



**鴻碩精密電工股份有限公司**  
*HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.*

## **2025 Annual Shareholders Meeting Handbook**

Meeting Method: Physical Shareholder'Meeting

Meeting Time: 9:00 am, Wednesday, May 28,2025

Meeting Venue: 8th Floor, No. 99, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City  
(Neihu District Office Auditorium in Taipei City)

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# CHAPTER 1

## Meeting Procedure

Hotron Precision Electronic Industrial Co., Ltd.

Meeting Procedure for the 2025 Annual Shareholder's Meeting

- I. Commencement of meeting
- II. Chairperson Remarks
- III. Report Items
- IV. Approval Items
- V. Discussions
- VI. Election Matters
- VII. Extraordinary motions
- VIII. Adjournment

# CHAPTER 2

## MEETING AGENDA

# **Hotron Precision Electronic Industrial Co., Ltd.**

## **Meeting Agenda for the 2025 Annual Shareholder's Meeting**

Meeting Method: Physical Shareholders Meeting

Meeting Time: 9:00 am, Wednesday, May 28, 2025

Meeting Place: 8th Floor, No. 99, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City  
(Neihu District Office Auditorium in Taipei City)

I. Announce the commencement of the meeting (report on attendance of shareholdings)

II. Chairperson Remarks

III. Report Items

1. 2024 Business Report
2. 2024 Audit Committee's Review Report
3. 2024 Report on Directors' Remuneration
4. Report on the Status of Endorsements/Guarantees
5. The Report on Reasons and Related Matters for Public Company Bond Issuance

IV. Approval Items

1. 2024 Business Report and Financial Statements Report
2. Deficit Compensation for the 2024

V. Discussions

1. Case for Amending the "Articles of Incorporation"
2. Case for Amending the "Operating Procedures for Lending Funds and Making Endorsements/Guarantees"

VI. Election Matters

By-Election of the 10th Independent Directors

VII. Extraordinary motions

VIII. Adjournment

## **Business Report**

Dear shareholders,

Welcome to the 2025 Annual Shareholder' Meeting.

According to data from the International Monetary Fund (IMF), the global economic growth rate for 2024 is 3.2%, unchanged from the previous year, but below the pre-pandemic average level. The key factors affecting 2024 include slowing inflation, easing labor market pressures, and strong demand for artificial intelligence (AI) related goods, with trade recovery being particularly significant in developed economies. However, geopolitical risks, such as the ongoing Russia-Ukraine war, escalating tensions in the Middle East, and intensifying US-China trade conflicts, continue to undermine economic optimism.

The overall outlook for global GDP growth in 2025 is expected to be similar to 2024. However, the global economy remains constrained by the policy implementation of the new U.S. administration. Trump's return to the White House is expected to reshape the U.S. and global political and economic environment, with increased market uncertainty becoming almost inevitable. In addition, climate change and geopolitical tensions remain major global risks. Overall, the global economy in 2025 will present a situation where opportunities and risks coexist. Intensifying geopolitical tensions and the expansion of trade protectionism may inhibit global economic growth.

In 2024, Hotron group reported a consolidated annual revenue of NT\$1.934 billion, marking a significant 10% decline from the previous year's NT\$2.159 billion. The decrease was primarily due to lower-than-expected orders in the new energy industry and a drop in demand for existing cable products. As a result, the benefits of the new plant have yet to materialize, and fixed costs and expenses could not be reasonably amortized, resulting in an annual after-tax net loss of NT\$0.222 billion and an after-tax net loss per share of NT\$2.08, 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, the Company is also transforming its industry focus. Apart from products such as charging guns, energy storage cabinets, and solar power plant cables, the Company plans to develop products for charging and energy storage equipment, expanding into the new energy product field, increasing its revenue.

For the unfavorable profit situation in 2024, 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

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## **Report Item 2 2024 Audit Committee's Review Report**

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### **Audit Committee's Review Report**

The Board of Directors has submitted the Company's individual financial statements and consolidated financial statements for the year 2024, which have been audited and completed by Certified Public Accountants LIN, YA-HUI and JUANLU, MAM-YU 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. 2025 Annual Shareholder's Meeting

Convener of the Audit Committee: CHOU, CHE-YI

February 25, 2025

## **Report on Directors' Remuneration**

### **Description:**

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

#### 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.

## 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.

**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 page 22 of this handbook [Attachment 1].**

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**Report Item 4      Report on Reasons the Status of  
Endorsements/Guarantees**

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**Report on the Status of Endorsements/Guarantees**

Description:

1. According to the Company's "Operating Procedures for Lending Funds and Making Endorsements/Guarantees," as of December 31, 2024, the ending balance of endorsements/guarantees was NT\$1,235,823 thousand, with an actual amount drawn of NT\$334,421 thousand.

Unit: NT\$ Thousand

Endorsee/Guarantee	Endorsement and Guarantee Ending Amount	Actual Amount Drawn
Fortuna International Holdings Ltd.	65,570	0
Hotron Precision Electronic Industrial (Vietnam) Co., Ltd.	343,763	154,090
Hotlink Company Limited	80,000	30,000
Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.	144,180	0
Hotron Precision Electronic Industrial (HuBei) Co., Ltd.	602,310	150,331
<b>Total</b>	<b>1,235,823</b>	<b>334,421</b>

2. The total amount of endorsement/guarantee for a single entity by the Company shall not exceed the total current net worth, while for a single overseas affiliated company, it shall not exceed 90% of the Company's current net worth.

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**Report Item 5****The Report on Reasons and Related Matters for Public Company Bond Issuance.**

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**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, 2025 can be referred to in the following table.

Company Bond Types	The Company's Second Domestic Unsecured Convertible Bonds
Reason for Issuance	Repay bank loan
Issuance Date	July 4, 2023
Denomination	NT\$ 100,000
Place of Issuance and Trading	Taiwan, Republic of China
The Price of Issuance	Issued at 107.33% of the denomination
Total Amount	NT\$ 250,000,000
Nominal Interest Rate	0%
Deadline	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 at face value upon maturity.
Principal Outstanding as of the Date of the Annual Report	NT\$ 249,900,000
Transition Situation	The current conversion price per share is NT\$36.0. As of March 31, 2024, one corporate

<b>Company Bond Types</b>	<b>The Company's Second Domestic Unsecured Convertible Bonds</b>
	bond has been applied for and converted into 2,777 common shares.

## Approval Items

### Case 1

### Proposed by the Board of Directors

#### **Proposal: 2024 Business Report and Financial Statements Report, please approve.**

Description: 1. The individual and consolidated financial statements of the Company for the year 2024 have been audited by Certified Public Accountants LIN, YA-HUI and JUANLU, MAM-YU 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 are available for your reference on page 26 of this handbook [Attachments 2] and on page 35 of this handbook [Attachments 3]. Please approve them.

#### **Resolution:**

**Case 2****Proposed by the Board of Directors**

**Proposal:** Deficit Compensation for the 2024, please approve.

**Description:** 1. The Company's after-tax net loss for 2024 was NT\$221,918,662, with distributable surplus of NT\$0. It is proposed that no common stock dividends will be distributed.

2. A statement of deficit compensation for the year 2024 is proposed, please approve.

Hotron Precision Electronic Industrial Co., Ltd.

**Deficit Compensation Statement****2024**

Unit: NTD

Items	Amount
Undistributed earnings at the beginning of the period	0
Plus: Net (loss) after tax for 2024	(221,918,662)
Plus: Reversed Special Reserve	34,897,799
Legal reserve to make up for loss	187,020,863
Distributable surplus for the period (Note 1)	0
Undistributed earnings for the ending of period	0

Note 1: 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:**

## **Discussions**

**Case 1**

**proposed by the Board of Directors**

### **Proposal: Amendments to the "Articles of Incorporation" is hereby submitted for discussion.**

Description: 1. According to Article 14, Paragraph 6 of the Securities and Exchange Act, listed companies shall specify in their Articles of Incorporation that a certain percentage of annual profits shall be allocated for adjusting salaries of or distributing compensation to entry-level employees. It is proposed to amend the Company's "Articles of Incorporation" accordingly.

2. Amendments to comparison Table of the "Articles of Incorporation," please refer to page 47 of this handbook [Attachment 4].

3. For the previous "Articles of Incorporation," please refer to page 68 of this handbook [Appendix 2].

4. The proposal is hereby submitted for discussion.

**Resolution:**

**Proposal: Amendments to the “Operating Procedures for Lending Funds and Making Endorsements/Guarantees” is hereby submitted for discussion.**

**Description:**

1. In response to the actual operational needs of the group's investment structure, it is proposed to amend certain provisions of the Company's "Operating Procedures for Lending Funds and Making Endorsements/Guarantees."
2. Amendments to comparison Table of the "Operating Procedures for Lending Funds and Making Endorsements/Guarantees," please refer to page 50 [Attachment 5] of this handbook.
3. For the previous "Operating Procedures for Lending Funds and Making Endorsements/Guarantees," please refer to page 75 [Appendix 3] of this handbook.
4. The proposal is hereby submitted for discussion.

**Resolution:**

## Election Matters

### Proposed by the Board of Directors

Proposal: By-Election of the 10th Independent Directors

Description: 1. Mr. HSIEH, I-TA, an independent director of the 10th Board of Directors of the Company, resigned from his position as a director on February 17, 2025, due to personal reasons. It is proposed to hold a by-election at this Annual Shareholders' Meeting to elect one independent director for the 10th Board of Directors.

2. According to Article 13 of the Company's Articles of Incorporation, the election of independent directors adopts the candidate nomination system. Independent directors shall be elected by the shareholders' meeting from among the nominees listed in the roster of independent director candidates. The newly elected independent director's term of office will start from the date of election by the shareholders' meeting on May 28, 2025, and end on May 29, 2026. The newly elected independent director will serve as a member of the Audit Committee.
3. The list of independent director candidates has been reviewed and approved by the Company's Board of Directors on April 16, 2025. The list of independent director candidates is as follows:

Candidate Category	Name	Number of Shares Held	Principal work experience and academic qualifications
Independent director	LIN, HSIAO-CHEN	0 shares	School of Law, Soochow University Partner of Wang Dongshan United Law Firm Law Clerk of Taiwan High Court

4. The Corporate Governance Officer has reviewed the professionalism and independence of the nominated independent director, who meets all relevant legal requirements.
5. In accordance with the Company's "Directors Election Regulations," the election is hereby proposed.

