1,604 | - |
| 25XX | Total non-current liabilities | | <u>94,136</u> | <u>3</u> | <u>93,494</u> | <u>3</u> |
| 2XXX | Total liabilities | | <u>1,109,815</u> | <u>35</u> | <u>1,033,939</u> | <u>35</u> |
| Equity | | | | | | |
| Share capital | | | | | | |
| 3110 | Ordinary share | 6(o) | 932,210 | 29 | 923,181 | 31 |
| Capital surplus | | | | | | |
| 3200 | Capital surplus | 6(p) | 641,858 | 20 | 616,880 | 21 |
| Retained earnings | | | | | | |
| 3310 | Legal reserve | 6(q) | 220,291 | 7 | 218,051 | 7 |
| 3320 | Special reserve | | 115,046 | 4 | 112,601 | 4 |
| 3350 | Unappropriated earnings | | 236,260 | 8 | 174,544 | 6 |
| Other equity | | | | | | |
| 3400 | Other equity | | (82,834) | (3) | (115,046) | (4) |
| 3XXX | Total equity | | <u>2,062,831</u> | <u>65</u> | <u>1,930,211</u> | <u>65</u> |
| Significant contingencies and unrecognized contract commitments | | | | | | |
| Significant subsequent events | | | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 3,172,646</u> | <u>100</u> | <u>\$ 2,964,150</u> | <u>100</u> |

Please refer to the accompanying notes as an integral part of the parent company only financial statements.

Chairman : Chang, Li-Jung

General Manager : Lu, I-Hsuan

Accounting Officer : Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO.LTD.
Parent Company Only Statements of Comprehensive Income
As of and For the Years Ended December 31, 2022 and 2021

Expressed in thousands of New Taiwan Dollars
(Earnings per share is expressed in New Taiwan Dollars)

| Items | Notes | 2022 | | 2021 | |
|---|---------|------------------|-----------|-------------------|-------------|
| | | Amount | % | Amount | % |
| 4000 Operating revenue | 6(r), 7 | \$ 778,225 | 100 | \$ 538,469 | 100 |
| 5000 Operating costs | 6(c), 7 | (700,522) | (90) | (464,068) | (86) |
| 5900 Net gross profit | | <u>77,703</u> | <u>10</u> | <u>74,401</u> | <u>14</u> |
| Operating expenses | 6(v), 7 | | | | |
| 6100 Selling expenses | | (190) | - | (35) | - |
| 6200 Administrative expenses | | (50,879) | (6) | (45,914) | (8) |
| 6000 Total operating expenses | | (51,069) | (6) | (45,949) | (8) |
| 6500 Other revenue and expenses | 6(s) | <u>64,321</u> | <u>8</u> | <u>(8,274)</u> | <u>(2)</u> |
| 6900 Net operating income | | <u>90,955</u> | <u>12</u> | <u>20,178</u> | <u>4</u> |
| Non-operating income and expenses | | | | | |
| 7100 Interest revenue | 7 | 3,429 | - | 1,964 | - |
| 7010 Other revenue | | 704 | - | 931 | - |
| 7020 Other gains and losses | 6(t) | (225) | - | (1,228) | - |
| 7050 Finance cost | 6(u) | (10,163) | (1) | (7,211) | (1) |
| 7070 Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method | 6(d) | (1,129) | - | 13,596 | 2 |
| 7000 Total non-operating income and expenses | | (7,384) | (1) | 8,052 | 1 |
| 7900 Profit before tax | | 83,571 | 11 | 28,230 | 5 |
| 7950 Income tax expenses | 6(w) | (17,825) | (2) | (5,554) | (1) |
| 8200 Profit | | <u>\$ 65,746</u> | <u>9</u> | <u>\$ 22,676</u> | <u>4</u> |
| Other comprehensive income, net | | | | | |
| Items not to be reclassified into profit or loss | | | | | |
| 8311 Remeasurements of defined benefit plans | 6(n) | \$ 181 | - | (\$ 157) | - |
| 8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method-components not to be reclassified to profit or loss | | 510 | - | (154) | - |
| 8349 Income tax related to items of other comprehensive income not to be reclassified to profit or loss | 6(w) | (36) | - | 31 | - |
| 8310 Items not to be reclassified into profit or loss | | <u>655</u> | <u>-</u> | <u>(280)</u> | <u>-</u> |
| Items that may be subsequently reclassified into profit or loss | | | | | |
| 8361 Exchange differences on translation of foreign financial statements | | <u>32,212</u> | <u>4</u> | <u>(2,445)</u> | <u>-</u> |
| 8360 Items that may be subsequently reclassified into profit or loss | | <u>32,212</u> | <u>4</u> | <u>(2,445)</u> | <u>-</u> |
| 8300 Other comprehensive income (loss), net of tax | | <u>\$ 32,867</u> | <u>4</u> | <u>(\$ 2,725)</u> | <u>-</u> |
| 8500 Total comprehensive income | | <u>\$ 98,613</u> | <u>13</u> | <u>\$ 19,951</u> | <u>4</u> |
| Basic earnings per share | 6(x) | | | | |
| 9750 Basic earnings per share | | <u>\$ 0.71</u> | | <u>\$ 0.25</u> | |
| 9850 Diluted earnings per share | | <u>\$ 0.71</u> | | <u>\$ 0.25</u> | |

Please refer to the accompanying notes as an integral part of the parent company only financial statements.

Chairman : Chang, Li-Jung

General Manager : Lu, I-Hsuan

Accounting Officer : Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO.LTD.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Expressed in thousands of New Taiwan Dollars

| Notes | Ordinary Shares | Capital surplus | | | | Retained earnings | | | Other equity | Total equity |
|--|-----------------|-----------------|-----------------------------|---------------|--------|-------------------|-----------------|----------------------------------|---|--------------|
| | | Capital surplus | Treasury share transactions | Share options | Others | Legal reserve | Special reserve | Unappropriated retained earnings | Exchange differences on translation of foreign financial statements | |
| 2021 | | | | | | | | | | |
| Balance at January 1, 2021 | \$ 832,810 | \$ 351,320 | \$ 1,615 | \$ 13,377 | \$ 13 | \$ 205,318 | \$ 117,252 | \$ 285,152 | (\$ 112,601) | \$ 1,694,256 |
| Profit | - | - | - | - | - | - | - | 22,676 | - | 22,676 |
| Other comprehensive income | - | - | - | - | - | - | - | (280) | (2,445) | (2,725) |
| Total comprehensive income | - | - | - | - | - | - | - | 22,396 | (2,445) | 19,951 |
| Appropriation and distribution of 2020 earnings : 6(q) | | | | | | | | | | |
| Legal reserve | - | - | - | - | - | 12,733 | - | (12,733) | - | - |
| Special reserve | - | - | - | - | - | - | (4,651) | 4,651 | - | - |
| Cash dividends | - | - | - | - | - | - | - | (124,922) | - | (124,922) |
| Conversion of convertible bonds 6(m)(o) | 90,371 | 262,477 | - | (11,927) | - | - | - | - | - | 340,921 |
| Unclaimed dividends overdue transferred to capital surplus | - | - | - | - | 5 | - | - | - | - | 5 |
| Balance at December 31, 2021 | \$ 923,181 | \$ 613,797 | \$ 1,615 | \$ 1,450 | \$ 18 | \$ 218,051 | \$ 112,601 | \$ 174,544 | (\$ 115,046) | \$ 1,930,211 |
| 2022 | | | | | | | | | | |
| Balance at January 1, 2022 | \$ 923,181 | \$ 613,797 | \$ 1,615 | \$ 1,450 | \$ 18 | \$ 218,051 | \$ 112,601 | \$ 174,544 | (\$ 115,046) | \$ 1,930,211 |
| Profit | - | - | - | - | - | - | - | 65,746 | - | 65,746 |
| Other comprehensive income | - | - | - | - | - | - | - | 655 | 32,212 | 32,867 |
| Total comprehensive income | - | - | - | - | - | - | - | 66,401 | 32,212 | 98,613 |
| Appropriation and distribution of 2021 earnings : 6(q) | | | | | | | | | | |
| Legal reserve | - | - | - | - | - | 2,240 | - | (2,240) | - | - |
| Special reserve | - | - | - | - | - | - | 2,445 | (2,445) | - | - |
| Conversion of convertible bonds 6(m)(o) | 9,029 | 26,140 | - | (1,171) | - | - | - | - | - | 33,998 |
| Unclaimed dividends overdue transferred to capital surplus | - | - | - | - | 9 | - | - | - | - | 9 |
| Balance at December 31, 2022 | \$ 932,210 | \$ 639,937 | \$ 1,615 | \$ 279 | \$ 27 | \$ 220,291 | \$ 115,046 | \$ 236,260 | (\$ 82,834) | \$ 2,062,831 |

