

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.

2024 Annual Meeting of Shareholders Meeting Minutes

(Translation)

Time: 9:00 a.m. on June 3 (Monday), 2024

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

Number of shares present: The total number of shares represented by present shareholders and proxies was 58,435,344 (including 1,636,307 shares attended electronic voting), accounting for 54.84% of the Company's 106,552,030 issued and outstanding shares.

Board Members Present: Chang, Li-Jung(Chairman) 、 Lu, I- Hsuan(Director) 、 Chen, Tai-Chung(Director) 、 Chen,Shuh(Director) 、 Hsieh, I-Ta(Independent Director) 、 Chu, Yann-Fang(Independent Director) 、 Chou, Che-Yi (Independent Director), all 7 members of the Board of Directors are present.

Attendance: Ms. Lin, Ya-Hui (CPA of PwC Taiwan) 、
Ms. Wang, Tong-Ying (Manager of PwC Taiwan).

Chairman: Chang, Li-Jung (Chairman of the Board of Directors)

Recorder : Wu, Hui-Min

The Chairman called the Meeting to Order.

Report on number of shares present. The aggregate shareholding of the shareholders and proxies present constituted a quorum.

Chairperson Remarks (omitted)

Matters to Report

1. 2023 Business Report (Please refer to Annex 1)
2. 2023 Audit Committee's Review Report (Please refer to Annex 2)
3. 2023 Report on Directors' Remuneration

Description:

- (1)The company's policy, standards, and composition for remuneration of general directors and independent directors, as well as the procedure for determining remuneration:

1). Policy, standards, and composition of remuneration

The Company formulates its compensation policies and evaluation criteria in accordance with relevant laws and regulations, Article 13-2 and Article 20 of the Company's Articles of Incorporation, the "Organizational Rules of the Compensation Committee," and the "Directors' Remuneration Payment Guidelines." The remuneration paid by the Company to directors and independent directors is divided into two categories: directors' compensation (business execution compensation) and directors' remuneration.

A. Directors' compensation, also known as directors' remuneration for business execution, is determined in accordance with Article 13-2 of the Company's Articles of constitution. Based on the evaluation by the Compensation Committee and the Company's "Directors' Compensation Guidelines," the compensation takes into account the degree of participation in the Company's operations, personal contributions (including responsibilities, risks, and time invested), and industry-standard levels. Additionally, overall operational performance and external market factors are considered. The Compensation Committee and the Board of Directors regularly review and approve reasonable remuneration. The relevant performance evaluations and the reasonableness of compensation are reviewed by the Compensation Committee and the Board of Directors. The compensation system is promptly reviewed in light of the actual operating conditions and relevant laws and regulations to strike a balance between the Company's sustainable operations and risk management.

B. Directors' remuneration shall be allocated from the profits of the Company for the current year at a rate not exceeding 3% of such profits in accordance with Article 20 of the Company's Articles of Incorporation.

2). Procedure for determining remuneration

To implement corporate governance and establish a sound remuneration system for the company's 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 Stock Exchange or Traded Over the Counter." The members of this committee possess professionalism and independence, and from an objective and professional standpoint, they evaluate the company's remuneration policies and systems for directors and

independent directors, and provide recommendations to the Board of Directors for decision-making reference.

- (2) The remuneration of the company's directors, the content and amount of individual remuneration, and its relevance to the results of performance evaluation, please refer to Annex 3.

4. The Report on Reasons and Related Matters for Public Company Bond Issuance
Description:

The reason for issuing corporate bonds by the company and the relevant issuance status until March 31, 2024 can be referred to in the following table.

Company Bond Types	The Company's First Domestic Secured Convertible Bonds	The Company's Second Domestic Unsecured Convertible Bonds
Reason for Issuance	Repay bank loan	Repay bank loan
Issuance Date	September 21, 2020	July 4, 2023
Denomination	NT\$ 100,000	NT\$ 100,000
Place of Issuance and Trading	Taiwan, Republic of China	Taiwan, Republic of China
The Price of Issuance	Issued at 102% of the denomination	Issued at 107.33% of the denomination
Total Amount	NT\$ 500,000,000	NT\$ 250,000,000
Nominal Interest Rate	0%	0%
Deadline	Three-year term, maturity date: September 21, 2023.	Three-year term, maturity date: July 4, 2026.
Ways to Repayment	Apart from the holders of this convertible corporate bond converting to the company's common shares in accordance with Article 10 of these Regulations, or the company redeeming them early in accordance with Article 18, or exercising the put option in accordance with Article 19, or the company repurchasing and canceling them through securities firm business premises, the company shall redeem the convertible corporate bonds in cash	Apart from the holders of this convertible corporate bond converting to the company's common shares in accordance with Article 10 of these Regulations, or the company redeeming them early in accordance with Article 18, or exercising the put option in accordance with Article 19, or the company repurchasing and canceling them through securities firm business premises, the company shall redeem the convertible corporate bonds in cash

Company Bond Types	The Company's First Domestic Secured Convertible Bonds	The Company's Second Domestic Unsecured Convertible Bonds
	at face value upon maturity.	at face value upon maturity.
Principal Outstanding as of the Date of the Annual Report	NT\$ 0	NT\$ 249,900,000
Transition Situation	The transition is completed	The current conversion price per share is NT\$36.0. As of March 31, 2024, one corporate bond has been applied for and converted into 2,777 common shares.

5. Report on the amendment of the “Rules of Procedure for Board of Directors Meetings”

Description:

- (1). In accordance with the official letter No. 1120383996 issued by the Financial Supervisory Commission on January 11, 2024, to improve the proceedings of the board of directors and enhance corporate governance, the company's ‘Rules of Procedure for Board of Directors Meetings’ have been amended.
- (2). Amendments to comparison Table of the “Rules of Procedure for Board of Directors Meetings”, please refer to Annex 4.
- (3). Amendments to previous “Rules of Procedure for Board of Directors Meetings”, please refer to page 82 of the handbook [Appendix 3].

Matters for Proposal

Item 1

(Proposed by the Board of Directors)

Proposal: 2023 Business Report and Financial Statements Report, please approve.

Descriptions:

1. The individual and consolidated financial statements of the Company for the year 2023 have been audited by Certified Public Accountants Wu, Han-Chi and Lin, Ya-Hui of PricewaterhouseCoopers Taiwan, who have issued audit reports, and the business report has been reviewed by the Audit Committee.
2. The auditor's report, individual financial statements, and consolidated financial statements, Please approve them. please refer to Annex 5-6.

Resolution:

The number of voting rights of shareholders present at the time of voting:
58,435,344 Rights.

Voting Results (Including Electronic Voting)		Percentage of voting rights of shareholders present at the time of voting
approval votes	58,331,326	99.82%
disapproval votes	36,884	0.06%
invalid votes	0	0.00%
abstention votes/no votes	67,134	0.11%

Proposal was approved after voting.

Item 2

(Proposed by the Board of Directors)

Proposal: Deficit Compensation for the 2023, please approval.

Descriptions:

The Company's net loss after tax for the year 2023 is NT\$165,079,134. A statement of deficit for the year 2023 is proposed , please approval.

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.

Deficit Compensation Statement

2023

Unit: NT\$

Items	Amount
Unappropriated earnings at the beginning of the period	179,255,364
Plus: Net (loss) after tax for the current year	(165,079,134)
Less: Actuarial Loss Adjustment Amount - 2023	(1,317,970)
Distributable surplus	12,858,260
Less: Special reserve appropriated (Note 1)	(12,858,260)
Distributable surplus for the current year	0
Unappropriated earnings for the ending of period	0

Note 1: The exchange difference arising from the translation of the financial statements of foreign operating entities is required to be appropriated in accordance with legal regulations. Total NT\$27,292,350, the company only allocates the remaining distributable surplus. To appropriate NT\$12,858,260 as special reserve for this year.

Note 2: Since there were no distributable surplus for the current year, no dividends were paid to common shareholders.

Chairman:
Chang, Li-Jung

President:
Lu, I-Hsuan

Chief Financial Officer:
Hsu, Kuo-Huang

Resolution:

The number of voting rights of shareholders present at the time of voting:
58,435,344 Rights.

Voting Results (Including Electronic Voting)		Percentage of voting rights of shareholders present at the time of voting
approval votes	58,318,968	99.80%
disapproval votes	40,007	0.06%
invalid votes	0	0.00%
abstention votes/no votes	76,369	0.13%

Proposal was approved after voting.

Matters for Discussion

Item 1

(Proposed by the Board of Directors)

Proposal: Amendments to the "Rules of Procedure for Shareholder Meetings" is hereby submitted for discussion.

Descriptions:

1. In accordance with the letter No. 1120004167 dated March 17, 2023, issued by the Taiwan Stock Exchange Corporation, to comply with the amendments to the "Regulations Governing the Administration of Shareholder Services of Public Companies" regarding the regulations for video-conferencing shareholder' meetings, the "Rules of Procedure for Shareholder' Meetings" of the Company have been amended.
2. Amendments to the revised provisions of the 'Rules of Procedure for Shareholder' Meetings', please refer to Annex 7.
3. Amendments to previous "Rules of Procedure for Shareholder' Meetings", please refer to page 59 of the handbook [Appendix 1].
4. The proposal is hereby submitted for discussion.