### Resolution:

## **Extraordinary Motions**

### **Adjournment**

# CHAPTER 3

# ATTACHMENTS

## Attachment 1: 2024 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)	Remune ration received from investee enterpri ses other than subside riaries or from the parent compan y (Note 8)									
		Base compensati on (A) (Note 1)	Retireme nt pay and pension (B)	Director profit sharing compensat ion (C) (Note 2)	Expenses and perquisites (D) (Note 3)		Salary, rewards, and special disburseme nts (Note 4)	Retirement pay and pension (F)	Employee profit-sharing compensation (G) (Note 5)											
		The Company	The Company	The Company	The Company		The Company	The Company	The Company											
Chairman	Chang, Li-Jung	6,118	6,118	0	0	0	16	16	6,134 (2.76%)	6,134 (2.76%)	0	0	0	0	0	6,134 (2.76%)	6,134 (2.76%)	None		
Director	Lu, I-Hsuan	120	120	0	0	0	0	16	136 (0.06%)	136 (0.06%)	2,986	2,986	108	108	0	0	0	3,230 (1.46%)	3,230 (1.46%)	None
Director	Chen, Tai-Chung	120	120	0	0	0	0	14	134 (0.06%)	134 (0.06%)	0	0	0	0	0	0	0	134 (0.06%)	134 (0.06%)	None
Director	Chen,	120	120	0	0	0	0	16	136	136	0	0	0	0	0	0	0	136	136	None

	Shuh								(0.06%)	(0.06%)							(0.06%)	(0.06%)		
Independent director	Hsieh, I-Ta (Note 9)	120	120	0	0	0	0	40	40	160 (0.07%)	160 (0.07%)	0	0	0	0	0	0	160 (0.07%)	160 (0.07%)	None
	Chu, Yann-Fang	120	120	0	0	0	0	40	40	160 (0.07%)	160 (0.07%)	0	0	0	0	0	0	160 (0.07%)	160 (0.07%)	None
	Chou, Che-Yi	120	120	0	0	0	0	40	40	160 (0.07%)	160 (0.07%)	0	0	0	0	0	0	160 (0.07%)	160 (0.07%)	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 2024 and 2023 is as follows:

Items/ Name	Ratio of Total Compensation to net Profit After Tax (Note)			
	2024		2023	
	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements
Director, Independent director	4.55%	4.55%	5.54%	5.54%

2. 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 2024.

Note 2: Due to it was a loss-making year in 2024, 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 2024.

Note 4: Refers to the compensation received by directors who are also employees in the fiscal year 2024, 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 2024, 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 2024.

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

Note 9: Independent Director Hsieh, I-Ta tendered his resignation on February 17, 2025.



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## **Attachment 2      2024 Individual Financial Statements and Independent Auditor's Report**

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### **Independent Auditors' Report**

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, 2024 and 2023, 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 material accounting policies) from January 1 to December 31, 2024 and 2023, 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 of December 31, 2024 and 2023, and the financial performance and cash flow from January 1 to December 31, 2024 and 2023.

#### **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 113. 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 113 are listed as follows:

#### **Revenue Recognition Cut-Off for Ex-Works Sales**

### Description

Please refer to Note 4(23) to the parent company financial statement 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 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 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 2024. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PWC Taiwan

Lin, Ya-Hui

CPA

Juanlu, Man-Yu

Financial Supervisory Commission  
Approval File No.: Jin-Guan-Zheng-Shen-Zi No.  
1070323061  
Financial Supervisory Commission  
Approval File No.: Jin-Guan-Zheng-Shen-Zi No.  
0990058257

February 25, 2025

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

December 31, 2024 and 2023

Unit: NT\$ Thousand

	<b>Assets</b>	<b>Notes</b>	<b>December 31, 2024</b>		<b>December 31, 2023</b>	
			<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets</b>						
1100	Cash and Cash Equivalents	6(1)	\$ 761,239	27	\$ 236,091	8
1136	Financial assets measured at amortized cost - current	6(2)	-	-	531,553	17
1150	Net Notes Receivable	6(3)	2,977	-	2,820	-
1170	Net Accounts Receivable	6(3)	60,689	2	223,675	7
1200	Other Receivables		5,098	-	11,411	-
1220	Current tax assets	6(24)	1,816	-	683	-
130X	Inventories	6(4)	15,395	1	8,303	-
1410	Prepayments	7	13,640	-	266	-
1479	Other current assets – others		320	-	396	-
11XX	<b>Total current assets</b>		<b>861,174</b>	<b>30</b>	<b>1,015,198</b>	<b>32</b>
<b>Non-current assets</b>						
1550	Investments Accounted for Using the Equity Method	6(5)	1,503,762	53	1,733,761	54
1600	Property, plant, and equipment	6(6) and 8	31,462	1	33,669	1
1755	Right-of-use assets	6(7)	3,924	-	-	-
1760	Investment property	6(9) and 8	364,190	13	370,059	12
1780	Intangible assets		569	-	699	-
1840	Deferred income tax assets	6(24)	17,789	1	20,208	1
1900	Other non-current assets		54,669	2	3,007	-
15XX	<b>Total non-current assets</b>		<b>1,976,365</b>	<b>70</b>	<b>2,161,403</b>	<b>68</b>
1XXX	<b>Total assets</b>		<b>\$ 2,837,539</b>	<b>100</b>	<b>\$ 3,176,601</b>	<b>100</b>

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

December 31, 2024 and 2023

Unit: NT\$ Thousand

<b>Liabilities and equity</b>	<b>Notes</b>	<b>December 31, 2024</b>		<b>December 31, 2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current Liabilities</b>					
2100 Short-term loans	6(10) and 8	\$ 515,000	18	\$ 695,000	22
2120 Financial liabilities measured at fair value through profit or loss - current	6(12)	1,624	-	-	-
2130 Contract liabilities - current	6(19)	2,978	-	2,852	-
2180 Accounts payable - related parties	7	855	-	4,098	-
2200 Other Payables	6(11)	10,903	-	10,644	1
2280 Lease liabilities - current		1,676	-	-	-
2320 Long-term liabilities - current portion	6(13)	241,595	9	-	-
2399 Other current liabilities – others		345	-	426	-
<b>21XX Total current Liabilities</b>		<b>774,976</b>	<b>27</b>	<b>713,020</b>	<b>23</b>
<b>Non-current Liabilities</b>					
2500 Financial liabilities measured at fair value through profit or loss - non-current	6(12)	-	-	1,100	-
2530 Bonds payable	6(13)	-	-	236,212	7
2570 Deferred income tax liabilities	6(24)	97,781	4	91,177	3
2580 Lease liabilities - non-current		2,261	-	-	-
2670 Other non-current liabilities – others	7	3,046	-	3,051	-
<b>25XX Total Non-Current Liabilities</b>		<b>103,088</b>	<b>4</b>	<b>331,540</b>	<b>10</b>
<b>2XXX Total Liabilities</b>		<b>878,064</b>	<b>31</b>	<b>1,044,560</b>	<b>33</b>
<b>Equity</b>					
Share capital	6(16)				
3110 Common stock		1,065,520	38	1,065,520	34
Capital surplus	6(17)				
3200 Capital surplus		854,045	30	854,024	27
Retained Earnings	6(18)				
3310 Legal reserve		226,931	8	226,931	7
3320 Special reserve		95,692	3	82,834	3
3350 Undistributed earnings (accumulated deficit)		221,919) ( 8)		12,858	-
Other equity					
3400 Other equity		60,794) ( 2) ( 110,126) ( 4)			
<b>3XXX Total Equity</b>		<b>1,959,475</b>	<b>69</b>	<b>2,132,041</b>	<b>67</b>
Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
<b>3X2X Total Liabilities and Equity</b>		<b>\$ 2,837,539</b>	<b>100</b>	<b>\$ 3,176,601</b>	<b>100</b>

Please also refer to the attached Notes to the 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, 2024 and 2023

Unit: NT\$ Thousand

(Except earnings (deficit) per share in NT\$)

<b>Item</b>	<b>Notes</b>	<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000 Operating revenue	6(19) and 7	\$ 214,554	100	\$ 447,396	100
5000 Operating costs	6(4) and 7	( 189,706)	( 89)	( 424,582)	( 95)
5900 Gross profit		24,848	11	22,814	5
Operating expenses	6(23) and 7				
6100 Selling and marketing expense		( 2,970)	( 1)	( 1,250)	-
6200 General and administrative expenses		( 47,291)	( 22)	( 60,875)	( 14)
6450 Expected credit impairment losses	12(2)	49	-	( 68)	-
6000 Total operating expenses		( 50,212)	( 23)	( 62,193)	( 14)
6500 Other non-operating income and expenses	6(20)	64,221	30	12,276	3
6900 Operating profit (loss)		38,857	18	( 27,103)	( 6)
Non-operating income and expenses					
7100 Interest income	7	48,917	23	30,306	7
7010 Other income		1,575	-	1,214	-
7020 Other gains or losses	6(21)	( 524)	-	50	-
7050 Financial cost	6(22)	( 17,524)	( 8)	( 15,439)	( 4)
7070 Share of profit or loss of subsidiaries, associates, and joint ventures recognized using the equity method	6(5)	( 279,331)	( 130)	( 157,991)	( 35)
7000 Total non-operating income and expenses		( 246,887)	( 115)	( 141,860)	( 32)
7900 <b>Net profit (loss) before tax</b>		( 208,030)	( 97)	( 168,963)	( 38)
7950 Income tax benefits (expenses)	6(24)	( 13,889)	( 6)	3,884	1
8200 <b>Net loss for the period</b>		<u>\$ 221,919</u>	<u>( 103)</u>	<u>(\$ 165,079)</u>	<u>( 37)</u>
<b>Other comprehensive income (net)</b>					
<b>Items that may not be reclassified to profit or loss</b>					
8311 Remeasurements of defined benefit plan	6(14)	\$	-	\$	51
8330 Share of other comprehensive income of subsidiaries, associates, and joint ventures recognized using the equity method - Items that may not to be reclassified to profit or loss					
8349 Income tax related to items that may not to be reclassified to profit or loss	6(24)		-	( 1,359)	-
8310 Total of items that may not be reclassified to profit or loss			-	( 10)	-
<b>Items that may be subsequently reclassified to profit or loss</b>					
8310 Total of items that may not be reclassified to profit or loss			-	( 1,318)	-
8361 Exchange differences on translation of financial statements of foreign operations		49,332	23	( 27,292)	( 6)
8360 Total of items that may be subsequently reclassified to profit or loss		49,332	23	( 27,292)	( 6)
8300 <b>Other comprehensive income (net)</b>		<u>\$ 49,332</u>	<u>23</u>	<u>(\$ 28,610)</u>	<u>( 6)</u>
8500 <b>Total comprehensive income (loss) for the period</b>		<u>(\$ 172,587)</u>	<u>( 80)</u>	<u>(\$ 193,689)</u>	<u>( 43)</u>
9750 Deficit per share	6(25)				
9750 Basic deficit per share		<u>(\$ 2.08)</u>	<u>(\$ 1.58)</u>		
9850 Diluted deficit per share		<u>(\$ 2.08)</u>	<u>(\$ 1.58)</u>		