Please refer to the accompanying notes as an integral part of the parent company only financial statements.

Chairman : Chang, Li-Jung

General Manager : Lu, I-Hsuan

Accounting Officer : Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO.LTD.

Parent Company Only Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

Expressed in thousands of New Taiwan Dollars

| | <u>Notes</u> | <u>For the year ended</u> <u>December 31, 2022</u> | <u>For the year ended</u> <u>December 31, 2021</u> |
|--|---------------|---|---|
| <u>Cash flows from operating activities</u> | | | |
| Profit before tax | | \$ 83,571 | \$ 28,230 |
| Adjustments | | | |
| Items of income and expense | | | |
| Depreciation expense (including right-of-use assets and investment properties) | 6(e)(f)(h)(v) | 7,531 | 7,213 |
| Amortization expense | 6(v) | 39 | 15 |
| Interest expense | 6(u) | 9,958 | 5,977 |
| Net loss on financial liabilities at fair value through profit or loss | 6(l)(m)(t) | 225 | 1,228 |
| Interest revenue | | (3,429) | (1,964) |
| Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method | 6(d) | 1,129 | (13,596) |
| Bond discount amortization | 6(u) | 205 | 1,234 |
| Changes in operating assets and liabilities | | | |
| Net changes in operating assets | | | |
| Accounts receivable | | 90,051 | (327,154) |
| Accounts receivable – related parties, net | | 13,687 | 26,171 |
| Other receivables | | - | 12,479 |
| Other receivables– related parties | | 692 | (692) |
| Inventories | | (7,031) | (3,287) |
| Prepayments | | (123,874) | (245,320) |
| Other current assets | | 1,351 | (994) |
| Defined benefit assets–non-current | | (705) | (840) |
| Net changes in operating liabilities | | | |
| Notes payable | | - | (500) |
| Accounts payable– related parties | | - | (10,792) |
| Other payables | | (2,122) | (14,225) |
| Other current liabilities | | 87 | (203) |
| Cash inflow (outflow) generated from operations | | 71,365 | (537,020) |
| Interest received | | 1,940 | 2,343 |
| Interest paid | | (9,879) | (5,960) |
| Income taxes paid | | (178) | (19,048) |
| Net cash inflow (outflow) provided by operating activities | | <u>63,248</u> | <u>(559,685)</u> |
| <u>Cash flows from investing activities</u> | | | |
| Decrease in financial assets at amortized cost | | - | 165,184 |
| Acquisition of property, plant and equipment | 6(e) | (472) | (6,619) |
| Acquisition of intangible assets | | (815) | (126) |
| Acquisition of investments accounted for using equity method | 6(d) | (50,000) | - |
| Decrease in refundable deposits | | - | 420 |
| Net cash inflow (outflow) provided by investing activities | | <u>(51,287)</u> | <u>158,859</u> |
| <u>Cash flows from financing activities</u> | | | |
| Increase in short-term borrowings | 6(y) | 133,000 | 80,000 |
| Increase (Decrease) in short-term notes payables | 6(y) | (40,089) | 99,938 |
| Increase in guaranteed deposits received | | 491 | 4 |
| Repayments of lease principal | 6(y) | - | (435) |
| Cash dividends paid | 6(q) | - | (124,922) |
| Net cash inflow (outflow) provided by financing activities | | <u>93,402</u> | <u>54,585</u> |
| Net increase (decrease) in cash and cash equivalents | | 105,363 | (346,241) |
| Cash and cash equivalents at the beginning of period | 6(a) | 178,921 | 525,162 |
| Cash and cash equivalents at the end of period | 6(a) | <u>\$ 284,284</u> | <u>\$ 178,921</u> |

Please refer to the accompanying notes as an integral part of the parent company only financial statements.

Chairman : Chang, Li-Jung

General Manager : Lu, I-Hsuan

Accounting Officer : Hsu, Kuo-Huang

2022 Consolidated Financial Statements and Independent Auditors' Report

(2023) No. Financial-Supervisory-Securities-Auditing-22003983

To Hotron Precision Electronic Industrial Co., Ltd.:

Opinion

We have audited the accompanying financial statements of Hotron Precision Electronic Industrial Co., Ltd. and subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group’s consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Valuation for Inventories

Explanations

For the accounting policies concerning the valuation of inventories, please refer to Note 4(j) to the consolidated financial statements. For the uncertainty arising from accounting estimates and assumptions of the valuation of inventories, please refer to Note 5(b) to the consolidated financial statements. For the explanations of the allowance for reduction of inventory to market, please refer to Note 6(c) to the consolidated financial statements. The inventories and allowance for inventory valuation losses amounted to NT\$1,116,557 thousands and NT\$74,888 thousands respectively as of December 31, 2022.

The Group manufactures and sells cables and wires for 3C products. As the life cycle of electronic products is very short, and the market is highly competitive, the risk of suffering from inventory valuation losses is high. The Group measure inventories by the lower of cost and net realizable value. Net realizable value is estimated by the actual average selling prices less the variable selling expense. However, as the net realizable value used in inventory valuation is involved in subjective judgment, it has the characteristic of high uncertainty arising from accounting estimates. The valuation of the allowance inventory valuation losses has been identified as one of the key audit matters.

Audit procedures in response

The main audit procedures in response to the allowance inventory valuation losses implemented are summarized below:

1. Obtain an understanding of the operation and the nature of the industry of the Group, to assess the rationality of the recognition policies and procedures of the allowance inventory valuation losses, including the rationality of base to determine the net realizable value.
2. Obtain an understanding of the process of hub management, check the annual stocktaking plan, and participate in the annual stocktaking, to assess the effectiveness of identifying and controlling the inventories by the management.
3. Verify the appropriateness of the inventory aging report used for inventory valuation, to ensure the information in the report is in consistency with the policies.
4. Perform the verification of the logic to calculate the net realizable value of the inventories, to assess the rationality of determining the allowance inventory valuation losses.

Revenue Cut-off of Sales from Hubs

Explanations

For the accounting policies concerning the recognition of revenue, please refer to Note 4(22) to the consolidated financial statements.