Resolution:

The number of voting rights of shareholders present at the time of voting:
58,435,344 Rights.

Voting Results (Including Electronic Voting)		Percentage of voting rights of shareholders present at the time of voting
approval votes	58,335,568	99.82%
disapproval votes	29,887	0.05%
invalid votes	0	0.00%
abstention votes/no votes	69,889	0.11%

Proposal was approved after voting.

Item 2

(Proposed by the Board of Directors)

Proposal: To remove the non-competition restrictions directors and their representatives is hereby submitted for discussion.

Description:

1. Pursuant to Article 209 of the Company Act, a director who does an act for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders meeting the important facts concerning such an act and secure its approval.
2. It is hereby proposed, in accordance with the law, to request approval from the general shareholder' meeting to lift the non-compete restrictions on directors and their representatives.
3. The content of permitting engagement in competitive behavior:

Name	Serving as a Director of Other for-Profit Enterprises
Gao Peng Co., Ltd. Representative: Chang, Li-Jung	Hui Ming Development Co., Ltd. Chairman Hui Rong Development Co., Ltd. Chairman

4. The proposal is hereby submitted for discussion.

Resolution:

The number of voting rights of shareholders present at the time of voting:

58,435,344 Rights.

Voting Results (Including Electronic Voting)		Percentage of voting rights of shareholders present at the time of voting
approval votes	58,320,119	99.80%
disapproval votes	38,130	0.06%
invalid votes	0	0.00%
abstention votes/no votes	77,095	0.13%

Proposal was approved after voting.

Item 3

(Proposed by the Board of Directors)

Proposal: The subsidiary, SmartGreen Solution Co., LTD. plans to conduct a cash capital increase in the future, and the Company may waive its right to participate in the cash capital increase plan is hereby submitted for discussion.

Description:

1. SmartGreen Company is a wholly-owned subsidiary of the Company. In anticipation of SmartGreen's future operational development and the integration of external resources to enhance performance, SmartGreen may, during future cash capital increases for issuing new shares, either in one go or in phases, allow the Company to fully or partially waive its subscription rights. These rights will then be preferentially offered to the Company's shareholders, in proportion to their shareholdings as registered in the Company's

shareholder register on the rights distribution record date. However, these subscription rights acquired by the Company's shareholders are non-transferable. Should there be any shortfall or relinquishment in subscription, priority will be given to qualified shareholders of the Company, employees of the Company and its affiliates, and investors who contribute to the operational development of SmartGreen, with subscriptions conducted through specific persons.

2. Qualified shareholders of the Company are defined as those recorded on the Company's shareholder register at the latest book closure date, who are eligible to subscribe for at least 1,000 new shares in SmartGreen Company's capital increase, based on their proportion of shareholding (shareholders may consolidate their shares according to relevant regulations). However, the actual issue price of the cash capital increase, the selection of specific persons, and the operational timeline are all subject to the decisions of the SmartGreen Company's Board of Directors.
3. The cash capital increase's issue price set by SmartGreen Company must not be lower than the net asset value per share determined from the most recent financial statements, which have been audited or reviewed by a certified public accountant before the Board of Directors decides on the cash capital increase. Legally, 10%-15% of the newly issued shares in the cash capital increase are to be reserved for subscription by employees of SmartGreen Company and its group enterprises. The final issue price, the determination of specific persons, and the operational timeline are to be finalized according to the resolutions of SmartGreen Company's Board of Directors.
4. The shareholder' meeting is requested to authorize the Company's Board of Directors to fully manage the matters related to the waiver of subscription rights in the cash capital increase of SmartGreen Company.
5. The proposal is hereby submitted for discussion.

Resolution:

The number of voting rights of shareholders present at the time of voting:

58,435,344 Rights.

Voting Results (Including Electronic Voting)		Percentage of voting rights of shareholders present at the time of voting
approval votes	58,315,663	99.79%
disapproval votes	39,945	0.06%
invalid votes	0	0.00%
abstention votes/no votes	79,736	0.13%

Proposal was approved after voting.

Extemporary Motions

There being no other special motion.

Meeting Adjournment

9:20 a.m., June 3 (Monday), 2024

There were no questions from shareholders at this 2024 Annual Meeting of Shareholders.

Business Report

Dear shareholders,

Welcome to the 2024 Annual Shareholder' Meeting.

In the past three years, the global economy faced multiple crises, including a devastating pandemic, turmoil in energy and food markets due to the Russia-Ukraine war, and inflation-driven interest rate hikes impacting the global economy. In 2023, the Federal Reserve's continuous rate hikes to combat inflation led to a liquidity financial crisis among regional banks in the United States, but the crisis did not further spread due to the swift actions of the US central bank. In mainland China, the real estate crisis continued to erupt, including the debt defaults of Evergrande and the recent Country Garden, raising market concerns about the deterioration of Chinese real estate companies' capital chains, disruption of economic recovery, and the scope of default impacts, leading to liquidity problems. Additionally, the tensions between the United States and China, from the tariff war during the Trump era to recent bans or restrictions on high-tech technology exports to mainland China's tech war, have also prompted China to control rare earth exports. As for Taiwan, due to the global economic impact of weak end-market demand and industry inventory adjustments in 2023, economic growth momentum slowed, with weak commodity exports, lackluster corporate investment intentions, and economic growth falling short of expectations.

In 2023, Hotron group reported consolidated annual revenue of NT\$2,159 million, marking a significant 36% decline from the previous year's NT\$3,362 million. Apart from the impact of factors such as exchange rates, interest rate hikes, and rising raw material costs, the lack of benefits from the new plant led to an increase in fixed costs and expenses, resulting in an annual after-tax net loss of NT\$165 million and an after-tax net loss per share of NT\$1.58, reflecting an unsatisfactory operating performance. Despite the disappointing results, Hotron group has entered a stage of industrial upgrading and corporate transformation for its long-term development, and remains firmly optimistic about its future prospects.

The Hotron Group already a market leader in its cable product segment, is actively upgrading its product line and undergoing an industrial transformation to maintain its competitive edge. In addition to the continuous upgrading and development of existing products into more advanced and faster transmission speed cable products, in terms of industrial transformation, apart from products such as charging guns, energy storage cabinets, and solar power plant cables, the company also plans to develop peripheral products for charging and energy storage equipment, expanding into the new energy product field.

For the unfavorable profit situation in 2023, Hotron Group still insisted on diversified transformation and development for the long-term development of the enterprise, demonstrating a strong growth intention. Looking ahead, despite the uncertain economic and industrial landscape, Hotron Group remains committed to its core values of integrity, stability, and innovation, aiming to secure steady growth and deliver value to our shareholders.

I extend my best wishes to all shareholders for good health and prosperity.

Chairman:
Chang, Li-Jung

President:
Lu, I-Hsuan

Chief Financial Officer:
Hsu, Kuo-Huang

Audit Committee's Review Report

The Board of Directors has submitted the Company's individual financial statements and consolidated financial statements for the year 2023, which have been audited and completed by Certified Public Accountants Wu, Han-Chi and Lin, Ya-Hui of PricewaterhouseCoopers Taiwan, along with the business report and deficit compensation proposal. After review by the Audit Committee, it is considered to be in compliance with relevant regulations, and this report is hereby prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review.

To

Hotron Precision Electronic Industrial co., Ltd. 2024 Annual Shareholder's Meeting

Convener of the Audit Committee: Chou, Che-Yi

February 27, 2024

Annex 3 : 2023 Report on Directors' Remuneration

Unit: NT\$ thousand

Job title	Name	Remuneration Paid 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 (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		All Companies in the Financial Statements (Note 6)		The Company	All consolidated entities (Note 6)	
Chairman	Chang, Li-Jung	5,749	5,749	0	0	0	0	20	20	(3.49%)	(3.49%)	0	0	0	0	0	0	0	0	(3.49%)	(3.49%)	None
Director	Lu, I-Hsuan	120	120	0	0	0	0	20	20	(0.08%)	(0.08%)	2,467	2,467	108	108	0	0	0	0	(1.64%)	(1.64%)	None
Director	Hsu, Ting-Jung	50	50	0	0	0	0	6	6	(0.03%)	(0.03%)	0	0	0	0	0	0	0	0	(0.03%)	(0.03%)	None
Director	Chen, Tai-Chung	120	120	0	0	0	0	18	18	(0.08%)	(0.08%)	0	0	0	0	0	0	0	0	(0.08%)	(0.08%)	None
Director	Chen, Shuh	70	70	0	0	0	0	14	14	(0.05%)	(0.05%)	0	0	0	0	0	0	0	0	(0.05%)	(0.05%)	None
Independent director	Hsieh, I-Ta	120	120	0	0	0	0	20	20	(0.08%)	(0.08%)	0	0	0	0	0	0	0	0	(0.08%)	(0.08%)	None
	Chu, Yann-Fang	120	120	0	0	0	0	18	18	(0.08%)	(0.08%)	0	0	0	0	0	0	0	0	(0.08%)	(0.08%)	None
	Chou, Che-Yi	120	120	0	0	0	0	22	22	(0.09%)	(0.09%)	0	0	0	0	0	0	0	0	(0.09%)	(0.09%)	None

1. The total remuneration paid to directors and independent directors by the company as a percentage of after-tax net income for the years 2022 and 2023 is as follows:

Items/ Name	Ratio of Total Compensation to net Profit After Tax (Note)			
	2022		2023	
	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements
Director, Independent director	17.52%	17.52%	5.54%	5.54%

Note: The relatively high ratio of total remuneration to after-tax net income is mainly due to lower profits for the year, resulting in a higher ratio. The remuneration policy and determination process comply with relevant regulations and are considered appropriate.