Please also refer to the attached Notes to the 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, 2024 and 2023

Unit: NT\$ Thousand

Notes	Capital surplus						Retained Earnings			Undistributed earnings (accumulated deficit)	Exchange differences on translation of financial statements of foreign operations	Total Equity
	Common stock	Additional paid-in capital	Treasury Stock Transactions	Employee Stock Options Forfeited	Share option	Others	Legal reserve	Special reserve				
<b>2023</b>												
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	
Net loss for the period	-	-	-	-	-	-	-	-	(\$ 165,079 )	-	(\$ 165,079 )	
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	(\$ 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(18)												
Appropriation for legal reserve	-	-	-	-	-	-	6,640	-	(\$ 6,640 )	-	-	
Reversed Special Reserve	-	-	-	-	-	-	-	( 32,212 )	32,212	-	-	
Cash dividends	-	-	-	-	-	-	-	-	(\$ 51,611 )	-	( 51,611 )	
Stock dividends 6(16)	30,966	-	-	-	-	-	-	-	(\$ 30,966 )	-	-	
Cash capital increase 6(16)	100,000	162,100	-	-	-	-	-	-	-	-	-	262,100
Cash capital increase reserved for employee subscription compensation cost 6(15)(16)	-	9,527	-	2,163	-	-	-	-	-	-	-	11,690
Issuance of convertible bonds 6(13)	-	-	-	-	30,297	-	-	-	-	-	-	30,297
Conversion of convertible bonds 6(13)(16)	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>	
<b>2024</b>												
Balance as of January 1, 2024	\$ 1,065,520	\$ 819,923	\$ 1,615	\$ 2,163	\$ 30,285	\$ 38	\$ 226,931	\$ 82,834	\$ 12,858	(\$ 110,126 )	\$ 2,132,041	
Net loss for the period	-	-	-	-	-	-	-	-	(\$ 221,919 )	-	(\$ 221,919 )	
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	-	49,332	49,332	
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	(\$ 221,919 )	49,332	( 172,587 )	
Appropriation and distribution of earnings in 2023: 6(18)												
Provision of special reserve	-	-	-	-	-	-	-	-	12,858	(\$ 12,858 )	-	
Overdue dividends converted to capital surplus	-	-	-	-	-	21	-	-	-	-	-	21
Balance as of December 31, 2024	<u>\$ 1,065,520</u>	<u>\$ 819,923</u>	<u>\$ 1,615</u>	<u>\$ 2,163</u>	<u>\$ 30,285</u>	<u>\$ 59</u>	<u>\$ 226,931</u>	<u>\$ 95,692</u>	<u>(\$ 221,919 )</u>	<u>(\$ 60,794 )</u>	<u>\$ 1,959,475</u>	

Please also refer to the attached Notes to the 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, 2024 and 2023

Unit: NT\$ Thousand

	Notes	January 1 to December 31, 2024	January 1 to December 31, 2023
<b>Cash flows from operating activities</b>			
Net loss before tax for the period		( \$ 208,030 )	( \$ 168,963 )
Adjustments			
Adjustments to reconcile profit or loss			
Depreciation expenses	6(6)(9)	9,366	7,733
(23)		244	188
Amortization expenses	6(23)	( 49 )	68
Expected credit impairment (loss)	12(2)		
Interest expenses	6(22)	12,141	12,760
Interest income		( 48,917 )	( 30,306 )
Cost of share-based compensation	6(15)	-	11,690
Amortization of corporate bond discounts	6(22)	5,383	2,679
Net loss (gain) on financial liabilities measured at fair value through profit or loss	6(12)(21)	524	( 50 )
Share of profit or loss of subsidiaries, associates, and joint ventures recognized using the equity method	6(5)		
		279,331	157,991
Changes in operating assets/liabilities			
Net change in assets related to operating activities			
Notes receivable		( 157 )	( 2,820 )
Accounts Receivable		163,035	41,582
Accounts receivable – related parties		-	35,376
Other Receivables		237	( 238 )
Inventories		( 7,092 )	7,514
Prepayments		( 13,374 )	369,614
Other Current Assets		76	( 244 )
Net defined benefit assets - non-current		2,892	( 36 )
Other non-current assets		( 2,610 )	-
Net changes in liabilities related to operating activities			
Accounts payable - related parties		( 3,243 )	4,098
Contract liabilities - current		126	2,852
Other Payables		575	( 3,109 )
Other current liabilities		( 81 )	( 58 )
Cash inflow generated from operations		190,377	448,321
Interest received		54,993	20,652
Interest paid		( 12,437 )	( 12,565 )
Income tax paid		( 5,998 )	( 16,426 )
		<u>226,935</u>	<u>439,982</u>
<b>Cash flows from investing activities</b>			
Increase in financial assets measured at amortized cost		531,553	( 531,553 )
Acquisition of property, plant, and equipment	6(6)	( 169 )	( 3,317 )
Acquisition of intangible assets		( 58 )	-
Acquisition of investments accounted for using the equity method	6(5)	-	150,000
Increase in prepayment for purchases of land		( 52,000 )	-
Net cash inflow (outflow) from investing activities		<u>479,326</u>	<u>( 684,870 )</u>
<b>Cash flows from financing activities</b>			
Decrease in short-term borrowings	6(26)	( 180,000 )	( 170,000 )
Decrease in short-term notes payable	6(26)	-	( 109,843 )
Issuance of corporate bonds	6(26)	-	268,316
Costs of corporate bond issuance	6(26)	-	( 3,223 )
Increase in refundable deposits		( 5 )	956
Lease principal repayment	6(26)	( 1,108 )	-
Cash dividends paid	6(18)	-	( 51,611 )
Cash capital increase	6(16)	-	262,100
Net cash (outflow) inflow from financing activities		( 181,113 )	196,695
Increase (decrease) in cash and cash equivalents for the period		525,148	( 48,193 )
Beginning balance of cash and cash equivalents	6(1)	236,091	284,284
Ending balance of cash and cash equivalents	6(1)	<u>\$ 761,239</u>	<u>\$ 236,091</u>

Please also refer to the attached Notes to the 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**

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

### **Opinions**

Hotron Precision Electronic Industrial Co., Ltd. and Its Subsidiaries (hereinafter "Hotron Group") as of December 31, 2024 and 2023, in addition to the Consolidated 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, 2024 and 2023, 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 Regulations Governing the Preparation of Financial Reports by 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, 2024 and 2023, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2024 and 2023.

### **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 2024. 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 2024 are listed as follows:

### **Inventory Evaluation**

#### Description

Please refer to Note 4(12) 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 uncertainty of accounting estimates and assumptions of inventory evaluation; and refer to Note 6(5) to the consolidated financial report for the description of allowance for inventory impairment loss. As of December 31, 2024, the Hotron Group's inventories and allowance for inventory impairment loss amounted to NT\$712,928 thousand and NT\$63,119 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 allowance for impairment loss determined by Hotron Group.

## **Revenue Recognition Cut-Off for Ex-Works Sales**

### Description

Please refer to Note 4(25) 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 verify the recorded book balances.

## **Other Matters - Parent Company Only Financial Statements**

We have also audited the Parent Company Only Financial Statements of Hotron Precision Electronic Industrial Co., Ltd. for 2024 and 2023, 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 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 audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and 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 2024. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Lin, Ya-Hui

CPA

Juanlu, Man-Yu

Financial Supervisory Commission  
Approval File No.: Jin-Guan-Zheng-Shen-Zi No.  
1070323061

Financial Supervisory Commission  
Approval File No.: Jin-Guan-Zheng-Shen-Zi No.  
0990058257

February 25, 2025

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

December 31, 2024 and 2023

Unit: NT\$ Thousand

	<b>Assets</b>	<b>Notes</b>	<b>December 31, 2024</b>		<b>December 31, 2023</b>	
			<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 960,832	19	\$ 486,087	9
1110	Financial assets measured at fair value through profit or loss - current	6(2)	68,206	1	-	-
1136	Financial assets measured at amortized cost - current	6(3)	40,370	1	531,553	10
1150	Net Notes Receivable	6(4)	7,099	-	11,166	-
1170	Accounts receivable, net	6(4)	682,097	13	917,199	18
1200	Other Receivables		8,878	-	12,529	-
1220	Current income tax assets		-	-	885	-
130X	Inventories	6(5)	649,809	13	620,400	12
1410	Prepayments		28,986	1	26,326	1
1479	Other current assets – others	6(6)	50,929	1	33,249	1
11XX	<b>Total current assets</b>		<b>2,497,206</b>	<b>49</b>	<b>2,639,394</b>	<b>51</b>
<b>Non-current assets</b>						
1600	Property, plant and equipment	6(7) and 8	2,112,064	42	2,122,738	41
1755	Right-of-use assets	6(8)	93,228	2	88,676	2
1760	Net investment property	6(10) and 8	206,050	4	209,507	4
1780	Intangible assets		5,038	-	6,406	-
1840	Deferred income tax assets	6(30)	67,978	1	69,507	1
1900	Other non-current assets	6(11)	108,976	2	52,512	1
15XX	<b>Total non-current assets</b>		<b>2,593,334</b>	<b>51</b>	<b>2,549,346</b>	<b>49</b>
1XXX	<b>Total assets</b>		<b>\$ 5,090,540</b>	<b>100</b>	<b>\$ 5,188,740</b>	<b>100</b>