There are two main types of sales, including recognizing revenue after shipping from the factory, and recognizing revenue after shipping from hubs. The revenue of the sales from the hubs shall be recognized after the end customers pick up the cargo and the transfer of the risk and reward has been confirmed. The Group recognizes revenue based on the information of actual shipments from the hub to the customers derived from the report or other information provided by the hub's custodian.

The revenue of sales from hubs is recognized based on the report or other information provided by the hub's custodian and the revenue recognition involves numerous manual procedures. As there are numerous sales from hubs, and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, revenue cut-off of sales from hubs has been identified as one of the key audit matters.

Audit procedures in response

The main audit procedures in response to the revenue cut-off of sales from hubs implemented are summarized below:

1. Obtain an understanding of the revenue recognition procedures of the sales from hubs, including obtaining an understanding of the relevant internal control procedures and the information and reports provided by the hub's custodian, to assess the appropriateness of the revenue recognition of sales from hubs.
2. Perform the internal control testing to the revenue from the sales from hubs, to ensure the Group recognized revenue after the end customers pick up the cargo and the transfer of the risk and reward has been confirmed.
3. Perform the revenue cut-off testing to the transactions of sales from hub during a certain period prior and after the balance sheet date, including verifying the supporting documents, shipping certificates, and revenue recognition has been recorded in the appropriate period.
4. Send confirmation letters about the inventory quantities to the hubs, and verify the number with the quantities in the account books.

Other Matter — Parent Company Only Financial Statements

We have also audited the parent company only financial statements of Hotron Precision Electronic Industrial Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unqualified opinion.

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 for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

PricewaterhouseCoopers Taiwan

Wu, Han-Chi

CPA

Lin, Ya-Hui

Securities and Futures Bureau

Reference number of the approval letter:(90)No.

Taiwan-Finance-Securities-VI-157088

Financial Supervisory Commission

Reference number of the approval letter: No.

Financial-Supervisory-Securities-Auditing-1070323061

February 24, 2023

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO.LTD. AND THE SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2022 and 2021

Expressed in thousands of New Taiwan Dollars

| Assets | Notes | December 31, 2022 | | December 31, 2021 | | |
|---------------------------|---------------------------------|-------------------|---------------------|-------------------|---------------------|------------|
| | | Amount | % | Amount | % | |
| Current Assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(a) | \$ 566,947 | 10 | \$ 371,589 | 8 |
| 1150 | Notes receivables, net | 6(b) | 8,683 | - | 15,031 | - |
| 1170 | Accounts receivables, net | 6(b) | 975,045 | 18 | 1,415,485 | 28 |
| 1200 | Other receivables | | 32,164 | 1 | 4,461 | - |
| 1220 | Current tax assets | | - | - | 2,247 | - |
| 130X | Inventories | 6(c) | 1,041,669 | 19 | 803,372 | 16 |
| 1410 | Prepayments | | 27,312 | 1 | 54,912 | 1 |
| 1479 | Other current assets– others | 6(d) | 76,729 | 1 | 49,345 | 1 |
| 11XX | Total current assets | | <u>2,728,549</u> | <u>50</u> | <u>2,716,442</u> | <u>54</u> |
| Non-current assets | | | | | | |
| 1600 | Property, plant and equipment | 6(e), 8 | 2,313,052 | 43 | 1,790,292 | 36 |
| 1755 | Right-of-use Assets | 6(f) | 97,533 | 2 | 97,518 | 2 |
| 1760 | Investment property, net | 6(h), 8 | 139,996 | 2 | 142,318 | 3 |
| 1780 | Intangible assets | | 5,853 | - | 377 | - |
| 1840 | Deferred income tax assets | 6(y) | 38,085 | 1 | 22,492 | - |
| 1900 | Other non-current assets | 6(i) | 99,755 | 2 | 236,079 | 5 |
| 15XX | Total non-current assets | | <u>2,694,274</u> | <u>50</u> | <u>2,289,076</u> | <u>46</u> |
| 1XXX | Total assets | | <u>\$ 5,422,823</u> | <u>100</u> | <u>\$ 5,005,518</u> | <u>100</u> |

(Continued)

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO.LTD. AND THE SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2022 and 2021

Expressed in thousands of New Taiwan Dollars

| Liabilities and Equity | Notes | December 31, 2022 | | December 31, 2021 | | |
|--|--|-------------------|---------------------|-------------------|---------------------|------------|
| | | Amount | % | Amount | % | |
| Current Liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(j),h | \$ 1,387,703 | 26 | \$ 865,955 | 17 |
| 2110 | Short-term notes and bills payable | 6(k) | 139,840 | 3 | 179,922 | 4 |
| 2120 | Current financial liabilities at fair value through profit or loss | 6(m) | 2,116 | - | 1,811 | - |
| 2130 | Current contract liabilities | 6(t) | 6,669 | - | - | - |
| 2150 | Notes payables | | 8,815 | - | 6,878 | - |
| 2170 | Accounts payables | | 254,304 | 5 | 604,267 | 12 |
| 2200 | Other payables | 6(l) | 400,978 | 7 | 329,482 | 7 |
| 2230 | Current tax liabilities | 6(y) | 34,034 | 1 | 6,913 | - |
| 2280 | Lease liabilities-current | | 2,325 | - | 2,066 | - |
| 2320 | Long-term liabilities-current portion | 6(n),8 | 8,182 | - | 42,055 | 1 |
| 2399 | Other current liabilities-others | | 9,462 | - | 10,457 | - |
| 21XX | Total Current liabilities | | <u>2,254,428</u> | <u>42</u> | <u>2,049,806</u> | <u>41</u> |
| Non-current liabilities | | | | | | |
| 2570 | Deferred tax liabilities | 6(y) | 87,410 | 1 | 91,377 | 2 |
| 2580 | Lease liabilities-non-current | | 2,208 | - | 4,467 | - |
| 2600 | Other non-current liabilities | 6(o) | 1,015,946 | 19 | 929,657 | 18 |
| 25XX | Total non-current liabilities | | <u>1,105,564</u> | <u>20</u> | <u>1,025,501</u> | <u>20</u> |
| 2XXX | Total liabilities | | <u>3,359,992</u> | <u>62</u> | <u>3,075,307</u> | <u>61</u> |
| Equity | | | | | | |
| Equity attributable to the owner of the company | | | | | | |
| | Share capital | 6(q) | | | | |
| 3110 | Ordinary share | | 932,210 | 17 | 923,181 | 19 |
| | Capital surplus | 6(r) | | | | |
| 3200 | Capital surplus | | 641,858 | 12 | 616,880 | 12 |
| | Retained earnings | 6(s) | | | | |
| 3310 | Legal reserve | | 220,291 | 4 | 218,051 | 4 |
| 3320 | Special reserve | | 115,046 | 2 | 112,601 | 2 |
| 3350 | Unappropriated earnings | | 236,260 | 4 | 174,544 | 4 |
| | Other equity | | | | | |
| 3400 | Other equity | | (82,834) | (1) | (115,046) | (2) |
| 31XX | Total equity attributable to the owner of the company | | <u>2,062,831</u> | <u>38</u> | <u>1,930,211</u> | <u>39</u> |
| 3XXX | Total equity | | <u>2,062,831</u> | <u>38</u> | <u>1,930,211</u> | <u>39</u> |
| | Significant contingencies and unrecognized contract commitments | 9 | | | | |
| | Significant subsequent events | 11 | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 5,422,823</u> | <u>100</u> | <u>\$ 5,005,518</u> | <u>100</u> |

Please refer to the accompanying notes as an integral part of the consolidated financial statements.