2. Apart from the above disclosure, no remuneration was received by company directors for services provided (such as serving as consultants for the parent company, companies within the financial statements, or invested companies where they are not employees) in the most recent year. None.

3. Relevance to operational performance and future risks:

The various remuneration packages for directors and independent directors are determined based on their level of participation in the company's operations, individual contributions, and with reference to the company's internal "Salary Determination Management Regulations" and "Directors' Remuneration Guidelines," as well as the prevailing standards of listed companies. The remuneration is highly correlated with the company's operational performance and the responsibilities assumed by the directors. The company's management and the Remuneration Committee regularly review and make appropriate adjustments to the remuneration policies to ensure the company's competitive advantage and risk management in terms of human resources at the management level.

Note 1: Refers to the remuneration (including directors' salaries, job allowances, various bonuses, and incentives) for directors in the fiscal year 2023.

Note 2: Due to it was a loss-making year in 2023, no director's remuneration was allocated.

Note 3: Refers to the relevant operating expenses (including transportation, various allowances, etc.) for directors in the fiscal year 2023.

Note 4: Refers to the compensation received by directors who are also employees in the fiscal year 2023, including salaries, job allowances, various bonuses, transportation allowances, various subsidies, provision of company cars, and other benefits etc.

Note 5: Due to it was a loss-making year in 2023, no employee remuneration was allocated.

Note 6: The total amount of remuneration paid to the directors of the company by all companies (including the company itself) included in the consolidated report.

Note 7: Net income after tax refers to the net income after tax in the individual financial statements for the year 2023.

Note 8: The company's directors did 'none' receive any related remuneration from investee companies other than subsidiaries or from the parent company.

Annex 4**Comparison Table for Amendments to the “Rules of Procedure for Board of Directors Meetings”**

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.

Comparison Table for Amendments to the “Rules of Procedure for Board of Directors Meetings”

Provisions	Amended Provisions	Current Provisions	Amendment Description
Article 9	<p>When the time of a meeting has arrived and a majority of directors are in attendance, the meeting chair shall call the meeting to order.</p> <p>If at the scheduled meeting time more than half of all directors are not present, the chairperson may postpone the meeting on the same day, but the number of postponements shall be limited to two. If the meeting still does not have a quorum after two postponements, the chairperson shall reconvene the meeting in accordance with the procedures set forth in Article 3, Paragraph 2.</p> <p>The term “all directors” in the preceding paragraph shall be calculated based on the number of directors actually in office.</p>	<p>When the time of a meeting has arrived and a majority of directors are in attendance, the meeting chair shall call the meeting to order.</p> <p>If at the scheduled meeting time more than half of all directors are not present, the chairperson may postpone the meeting, but the number of postponements shall be limited to two. If the meeting still does not have a quorum after two postponements, the chairperson shall reconvene the meeting in accordance with the procedures set forth in Article 3, Paragraph 2.</p> <p>The term “all directors” in the preceding paragraph shall be calculated based on the number of directors actually in office.</p>	<p>To avoid controversies arising from prolonged meetings with an undetermined attendance, it is explicitly stated that when the attendance is insufficient, the chairperson may announce the postponement of the meeting, limited to the same day.</p>
Article 12	<p>The Company’s board of directors meetings shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the</p>	<p>The Company’s board of directors meetings shall be conducted in accordance with the order of business on the content as specified in the meeting notice. However, the order may be changed with the</p>	<p>In consideration of situations where the chairperson of the meeting is unable to preside over the meeting or fails to</p>

Provisions	Amended Provisions	Current Provisions	Amendment Description
	<p>approval of a majority of directors present at the meeting.</p> <p>The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.</p> <p>If at any time during the proceeding of a board of directors' meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case Article 9, paragraph 2 shall apply mutatis mutandis.</p> <p><u>If at any time during the proceeding of a board of directors' meeting the chair cannot continue to preside over the meeting or announces the adjournment of the meeting without adhering to Paragraph 2, the acting chair shall be appointed in accordance with Article 7, paragraph 3.</u></p>	<p>approval of a majority of directors present at the meeting.</p> <p>The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.</p> <p>If at any time during the proceeding of a board of directors' meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case Article 9, paragraph 2 shall apply mutatis mutandis.</p>	<p>announce the adjournment in accordance with the regulations, in order to prevent any impact on the operation of the board of directors, a fourth paragraph is added to clarify the method of appointing a proxy, which shall be handled in accordance with the provisions of Paragraph 3, Article 10, regarding the handling of situations where the Chairman is on leave or unable to perform his duties for any reason.</p>
Article 21	<p>(Omitted)</p> <p>The 12th amendment was made on October 13, 2022. (Reported at the shareholder' meeting on May 30, 2023)</p> <p><u>The 13th amendment was made on February 27, 2024. (Reported at the shareholder' meeting on June 3, 2024)</u></p>	<p>(Omitted)</p> <p>The 12th amendment was made on October 13, 2022. (Reported at the shareholder' meeting on May 30, 2023)</p>	Version revised.

Independent Auditors' Report

(2024) C.S.B.Z. No. 23003435

To: Hotron Precision Electronic Industrial Co., Ltd.,

Opinions

The Parent Company Only Balance Sheets of HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD. (hereinafter "The Company") as of December 31, 2023 and 2022, in addition to the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to the Parent Company Only Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2023 and 2022, have been audited by the CPAs.

In the opinion of the CPAs, the above Parent Company Only Financial Statements have been prepared in all material respects in accordance with the Financial Reporting Standards for Securities Issuers, and are sufficient to give a fair representation of the financial position of The Company as at December 31, 2023 and 2022, and the financial performance and cash flow from January 1 to December 31, 2023 and 2022.

Basis for Opinions

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

Key Audit Matters

Key audit matters refer to those which, in accordance with the professional judgment of the CPAs, are most important for the audit of the Parent Company Only Financial Statements of The Company for the year 2023. These matters were addressed in the context of our audit of

the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Parent Company Only Financial Statements of The Company for the year 2023 are listed as follows:

Investments Accounted for Using the Equity Method and Recognition of Investment Gains and Losses

Description

Regarding the accounting policies for investments accounted for using the equity method, please refer to Note 4(11) of the parent company only financial statements For explanations of investments accounted for using the equity method, please refer to Note 6(5) of the parent company only financial statements.

The amount of investments accounted for using the equity method by Hotron Company as of December 31, 2023 was NT\$1,733,761 thousand. The amount of share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method recognized by Hotron Company in 2023 was NT\$(157,991) thousand. As these amounts have a material impact on the financial statements, the CPA considered the valuation of the balance of investments accounted for using the equity method as one of the most important matters for this year's audit.

Response Audit Procedures

The principal audit procedures performed by the CPA on the specific aspects described in the key audit matters are summarized as follows:

Understand the accounting policies for investments accounted for using the equity method, verify that the accounting policies comply with the standards on which the financial statements are prepared, and assess whether the accounting policies are appropriate.

Understand the control procedures related to investments accounted for using the equity method, and test the accuracy of the calculations for additions, disposals, recognition of investment gains and losses, and other comprehensive income shares.

Revenue Recognition Cut-Off for Ex-Works Sales

Description

Please refer to Note 4(23) to the parent company only financial statements for the accounting policy for revenue recognition.

The Hotron Company's sales models are mainly categorized into recognizing revenue after ex-factory shipments and after ex-warehouse shipments. For ex-works sales, revenue is

recognized only when the customer takes delivery and the risks and rewards are transferred. The Hotron Company primarily recognizes revenue based on the actual ex-works sales to customers as provided in the reports or other information from warehouse custodians.

As revenue recognition for ex-works sales is based on the information and reports provided by custodians, it typically involves more manual processes. Considering the significant transaction volume of the Hotron Company's ex-works sales and the material impact of transactions around the financial statement date on the financial statements, the CPA considers the revenue recognition cut-off for the Company's ex-works sales as one of the most important audit matters this year.