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

December 31, 2024 and 2023

Unit: NT\$ Thousand

<b>Liabilities and equity</b>	<b>Notes</b>	<b>December 31, 2024</b>		<b>December 31, 2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current Liabilities</b>					
2100 Short-term loans	6(12) and 8	\$ 1,002,608	20	\$ 1,043,606	20
2110 Short-term notes payable	6(13)	-	-	9,996	-
2120 Financial liabilities measured at fair value through profit or loss - current	6(15)	1,624	-	-	-
2130 Contract liabilities - current	6(24)	4,350	-	4,154	-
2170 Accounts payable		291,851	6	231,035	5
2200 Other Payables	6(14)	245,950	5	233,163	5
2230 Current income tax liabilities		6,971	-	6,736	-
2280 Lease liabilities - current		1,676	-	2,282	-
2320 Long-term liabilities - current portion	6(16)(17) and 8	411,631	8	20,337	-
2399 Other current liabilities – others		16,300	-	6,286	-
<b>21XX Total current liabilities</b>		<b>1,982,961</b>	<b>39</b>	<b>1,557,595</b>	<b>30</b>
<b>Non-current liabilities</b>					
2500 Financial liabilities measured at fair value through profit or loss - non-current	6(15)	-	-	1,100	-
2530 Bonds payable	6(17)	-	-	236,212	5
2540 Long-term loans	6(16)	-	-	162,138	3
2570 Deferred income tax liabilities	6(30)	76,727	2	86,528	2
2580 Lease liabilities - non-current		2,261	-	-	-
2600 Other non-current liabilities	6(18)	1,069,116	21	1,013,126	19
<b>25XX Total Non-Current Liabilities</b>		<b>1,148,104</b>	<b>23</b>	<b>1,499,104</b>	<b>29</b>
<b>2XXX Total liabilities</b>		<b>3,131,065</b>	<b>62</b>	<b>3,056,699</b>	<b>59</b>
<b>Equity</b>					
<b>Equity attributable to owners of parent</b>					
Share capital	6(21)				
3110 Common stock		1,065,520	21	1,065,520	20
Capital Surplus	6(22)				
3200 Capital Surplus		854,045	16	854,024	17
3200 Retained Earnings	6(23)				
3310 Legal reserve		226,931	4	226,931	4
3320 Special reserve		95,692	2	82,834	2
3350 Undistributed earnings (accumulated deficit)		( 221,919)	( 4)	12,858	-
Other equity					
3400 Other equity		( 60,794)	( 1)	( 110,126)	( 2)
<b>31XX Total equity attributable to owners of parent</b>		<b>1,959,475</b>	<b>38</b>	<b>2,132,041</b>	<b>41</b>
<b>3XXX Total equity</b>		<b>1,959,475</b>	<b>38</b>	<b>2,132,041</b>	<b>41</b>
Significant contingent liabilities and unrecognized contract commitments	9				
Significant Events after the Balance Sheet Date	11				
<b>3X2X Total Liabilities and Equity</b>		<b>\$ 5,090,540</b>	<b>100</b>	<b>\$ 5,188,740</b>	<b>100</b>

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, 2024 and 2023

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

<b>Item</b>	<b>Notes</b>	<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000 Operating revenue	6(24)	\$ 1,933,669	100	\$ 2,159,114	100
5000 Operating costs	6(5)(29) and 7	( 1,701,226)	( 88)	( 1,845,599)	( 85)
5900 Gross profit		232,443	12	313,515	15
Operating expenses	6(29) and 7				
6100 Selling expenses		( 150,555)	( 8)	( 117,984)	( 6)
6200 General and administrative expenses		( 329,723)	( 17)	( 286,068)	( 13)
6300 Research and development expenses		( 106,616)	( 5)	( 95,288)	( 4)
6450 Expected credit impairment (loss)	12(2)	74	-	( 276)	-
6000 Total operating expenses		( 586,820)	( 30)	( 499,616)	( 23)
6500 Other non-operating income and expenses	6(25)				
6900 Operating loss		80,421	4	( 3,132)	-
Non-operating income and expenses		( 273,956)	( 14)	( 189,233)	( 8)
7100 Interest income		52,978	3	35,572	2
7010 Other revenue	6(26)	25,538	1	22,110	1
7020 Other gains and losses	6(27)	1,735	-	274	-
7050 Financial costs	6(28)	( 43,711)	( 2)	( 41,764)	( 2)
7055 Expected credit impairment (loss)	12(2)	13,363	-	( 26,376)	( 1)
7000 Total non-operating income and expenses		49,903	2	( 10,184)	-
7900 <b>Earnings before tax losses</b>		( 224,053)	( 12)	( 199,417)	( 8)
7950 Income tax benefit	6(30)	2,134	-	34,338	1
8200 <b>Net loss for the period</b>		<u><u>(\$ 221,919)</u></u>	<u><u>( 12)</u></u>	<u><u>(\$ 165,079)</u></u>	<u><u>( 7)</u></u>
<b>Other comprehensive income (net)</b>					
<b>Items not to be reclassified to profit or loss</b>					
8311 Remeasurements of defined benefit plan	6(19)	\$ -	-	<u><u>(\$ 1,647)</u></u>	<u><u>-</u></u>
8349 Income tax related to items not to be reclassified	6(30)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>329</u></u>	<u><u>-</u></u>
8310 Total of items that will not be reclassified to profit or loss		<u><u>-</u></u>	<u><u>-</u></u>	<u><u>( 1,318)</u></u>	<u><u>-</u></u>
<b>Items that may be subsequently reclassified to profit or loss</b>					
8361 Exchange differences on translation of financial statements of foreign operations		49,332	3	( 27,292)	( 1)
8360 Total of items that may be subsequently reclassified to profit or loss		49,332	3	( 27,292)	( 1)
<b>8300 Net Amount of Other Comprehensive Income (Loss) After Tax for the Period</b>		<u><u>\$ 49,332</u></u>	<u><u>3</u></u>	<u><u>(\$ 28,610)</u></u>	<u><u>( 1)</u></u>
<b>8500 Total comprehensive loss for the period</b>		<u><u>(\$ 172,587)</u></u>	<u><u>( 9)</u></u>	<u><u>(\$ 193,689)</u></u>	<u><u>( 8)</u></u>
Net income attributable to:					
8610 Owners of parent		<u><u>(\$ 221,919)</u></u>	<u><u>( 12)</u></u>	<u><u>(\$ 165,079)</u></u>	<u><u>( 7)</u></u>
Total comprehensive income (loss) attributable to:					
8710 Owners of parent		<u><u>(\$ 172,587)</u></u>	<u><u>( 9)</u></u>	<u><u>(\$ 193,689)</u></u>	<u><u>( 8)</u></u>
Deficit per share	6(31)				
9750 Basic deficit per share		<u><u>(\$ 2.08)</u></u>	<u><u>(\$ 1.58)</u></u>		
9850 Diluted deficit per share		<u><u>(\$ 2.08)</u></u>	<u><u>(\$ 1.58)</u></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 CHANGES IN EQUITY**

Years Ended December 31, 2024 and 2023

Unit: NT\$ Thousand

Notes	Equity attributable to owners of parent										Exchange differences on translation of foreign operations	Total Equity		
	Capital Surplus					Retained Earnings								
	Common stock	Additional paid-in capital	Treasury Stock Transactions	Employee Stock Options Forfeited	Subscription right	Others	Legal reserve	Special reserve	Undistributed earnings (accumulated deficit)					
<b>2023</b>														
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			
Net loss for the period	-	-	-	-	-	-	-	-	(\$ 165,079 )	-	(\$ 165,079 )			
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	(\$ 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(23)	-	-	-	-	-	-	-	-	-	-			
Appropriation for legal reserve	-	-	-	-	-	-	6,640	-	(\$ 6,640 )	-	-			
Reversed Special Reserve	-	-	-	-	-	-	-	( 32,212 )	32,212	-	-			
Cash dividends	-	-	-	-	-	-	-	-	(\$ 51,611 )	-	( 51,611 )			
Stock dividends	6(21)	30,966	-	-	-	-	-	-	(\$ 30,966 )	-	-			
Cash capital increase	6(21)	100,000	162,100	-	-	-	-	-	-	-	-	262,100		
Cash capital increase reserved for employee subscription compensation cost	6(20)(21)	-	9,527	-	2,163	-	-	-	-	-	-	11,690		
Issuance of convertible bonds	6(17)	-	-	-	-	30,297	-	-	-	-	-	30,297		
Conversion of convertible bonds	6(17)(21)	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	\$ 2,163	\$ 30,285	\$ 38	\$ 226,931	\$ 82,834	\$ 12,858	(\$ 110,126 )	\$ 2,132,041			
<b>2024</b>														
Balance as of January 1, 2024	\$ 1,065,520	\$ 819,923	\$ 1,615	\$ 2,163	\$ 30,285	\$ 38	\$ 226,931	\$ 82,834	\$ 12,858	(\$ 110,126 )	\$ 2,132,041			
Net loss for the period	-	-	-	-	-	-	-	-	(\$ 221,919 )	-	(\$ 221,919 )			
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	-	49,332	49,332			
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	(\$ 221,919 )	49,332	( 172,587 )			
Appropriation and distribution of earnings in 2023:	6(23)	-	-	-	-	-	-	-	12,858	(\$ 12,858 )	-			
Appropriation of special reserve	-	-	-	-	-	-	-	-	12,858	(\$ 12,858 )	-			
Overdue dividends converted to capital surplus	-	-	-	-	-	21	-	-	-	-	-	21		
Balance as of December 31, 2024	\$ 1,065,520	\$ 819,923	\$ 1,615	\$ 2,163	\$ 30,285	\$ 59	\$ 226,931	\$ 95,692	(\$ 221,919 )	(\$ 60,794 )	\$ 1,959,475			

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, 2024 and 2023

Unit: NT\$ Thousand

	<u>Notes</u>	<u>January 1 to December 31, 2024</u>	<u>January 1– December 31, 2023</u>
<b><u>Cash flows from operating activities</u></b>			
Net loss before tax for the period		( \$ 224,053 )	( \$ 199,417 )
<b>Adjustments</b>			
Adjustments to reconcile profit or loss that do not affect cash flow			
Depreciation expenses (including right-of-use assets and investment property)	6(7)(8)(10)	192,359	186,856
Amortization expenses	6(29)	3,842	1,341
Expected credit impairment (loss)	12(2)	( 13,437 )	26,652
Interest expenses		38,328	39,085
Interest income		( 52,978 )	( 35,572 )
Cost of share-based compensation	6(20)	-	11,690
Amortization of corporate bond discounts	6(28)	5,383	2,679
Gains on proceeds from disposal or redemption of property, plant and equipment	6(27)	( 1,993 )	( 214 )
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss		318	( 50 )
Amortization of long-term deferred revenue	6(18)	( 2,355 )	( 546 )
Changes in operating assets/liabilities related to operating activities			
Net change in assets related to operating activities			
Notes receivable		4,067	( 2,483 )
Accounts Receivable		235,176	57,570
Other Receivables		10,898	3,271
Inventories		( 29,409 )	421,269
Prepayments		( 2,660 )	986
Other Current Assets		( 17,680 )	43,480
Other non-current assets		( 1,071 )	( 1,568 )
Net changes in operating liabilities			
Contract Liabilities		196	( 2,515 )
Notes Payable		-	( 8,815 )
Accounts payable		60,816	( 23,269 )
Other Payables		46,912	( 8,426 )
Other Current Liabilities		10,014	( 3,176 )
Other non-current liabilities		( 8,777 )	5,322
Cash inflow generated from operations		253,896	514,150
Interest received		59,094	25,560
Interest paid		( 37,308 )	( 38,623 )
Income tax paid		( 6,369 )	( 26,224 )
Net cash inflow from operating activities		<u>269,313</u>	<u>474,863</u>