Chairman: Chang, Li-Jung

General Manager: Lu, I-Hsuan

Accounting Officer: Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO.LTD. AND THE SUBSIDIARIES

Consolidated Statements of Comprehensive Income

As of and For the Years Ended December 31, 2022 and 2021

Expressed in thousands of New Taiwan Dollars
(Earnings per share is expressed in New Taiwan Dollars)

| Items | Notes | 2022 | | 2021 | |
|---|------------|-------------------|----------------|-------------------|--------------|
| | | Amount | % | Amount | % |
| 4000 Operating revenue | 6(t) | \$ 3,362,189 | 100 | \$ 3,006,985 | 100 |
| 5000 Operating costs | 6(c)(x), 7 | (2,783,377) | (83) | (2,516,502) | (84) |
| 5900 Net gross profit | | <u>578,812</u> | <u>17</u> | <u>490,483</u> | <u>16</u> |
| Operating expenses | 6(x), 7 | | | | |
| 6100 Selling expenses | | (132,966) | (4) | (119,593) | (4) |
| 6200 Administrative expenses | | (306,782) | (9) | (225,988) | (8) |
| 6300 Research and development expense | | (121,045) | (4) | (99,333) | (3) |
| 6000 Total operating expenses | | <u>(560,793)</u> | <u>(17)</u> | <u>(444,914)</u> | <u>(15)</u> |
| 6500 Other revenue and expenses | 6(u) | <u>64,237</u> | <u>2</u> | <u>(18,707)</u> | <u>-</u> |
| 6900 Net operating income | | <u>82,256</u> | <u>2</u> | <u>26,862</u> | <u>1</u> |
| Non-operating income and expenses | | | | | |
| 7100 Interest revenue | | 6,316 | - | 6,340 | - |
| 7010 Other revenue | | 11,795 | - | 4,587 | - |
| 7020 Other gains and losses | 6(v) | (1,851) | - | (3,253) | - |
| 7050 Finance cost | 6(w) | (20,940) | - | (8,053) | - |
| 7000 Total non-operating income and expenses | | <u>(4,680)</u> | <u>-</u> | <u>(379)</u> | <u>-</u> |
| 7900 Profit before tax | | <u>77,576</u> | <u>2</u> | <u>26,483</u> | <u>1</u> |
| 7950 Income tax expenses | 6(y) | (11,830) | - | (3,807) | - |
| 8200 Profit | | <u>\$ 65,746</u> | <u>2</u> | <u>\$ 22,676</u> | <u>1</u> |
| Other comprehensive income, net | | | | | |
| Items not to be reclassified into profit or loss | | | | | |
| 8311 Remeasurements of defined benefit plans | 6(p) | \$ 819 | - | (\$ 350) | - |
| 8349 Income tax related to items of other comprehensive income not to be reclassified to profit or loss | 6(y) | (164) | - | 70 | - |
| 8310 Items not to be reclassified into profit or loss | | <u>655</u> | <u>-</u> | <u>(280)</u> | <u>-</u> |
| Items that may be subsequently reclassified into profit or loss | | | | | |
| 8361 Exchange differences on translation of foreign financial statements | | <u>32,212</u> | <u>1</u> | <u>(2,445)</u> | <u>-</u> |
| 8360 Items that may be subsequently reclassified into profit or loss | | <u>32,212</u> | <u>1</u> | <u>(2,445)</u> | <u>-</u> |
| 8300 Other comprehensive income (loss), net of tax | | <u>\$ 32,867</u> | <u>1</u> | <u>(\$ 2,725)</u> | <u>-</u> |
| 8500 Total comprehensive income | | <u>\$ 98,613</u> | <u>3</u> | <u>\$ 19,951</u> | <u>1</u> |
| Net profit (loss) attributable to: | | | | | |
| 8610 Owners of the Company | | <u>\$ 65,746</u> | <u>2</u> | <u>\$ 22,676</u> | <u>1</u> |
| Total comprehensive income (loss) attributable to: | | | | | |
| 8710 Owners of the Company | | <u>\$ 98,613</u> | <u>3</u> | <u>\$ 19,951</u> | <u>1</u> |
| Earnings per share | 6(z) | | | | |
| 9750 Basic earnings per share | | <u>\$ 0.71</u> | <u>\$ 0.25</u> | | |
| 9850 Diluted earnings per share | | <u>\$ 0.71</u> | <u>\$ 0.25</u> | | |

Please refer to the accompanying notes as an integral part of the consolidated financial statements

Chairman: Chang, Li-Jung

General Manager: Lu, I-Hsuan

Accounting Officer: Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO.LTD. AND THE SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Expressed in thousands of New Taiwan Dollars

| | Notes | Equity attributable to owners of parent | | | | | | | | | Total equity |
|--|---------|---|-------------------|-----------------------------|-----------------|--------------|-------------------|-------------------|----------------------------------|---|---------------------|
| | | Capital surplus | | | | | Retained earnings | | Other equity | | |
| | | Ordinary Shares | Capital surplus | Treasury share transactions | Share options | Others | Legal reserve | Special reserve | Unappropriated retained earnings | Exchange differences on translation of foreign financial statements | |
| 2021 | | | | | | | | | | | |
| Balance at January 1, 2021 | | \$ 832,810 | \$ 351,320 | \$ 1,615 | \$ 13,377 | \$ 13 | \$ 205,318 | \$ 117,252 | \$ 285,152 | (\$ 112,601) | \$ 1,694,256 |
| Profit | | - | - | - | - | - | - | 22,676 | - | - | 22,676 |
| Other comprehensive income | | - | - | - | - | - | - | (280) | (2,445) | (2,725) | (2,725) |
| Total comprehensive income | | - | - | - | - | - | - | 22,396 | (2,445) | 19,951 | 19,951 |
| Appropriation and distribution of 2020 earnings: 6(s) | | | | | | | | | | | |
| Legal reserve | | - | - | - | - | - | 12,733 | (12,733) | - | - | - |
| Special reserve | | - | - | - | - | - | (4,651) | 4,651 | - | - | - |
| Cash dividends | | - | - | - | - | - | - | (124,922) | - | (124,922) | (124,922) |
| Conversion of convertible bonds | 6(n)(q) | 90,371 | 262,477 | - | (11,927) | - | - | - | - | - | 340,921 |
| Unclaimed dividends overdue transferred to capital surplus | | - | - | - | - | 5 | - | - | - | - | 5 |
| Balance at December 31, 2021 | | <u>\$ 923,181</u> | <u>\$ 613,797</u> | <u>\$ 1,615</u> | <u>\$ 1,450</u> | <u>\$ 18</u> | <u>\$ 218,051</u> | <u>\$ 112,601</u> | <u>\$ 174,544</u> | <u>(\$ 115,046)</u> | <u>\$ 1,930,211</u> |
| 2022 | | | | | | | | | | | |
| Balance at January 1, 2022 | | \$ 923,181 | \$ 613,797 | \$ 1,615 | \$ 1,450 | \$ 18 | \$ 218,051 | \$ 112,601 | \$ 174,544 | (\$ 115,046) | \$ 1,930,211 |
| Profit | | - | - | - | - | - | - | 65,746 | - | - | 65,746 |
| Other comprehensive income | | - | - | - | - | - | - | 655 | 32,212 | 32,867 | 32,867 |
| Total comprehensive income | | - | - | - | - | - | - | 66,401 | 32,212 | 98,613 | 98,613 |
| Appropriation and distribution of 2021 earnings: 6(s) | | | | | | | | | | | |
| Legal reserve | | - | - | - | - | - | 2,240 | (2,240) | - | - | - |
| Special reserve | | - | - | - | - | - | - | 2,445 | (2,445) | - | - |
| Conversion of convertible bonds | 6(n)(q) | 9,029 | 26,140 | - | (1,171) | - | - | - | - | - | 33,998 |
| Unclaimed dividends overdue transferred to capital surplus | | - | - | - | - | 9 | - | - | - | - | 9 |
| Balance at December 31, 2022 | | <u>\$ 932,210</u> | <u>\$ 639,937</u> | <u>\$ 1,615</u> | <u>\$ 279</u> | <u>\$ 27</u> | <u>\$ 220,291</u> | <u>\$ 115,046</u> | <u>\$ 236,260</u> | <u>(\$ 82,834)</u> | <u>\$ 2,062,831</u> |

Please refer to the accompanying notes as an integral part of the consolidated financial statements.