Response Audit Procedures

The principal audit procedures performed by the CPA on the revenue recognition cut-off for ex-warehouse sales are summarized as follows:

1. Understand the Hotron Company's revenue recognition procedures for ex-works sales, evaluate the appropriateness of recognizing ex-works revenue, including understanding relevant internal control procedures, and obtain information and reports provided by custodians.
2. Perform internal control testing on ex-works sales revenue to ensure the Hotron Company recognizes revenue only after the customer takes delivery and the risks and rewards are transferred.
3. Perform cut-off testing on ex-works sales revenue transactions for a certain period before and after the balance sheet date, including verifying supporting documents from warehouse custodians, shipping documents, and that revenue is recorded in the appropriate period.
4. Perform sample physical inventory observation and count for ex-works inventory quantities and reconcile with book balances.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However,

future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall expression, structure and contents of the Parent Company Only Financial Statements (including relevant Notes), and whether the Parent Company Only Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within 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 and for expressing an opinion on the Parent Company Only Financial Statements.

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

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

From the communication with the management unit, the accountant decided on the key audit matters for the Parent Company Only Financial Statements of the Company for 2023. 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.

The engagement partners on the audits resulting in this independent auditors' report are Wu, Han-Chi and Lin, Ya-Hui.

PWC Taiwan
Taipei, Taiwan
Republic of China
February 27, 2024

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and 2022

Unit: NT\$ thousand

Assets	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current Assets					
1100		\$ 236,091	8	\$ 284,284	9
1136		531,553	17	-	-
1150		2,820	-	-	-
1170		223,675	7	265,325	8
1180		-	-	35,376	1
1200		11,411	-	1,519	-
1220		683	-	-	-
130X		8,303	-	15,817	1
1410		266	-	369,880	12
1479		396	-	91	-
11XX		<u>1,015,198</u>	<u>32</u>	<u>972,292</u>	<u>31</u>
Non-Current Assets					
1550		1,733,761	55	1,770,334	56
1600		81,079	2	105,244	3
1760		322,649	10	302,961	9
1780		699	-	887	-
1840		20,208	1	18,008	1
1900		3,007	-	2,920	-
15XX		<u>2,161,403</u>	<u>68</u>	<u>2,200,354</u>	<u>69</u>
1XXX		<u>\$ 3,176,601</u>	<u>100</u>	<u>\$ 3,172,646</u>	<u>100</u>
Liabilities and Equity					
	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current Liabilities					
2100		\$ 695,000	22	\$ 865,000	27
2110		-	-	109,843	4
2120		-	-	2,116	-
2130		2,852	-	-	-
2180		4,098	-	-	-
2200		10,644	1	13,501	-
2230		-	-	16,553	1
2320		-	-	8,182	-
2399		426	-	484	-
21XX		<u>713,020</u>	<u>23</u>	<u>1,015,679</u>	<u>32</u>
Non-Current Liabilities					
2500		1,100	-	-	-
2530		236,212	7	-	-
2570		91,177	3	92,041	3
2670		3,051	-	2,095	-
25XX		<u>331,540</u>	<u>10</u>	<u>94,136</u>	<u>3</u>
2XXX		<u>1,044,560</u>	<u>33</u>	<u>1,109,815</u>	<u>35</u>
Equity					
Capital stock					
3110		1,065,520	34	932,210	29
Capital surplus					
3200		854,024	27	641,858	20
Retained Earnings					
3310		226,931	7	220,291	7
3320		82,834	3	115,046	4
3350		12,858	-	236,260	8
Other equity					
3400		(110,126)	(4)	(82,834)	(3)
3XXX		<u>2,132,041</u>	<u>67</u>	<u>2,062,831</u>	<u>65</u>
Significant contingent liabilities and unrecognized contract commitments					
Significant events after the balance sheet date					
3X2X		<u>\$ 3,176,601</u>	<u>100</u>	<u>\$ 3,172,646</u>	<u>100</u>

Please also refer to the attached Notes to Parent Company Only Financial Statements as part of these parent company only financial statements.

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting Manager: Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31, 2023 and 2022

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

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(20), 7	\$ 447,396	100	\$ 778,225	100
5000 Operating costs	6(4), 7	(424,582)	95	(700,522)	90
5900 Gross profit		<u>22,814</u>	<u>5</u>	<u>77,703</u>	<u>10</u>
Operating expenses	6(24), 7				
6100 Selling and marketing expense		(1,250)	-	(190)	-
6200 General and administrative expenses		(60,875)	14	(50,879)	6
6450 Expected credit impairment losses	12(2)	(68)	-	-	-
6000 Total operating expenses		(62,193)	14	(51,069)	6
6500 Other non-operating income and expenses	6(21)	<u>12,276</u>	<u>3</u>	<u>64,321</u>	<u>8</u>
6900 Operating profit (loss)		(27,103)	6	<u>90,955</u>	<u>12</u>
Non-operating income and expenses					
7100 Interest income	7	30,306	7	3,429	-
7010 Other income		1,214	-	704	-
7020 Other gains or losses	6(22)	50	-	(225)	-
7050 Financial cost	6(23)	(15,439)	4	(10,163)	1
7070 Share of profit or loss of subsidiaries, associates, and joint ventures recognized using the equity method	6(5)	(157,991)	35	(1,129)	-
7000 Total non-operating income and expenses		(141,860)	32	(7,384)	1
7900 Net Profit (Loss) Before Tax		(168,963)	38	83,571	11
7950 Income tax benefits (expenses)	6(25)	<u>3,884</u>	<u>1</u>	(17,825)	(2)
8200 Net Profit (Loss) for the Period		<u>(\$ 165,079)</u>	<u>37</u>	<u>\$ 65,746</u>	<u>9</u>
Other comprehensive income (net)					
Items that may not be reclassified to profit or loss					
8311 Remeasurements of defined benefit plan	6(15)	\$ 51	-	\$ 181	-
8330 Share of other comprehensive income of subsidiaries, associates, and joint ventures recognized using the equity method - Items that may not be reclassified to profit or loss		(1,359)	-	510	-
8349 Income tax related to items that may not be reclassified	6(25)	(10)	-	(36)	-
8310 Total of items that may not be reclassified to profit or loss		(1,318)	-	655	-
Items That May Be Subsequently Reclassified to Profit or Loss					
8361 Exchange differences on translation of financial statements of foreign operations		(27,292)	6	32,212	4
8360 Total of items that may be subsequently reclassified to profit or loss		(27,292)	6	32,212	4
8300 Other Comprehensive Income (Net)		(\$ 28,610)	6	\$ 32,867	4
8500 Total Comprehensive Income (Loss) for the Period		<u>(\$ 193,689)</u>	<u>43</u>	<u>\$ 98,613</u>	<u>13</u>
Basic earnings (deficit) per share	6(26)				
9750 Basic earnings (deficit) per share		(\$ 1.58)		\$ 0.69	
9850 Diluted earnings (deficit) per share		(\$ 1.58)		\$ 0.68	

Please also refer to the attached Notes to Parent Company Only Financial Statements as part of these parent company only financial statements.

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting Manager: Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	Capital Surplus				Retained Earnings			Exchange Differences on Translation of Financial Statements of Foreign Operations	Total Equity	
		Capital Stock - Common Shares	Share Premium	Treasury Share Transactions	Share Option	Others	Legal Reserve	Special Reserve			Unappropriated Earnings
2022											
Balance as of January 1, 2022		\$ 923,181	\$ 613,797	\$ 1,615	\$ 1,450	\$ 18	\$ 218,051	\$ 112,601	\$ 174,544	(\$ 115,046)	\$ 1,930,211
Net profit for the period		-	-	-	-	-	-	-	65,746	-	65,746
Other comprehensive income		-	-	-	-	-	-	-	655	32,212	32,867
Total comprehensive income (loss) for the period		-	-	-	-	-	-	-	66,401	32,212	98,613
Appropriation of earnings in 2021:	6(19)										
Legal reserve		-	-	-	-	-	2,240	-	(2,240)	-	-
Provision of special reserve		-	-	-	-	-	-	2,445	(2,445)	-	-
Convertible corporate bonds	6(14)(17)	9,029	26,140	-	(1,171)	-	-	-	-	-	33,998
Overdue dividends converted to capital surplus		-	-	-	-	9	-	-	-	-	9
Balance as of December 31, 2022		\$ 932,210	\$ 639,937	\$ 1,615	\$ 279	\$ 27	\$ 220,291	\$ 115,046	\$ 236,260	(\$ 82,834)	\$ 2,062,831
2023											
Balance as of January 1, 2023		\$ 932,210	\$ 639,937	\$ 1,615	\$ 279	\$ 27	\$ 220,291	\$ 115,046	\$ 236,260	(\$ 82,834)	\$ 2,062,831
Current loss		-	-	-	-	-	-	-	(165,079)	-	(165,079)
Other comprehensive income		-	-	-	-	-	-	-	(1,318)	(27,292)	(28,610)
Total comprehensive income (loss) for the period		-	-	-	-	-	-	-	(166,397)	(27,292)	(193,689)
Appropriation and distribution of earnings in 2022:	6(19)										
Legal reserve		-	-	-	-	-	6,640	-	(6,640)	-	-
Reversed special reserve		-	-	-	-	-	-	(32,212)	32,212	-	-
Cash dividends		-	-	-	-	-	-	-	(51,611)	-	(51,611)
Stock dividends	6(17)	30,966	-	-	-	-	-	-	(30,966)	-	-
Cash capital increase	6(17)	100,000	162,100	-	-	-	-	-	-	-	262,100
Cash capital increase reserved for employee subscription compensation cost	6(16)(17)	-	9,527	-	2,163	-	-	-	-	-	11,690
Issuance of convertible corporate bonds	6(14)	-	-	-	30,297	-	-	-	-	-	30,297
Convertible corporate bonds	6(14)(17)	2,344	8,359	-	(291)	-	-	-	-	-	10,412
Overdue dividends converted to capital surplus		-	-	-	-	11	-	-	-	-	11
Balance as of December 31, 2023		\$ 1,065,520	\$ 819,923	\$ 1,615	\$ 32,448	\$ 38	\$ 226,931	\$ 82,834	\$ 12,858	(\$ 110,126)	\$ 2,132,041

Please also refer to the attached Notes to Parent Company Only Financial Statements as part of these parent company only financial statements.