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

Years Ended December 31, 2024 and 2023

Unit: NT\$ Thousand

	<u>Notes</u>	<u>January 1 to December 31, 2024</u>	<u>January 1– December 31, 2023</u>
<b><u>Cash flows from investing activities</u></b>			
Financial assets measured at fair value through profit or loss - current increased		( \$ 68,000 )	\$ -
Financial assets measured at amortized cost - current decreased (increased)		491,183	( 531,553 )
Acquisition of property, plant and equipment	6(32)	( 98,840 )	( 262,039 )
Proceeds from disposal or redemption of property, plant and equipment		22,568	26,827
Acquisition of intangible assets		( 567 )	( 2,121 )
Decrease (increase) in refundable deposits		( 1,968 )	51
Increase in prepayment for purchases of equipment		( 14,132 )	( 7,816 )
Increase in prepayment for purchases of land		( 52,000 )	-
Other non-current assets		( 6,653 )	-
Receipt of property, plant and equipment award	6(18)	<u>23,608</u>	<u>11,683</u>
Net cash inflow (outflow) from investing activities		<u>295,199</u>	<u>( 764,968 )</u>
<b><u>Cash flows from financing activities</u></b>			
Decrease in short-term loans	6(33)	( 40,998 )	( 344,097 )
Decrease in short-term notes payable	6(33)	( 9,996 )	( 129,844 )
Proceeds from issuance of bonds	6(17)	( 33 )	- 268,316
Costs of corporate bond issuance	6(33)	- ( 3,223 )	( 3,223 )
Proceeds from long-term loans	6(33)	- ( 191,562 )	191,562
Repayment of long-term loans	6(33)	( 18,808 )	( 9,087 )
Increase in guarantee deposits received		2,169	2,884
Lease principal repayment	6(33)	( 3,457 )	( 2,202 )
Cash dividends paid	6(23)	- ( 51,611 )	51,611
Cash capital increase	6(21)	<u>-</u>	<u>262,100</u>
Net cash (inflow) outflow from financing activities		<u>( 71,090 )</u>	<u>184,798</u>
Effect of exchange rate changes		<u>( 18,677 )</u>	<u>24,447</u>
Increase (decrease) in cash and cash equivalents for the period		474,745	( 80,860 )
Cash and cash equivalents at beginning of period	6(1)	<u>486,087</u>	<u>566,947</u>
Cash and cash equivalents at end of period	6(1)	<u>\$ 960,832</u>	<u>\$ 486,087</u>

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**Attachment 4**

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**Amendments to Comparison Table of the  
"Articles of Incorporation"**

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**Hotron Precision Electronic Industrial Co., Ltd.**  
**Amendments to Comparison Table of the "Articles of Incorporation"**

Amended provisions	Current provisions	Amendment description
<p>Article 20</p> <p>If the Company has profits in a year, it shall set aside the employees' compensation and accumulated losses, it shall reserve an amount to offset the losses in advance.</p> <p>The Company shall set aside the following based on the profits of the current year before tax, prior to the deduction of employees' and directors' compensation, after offsetting losses:</p> <p>(1) Directors' compensation shall not exceed 3%.</p> <p>(2) Employees' compensation shall not be less than 1%. <b><u>(The employee compensation amount in this item should allocate no less than thirty percent to entry-level employees)</u></b></p> <p>The aforementioned employees' compensation shall be distributed in stock or cash, resolved by a majority vote in a Board meeting with at least two-thirds attendance, and reported to the shareholders' meeting. Recipients may include qualifying employees of controlled or subordinate companies, subject to conditions determined by the Board.</p>	<p>Article 20</p> <p>If the Company has profits in a year, it shall set aside the employees' compensation and accumulated losses, it shall reserve an amount to offset the losses in advance.</p> <p>The Company shall set aside the following based on the profits of the current year before tax, prior to the deduction of employees' and directors' compensation, after offsetting losses:</p> <p>(1) Directors' compensation shall not exceed 3%.</p> <p>(2) Employees' compensation shall not be less than 1%.</p> <p>The aforementioned employees' compensation shall be distributed in stock or cash, resolved by a majority vote in a Board meeting with at least two-thirds attendance, and reported to the shareholders' meeting. Recipients may include qualifying employees of controlled or subordinate companies, subject to conditions determined by the Board.</p> <p>If the Company's annual final accounts show a surplus, it shall first pay taxes,</p>	According to Article 14, Paragraph 6 of the Securities and Exchange Act, the Articles of Incorporation are hereby amended.

Amended provisions	Current provisions	Amendment description
<p>Board.</p> <p>If the Company's annual final accounts show a surplus, it shall first pay taxes, offset accumulated losses, then set aside 10% as legal reserve, unless the legal reserve has reached the Company's paid-in capital. Thereafter, a special reserve shall be set aside or reversed in accordance with laws or regulations. If there is still a surplus, it shall be combined with the accumulated undistributed surplus from the previous period. The Board of Directors shall retain an appropriate amount based on operational needs and draft a distribution proposal. If new shares are to be issued, the proposal must be submitted to the shareholders' meeting for resolution and distribution. The Company's dividend distribution policy takes into account the Company's current and future operating conditions, capital requirements, while also considering the interests of shareholders and long-term financial planning, with dividends distributed in the form of cash or stock dividends. Cash dividends shall account for no less than 10% of the total dividends distributed.</p> <p>In accordance with Article 240, Paragraph 5 of the Company Act, the Company authorizes the Board of Directors, with the attendance of more than two-thirds of the directors and the approval of a majority of the attending directors, to distribute dividends, bonuses, or the whole or a part of the statutory surplus reserve and capital</p>	<p>offset accumulated losses, then set aside 10% as legal reserve, unless the legal reserve has reached the Company's paid-in capital. Thereafter, a special reserve shall be set aside or reversed in accordance with laws or regulations. If there is still a surplus, it shall be combined with the accumulated undistributed surplus from the previous period. The Board of Directors shall retain an appropriate amount based on operational needs and draft a distribution proposal. If new shares are to be issued, the proposal must be submitted to the shareholders' meeting for resolution and distribution. The Company's dividend distribution policy takes into account the Company's current and future operating conditions, capital requirements, while also considering the interests of shareholders and long-term financial planning, with dividends distributed in the form of cash or stock dividends. Cash dividends shall account for no less than 10% of the total dividends distributed.</p> <p>In accordance with Article 240, Paragraph 5 of the Company Act, the Company authorizes the Board of Directors, with the attendance of more than two-thirds of the directors and the approval of a majority of the attending directors, to distribute dividends, bonuses, or the whole or a part of the statutory surplus reserve and capital</p>	

Amended provisions	Current provisions	Amendment description
<p>directors, to distribute dividends, bonuses, or the whole or a part of the statutory surplus reserve and capital reserve as prescribed in Article 241, Paragraph 1 of the Company Act, in the form of cash, and to report the distribution to the shareholders' meeting.</p>	<p>reserve as prescribed in Article 241, Paragraph 1 of the Company Act, in the form of cash, and to report the distribution to the shareholders' meeting.</p>	
<p>Article 22</p> <p>This Articles of Incorporation were established on December 6, 1991 and the 26th amendment was made on May 26, 2022.</p> <p><b>The 27th amendment was made on May 28, 2025.</b></p>	<p>Article 22</p> <p>This Articles of Incorporation were established on December 6, 1991 and the 26th amendment was made on May 26, 2022.</p>	<p>Added revision date.</p>

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**Attachment 5****Amendments to comparison Table of the  
"Operating Procedures for Lending  
Funds and Making  
Endorsements/Guarantees"**

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**Hotron Precision Electronic Industrial Co., Ltd.****Amendments to comparison Table of the "Operating Procedures for Lending Funds and  
Making Endorsements/Guarantees"**

Amended provisions	Current provisions	Amendment description
Chapter 2 Procedures for lending funds Article 12: Lending Targets and Evaluation Criteria  The Company shall only lend funds to companies or firms that have business relations with the Company or require short-term financing.  1. Companies or firms having business relations with the Company; the term "business relations" refers to entities that engage in purchasing or sales activities with the Company.  2. Companies that require short-term financing are limited to those in which the company directly or indirectly holds the voting shares, and only those that require short-term financing for business needs.  The aforementioned term "short-term" refers to a period of one year or one operating cycle (whichever is longer). The financing amount refers to the cumulative balance of the Company's short-term financing funds.	Chapter 2 Procedures for lending funds Article 12: Lending Targets and Evaluation Criteria  The Company shall only lend funds to companies or firms that have business relations with the Company or require short-term financing.  1. Companies or firms having business relations with the Company; the term "business relations" refers to entities that engage in purchasing or sales activities with the Company.  2. Companies that require short-term financing are limited to those in which the company directly or indirectly holds <del>more than 50%</del> of the voting shares, and that require short-term financing for business needs. The aforementioned term "short-term" refers to a period of one year or one operating cycle (whichever is longer). The financing amount refers to the cumulative balance of the Company's short-term financing funds.	Revised according to the Company's operational management requirements.
Chapter 3 Procedures for	Chapter 3 Procedures for	Revised

Amended provisions	Current provisions	Amendment description
<p>endorsements/guarantees</p> <p>Article 24 Limits of Endorsements/Guarantees</p> <p>The Company's total amount of endorsements/guarantees provided shall not exceed the current net worth of <b>200%</b>. The endorsement/guarantee amount for a single entity shall not exceed 10% of the Company's current net worth, while for a single overseas affiliated company, it shall not exceed <b>100%</b> of the Company's current net worth. The total endorsement/guarantee amount provided by the Company and its subsidiaries shall not exceed <b>200%</b> of the consolidated total net worth, while for a single entity, it shall not exceed 10% of the consolidated total net worth. When the total endorsement/guarantee amount provided by the Company and its subsidiaries exceeds 50% or more of the Company's net worth, the necessity and reasonableness of this amount shall be explained at the shareholders' meeting. Net worth is based on the Company's latest financial statements audited or reviewed by a CPA. However, for companies that have business relations with the Company, the individual endorsement/guarantee amount shall not exceed the amount of business transactions between the two parties. The amount of business transactions refers to the higher of the amounts of purchases or sales between the parties.</p>	<p>endorsements/guarantees</p> <p>Article 24 Limits of Endorsements/Guarantees</p> <p>The Company's total amount of endorsements/guarantees provided shall not exceed the Company's current net worth. The endorsement/guarantee amount for a single entity shall not exceed 10% of the Company's current net worth, while for a single overseas affiliated company, it shall not exceed <b>90%</b> of the Company's current net worth. The total endorsement/guarantee amount provided by the Company and its subsidiaries shall not exceed the consolidated total net worth, while for a single entity, it shall not exceed 10% of the consolidated total net worth. When the total endorsement/guarantee amount provided by the Company and its subsidiaries exceeds 50% or more of the Company's net worth, the necessity and reasonableness of this amount shall be explained at the shareholders' meeting. Net worth is based on the Company's latest financial statements audited or reviewed by a CPA. However, for companies that have business relations with the Company, the individual endorsement/guarantee amount shall not exceed the amount of business transactions between the two parties. The amount of business transactions refers to the higher of the amounts of purchases or sales between the parties.</p>	<p>according to the Company's operational management requirements.</p>
<p>Chapter 4 Supplementary Provisions (Omitted)</p> <p>Combined with the fifth amendment on</p>	<p>Chapter 4 Supplementary Provisions (Omitted)</p> <p>Combined with the fifth amendment on</p>	<p>Added revision date</p> <p>.</p>

Amended provisions	Current provisions	Amendment description
<p>June 10, 2019 (resolution passed at the shareholders' meeting)</p> <p>Combined with the sixth amendment on June 5, 2020 (resolution passed at the shareholders' meeting)</p> <p><b><u>Combined with the seventh amendment on May 28, 2025.</u></b></p> <p><b><u>(Resolution passed at the shareholders' meeting)</u></b></p>	<p>June 10, 2019 (resolution passed at the shareholders' meeting)</p> <p>Combined with the sixth amendment on June 5, 2020 (resolution passed at the shareholders' meeting)</p>	

# CHAPTER 4

## APPENDICES

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

Article 1 These Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies in order to establish a good governance system for the Company's shareholders' meetings, strengthen supervisory functions, and enhance management mechanisms.