Chairman: Chang, Li-Jung

General Manager: Lu, I-Hsuan

Accounting Officer: Hsu, Kuo-huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO.LTD. AND THE SUBSIDIARIES

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Expressed in thousands of New Taiwan Dollars

| | <u>Notes</u> | <u>For the year ended</u> <u>December 31, 2022</u> | <u>For the year ended</u> <u>December 31, 2021</u> |
|--|---------------|---|---|
| <u>Cash flows from operating activities</u> | | | |
| Profit before tax | | \$ 77,576 | \$ 26,483 |
| Adjustments | | | |
| Items of income and expense | | | |
| Depreciation expense (including right-of-use assets and investment properties) | 6(e)(f)(h)(x) | 157,368 | 86,393 |
| Amortization expense | 6(x) | 1,123 | 360 |
| Interest expense | 6(w) | 20,735 | 6,819 |
| Interest revenue | | (6,316) | (6,340) |
| Bond discount amortization | 6(w) | 205 | 1,234 |
| Loss (Gain) from disposal of property, plant and equipment | 6(v) | (1,633) | 1,874 |
| Net loss on financial assets at fair value through profit or loss | 6(m)(v) | 225 | 1,228 |
| Changes in operating assets and liabilities | | | |
| Net changes in operating assets | | | |
| Notes receivable | | 6,348 | (7,677) |
| Accounts receivable | | 440,440 | (354,195) |
| Other receivables | | (23,916) | 20,146 |
| Inventories | | (238,297) | (295,525) |
| Prepayments | | 27,665 | (27,404) |
| Other current assets | | (27,239) | (39,310) |
| Other non-current assets | | (2,950) | (3,773) |
| Net changes in operating liabilities | | | |
| Contract liabilities | | 6,669 | - |
| Notes payables | | 1,937 | 6,378 |
| Accounts payables | | (349,963) | 219,777 |
| Other payables | | (93,422) | 21,148 |
| Other current liabilities | | (995) | 6,775 |
| Other non-current liabilities | | (674) | (827) |
| Cash inflow (outflow) generated from operations | | (5,114) | (336,436) |
| Interest received | | 6,745 | 5,181 |
| Interest paid | | (19,653) | (6,793) |
| Income taxes paid | | (6,486) | (28,967) |
| Net cash inflow (outflow) provided by operating activities | | (24,508) | (367,015) |

(Continued)

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO.LTD. AND THE SUBSIDIARIES

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Expressed in thousands of New Taiwan Dollars

| | <u>Notes</u> | <u>For the year ended</u> <u>December 31, 2022</u> | <u>For the year ended</u> <u>December 31, 2021</u> |
|--|--------------|---|---|
| <u>Cash flows from investing activities</u> | | | |
| Acquisition of property, plant and equipment | 6(aa) | (\$ 243,131) | (\$ 132,544) |
| Proceeds from disposal of property, plant and equipment | | 32,078 | 1,146 |
| Acquisition of intangible assets | | (6,541) | (353) |
| Increase (decrease) in refundable deposits | | (733) | 1,035 |
| Increase in prepayments for equipment | | (40,077) | (211,621) |
| Decrease in financial assets at amortized cost-current | | <u>-</u> | <u>165,184</u> |
| Net cash inflow (outflow) provided by investing activities | | <u>(258,404)</u> | <u>(177,153)</u> |
| <u>Cash flows from financing activities</u> | | | |
| Increase in short-term borrowings | 6(ab) | 521,748 | 193,272 |
| Increase (Decrease) in short-term notes payables | 6(ab) | (40,082) | 99,932 |
| Increase in guaranteed deposits received | | 5,854 | 921 |
| Repayments of lease principal | 6(ab) | (2,103) | (3,046) |
| Cash dividends paid | 6(t) | <u>-</u> | <u>(124,922)</u> |
| Net cash inflow (outflow) provided by financing activities | | <u>485,417</u> | <u>166,157</u> |
| Effect of movements in exchange on cash and cash equivalents | | <u>(7,147)</u> | <u>(8,245)</u> |
| Net increase (decrease) in cash and cash equivalents | | 195,358 | (386,256) |
| Cash and cash equivalents at the beginning of period | 6(a) | <u>371,589</u> | <u>757,845</u> |
| Cash and cash equivalents at the end of period | 6(a) | <u>\$ 566,947</u> | <u>\$ 371,589</u> |

Please refer to the accompanying notes as an integral part of the consolidated financial statements.

Chairman: Chang, Li-Jung

General Manager: Lu, I-Hsuan

Accounting Officer: Hsu, Kuo-Huang

IV. Appendices

**Hotron Precision Electronic Industrial Co., Ltd.
Rules of Procedure for Shareholders Meetings**

Article 1

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".

Article 2

The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3

Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the

Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 (Principles determining the time and place of a shareholders meeting)

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting

Article 6 (Preparation of documents such as the attendance book)

The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6~1 (Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice)

To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice:

1.How shareholders attend the virtual meeting and exercise their rights.

2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:

- (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
 - (2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
 - (3) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
 - (4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

Article 7 (The chair and non-voting participants of a shareholders meeting)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 (Documentation of a shareholders meeting by audio or video)

The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders meeting.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote.

Article 11 (Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

Article 12 (Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14 (Elections)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Company.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters,

accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online

Article 16 (Public disclosure)

On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 (Disclosure of information at virtual meetings)

In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the

virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20 (Location of the chair and secretary of virtual-only shareholders meeting)

When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 21 (Handling of disconnection)

In the event of a virtual shareholders meeting, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the first paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the first paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in first paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the first paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the first paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the first paragraph.

Article 22 (Handling of digital divide)

When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

Article 23

These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 24

These Rules were established on December 31, 1998.

The 1st amendment was made on December 7, 2007.

The 2nd amendment was made on June 15, 2015.

The 3rd amendment was made on August 27, 2021.

The 4th amendment was made on May 26, 2022.

Hotron Precision Electronic Industrial Co., Ltd.
Articles of Incorporation

Chapter I General Provisions

Article 1: The Company shall be incorporated under the provisions of the Company Act and its name shall be "鴻碩精密電工股份有限公司" and its English name shall be "HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD."