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting Manager: Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	January 1-December 31, 2023	January 1-December 31, 2022
Cash Flows from Operating Activities			
Net profit (loss) before tax		(\$ 168,963)	\$ 83,571
Adjustment item			
Income (expense) items			
Depreciation expenses	6(6)(9)(24)	7,733	7,531
Amortization expenses	6(24)	188	39
Expected credit impairment losses	12(2)	68	-
Interest expenses	6(23)	12,760	9,958
Interest income		(30,306)	(3,429)
Share-based payment compensation costs	6(16)	11,690	-
Amortization of corporate bond discounts	6(23)	2,679	205
Net loss (gain) on financial assets at fair value through profit or loss	6(13)(22)	(50)	225
Share of profit or loss of subsidiaries, associates, and joint ventures recognized using the equity method	6(5)	157,991	1,129
Changes in operating assets and liabilities			
Net change in assets related to operating activities			
Notes receivable		(2,820)	-
Accounts receivable		41,582	90,051
Accounts receivable - related parties		35,376	13,687
Other receivables		(238)	-
Other receivables - related parties		-	692
Inventories		7,514	(7,031)
Prepayments		369,614	(123,874)
Other current assets		(244)	1,351
Net defined benefit assets - non-current		(36)	(705)
Net change in liabilities related to operating activities			
Accounts payable - related parties		4,098	-
Contract liabilities - current		2,852	-
Other payables		(3,109)	(2,122)
Other current liabilities		(58)	87
Cash inflow generated from operations		448,321	71,365
Interest received		20,652	1,940
Interest paid		(12,565)	(9,879)
Income tax paid		(16,426)	(178)
Net cash inflow generated from operating activities		439,982	63,248
Cash Flows from Investing Activities			
Increase in financial assets at amortized cost		(531,553)	-
Acquisition of property, plant, and equipment	6(6)	(3,317)	(472)
Acquisition of intangible assets		-	(815)
Acquisition of investments accounted for using the equity method	6(5)	(150,000)	(50,000)
Net cash flows used in investing activities		(684,870)	(51,287)
Cash Flows from Financing Activities			
Increase (decrease) in short-term loans	6(27)	(170,000)	133,000
Decrease in short-term notes and bills payable	6(27)	(109,843)	(40,089)
Issuance of corporate bonds	6(27)	268,316	-
Costs of corporate bond issuance	6(27)	(3,223)	-
Increase in refundable deposits		956	491
Cash dividends paid	6(19)	(51,611)	-
Cash capital increase	6(17)	262,100	-
Net cash inflows from financing activities		196,695	93,402
Increase (decrease) in cash and cash equivalents for the current period		(48,193)	105,363
Beginning balance of cash and cash equivalents	6(1)	284,284	178,921
Ending balance of cash and cash equivalents	6(1)	\$ 236,091	\$ 284,284

Please also refer to the attached Notes to Parent Company Only Financial Statements as part of these parent company only financial statements.

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting Manager: Hsu, Kuo-Huang

Independent Auditors' Report

(2024) C.S.B.Z. No. 23003434

To: Hotron Precision Electronic Industrial Co., Ltd.,

Opinions

Hotron Precision Electronic Industrial Co., Ltd. and Its Subsidiaries (hereinafter “Hotron Group”) as of December 31, 2023 and 2022, in addition to the Consolidated balance sheet, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2023 and 2022, have been audited by the CPAs.

In the opinion of the CPAs, the above Consolidated Financial Statements have been prepared in all material respects in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretation and Interpretation Notices as endorsed and issued into effect by the Financial Supervisory Commission, and are sufficient to give a fair representation of the consolidated financial position of Hotron Group as at December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2023 and 2022.

Basis for Opinions

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

Key Audit Matters

Key audit matters refer to those which, in accordance with the professional judgment of the CPA, are most important for the audit of the Consolidated Financial Statements of Hotron Group for the year 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Consolidated Financial Statements of Hotron Group for the year 2023 are listed as follows:

Inventory Evaluation

Description

Please refer to Note 4(11) of the consolidated financial report for the accounting policy of inventory evaluation; please refer to Note 5(2) of the consolidated financial report for the wuncertainty of accounting estimates and assumptions of inventory evaluation; and refer to Note 6(4) to the consolidated financial report f or the description of allowance for inventory impairment loss. As of December 31, 2023, the Hotron Group's inventories and allowance for inventory impairment loss amounted to NT\$680,973 thousand and NT\$60,573 thousand, respectively.

The Hotron Group is engaged in the manufacturing and sale of various 3C product cables and signal cables. Due to the short life cycles of electronic products and intense market competition, there is a higher risk of inventory impairment losses. Hotron Group's inventories are measured at the lower of cost and net realizable value, The net realizable value is calculated based on the actual average selling price less variable selling expenses. For the net realizable value used in inventory valuation, it often involves subjective judgments and therefore has a high degree of estimation uncertainty. the CPAs believe that the assessment of the inventory of Hotron Group and its allowance for inventory impairment loss is one of the most important matters in this year's audit.

Response Audit Procedures

The key audit procedures performed by the CPA regarding the allowance for inventory impairment loss are summarized as follows:

1. Understand the Hotron Group's operations and industry nature, evaluate the reasonableness of the policies and procedures adopted for the allowance for inventory impairment loss, including determining the reasonableness of the basis for the net realizable value.
2. Identify the warehouse management process of Hotron Group, review its annual inventory plan and participate in the annual inventory checking to evaluate the effectiveness of management in distinguishing and controlling inventory.

3. Verify the properness of the inventory age report used by Hotron Group for evaluation, To confirm that the report information is consistent with its policies.
4. Execute the verification of the calculation logic of the net realizable value of inventories, and then evaluate the rationality of the allow for impairment loss determined by Hotron Group.

Revenue Recognition Cut-Off for Ex-Works Sales

Description

Please refer to Note 4(24) to the consolidated financial report for the accounting policy for revenue recognition.

The Hotron Group's sales models are mainly categorized into recognizing revenue after ex-factory shipments and after ex-warehouse shipments. For ex-works sales, revenue is recognized only when the customer takes delivery and the risks and rewards are transferred. The Hotron Group primarily recognizes revenue based on the actual ex-works sales to customers as provided in the reports or other information from warehouse custodians.

As revenue recognition for ex-works sales is based on the information and reports provided by custodians, it typically involves more manual processes. Considering the significant transaction volume of the Hotron Group's ex-works sales and the material impact of transactions around the financial statement date on the financial statements, the CPA considers the revenue recognition cut-off for the Group's ex-works sales as one of the most important audit matters this year.

Response Audit Procedures

The key audit procedures performed by the CPA regarding the revenue recognition cut-off for ex-warehouse sales are summarized as follows:

1. Understand the Hotron Group's revenue recognition procedures for ex-works sales, evaluate the appropriateness of recognizing ex-works revenue, including understanding relevant internal control procedures, and obtain information and reports provided by custodians.
2. Perform internal control testing on ex-works sales revenue to ensure the Hotron Group recognizes revenue only after the customer takes delivery and the risks and rewards are transferred.
3. Perform cut-off testing on ex-works sales revenue transactions for a certain period before and after the balance sheet date, including verifying supporting documents from warehouse custodians, shipping documents, and that revenue is recorded in the appropriate period.

4. Perform sample physical inventory observation and count for ex-works inventory quantities and reconcile with book balances.

Other Matters—Financial Report

We have also audited the Parent Company Only Financial Statements of Hotron Electronics Corp. for 2023 and 2022, on which we have issued an unqualified opinion.

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

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Consolidated Financial Statements in accordance with the Financial Reporting Standards for Securities Issuers, as well as the IFRS, IAS, Interpretation and Interpretation Notices as endorsed and issued into effect by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, the management is responsible for assessing Hotron 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 the management either intends to liquidate Hotron Group or to cease operations, or has no realistic alternative but to do so.

Those in charge with Hotron Group's governance (including the Audit Committee) are responsible for overseeing its 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 misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from error or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the consolidated financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for

audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hotron Group's internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Hotron Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Hotron Group to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Consolidated Financial Statements of the Group.