Article 2 Unless otherwise specified by laws and regulations or the Articles of Incorporation, Shareholders' Meetings of the Company shall be conducted in accordance with the Rules.

Article 3 Unless otherwise provided by laws and regulations, Shareholders' Meetings of the Company shall be convened by the Board of Directors.

The Company convenes a video conference shareholders' meeting. Unless otherwise stipulated in the Regulations Governing the Administration of Shareholder Services of Public Companies, it shall be stipulated in the Articles of Incorporation, resolved by the Board of Directors, and the video shareholders' 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.

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 shareholders' meeting. The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, 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. 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 Company 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, the Company shall also have prepared the shareholders

meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

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

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

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors, amendments to the Articles of constitution, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, 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.

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

A shareholder holding one percent or more of the total number of issued shares may submit to the Corporation a proposal for discussion at an annual shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. The Board of Directors may disregard shareholders' proposals if the proposed agenda item involves any of the circumstances listed in Article 172-1, Paragraph 4 of the Company Act.

Shareholders may put forward proposals urging the Company to promote public interests or fulfill its social responsibilities. The procedure shall be in accordance with the relevant provisions of Article 172-1 of the Company Act. Any proposal exceeding one item shall not be included in the agenda.

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

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

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

**Article 4** For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

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

After a proxy form has been delivered to the Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

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

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

Shareholders' Meetings shall be held at locations that are suitable and convenient for shareholders to attend. Meetings shall not begin earlier than 9.00 a.m. nor later than 3 p.m.

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

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

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

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

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

The Corporation shall provide an attendance book in which to record the attendance of shareholders; alternatively, attendance cards may be presented instead of requiring shareholders to register their attendance in the attendance book.

Shareholders who attend the meeting shall be given a copy of the meeting manual, annual report, attendance certificate, speech note, ballots, and other information relevant to the meeting. Shareholders shall be given election ballots when there is to be an election of directors or supervisors.

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

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

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

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

To convene a virtual shareholders meeting, the Corporation shall include the following particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure

events, at least covering the following particulars:

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

3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online shall be specified. 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.

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

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

The preceding chairperson shall be served by a managing director or director acting on their behalf, preferably a managing director or director who has been in office for more than six months and understands the company's financial and business conditions. The same shall be true for a representative of a juristic person director that serves as chair.

For shareholders' meetings convened by the Board of Directors, the Chairman should preside in person, and more than half of the directors (including at least one independent director) and the convener of the Audit Committee should attend in person, with at least one representative from other functional committees present. The attendance status should be recorded in the meeting minutes.

If the Shareholders' Meeting is convened by an authorized party other than the Board of Directors, the convener will act as the meeting's Chairperson. If there are two or more conveners present at the same time, one shall be appointed from among them to chair the meeting.

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

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

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

Where a shareholders meeting is held online, the 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.

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.

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.

#### Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares.

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

The 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.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more

than two such postponements, for a combined total of no more than one hour, may be made. If a quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Corporation shall also declare the meeting adjourned on the virtual meeting platform. If a quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register with the Corporation in accordance with Article 6.

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

**Article 10** If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors. In either of the two arrangements described above, the Chairperson cannot dismiss the meeting while an agenda item (including any special motion) is in progress. If the Chairperson violates the meeting policy by dismissing the meeting when not authorized to do so, other members of the board shall immediately assist the attending shareholders to elect another Chairperson with the support of more than half of the voting rights there represented and shall continue the meeting.

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, and schedule sufficient time for voting.

#### **Article 11 (Shareholder speech)**

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

A shareholder in attendance who has submitted a speaker's slip but does not actually

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

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

Where an institutional shareholder has appointed two or more representatives to attend the Shareholders' Meeting, only one representative may speak per agenda item.

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

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing 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.

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.

## Article 12 (Calculation of voting shares and recusal system)

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

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

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

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

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

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.

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

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

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

Except as otherwise provided in the Company Act and in the 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.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed,

the other proposals will then be deemed rejected, and no further voting shall be required.

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

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

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

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

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

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

## Article 14 (Election Matters)

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, and the names of directors not elected and number of votes they received.

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 recording shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

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

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

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's full names, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents, or other force majeure events, and how issues are dealt with shall also be included in the minutes.

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

Article 16 (Public disclosure)

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

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

If matters put to a resolution at a shareholders meeting constitute material

information under applicable laws or regulations or under the Taiwan Stock Exchange Corporation (or TPEx) regulations, the Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

**Article 17 (Maintaining order at the meeting place)**

Personnel working at the Shareholders' Meeting must wear identification cards or badges.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. Such disciplinary officers or security staff must wear either badges marked "Disciplinary Officers" or identification cards.

The shareholder making oral presentation at the meeting shall use the equipment provided by the Company, or the Chairperson may stop the presentation.

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

**Article 18 (Intermission)**

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

The Shareholders' Meeting may resolve to move the meeting to another venue to continue the meeting when the availability of the meeting venue is expired and the meeting is not completed.

Shareholders may resolve to postpone the meeting and to reconvene it within the next five days, according to Article 182 of the Company Act.

**Article 19 (Disclosure of information at virtual meetings)**

In the event of a virtual Shareholders' Meeting, the Company shall disclose the realtime results of votes and elections immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue for at least 15 minutes after the Chairperson has adjourned the meeting.

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

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

**Article 21 (Handling of disconnection)**

When the shareholders' meeting is convened by video conference, the Company

shall provide simple connection test for shareholders prior to the meeting, and provide relevant services during the meeting to assist in handling technical communication issues.

When a shareholders meeting is held by video conference, 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, 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.

When a meeting is postponed or resumed as described in the preceding paragraph, shareholders who had not registered to participate in the affected Shareholders' Meeting online shall not attend the postponed or resumed session.

For a meeting that has been postponed or resumed under the second paragraph of this Article, the number of shares represented by and the voting rights and election rights exercised by the shareholders who registered to participate in the affected Shareholders' Meeting and who successfully signed into the meeting but who do not then go on to attend the postponed or resumed session shall nevertheless be counted towards the total number of shares, number of voting rights, and number of election rights represented at the postponed or resumed session.

When the Company convenes a video-assisted shareholders' 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 shareholders' meeting by video, still reaches the minimum legal requirement for a shareholders meeting, then the shareholders meeting shall continue.

When the Company convenes a hybrid Shareholders' 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 Shareholders' Meeting online, still meets the minimum legal requirement for a Shareholders' Meeting, then the meeting shall continue, and no postponement or resumption thereof is required.

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

Shareholders' Meeting.

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

For dates or periods set forth under Article 12 (second half) and Article 13, Paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholders' 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 Shareholders' Meeting that is postponed or resumed under the paragraph 2.

**Article 22 (Handling of digital divide)**

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. 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.

**Article 23** These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

**Article 24** These Rules were 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 June 3, 2024.

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.

## **Articles of Incorporation**

### **Chapter 1 [General Principles]**

Article 1: The Company is organized in accordance with the provisions of the Company Act and is named HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD. English name is HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.

Article 2: The business operations of the Company are as follows:

1. C805050 Industrial Plastic Products Manufacturing
2. CA01110 Smelting and Refining of Copper
3. CA01130 Copper Rolling, Drawing and Extruding
4. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
5. CC01020 Electric Wires and Cables Manufacturing
6. CC01080 Electronics Components Manufacturing
7. CC01110 Computer and Peripheral Equipment Manufacturing
8. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
9. CD01030 Motor Vehicles and Parts Manufacturing
10. CD01040 Motorcycles and Parts Manufacturing
11. CD01050 Bicycles and Parts Manufacturing
12. CD01990 Other Transport Equipment and Parts Manufacturing
13. CQ01010 Mold and Die Manufacturing
14. E603010 Cable Installation Engineering
15. EZ05010 Instrument and Meters Installation Engineering
16. F106030 Wholesale of Molds
17. F107200 Wholesale of Chemical Feedstock
18. F113050 Wholesale of Computers and Clerical Machinery Equipment
19. F119010 Wholesale of Electronic Materials

- 20. F219010 Retail Sale of Electronic Materials
- 21. F401010 International Trade
- 22. H201010 Investment
- 23. H701010 Housing and Building Development and Rental
- 24. H701020 Industrial Factory Development and Rental
- 25. H703090 Real Estate Business
- 26. H703100 Real Estate Rental and Leasing
- 27. I102010 Investment Consulting
- 28. I103060 Management Consulting
- 29. I199990 Other Consulting Service
- 30. IG03010 Energy Technical Services
- 31. IZ12010 Manpower Dispatched
- 32. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: For the needs of its business operations, the Company may provide external guarantees and make investments in other enterprises, with the total amount of such investments exceeding 40% of the Company's paid-in capital.

Article 3: The Company is headquartered in Taipei City. If necessary, the Company may establish branches domestically or abroad upon resolution of the Board of Directors.

Article 4: The method of public announcement of the Company shall be handled in accordance with Article 28 of the Company Act.

## **Chapter 2 [Shares]**

Article 5: The authorized capital of the Company is NT\$2 billion, divided into 200 million shares at par value of NT\$10, the unissued shares may be issued in installments. Of the aforementioned total capital, NT\$300 million is reserved for the issuance of share subscription warrants, bonds with share subscription warrants or preferred shares with share subscription warrants, totaling 30 million shares at NT\$10 per share, which may be issued in multiple tranches as resolved by the board of directors.

The company's legally repurchased treasury shares, employee stock option certificates, employee new share subscription rights, and employee restricted new shares, may be granted or transferred to employees of controlled or subordinate companies who meet certain conditions. These conditions are to be established by the Board of Directors.

Article 6: (Deleted).

Article 7: The Company's shares shall be in registered form, signed or sealed by the directors representing the Company, and issued after being certified by a bank legally entitled to certify the issuance of shares. The Company is exempt from printing certificates for shares issued, but the centralized securities depository institution should be contacted for registration.