Article 2: The scope of business of the Company shall be as follows:

1. C805050 Industrial Plastic Products Manufacturing
2. CA01110 Smelting and Refining of Copper
3. CA01130 Copper Rolling, Drawing and Extruding
4. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
5. CC01020 Electric Wires and Cables Manufacturing
6. CC01080 Electronics Components Manufacturing
7. CC01110 Computer and Peripheral Equipment Manufacturing
8. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
9. CD01030 Motor Vehicles and Parts Manufacturing
10. CD01040 Motorcycles and Parts Manufacturing
11. CD01050 Bicycles and Parts Manufacturing
12. CD01990 Other Transport Equipment and Parts Manufacturing
13. CQ01010 Die Manufacturing
14. E603010 Cable Installation Engineering
15. EZ05010 Instrument and Meters Installation Engineering
16. F106030 Wholesale of Die
17. F107200 Wholesale of Chemical Feedstock
18. F113050 Wholesale of Computers and Clerical Machinery Equipment
19. F119010 Wholesale of Electronic Materials
20. F219010 Retail Sale of Electronic Materials
21. F401010 International Trade
22. H201010 Investment
23. H701010 Housing and Building Development and Rental
24. H701020 Industrial Factory Development and Rental
25. H703090 Real Estate Commerce
26. H703100 Real Estate Leasing
27. I102010 Investment Consulting
28. I103060 Management Consulting
29. I199990 Other Consulting Service
30. IG03010 Energy Technical Services
31. IZ12010 Manpower Services
32. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

Article 2~1: The Company may act as guarantor and reinvest in other businesses for its business needs, and the total amount of such reinvestment may exceed 40% of the Company's paid-in capital.

Article 3: The Company shall have its head office in Taipei City and may set up branches at home and abroad if necessary by resolution of the Board of Directors.

Article 4: Any and all announcements made by the Company shall be made in accordance with the provisions of Article 28 of the Company Act.

Chapter II Capital Stock

Article 5: The Company's total capital is set at NT\$2,000 million, which is divided into 2,000 million shares at par value of NT\$10 per share, and the unissued shares may be issued in installments.

In the preceding paragraph, NT\$300 million of the total capital is reserved for the issuance of share warrants, bonds with subscription rights or preferred shares with subscription rights, totaling 30 million shares at par value of NT\$10 each, which may be issued in installments as resolved by the board of directors.

The treasury stock, employee stock option certificates, employee new shares subscription rights and new restricted employee shares acquired by the Company in accordance with the law may be issued or transferred to employees who meet certain qualifications. Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements. The Board of Directors is authorized to set such requirements.

Article 6: Deleted.

Article 7: The shares of the Company shall be issued in registered form, the share certificates shall be affixed with the signatures or personal seals of the director representing the company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance. The shares issued by the Company may be exempted from printing and shall be registered with the centralized securities depository enterprise.

Article 8: Registration for stock transfer shall be suspended within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

Article 8~1: When the Company proposes to cancel the public offering of its shares, it shall be proposed to the shareholders' meeting for a resolution, and this provision shall not be amended during the period in which the Company's shares are traded on the emerging stock exchange or during the period in which the shares are listed on the stock exchange.

Chapter III Shareholders' Meeting

Article 9: Shareholders' meetings include regular meetings and special meetings. Regular meetings shall be convened at least once a year, and the Board of Directors shall call for such meetings within six months after close of each fiscal year in accordance with the law. Special meetings shall be convened when necessary in accordance with the law.

Shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 10: If a shareholder is unable to attend the Shareholders' meeting in person, such shareholder may appoint a proxy to attend the shareholders' meeting and exercise such shareholder's right in his/her/its behalf by executing a proxy issued by the Company and specifying therein the scope of power authorized to the proxy. The shareholders' proxy to attend the shareholders' meeting shall be in accordance with the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

Article 11: Each shareholder of the Company shall have one voting power in respect of each share in his/her/its possession, except for the shares under the circumstances provided for in Article 179 of the Company Act, in which case the shares shall have no voting power.

Article 12: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

The shareholders of the Company may exercise their voting power by way of electronic transmission. Shareholders who exercise their voting power by electronic transmission shall be deemed to have attended the meeting in person, and all relevant matters shall be handled in accordance with the provisions of the Law.

Chapter IV Directors and Audit Committee

Article 13: The Company shall have five to seven directors, and the election of these directors shall be conducted through a candidate nomination system in accordance with Article 192-1 of the Company Act, and the shareholders' meeting shall elect the directors from a list of candidates for a term of three years, and they shall be eligible for re-election.

The number of independent directors shall not be less than three members, and not less than one-fifth of the managing director seats shall be held by independent directors. The professional qualifications, shareholdings, restrictions on concurrent positions held, nomination and election of independent directors and other matters to be complied with shall be in accordance with the relevant laws and regulations.

In the process of electing directors, shall be in accordance with Article 198 of the Company Act, independent directors and non-independent directors shall be elected at the same time, calculating the number of elected seats separately, and the candidate who receives more ballots cast represent a prevailing number of votes shall be elected as an independent director and a non-independent director.

The shareholding ratio of all directors shall be in accordance with the regulations of the securities regulatory authority.

Article 13~1: The Company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, and the audit committee shall be composed of the entire number of independent directors.

Regulations governing exercise by the audit committee and its independent director members of the powers set out, and matters related thereto, shall be prescribed by the relevant provisions of the Securities and Exchange Act.

Article 13~2: The remuneration of all directors shall be authorized to be paid by the Board of Directors based on the evaluation of the remuneration committee, the degree of participation in the Company's operations, their contribution to the Company, as well as taking into consideration remuneration standards of the same industry.

The Company may obtain liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

Article 13~3: In calling a meeting of the board of directors, a notice shall be given to each director no later than 7 days prior to the scheduled meeting date. In the case of emergency, a meeting of the board of directors may be convened at any time. The notice may be effected by means of by means of written, fax or electronic transmission.

Article 14: The board of directors shall be formed by the directors, the board of directors shall elect a chairman and a vice chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and the chairman shall externally represent the Company.

Article 15: In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, his or her proxy shall be in accordance with Article 208 of the Company Act.

Article 16: In case a director is unable to attend a board meeting in person for any reason, he/she may designate another director to attend as his/her proxy in accordance with the law. A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only.

Chapter V Managerial Officers

Article 17: The Company may have a general manager and several deputy general managers, whose appointment, discharge and remuneration shall be in accordance with Article 29 of the Company Act and take into account the Company's internal salary approval system.

Chapter VI Accounting

Article 18: Upon close of each fiscal year, the Company's board of directors shall prepare the following report and submit it to the Shareholders' Meeting for ratification in accordance with the statutory procedures:

1. Business Report.
2. Financial statements.
3. Proposal concerning distribution of profits or make up of losses.

Article 19: Deleted.

Article 20: When the Company makes a profit in a fiscal year, the Company shall allocate employees' compensation and directors' profit-sharing compensation. However, if the Company has accumulated losses, the Company shall first reserve an amount to make up the losses.

The Company shall appropriate the remaining profits before deducting employees' compensation and directors' profit-sharing compensation from the current year's profits before tax, if any, after making up for the losses.

(1) The directors' profit-sharing compensation shall not be more than 3%.

(2) Employees' compensation shall not be less than 1%.

Employees' compensation in the preceding paragraph may be distributed in the form of shares or cash, which shall be resolved by the board of directors with the two-thirds of the directors attended and the majority of the directors in attendance, and reported to the shareholders' meeting. Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, and the requirements of which are authorized to be determined by the board of directors.