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

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

From the communication with the management unit, the accountant decided on the key audit matters for the Consolidated Financial Statements of Hotron Group for 2023. 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.

The engagement partners on the audits resulting in this independent auditors' report are Wu, Han-Chi and Lin, Ya-Hui.

PWC Taiwan
Taipei, Taiwan
Republic of China
February 27, 2024

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

Unit: NT\$ thousand

Assets		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 486,087	9	\$ 566,947	10
1136	Financial assets at amortized cost – current	6(2)	531,553	10	-	-
1150	Notes receivable, net	6(3)	11,166	-	8,683	-
1170	Accounts receivable, net	6(3)	917,199	18	975,045	18
1200	Other receivables		12,529	-	32,164	1
1220	Current tax assets		885	-	-	-
130X	Inventories	6(4)	620,400	12	1,041,669	19
1410	Prepayments		26,326	1	27,312	1
1479	Other current assets – other	6(5)	33,249	1	76,729	1
11XX	Total Current Assets		<u>2,639,394</u>	<u>51</u>	<u>2,728,549</u>	<u>50</u>
Non-Current Assets						
1600	Property, plant, and equipment	6(6), 8	2,170,148	42	2,313,052	43
1755	Right-of-use assets	6(7)	88,676	2	97,533	2
1760	Investment property	6(9), 8	162,097	3	139,996	2
1780	Intangible assets		6,406	-	5,853	-
1840	Deferred income tax assets	6(29)	69,507	1	38,085	1
1900	Other non-current assets	6(10)	52,512	1	99,755	2
15XX	Total Non-Current Assets		<u>2,549,346</u>	<u>49</u>	<u>2,694,274</u>	<u>50</u>
1XXX	Total Assets		<u>\$ 5,188,740</u>	<u>100</u>	<u>\$ 5,422,823</u>	<u>100</u>
Liabilities and Equity						
Current Liabilities		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
2100	Short-term loans	6(11), 8	\$ 1,043,606	20	\$ 1,387,703	26
2110	Short-term notes and bills payable	6(12)	9,996	-	139,840	3
2120	Financial liabilities at fair value through profit or loss – current	6(14)	-	-	2,116	-
2130	Contract liabilities – current	6(23)	4,154	-	6,669	-
2150	Notes payable		-	-	8,815	-
2170	Accounts payable		231,035	5	254,304	5
2200	Other payables	6(13)	233,163	5	400,978	7
2230	Current income tax liabilities		6,736	-	34,034	1
2280	Lease liabilities – current		2,282	-	2,325	-
2320	Current portion of long-term liabilities	6(15)(16), 8	20,337	-	8,182	-
2399	Other current liabilities – others		6,286	-	9,462	-
21XX	Total Current Liabilities		<u>1,557,595</u>	<u>30</u>	<u>2,254,428</u>	<u>42</u>
Non-Current Liabilities						
2500	Financial liabilities at fair value through profit or loss – non-current	6(14)	1,100	-	-	-
2530	Bonds payable	6(16)	236,212	5	-	-
2540	Long-term loans	6(15)	162,138	3	-	-
2570	Deferred income tax liabilities	6(29)	86,528	2	87,410	1
2580	Lease liabilities – non-current		-	-	2,208	-
2600	Other non-current liabilities	6(17)	1,013,126	19	1,015,946	19
25XX	Total Non-Current Liabilities		<u>1,499,104</u>	<u>29</u>	<u>1,105,564</u>	<u>20</u>
2XXX	Total Liabilities		<u>3,056,699</u>	<u>59</u>	<u>3,359,992</u>	<u>62</u>
Equity						
Equity Stributable to Owners of the Parent Company						
Capital stock						
3110	Capital stock – common shares	6(20)	1,065,520	20	932,210	17
Capital surplus						
3200	Capital surplus	6(21)	854,024	17	641,858	12
Retained earnings						
3310	Legal reserve	6(22)	226,931	4	220,291	4
3320	Special reserve		82,834	2	115,046	2
3350	Unappropriated earnings		12,858	-	236,260	4
Other equity						
3400	Other equity		(110,126)	(2)	(82,834)	(1)
31XX	Total Equity Attributable to Owners of Parent Company		<u>2,132,041</u>	<u>41</u>	<u>2,062,831</u>	<u>38</u>
3XXX	Total Equity		<u>2,132,041</u>	<u>41</u>	<u>2,062,831</u>	<u>38</u>
Significant contingent liabilities and unrecognized contract commitments 9						
Significant events after the balance sheet date 11						
3X2X	Total Liabilities and Equity		<u>\$ 5,188,740</u>	<u>100</u>	<u>\$ 5,422,823</u>	<u>100</u>

Please also refer to the attached Notes to the Consolidated Financial Statements as part of these Consolidated Financial Statements.

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting Manager: Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31, 2023 and 2022

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

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(23)	\$ 2,159,114	100	\$ 3,362,189	100
5000 Operating costs	6(4)(28), 7	(1,845,599)	(85)	(2,783,377)	(83)
5900 Gross profit		<u>313,515</u>	<u>15</u>	<u>578,812</u>	<u>17</u>
Operating expenses	6(28), 7				
6100 Selling and marketing expense		(117,984)	(6)	(132,966)	(4)
6200 General and administrative expenses		(286,068)	(13)	(306,782)	(9)
6300 Research and development expenses		(95,288)	(4)	(121,045)	(4)
6450 Expected credit impairment losses	12(2)	(276)	-	-	-
6000 Total operating expenses		(499,616)	(23)	(560,793)	(17)
6500 Other non-operating income and expenses	6(24)	(3,132)	-	64,237	2
6900 Operating profit (loss)		(189,233)	(8)	82,256	2
Non-operating income and expenses					
7100 Interest income		35,572	2	6,316	-
7010 Other income	6(25)	22,110	1	11,795	-
7020 Other gains or losses	6(26)	274	-	(1,851)	-
7050 Financial costs	6(27)	(41,764)	(2)	(20,940)	-
7055 Expected credit impairment losses	12(2)	(26,376)	(1)	-	-
7000 Total non-operating income and expenses		(10,184)	-	(4,680)	-
7900 Net Profit (Loss) Before Tax		(199,417)	(8)	77,576	2
7950 Income tax benefits (expenses)	6(29)	34,338	1	(11,830)	-
8200 Net Profit (Loss) for the Period		(\$ 165,079)	(7)	\$ 65,746	2
		2023		2022	
Item	Note	Amount	%	Amount	%
Other Comprehensive Income (Net)					
Items that May Not Be Reclassified to Profit or Loss					
8311 Remeasurements of defined benefit plan	6(18)	(\$ 1,647)	-	\$ 819	-
8349 Income tax related to items that may not be reclassified	6(29)	329	-	(164)	-
8310 Total of items that may not be reclassified to profit or loss		(1,318)	-	655	-
Items that May Be Subsequently Reclassified to Profit or Loss					
8361 Exchange differences on translation of financial statements of foreign operations		(37,590)	(2)	32,212	1
8399 Income tax related to items that may be reclassified	6(29)	10,298	1	-	-
8360 Total of items that may be subsequently reclassified to profit or loss		(27,292)	(1)	32,212	1
8300 Net Amount of Other Comprehensive (Loss) Income After Tax for the Period		(\$ 28,610)	(1)	\$ 32,867	1
8500 Total Comprehensive Income for the Period		(\$ 193,689)	(8)	\$ 98,613	3
Net income attributable to:					
8610 Owners of the parent company		(\$ 165,079)	(7)	\$ 65,746	2
Total comprehensive income attributable to:					
8710 Owners of the parent company		(\$ 193,689)	(8)	\$ 98,613	3
Earnings (deficit) per share					
9750 Basic earnings (deficit) per share	6(30)	(\$ 1.58)		\$ 0.69	
9850 Diluted earnings (deficit) per share		(\$ 1.58)		\$ 0.68	

Please also refer to the attached Notes to the Consolidated Financial Statements as part of these Consolidated Financial Statements.