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

Article 8-1: If the Company's shares are proposed to be delisted from public offering, it shall be resolved by the shareholder' meeting, and this provision shall not be altered during the period of trading on the over-the-counter market and the period of listing on the stock exchange.

### **Chapter 3 Shareholder' Meetings**

Article 9: Shareholder meetings are categorized into annual and extraordinary meetings. The annual meeting must be convened by the Board of Directors at least once each year and held within six months following the end of each fiscal year, as required by law. Extraordinary meetings are convened as necessary, also in accordance with the law. The shareholder' meeting can be held by means of virtual meetings or other methods promulgated by the central competent authority.

Article 10: If a shareholder is unable to attend the shareholder' meeting for any reason, the shareholder may appoint a proxy to attend the meeting on his/her behalf by executing a power of attorney printed by the Company stating the scope of authorization. The shareholder shall sign or affix his/her seal on the power of attorney and appoint a proxy to attend the meeting. The appointment of proxies to attend shareholder' meetings shall be handled in accordance with the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

Article 11: Each shareholder of the Company shall have one vote for each share held, except for shares that have no voting rights as stipulated in Article 179 of the Company Act.

Article 12: Resolutions at shareholder' meetings shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. The Company's shareholders may exercise their voting rights electronically. Shareholders who exercise their voting rights electronically shall be deemed as attending the meeting in person, and relevant matters shall be handled in accordance with the provisions of relevant laws and regulations.

## **Chapter 4 [Directors and Audit Committee]**

Article 13: The Company shall have five to seven directors, who shall be elected at the shareholder' meeting from among the candidates nominated under the candidate nomination system specified in Article 192-1 of the Company Act. The term of office of directors shall be three years, and they may be re-elected.

The number of independent directors shall not be less than three and shall not be less than one-fifth of the total number of director seats. Matters regarding the professional qualifications, shareholding, restrictions on concurrent positions, nomination and election methods, and other compliance requirements of independent directors shall be handled in accordance with relevant laws and regulations.

When electing directors, the Company shall comply with Article 198 of the Company Act. Independent directors and non-independent directors shall be elected at the same time, with the number of elected seats calculated separately. Those receiving ballots representing the highest numbers of voting rights shall be elected as independent directors and non-independent directors respectively.

The proportion of shareholding by all directors shall be in accordance with the regulations of the securities authorities.

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

The exercise of power and related matters of the audit committee and its members shall be handled in accordance with the relevant provisions of the Securities and Exchange Act.

Article 13-2: The remuneration of all directors shall be authorized by the Board of Directors based on the evaluation of the Remuneration Committee, the level of participation in the Company's operations, individual contributions, and with reference to the usual standards of the industry.

The Company may purchase liability insurance for directors during their term of office for the compensation liabilities they should bear according to law within the scope of their business execution.

Article 13-3: The convening of the Company's Board of Directors' meeting shall be notified to each director seven days prior to the meeting. In case of emergency, the Board of Directors' meeting may be convened at any time. The convening of the Company's Board of Directors' meeting may be done in writing, by email, or by fax.

Article 14: The Board of Directors shall be composed of directors. The Chairman and Vice Chairman shall be elected by and from among the directors with the approval of a

majority of the directors present at a meeting attended by at least two-thirds of the directors. The Chairman shall externally represent the Company.

Article 15: When the Chairman is on leave or unable to exercise his/her powers for some reason, the Vice Chairman shall act on his/her behalf. If the Vice Chairman is also on leave or unable to exercise his/her powers for some reason, the acting appointee shall be designated in accordance with the provisions of Article 208 of the Company Act.

Article 16: When a director is unable to attend a Board of Directors' meeting for some reason, he/she may appoint another director to attend the meeting on his/her behalf in accordance with the law. However, a director may only accept the appointment from one other director.

## **Chapter 5 [Managerial Officers ]**

Article 17: The Company may have one President and several Vice Presidents. Their appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act and with reference to the Company's internal salary approval regulations.

## **Chapter 6 [Accounting]**

Article 18: At the end of each fiscal year, the Board of Directors shall prepare the following statements and records and submit them to the shareholder' meeting for ratification in accordance with the statutory procedures:

1. Business Report.
2. Financial statements.
3. The proposal for distribution of surplus profit or covering of losses.

Article 19: (Deleted)

Article 20: If the Company has profits in a year, it shall set aside the employees' compensation and accumulated losses, it shall reserve an amount to offset the losses in advance.

The Company shall set aside the following based on the profits of the current year before tax, prior to the deduction of employees' and directors' compensation, and after offsetting losses:

- (1) Directors' compensation shall not exceed 3%.
- (2) Employees' compensation shall not be less than 1%.

The aforementioned employees' compensation shall be distributed in stock or cash, resolved by a majority vote in a Board meeting with at least two-thirds attendance, and reported to the shareholders' meeting. Recipients may include qualifying employees of controlled or subordinate companies, subject to conditions determined by the Board.

If the Company's annual final accounts show a surplus, it shall first pay taxes, offset accumulated losses, then set aside 10% as legal reserve, unless the legal reserve has reached the Company's paid-in capital. Thereafter, a special reserve shall be set aside or reversed in accordance with laws or regulations. If there is still a surplus, it shall be combined with the accumulated undistributed surplus from the previous period. The Board of Directors shall retain an appropriate amount based on operational needs and draft a distribution proposal. If new shares are to be issued, the proposal must be submitted to the shareholders' meeting for resolution and distribution.

The Company's dividend distribution policy takes into account the Company's current and future operating conditions, capital requirements, while also considering the interests of shareholders and long-term financial planning, with dividends distributed in the form of cash or stock dividends. Cash dividends shall account for no less than 10% of the total dividends distributed.

In accordance with Article 240, Paragraph 5 of the Company Act, the Company authorizes the Board of Directors, with the attendance of more than two-thirds of the directors and the approval of a majority of the attending directors, to distribute dividends, bonuses, or the whole or a part of the statutory surplus reserve and capital reserve as prescribed in Article 241, Paragraph 1 of the Company Act, in the form of cash, and to report the distribution to the shareholders' meeting.

## **Chapter 7 [Supplementary Provisions]**

Article 21: Any matters not provided for in these Articles of Incorporation shall be handled in accordance with the provisions of the Company Act.

Article 22: These Articles of Incorporation were established on December 6, 1991.  
The 1st amendment was made on January 15, 1992.  
The 2nd amendment was made on August 7, 1992.  
The 3rd amendment was made on August 1, 1994.  
The 4th amendment was made on August 5, 1997.  
The 5th amendment was made on November 20, 1997.  
The 6th amendment was made on June 20, 1998.  
The 7th amendment was made on June 1, 1999.  
The 8th amendment was made on June 12, 2000.  
The 9th amendment was made on August 10, 2000.  
The 10th amendment was made on October 26, 2000.  
The 11th amendment was made on April 8, 2002.  
The 12th amendment was made on June 30, 2003.  
The 13th amendment was made on June 26, 2006.

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

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

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

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

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

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

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

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

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

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

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

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

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

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## Appendix 3

# Operating Procedures for Lending Funds and Making Endorsements/Guarantees (Before Amendment)

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### Hotron Precision Electronic Industrial Co., Ltd.

### Operating Procedures for Lending Funds and Making Endorsements/Guarantees

#### Chapter 1 [General Principles]

Article 1 When the Company lends funds to others, makes endorsements, or provides guarantees for others, it shall be handled in accordance with the provisions of these Procedures. However, if financial-related laws and regulations stipulate otherwise, those regulations shall prevail.

Article 2 The terms "subsidiary" and "parent company" as stipulated in these Procedures shall be determined in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.  
The Company's financial statements are prepared in accordance with International Financial Reporting Standards. The term "net worth" as used in these Procedures refers to equity attributable to the owners of the parent company as specified in the balance sheet in accordance with the Company's financial statement preparation standards.

Article 3 The term "public announcement and reporting" as used in these Procedures refers to entering information into the information reporting website designated by the Financial Supervisory Commission. In these Procedures, the date of occurrence refers to the earliest of the contract signing date, payment date, board resolution date, or any other date that confirms the fund or endorsement/guarantee recipient and amount.

Article 4 These Procedures shall first be approved by the Audit Committee, then passed by the Board of Directors, and subsequently submitted to the shareholders' meeting for approval. If any director expresses objection with a record or written statement, the Company shall submit the objection to the Audit Committee and report it to the shareholders' meeting for discussion. The same applies when making amendments.  
The Company has appointed independent directors. When submitting these Procedures to the Board of Directors for discussion in accordance with the preceding paragraph, the opinions of each independent director shall be fully considered. If an independent director expresses objection or reservation, it shall be recorded in the minutes of the Board meeting.

The Company has appointed independent directors. When notifying the Audit Committee of matters in accordance with the provisions of Article 6, Paragraph 2, the independent directors shall be notified in writing; when submitting improvement plans to the Audit Committee in accordance with the provisions of Article 15 or Article 26, such plans shall also be submitted to the independent directors.

The Company has established an Audit Committee. The provisions regarding supervisors in Articles 6, 15, and 26 shall apply mutatis mutandis to the Audit Committee.

Article 5 The Company shall publicly announce and report the balance of lending funds and making endorsements/guarantees by the Company and its subsidiaries for the preceding month by the 10th day of each month.

Article 6 The Company shall establish a register for lending funds and making endorsements/guarantees, in which details of the borrowers and guaranteed parties, amounts, dates of approval by the Board of Directors (or the Chairman's decision), dates of funds and endorsements/guarantees, and matters that should be carefully evaluated according to the procedures shall be recorded for reference.  
The Company's internal audit personnel shall audit the Procedures for Lending Funds and Making Endorsements/Guarantees and their implementation at least quarterly, and prepare written records. If any material violations are found, they shall immediately notify the Audit Committee in writing.  
When the Company engages in lending funds to others and making endorsements/guarantees, it shall do so in accordance with these Procedures. If any material violations are discovered, depending on the circumstances, the manager and person-in-charge shall be disciplined accordingly.

Article 7 The Finance Division shall appropriately evaluate or recognize allowances for bad debts for lending funds to others and contingent losses for making endorsements/guarantees, and properly disclose relevant information in the financial statements, as well as provide relevant data to the certified public accountants to enable them to perform necessary audit procedures.

Article 8 If a subsidiary of the Company intends to lend funds to others or make endorsements/guarantees, the Company shall ensure that the subsidiary establishes procedures for lending funds and making endorsements/guarantees in accordance with these Procedures.

Article 9 The Company's manager and person-in-charge who violate the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" or

these Procedures shall be subject to appropriate penalties by the Company depending on the severity of the violation.

**Article 10** For matters not specified in these Procedures, they shall be handled in accordance with relevant laws and regulations and the Company's relevant rules.