In the event that the Company has a profit in its annual final accounts, the Company shall first pay taxes and make up for accumulated losses, and then set aside 10% as legal reserve, except when the legal reserve has reached the amount of paid-in capital. The second set aside or reversal of the special reserve pursuant to laws or regulations or the competent authority, if there is still surplus, plus the accumulated undistributed earnings of the previous period, the Board of Directors shall, at its discretion, retain the appropriate surplus in accordance with the operational needs and prepare a proposal for distribution, and if the distribution is to be made by issuing new shares, it shall be submitted to the shareholders' meeting for resolution.

The Company's dividend distribution policy is subject to the Company's current and future operating conditions, capital requirements, and other factors, taking into account the interests of shareholders and the Company's long-term financial planning. Dividends may be distributed in the form of cash or stock dividends, of which the cash dividends shall not be less than 10% of the total dividends,

In accordance with Article 240, Paragraph 5 of the Company Act, the board of directors is authorized the distributable dividends and bonuses or the legal reserve and capital reserve as prescribed in Article 241, Paragraph 1 of the Company Act in whole or in part, may be paid in cash after a resolution has been adopted by a

majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and submitted to the shareholders' meeting.

Chapter VII Supplementary Provisions

Article 21: In any matter which is not provided for in these Articles of Incorporation, all matters shall be governed by the provisions of the Company Act.

Article 22: These Articles of Incorporation were established on December 6, 1991.

The 1st amendment was made on January 15, 1992.

The 2nd amendment was made on August 7, 1992.

The 3rd amendment was made on August 1, 1994.

The 4th amendment was made on August 5, 1997.

The 5th amendment was made on November 20, 1997.

The 6th amendment was made on June 20, 1998.

The 7th amendment was made on June 1, 1999.

The 8th amendment was made on June 12, 2000.

The 9th amendment was made on August 10, 2000.

The 10th amendment was made on October 26, 2000.

The 11th amendment was made on April 8, 2002.

The 12th amendment was made on June 30, 2003.

The 13th amendment was made on June 26, 2006.

The 14th amendment was made on June 28, 2007.

The 15th amendment was made on May 21, 2008.

The 16th amendment was made on June 25, 2009.

The 17th amendment was made on May 14, 2010.

The 18th amendment was made on June 9, 2011.

The 19th amendment was made on June 5, 2012.

The 20th amendment was made on June 27, 2014.

The 21st amendment was made on June 6, 2016.

The 22nd amendment was made on June 8, 2017.

The 23rd amendment was made on June 8, 2018.

The 24th amendment was made on June 10, 2019.

The 25th amendment was made on June 5, 2020.

The 26th amendment was made on May 26, 2022.

Hotron Precision Electronic Industrial Co., Ltd. Rules of Procedure for Board of Directors Meetings

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".
- Article 2 With respect to the board of directors meetings ("board meetings") of the Company, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.
- Article 3 The board of directors shall meet at least quarterly.
A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.
The notice to be given under the preceding paragraph may be effected by means of written, fax or electronic transmission with the prior consent of the recipients.
All matters set forth under Article 13, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.
- Article 4 A board meeting shall be held at the premises and during the business hours of the Company, or at a place and time convenient for all directors to attend and suitable for holding board meetings.
- Article 5 The designated unit responsible for the board meetings of the Company shall be finance department.
The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.
A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings.
If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.
- Article 6 When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.
Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with the Company's articles of incorporation. Attendance by videoconference will be deemed attendance in person.
A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.
The proxy referred to in paragraph 2 may be the appointed proxy of only one person.
- Article 7 The Company's board meetings shall be convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.
Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the

Company Act, the directors shall choose one person by and from among themselves to chair the meeting.

When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.

Article 8 When a board meeting is held, the management (or the designated unit responsible for the board meetings) shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants.

When necessary, certified public accountants, attorneys, or other professionals retained by the Company may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

Article 9 The chair shall call the board meeting to order at the appointed meeting time and, when more than one-half of all the directors are in attendance.

If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements, the Chair shall, reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.

The number of "all directors," as used in the preceding paragraph, shall be counted as the number of directors then actually in office.

Article 10 Proceedings of a board meeting of the Company shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of the Company.

Article 11 Agenda items for regular board meetings of the Company shall include at least the following:

1. Matters to be reported:

(1) Minutes of the last meeting and action taken.

(2) Important financial and business matters.

(3) Internal audit activities.

(4) Other important matters to be reported.

2. Matters for discussion:

(1) Items for continued discussion from the last meeting.

(2) Items for discussion at this meeting.

3. Extraordinary motions.

Article 12 A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 9, paragraph 1 shall apply mutatis mutandis.

Article 13 The matters listed below as they relate to the Company shall be raised for discussion at the Company's board meeting:

1. The Company's business plan.
2. Annual financial report and second quarter financial report to be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under paragraph 2.

At least one independent director of the Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

Article 14 Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, the chairman is delegated to execute the following matters:

1. Subject to the Company's capital needs, the chairman of the board of directors shall have full authority to enter into contracts with financial institutions and draw down the credit lines and other related matters, within the loan limits of the financial institutions approved by the board of directors.
2. Endorsements are provided within the amounts permitted by the operating procedures for endorsement and guarantees, and transactions are carried out within the amounts permitted by the procedures for acquisition or disposal of assets.
3. Appointment of directors, supervisors and representatives of subsidiaries (including overseas subsidiaries).
4. The adjustments of the Company's organization and the amendments to the articles of incorporation.

During the recess of the board of directors' meeting, the chairman of the board of directors shall report to the next board of directors' meeting if he/she has executed the relevant acts of authorization.

In addition to the preceding paragraphs, the remaining delegated matters shall be authorized by the meeting of the board of directors as necessary and stated in the minutes of that meeting of the board of directors.

Article 15 When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.
4. A vote by a method selected at the Company's discretion.

"Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 17, paragraph 1.

Article 16 Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

Article 17 If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of the Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 4 of the same Act.

Article 18 Discussions at the Company's board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

- 1.The meeting session (or year) and the time and place of the meeting.
- 2.The name of the chair.
- 3.The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
- 4.The names and titles of those attending the meeting as non-voting participants.
- 5.The name of the minute taker.
- 6.The matters reported at the meeting.
- 7.Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article (Article 17) , an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 13, paragraph 5.
- 8.Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.
- 9.Other matters required to be recorded.

In relation to the resolutions of the board of directors' meeting, any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing, shall be stated in the meeting minutes and within two days of the meeting be published on the Market Observation Post System designated by the Financial Supervisory Commission, Executive Yuan.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of the Company.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of the Company.

The meeting minutes of paragraph 1 may produced and distributed in electronic form.

Article 19 If the Company has managing directors, the provisions of Article 2, Article 3, paragraph 2, Articles 4 to 6 and Articles 8 to 18 apply, mutatis mutandis, to the Company's meetings of the board of managing directors, provided that when meetings of the board of managing directors are held at regular intervals of 7 days or less, notices of such meetings may be given to each managing director before 2 days before the meeting.

Article 20 These Rules of Procedure shall be adopted and amended by the approval of meeting of the board of directors and shall be reported to the shareholders meeting.

Article 21 These Rules were adopted on April 06, 2006. (Reported at the annual general shareholders' meeting on June 26, 2006)

The 1st amendment was made on December 07, 2006.

The 2nd amendment was made on March 20, 2007.

The 3rd amendment was made on May 24, 2007. (Reported at the annual general shareholders' meeting on June 28, 2007)

The 4th amendment was made on March 05, 2008. (Reported at the annual general shareholders' meeting on May 21, 2008)

The 5th amendment was made on April 08, 2009. (Reported at the annual general shareholders' meeting on June 25, 2009)

The 6th amendment was made on July 23, 2009.