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting Manager: Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

		Equity Attributable to Owners of the Parent Company										
		Capital Surplus						Retained Earnings			Other Equity	
		Capital Stock – Common Shares	Share Premium	Treasury Share Transactions	Employee Share Options Forfeited	Share Option	Others	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Total Equity
2022	Note											
Balance as of January 1, 2022		\$ 923,181	\$ 613,797	\$ 1,615	\$ -	\$ 1,450	\$ 18	\$ 218,051	\$ 112,601	\$ 174,544	(\$ 115,046)	\$ 1,930,211
Net profit for the period		-	-	-	-	-	-	-	-	65,746	-	65,746
Other comprehensive income		-	-	-	-	-	-	-	-	655	32,212	32,867
Total comprehensive income (loss) for the period		-	-	-	-	-	-	-	-	66,401	32,212	98,613
Appropriation of earnings in 2021:	6(22)											
Legal reserve		-	-	-	-	-	-	2,240	-	(2,240)	-	-
Provision of special reserve		-	-	-	-	-	-	-	2,445	(2,445)	-	-
Conversion of convertible bonds	6(16)(20)	9,029	26,140	-	-	(1,171)	-	-	-	-	-	33,998
Overdue Dividends converted to capital surplus		-	-	-	-	-	9	-	-	-	-	9
Balance as of December 31, 2022		<u>\$ 932,210</u>	<u>\$ 639,937</u>	<u>\$ 1,615</u>	<u>\$ -</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>
2023												
Balance as of January 1, 2023		<u>\$ 932,210</u>	<u>\$ 639,937</u>	<u>\$ 1,615</u>	<u>\$ -</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>
Current loss		-	-	-	-	-	-	-	-	(165,079)	-	(165,079)
Other comprehensive income		-	-	-	-	-	-	-	-	(1,318)	(27,292)	(28,610)
Total comprehensive income (loss) for the period		-	-	-	-	-	-	-	-	(166,397)	(27,292)	(193,689)
Appropriation and distribution of earnings in 2022:	6(22)											
Legal reserve		-	-	-	-	-	-	6,640	-	(6,640)	-	-
Reversed Special Reserve		-	-	-	-	-	-	-	(32,212)	32,212	-	-
Cash dividends		-	-	-	-	-	-	-	-	(51,611)	-	(51,611)
Stock dividends	6(20)	30,966	-	-	-	-	-	-	-	(30,966)	-	-
Cash capital increase	6(20)	100,000	162,100	-	-	-	-	-	-	-	-	262,100
Cash capital increase reserved for employee subscription compensation cost	6(19)(20)	-	9,527	-	2,163	-	-	-	-	-	-	11,690
Issuance of convertible corporate bonds	6(16)	-	-	-	-	30,297	-	-	-	-	-	30,297
Conversion of convertible bonds	6(16)(20)	2,344	8,359	-	-	(291)	-	-	-	-	-	10,412
Overdue dividends converted to capital surplus		-	-	-	-	-	11	-	-	-	-	11
Balance as of December 31, 2023		<u>\$ 1,065,520</u>	<u>\$ 819,923</u>	<u>\$ 1,615</u>	<u>\$ 2,163</u>	<u>\$ 30,285</u>	<u>\$ 38</u>	<u>\$ 226,931</u>	<u>\$ 82,834</u>	<u>\$ 12,858</u>	<u>(\$ 110,126)</u>	<u>\$ 2,132,041</u>

Please also refer to the attached Notes to the Consolidated Financial Statements as part of these Consolidated Financial Statements.

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting Manager: Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	January 1-December 31, 2023	January 1-December 31, 2022
Cash Flows from Operating Activities			
Net profit (loss) before tax of the period		(\$ 199,417)	\$ 77,576
Adjustment item			
Incomes, expenses and losses that do not affect cash flow			
Depreciation expenses (including right-of-use assets)	6(6)(7)(9)(28)	186,856	157,368
Amortization expenses	6(28)	1,341	1,123
Expected credit impairment losses	12(2)	26,652	-
Interest expenses	6(27)	39,085	20,735
Interest income		(35,572)	(6,316)
Share-based payment compensation expense	6(19)	11,690	-
Amortization of corporate bond discounts	6(27)	2,679	205
Gains on disposals of property, plant and equipment	6(26)	(214)	(1,633)
Net loss (gain) at fair value through profit or loss	6(14)(26)	(50)	225
Amortization of long-term deferred revenue	6(17)	(546)	-
Changes in operating assets and liabilities			
Net change in assets related to operating activities			
Notes receivable		(2,483)	6,348
Accounts receivable		57,570	440,440
Other receivables		3,271	(23,916)
Inventories		421,269	(238,297)
Prepayments		986	27,665
Other current assets		43,480	(27,239)
Other non-current assets		(1,568)	(2,950)
Net change in liabilities related to operating activities			
Contract liabilities		(2,515)	6,669
Notes payable		(8,815)	1,937
Accounts payable		(23,269)	(349,963)
Other payables		(8,426)	(93,422)
Other current liabilities		(3,176)	(995)
Other non-current liabilities		5,322	(674)
Cash inflow (outflow) generated from operations		514,150	(5,114)
Interest received		25,560	6,745
Interest paid		(38,623)	(19,653)
Income tax paid		(26,224)	(6,486)
Net cash inflow (outflow) generated from operating activities		474,863	(24,508)
Cash Flows from Investing Activities			
Increase in financial assets at amortized cost – current		(\$ 531,553)	\$ -
Acquisition of property, plant, and equipment	6(31)	(262,039)	(243,131)
Proceeds from disposal of property, plant, and equipment		26,827	32,078
Acquisition of intangible assets		(2,121)	(6,541)
Decrease (increase) in refundable deposits		51	(733)
Increase in prepayments for equipment		(7,816)	(40,077)
Receipt of property, plant and equipment award	6(17)	11,683	-
Net cash flows used in investing activities		(764,968)	(258,404)
Cash Flows from Financing Activities			
Increase (decrease) in short-term loans	6(32)	(344,097)	521,748
Decrease in short-term notes and bills payable	6(32)	(129,844)	(40,082)
Issuance of corporate bonds	6(16)(32)	268,316	-
Costs of corporate bond issuance	6(32)	(3,223)	-
Proceeds from long-term borrowings	6(32)	191,562	-
Repayment of long-term borrowings	6(32)	(9,087)	-
Increase in refundable deposits		2,884	5,854
Repayment of the principal portion of leases	6(32)	(2,202)	(2,103)
Cash dividends paid	6(22)	(51,611)	-
Cash capital increase	6(20)	262,100	-
Net cash inflows from financing activities		184,798	485,417
Effect of exchange rate changes		24,447	(7,147)
Increase (decrease) in cash and cash equivalents for the current period		(80,860)	195,358
Beginning balance of cash and cash equivalents	6(1)	566,947	371,589
Ending balance of cash and cash equivalents	6(1)	\$ 486,087	\$ 566,947

Please also refer to the attached Notes to the Consolidated Financial Statements as part of these Consolidated Financial Statements.

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting Manager: Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.

Comparison Table of Amendments to the “Rules of Procedure for Shareholders”

Provisions	Amended Provisions	Current Provisions	Amendment Description
Article 3	<p>Unless otherwise provided by law or regulation, this Corporation’s shareholders meetings shall be convened by the board of directors.</p> <p><u>The company convenes a video conference shareholder’ meeting. Unless otherwise stipulated in the Company’s Articles of constitution and Bylaws for Public Companies, it shall be stipulated in the Articles of constitution, resolved by the Board of Directors, and the video shareholder’ meeting shall be convened with the attendance of more than two-thirds of the directors and the consent of a majority of the attending directors.</u></p> <p>The change in the Company’s Meeting Method shall be resolved by the Board of Directors and made no later than the delivery of the notice of the shareholder’ meeting.</p> <p>The Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the</p>	<p>Unless otherwise provided by law or regulation, this Corporation’s shareholders meetings shall be convened by the board of directors.</p> <p>The change in the Company’s Meeting Method shall be resolved by the Board of Directors and made no later than the delivery of the notice of the shareholder’ meeting.</p> <p>The Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the</p>	<ol style="list-style-type: none"> 1. Amended in accordance with the letter No. 1120004167 issued March 17, 2023, by the Taiwan Stock Exchange Corporation. 2. Adjusting the announcement method in accordance with the provisions.

Provisions	Amended Provisions	Current Provisions	Amendment Description
	<p>origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of an annual shareholders meeting or before 15 days before the date of an extraordinary shareholders meeting. The Corporation 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 annual shareholders meeting or before 15 days before the date of the extraordinary shareholders meeting. If, however, the Corporation has 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 annual shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting</p>	<p>origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of an annual shareholders meeting or before 15 days before the date of an extraordinary shareholders meeting. The Corporation 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 annual shareholders meeting or before 15 days before the date of the extraordinary shareholders meeting. If, however, the Corporation has 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 annual shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting</p>	

Provisions	Amended Provisions	Current Provisions	Amendment Description
	<p>materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby.</p> <p>The Corporation 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:</p> <ol style="list-style-type: none"> 1. To convene a Physical Shareholders Meeting, they shall 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. <p>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, amendments to the Articles of constitution, reduction of capital, application for the approval of ceasing its status as a public</p>	<p>materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby.</p> <p>The Corporation 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:</p> <ol style="list-style-type: none"> 1. For a Physical Shareholders Meeting, they shall 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. <p>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, amendments to the Articles of constitution, reduction of capital, application for the approval of ceasing its status as a public</p>	

Provisions	Amended Provisions	Current Provisions	Amendment Description
	<p>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, or 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.</p> <p>(Omitted)</p>	<p>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, or 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 ; <u>Its main content must be placed on the website designated by the securities authority or company, and its website address must be stated in the notification.</u></p> <p>(Omitted)</p>	
Article 6-1	<p>To convene a virtual shareholders meeting, the Corporation shall include the following particulars in the shareholders meeting notice:</p> <ol style="list-style-type: none"> 1.(Omitted) 2.(Omitted) 3.To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online 	<p>To convene a virtual shareholders meeting, the Corporation shall include the following particulars in the shareholders meeting notice:</p> <ol style="list-style-type: none"> 1.(Omitted) 2.(Omitted) 3.To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online 	<p>Amended in accordance with the letter No. 1120004167 issued March 17, 2023, by the Taiwan Stock Exchange Corporation.</p>