The 7th amendment was made on August 27, 2009. (Reported at the annual general shareholders' meeting on May 14, 2010)

The 8th amendment was made on October 31, 2012. (Reported at the annual general shareholders' meeting on June 03, 2013)

The 9th amendment was made on November 10, 2017. (Reported at the annual general shareholders' meeting on June 08, 2017)

The 10th amendment was made on March 13, 2020. (Reported at the annual general shareholders' meeting on June 5, 2020)

The 11th amendment was made on July 10, 2020. (Reported at the annual general shareholders' meeting on August 27, 2021)

Hotron Precision Electronic Industrial Co., Ltd. Rules for Director Elections

Article 1 To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".

Article 2 Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 3 Elections of directors at the Company shall be conducted in accordance with the provisions of the Company Act. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

The board of directors of the Company shall consider adjusting its composition based on the results of performance evaluation.

Article 4 Elections of directors (Including independent directors) at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

Article 5 The qualifications and election for the independent directors of the Company shall comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and shall be conducted in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".

Article 6 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. In order to evaluate the qualifications of the candidates for director, their experience and background, and whether they have any of the matters listed in Article 30 of the Company Act, the Company shall not arbitrarily add any supporting documents of other qualifications and shall provide the results of the evaluation to the shareholders for their reference in order to elect suitable directors.

Article 7 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

Article 8 In the election of directors, ballot boxes are prepared by the board of directors, and shall be opened and inspected in public by the scrutineers before voting.

The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 9 If the candidate is a shareholder, the voter shall enter the name of the candidate and the shareholder's account number in the "Candidate" column of the ballot; if the candidate is a non-shareholder, he/she shall enter the name of the candidate and the ID number. However, if a government or a juristic person is the candidate, the name of the government or juristic person shall be listed in the "name of the candidate" column of the ballot, and the name of the government or juristic person and the name of its representative shall also be entered; if there are several representatives, the names of the representatives shall be entered separately.

Article 10 In the process of election, with independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.

Article 11 A ballot is invalid under any of the following circumstances:

- 1.The ballot was not prepared by a person with the right to convene.
- 2.A blank ballot is placed in the ballot box.
- 3.The writing is unclear and indecipherable or has been altered.
- 4.Enter a person whose name is not on the candidate list.
- 5.Other words or marks are entered in addition to the name of the person to be elected (name) or the shareholder's account number (ID number) and the number of voting rights allotted.
- 6.Enter the name of the person to be elected as the same as other shareholders but fail to enter the shareholder's account number or identification document number for identification of the person.

Article 12 The number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and

non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 13 (Deleted.)

Article 14 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Except where the Competent Authority has granted approval, the following relationships may not exist among more than half of a company's directors:

1. A spousal relationship.
2. A familial relationship within the second degree of kinship.

Article 16 When there are some among the directors who do not meet the preceding paragraph conditions, the election of the director receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid.

Article 17 The board of directors of the Company shall each issue a Consent to Act as Director respectively.

Article 18 Any matters not addressed in these Procedures shall be governed by the Company Act, the Company's Articles of Incorporation and relevant laws and regulations.

Article 19 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 20 These procedures were adopted on June 17, 2002.

The 1st amendment was made on June 28, 2007

The 2nd amendment was made on May 21, 2008

The 3rd amendment was made on June 5, 2012

The 4th amendment was made on June 15, 2015

The 5th amendment was made on June 8, 2018

The 6th amendment was made on June 5, 2020

The Impact of Stock dividend Issuance on Business Performance, EPS, and Shareholder Return Rate

| Item | Fiscal Year | 2022 |
|--|--|---|
| 2023.04.07 Paid-in capital (Note 1) | | 1,032,210 thousand |
| Dividend distribution for the year | Cash dividends per share (Note 2) | NT\$ 0.50 |
| | Number of shares granted per share from capitalization of retained earnings (Note 2) | 0.03 shares |
| | Cash dividends per share from capital reserve | 0 |
| | Number of shares granted per share from capitalization of capital reserve | 0 |
| Change in business performance | Operating profits | Not applicable (Note 3) |
| | Operating profit increased (decreased) ratio compared to the same period last year | |
| | Net profit after tax | |
| | Net profit after tax increased (decreased) ratio compared to the same period last year | |
| | Earnings per share | |
| | Earnings per share increase (decrease) ratio compared to the same period last year | |
| | Average annual return on investment (inverse of the average annual P/E ratio) | |
| Pro forma earnings per share and P/E ratio | If the capitalization of the retained earnings is distributed as cash dividends | Pro forma earnings per share |
| | | Pro forma annual average return on investment |
| | If the capital reserve has not been transferred to capitalization | Pro forma earnings per share |
| | | Pro forma annual average return on investment |
| | If the capital surplus is not transferred to capitalization and the capitalization of the retained earnings is distributed as cash dividends instead | Pro forma earnings per share |
| | | Pro forma annual average return on investment |

Note 1: The change of registration was approved by the Ministry of Economic Affairs on April 7, 2023 by letter No. 11230052700.

Note 2: Not yet approved at the 2023 annual general meeting of shareholders.

Note 3: In accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company has not published the financial forecast for 2023; therefore, information on changes in business performance, pro forma earnings per share and P/E ratio is not applicable.

Hotron Precision Electronic Industrial Co., Ltd.
Shareholding status of the directors

Register of Directors

Book closure date: April 1, 2023

| Position | Name | Date elected | Shareholding while elected | | | Current shareholding | | |
|----------------------|--------------------|--------------|----------------------------|-------------------|------------------------|----------------------|------------------|------------------------|
| | | | Type | Shares | Shareholding ratio (%) | Type | Shares | Shareholding ratio (%) |
| Chairman | CHANG, LU-JUNG | 2020.6.5 | Ordinary share | 13,253,685 | 17.775% | Ordinary share | 9,512,228 | 9.215% |
| Director | LU, I-HSUAN | 2020.6.5 | Ordinary share | 60,701 | 0.081% | Ordinary share | 70,831 | 0.069% |
| Director | CHEN, TAI-CHUNG | 2020.6.5 | Ordinary share | 0 | 0.00% | Ordinary share | 0 | 0.00% |
| Director | HSU, TING-JUNG | 2020.6.5 | Ordinary share | 0 | 0.00% | Ordinary share | 0 | 0.00% |
| Independent Director | HSIEH, I-TA | 2020.6.5 | Ordinary share | 0 | 0.00% | Ordinary share | 0 | 0.00% |
| Independent Director | CHU, YANN-FANG | 2020.6.5 | Ordinary share | 0 | 0.00% | Ordinary share | 0 | 0.00% |
| Independent Director | CHOU, CHE-YI | 2020.6.5 | Ordinary share | 0 | 0.00% | Ordinary share | 0 | 0.00% |
| Total | | | | 13,314,386 | | | 9,583,059 | |

Total number of shares issued as of June 05, 2020: **74,562,763** shares

Total number of shares issued as of April 01, 2023: **103,220,991** shares

Note: Total number of shares required to be held by the entire bodies of directors of the Company: **8,000,000** shares, shares held by all directors as of April 1, 2023: **9,583,059** shares.

The Company has set up an audit committee, therefore, the required number of shares held by supervisors is not applicable.

©The shares holdings of independent directors are not counted in the number of shares held by directors.