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	<p>shall be specified. <u>Except for the circumstances stipulated in Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the company shall at least provide shareholders with the necessary connection equipment and assistance, and specify the period during which shareholders may apply to the company and other matters to be noted.</u></p>	<p>shall be specified.</p>	
<p>Article 8</p>	<p><u>The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</u></p> <p>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.</p> <p>Where a shareholders meeting is held online, the Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Corporation, and continuously</p>	<p><u>The Company shall have the proceedings of the shareholder' meeting audio-recorded and video-recorded in full.</u></p> <p>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.</p> <p>Where a shareholders meeting is held online, the Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</p> <p>The information and audio</p>	<p>Amended in accordance with the latest provisions</p>

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	<p>audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</p> <p>The information and audio and video recording in the preceding paragraph shall be properly kept by the Corporation 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.</p> <p><u>In case of a virtual shareholders meeting, the Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.</u></p>	<p>and video recording in the preceding paragraph shall be properly kept by the Corporation 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.</p>	
Article 9	<p>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.</p> <p>The Chairperson shall call the meeting to order as scheduled and shall begin by announcing such as the number of non-voting rights and the number of shares in attendance.</p> <p>(Omitted)</p>	<p>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.</p> <p>The Chairperson shall call the meeting to order as scheduled and shall begin by announcing relevant information such as the number of non-voting rights and the number of shares in attendance.</p> <p>(Omitted)</p>	Amended in accordance with the latest provisions

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Article 10	<p>(Omitted)</p> <p>The chairperson shall allow ample opportunity for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed, call for a vote, <u>and schedule sufficient time for voting.</u></p>	<p>(Omitted)</p> <p>The chairperson shall allow ample opportunity for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote.</p>	Amended in accordance with the latest provisions
Article 11	<p>(Omitted)</p> <p>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing on 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.</p> <p><u>As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.</u></p>	<p>(Omitted)</p> <p>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing on 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.</p>	Amended in accordance with the latest provisions
Article 13	<p>(Omitted)</p> <p>Except as otherwise provided in the Company Act and in the</p>	<p>(Omitted)</p> <p>Except as otherwise provided in the Company Act and in the</p>	Amended in accordance with the latest

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	<p>Corporation’s Articles of constitution, 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.</p> <p>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.</p> <p>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 Corporation.</p> <p>Vote counting for shareholders meeting proposals or elections shall be conducted in public at the</p>	<p>Corporation’s Articles of constitution, 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.</p> <p>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.</p> <p>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 Corporation.</p> <p>Vote counting for shareholders meeting proposals or elections shall be conducted in public at the</p>	<p>provisions</p>

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	<p>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.</p> <p>(Omitted)</p>	<p>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.</p> <p>(Omitted)</p>	
Article 14	<p>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Corporation, 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, <u>and the names of directors not elected and number of votes they received.</u></p> <p>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.</p>	<p>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Corporation, 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.</p> <p>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.</p>	Amended in accordance with the latest provisions
Article 21	<p><u>When the shareholder' meeting is convened by video conference, the Company shall provide simple connection test for shareholders prior to the</u></p>	<p>When a shareholders meeting is held by video conference, if before the chair announces the adjournment of the meeting, the video conference platform or participation by video is</p>	Amended in accordance with the latest provisions

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	<p><u>meeting, and provide relevant services during the meeting to assist in handling technical communication issues.</u></p> <p>When a shareholders meeting is held by video conference, <u>the chair shall, when announcing the commencement of the meeting, additionally announce that, except for the circumstances under Article 44-20, Paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies where the meeting should not be postponed or continued,</u> if before the chair announces the adjournment of the meeting, the video conference platform or participation by video is obstructed due to factors such as natural disasters, accidents or other force majeure events, and such obstruction continues for more than 30 minutes, the meeting shall be postponed or continued within five days, in which case Article 182 of the Company Act shall not apply.</p> <p>When a meeting is postponed or resumed as described in the preceding paragraph, shareholders who had not registered to participate in the affected Shareholder' Meeting online shall not attend the postponed or resumed session.</p> <p>For a meeting to be postponed or continued according to</p>	<p>obstructed due to factors such as natural disasters, accidents or other force majeure events, and such obstruction continues for more than 30 minutes, the meeting shall be postponed or continued within five days, in which case Article 182 of the Company Act shall not apply.</p> <p>When a meeting is postponed or resumed as described in the preceding paragraph, shareholders who had not registered to participate in the affected Shareholder' Meeting online shall not attend the postponed or resumed session.</p> <p>For a meeting to be postponed or continued according to Paragraph <u>1</u>, shareholders who have registered to participate in the original shareholders meeting by video and have completed the attendance registration, but do not participate in the postponed or continued meeting, the number of shares held by such shareholders shall be included in the total number of shares represented by shareholders present at the postponed or continued meeting; during which, they shall be deemed to abstain for all proposals in the postponed or continued meeting.</p> <p>When the Company convenes a video-assisted shareholder' meeting, and the video conference cannot continue as described in Paragraph <u>1</u>, if the total number of shares represented by shareholders</p>	

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	<p>Paragraph 2, shareholders who have registered to participate in the original shareholders meeting by video and have completed the attendance registration, but do not participate in the postponed or continued meeting, the number of shares held by such shareholders shall be included in the total number of shares represented by shareholders present at the postponed or continued meeting; during which, they shall be deemed to abstain for all proposals in the postponed or continued meeting.</p> <p>When the Company convenes a video-assisted shareholder' meeting, and the video conference cannot continue as described in Paragraph 2, if the total number of shares represented by shareholders present at the meeting, after deducting those represented by shareholders attending the shareholder' meeting by video, still reaches the minimum legal requirement for a shareholders meeting, then the shareholders meeting shall continue.</p> <p>When the Company convenes a hybrid Shareholder' Meeting, and the virtual meeting cannot continue as described in paragraph 2 of this Article, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual Shareholder' Meeting online, still meets the</p>	<p>present at the meeting, after deducting those represented by shareholders attending the shareholder' meeting by video, still reaches the minimum legal requirement for a shareholders meeting, then the shareholders meeting shall continue.</p> <p>When the Company convenes a hybrid Shareholder' Meeting, and the virtual meeting cannot continue as described in first paragraph of this Article, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual Shareholder' Meeting online, still meets the minimum legal requirement for a Shareholder' Meeting, then the meeting shall continue, and no postponement or resumption thereof is required.</p> <p>Under circumstances where a meeting should continue as described 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 to have abstained from voting on all proposals on the meeting agenda of that Shareholder' Meeting.</p> <p>When postponing or resuming a meeting according to the</p>	

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	<p>minimum legal requirement for a Shareholder’ Meeting, then the meeting shall continue, and no postponement or resumption thereof is required.</p> <p>Under circumstances where a meeting should continue as described 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 to have abstained from voting on all proposals on the meeting agenda of that Shareholder’ Meeting.</p> <p>When postponing or resuming a meeting according to the paragraph 2, the Company shall handle the preparatory work based on the date of the original Shareholder’ 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.</p> <p>For dates or periods set forth under Article 12 (second half) and Article 13, Paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder’ Meetings of Public Companies and under Article 44-5, Paragraph 2; Article 44-15; and Article 44-17, Paragraph 1 of the Regulations Governing the</p>	<p>first paragraph, the Company shall handle the preparatory work based on the date of the original Shareholder’ 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.</p> <p>For dates or periods set forth under Article 12 (second half) and Article 13, Paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder’ Meetings of Public Companies and under 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 Shareholder’ Meeting that is postponed or resumed under the second paragraph.</p>	

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	Administration of Shareholder Services of Public Companies the Company shall handle the matter based on the date of the Shareholder' Meeting that is postponed or resumed under the second paragraph.		
Article 22	When convening a virtual-only shareholders meeting, the Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online. <u>Except for the circumstances stipulated in Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the company shall at least provide shareholders with the necessary connection equipment and assistance, and specify the period during which shareholders may apply to the company and other matters to be noted.</u>	When convening a virtual-only shareholders meeting, the Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.	Amended in accordance with the letter No. 1120004167 issued March 17, 2023, by the Taiwan Stock Exchange Corporation.
Article 24	These Rules were formulated on December 31, 1998. The 1st amendment was made on December 07, 2007. The 2nd amendment was made on June 15, 2015. The 3rd amendment was made on August 27, 2021. The 4st amendment was made on May 26, 2022. The 5th amendment was made on May 11, 2024.	These Rules were formulated on December 31, 1998. The 1st amendment was made on December 07, 2007. The 2nd amendment was made on June 15, 2015. The 3rd amendment was made on August 27, 2021. The 4st amendment was made on May 26, 2022.	Version revised.