## Chapter 2 Procedures for lending funds

**Article 11 Responsible unit**

The Company's matters relating to lending funds to others shall be handled by the Finance Division.

**Article 12 Lending Targets and Evaluation Criteria**

The Company shall only lend funds to companies or firms that have business relations with the Company or require short-term financing.

1. Companies or firms having business relations with the Company; the term "business relations" refers to entities that engage in purchasing or sales activities with the Company.
2. Companies that require short-term financing are limited to those in which the Company directly or indirectly holds more than 50% of the voting shares. The aforementioned term "short-term" refers to a period of one year or one operating cycle (whichever is longer). The financing amount refers to the cumulative balance of the Company's short-term financing funds.

**Article 13 Total amount of funds lent and the limits for individual recipients**

1. For companies or firms with business relations, the total amount lent and individual loan amount shall not exceed the amount of business dealings between the parties in the most recent fiscal year. The amount of business transactions refers to the higher of the amounts of purchases or sales between the parties.
2. The total amount of short-term financing loans shall not exceed 40% of the Company's net worth, and the individual loan amount shall not exceed 40% of the Company's net worth.

For loans between the Company's direct and indirect 100%-owned foreign companies, either from or to such companies, are exempt from the restriction in the second paragraph. However, the total amount of short-term financing loans shall not exceed 100% of the Company's net worth, and the individual loan amount shall not exceed 100% of the Company's net worth

If the Company's paid-in capital reaches NT\$1 billion or more in the future, and the Company has joined the Taipei Leasing Association, declared compliance with self-

regulatory standards, and has processed matters in accordance with these Procedures, it shall not be subject to the financing amount restrictions set forth in Subparagraph 2 of Paragraph 1 when engaging in short-term financing. However, the loan amount shall not exceed 100% of the Company's net worth, and risk assessments and lending limits should be strengthened separately for unsecured collaterals, companies in the same industry, and the same affiliated enterprises or group enterprises.

When the Company's responsible person violates the provisions of Paragraph 1 and the proviso of the preceding paragraph, they shall be jointly and severally liable with the borrower for repayment; if the Company suffers any damage, they shall also be liable for compensation for such damage.

**Article 14** If the Company intends to lend funds to others, it shall be implemented only after approval by the Board of Directors.

For loans between the Company and its subsidiaries, or between subsidiaries, shall be submitted to the Board of Directors for resolution in accordance with the preceding paragraph, and the Chairman may be authorized to make loans to the same borrower in installments or on a revolving basis within a certain amount resolved by the Board of Directors and for a period not exceeding one year.

The "certain amount" referred to in the preceding paragraph, except for those meeting the provisions of Paragraph 2 of Article 13, the authorized amount for loans from the Company or its subsidiaries to a single enterprise shall not exceed ten percent of the net worth in the Company's most recent financial statements.

**Article 15** Operating procedures for lending funds

1. Basic information and financial data of the enterprise intended for the loan should be provided and submitted to the Company's Finance Division for review. The Finance Division's review process should include:

- (1) The necessity and reasonableness of lending funds to others, specifically when there is a need for short-term financing due to business requirements.
- (2) Credit investigation and risk assessment of the borrower.
- (3) The impact on the Company's operational risks, financial condition, and shareholders' rights.
- (4) Whether collateral should be obtained and an assessment of its value.

2. The Finance Division staff will compile the relevant information and assessment results mentioned in the previous item, submit them for the Chairman's decision, and then present them at the next Board meeting for approval. Implementation will be based on the Board's resolution. Upon approval, the Finance Division shall record the borrower, amount, Board approval date, fund lending date, and matters specified in Paragraph 1 of Article 6 in a register for reference.

3. Subsequent control measures for amounts already lent: The Finance Division should pay close attention to the borrower's repayment situation and avoid the occurrence of overdue debts. When the borrower makes repayments, the repayment information should be recorded in the fund lending register.
4. The Finance Division shall, in accordance with generally accepted accounting principles, regularly evaluate fund lending situations and allocate sufficient allowance for bad debts, properly disclose relevant information in financial reports, and provide related data to the certifying accountants for necessary audit procedures.
5. The Company's internal audit personnel shall audit the procedures for lending funds to others and their implementation at least quarterly, and prepare written records. If any material violations are found, they shall immediately notify the Audit Committee in writing.
6. If there are overdue debts that cannot be recovered after dunning, legal action should be immediately taken against the debtor to protect the Company's rights and interests.
7. If, due to changes in circumstances, the borrower no longer meets the requirements of these Procedures or regulations, or the lending amount exceeds the limit, the Company shall establish an improvement plan, submit the relevant improvement plan to the Audit Committee, and complete the improvements according to the planned schedule.

## Article 16 Procedures for Reviewing Fund Lending

The Company's procedures for reviewing fund lending to others are as follows:

1. The borrower makes a request.
2. The Finance Division reviews the necessity and reasonability, and verifies the credit limits and credit investigation.
3. The Finance Division submits the report to the responsible supervisor.
4. The President approves and signs the report.
5. The Chairman approves and signs the report.
6. Approved by the Board of Directors.
7. The Finance Division completes the security procedures, issues checks or wire transfers for the loan amount.
8. The borrower acknowledges receipt by signing.

## Article 17 Terms of Fund Financing and Interest Calculation Method

1. Each financing transaction shall be limited to a period not exceeding one year, and the repayment date must be specified at the time of borrowing. If repayment cannot be made at maturity and an extension is needed, a request must be submitted in advance and extended after approval by the Board of Directors.
2. The interest rate will be adjusted in accordance with market rates and the interest will be calculated on a monthly basis. However, companies in which the Company

directly or indirectly holds more than 50% of the voting shares are not subject to this limitation.

#### Article 18 Credit investigation and risk assessment

The Finance Division of the Company should routinely collect, analyze, and evaluate the credit and operational status of borrowing institutions, providing this information to the Board of Directors as a reference for risk assessment.

#### Article 19 Safeguarding

In loan cases where collateral is required to be provided, the borrower must provide real estate or securities of equivalent value as a pledge to the Company at the time of borrowing, or sign a promissory note with the expected repayment date as the maturity date and deliver it to the Company for safekeeping, as a form of security.

#### Article 20 Public Announcement and Reporting Procedures

1. The Company shall, before the 10th day of each month, announce and report the balance of funds lent to others by the Company and its subsidiaries in the previous month.
2. When the balance of funds lent to others by the Company reaches one of the following criteria, the Company shall, on the day of the occurrence, announce and report within two days from the date of occurrence.
  - (1) When the balance of funds lent to others by the Company and its subsidiaries reaches 20% or more of the net worth in the Company's most recent financial statements.
  - (2) When the balance of funds lent to a single enterprise by the Company and its subsidiaries reaches 10% or more of the net worth in the Company's most recent financial statements.
  - (3) When the newly increased amount of funds lent by the Company or its subsidiaries reaches NT\$10 million or more and 2% or more of the net worth in the Company's most recent financial statements.
3. If a subsidiary of the Company is not a domestic public company, any announcement and reporting matters required for that subsidiary under subparagraph (3) of the preceding paragraph shall be made by the Company.

#### Article 21 Control procedures for lending funds to others by subsidiaries

1. For loans between the Company's subsidiaries and others, shall be submitted to the Board of Directors for approval and the Chairman may be authorized to make loans to the same borrower in installments or on a revolving basis within a certain amount resolved by the Board of Directors and for a period not exceeding one year. Subsidiaries shall handle matters related to lending funds to others in accordance with their own procedures for lending funds to others.
2. Subsidiaries shall prepare a detailed statement of funds lent to others for the preceding month by the 5th day (inclusive) of each month and submit it to the Company for review. The Company's Finance Devision shall make the announcement and reporting on behalf of the subsidiaries before the 10th day of each month.
3. When the Company's auditors conduct audits at subsidiaries according to the annual audit plan, they shall also understand the implementation of the subsidiaries' procedures for lending funds to others. If any deficiencies are found, the auditors shall continuously track their improvement and prepare a follow-up report to be submitted to the President, to ensure that appropriate improvement measures have been taken in a timely manner.

### Chapter 3 Procedures for endorsements/guarantees

#### Article 22 Scope of application

The term "endorsements/guarantees" as used in these Procedures refers to the Company acting as a co-issuer, endorser, guarantor, or ordinary joint guarantor of notes in the name of the Company, including the following items:

1. Financing endorsement/guarantee, including:
  - (1) Discounting of customer's notes.
  - (2) Endorsements/guarantees made for the purpose of financing other companies.
  - (3) The issuance of notes to non-financial enterprises as collateral for the Company's financing purposes.
2. Customs endorsement/guarantee refers to endorsements/guarantees made for customs matters related to the Company or other companies.
3. Other endorsements/guarantees refer to endorsement/guarantee matters that cannot be classified into the two categories mentioned above.

The Company shall also follow these Procedures when providing movable or immovable property as collateral for other companies' loans through pledges or mortgages.

#### Article 23 Endorsee/Guarantee

1. Companies who have business relations with the Company.

2. Companies in which the Company directly or indirectly holds more than 50% of the voting shares.
3. Companies that directly or indirectly hold more than 50% of the voting shares in the Company.
4. Companies in which all capital contributing shareholders provide endorsements/guarantees based on their shareholding ratios due to their joint investment relationships. The term "capital contribution" refers to direct capital contribution by the Company or capital contribution through a company in which the Company holds 100% of the voting shares.
5. Endorsements/guarantees may be provided between companies in which the Company directly or indirectly holds 90% or more of the voting shares, with the amount not exceeding 10% of the Company's net worth. However, endorsement guarantees between companies in which the Company directly or indirectly holds 100% of the voting shares are not subject to this limitation.

#### Article 24 Limits of Endorsements/Guarantees

The Company's total amount of endorsements/guarantees provided shall not exceed the Company's current net worth. The endorsement/guarantee amount for a single entity shall not exceed 10% of the Company's current net worth, while for a single overseas affiliated company, it shall not exceed 90% of the Company's current net worth. The total endorsement/guarantee amount provided by the Company and its subsidiaries shall not exceed the total consolidated net worth, while for a single entity, it shall not exceed 10% of the consolidated total net worth. When the total endorsement/guarantee amount provided by the Company and its subsidiaries exceeds 50% or more of the Company's net worth, the necessity and reasonableness of this amount shall be explained at the shareholders' meeting. Net worth is based on the Company's latest financial statements audited or reviewed by a CPA. However, for companies that have business relations with the Company, the individual endorsement/guarantee amount shall not exceed the amount of business transactions between the two parties. The amount of business transactions refers to the higher of the amounts of purchases or sales between the parties.

#### Article 25 The Company may require the guaranteed company to provide collateral in the form of pledges or mortgages on movable or immovable property based on actual needs.

#### Article 26 Operating procedures for endorsements/guarantees

1. When the endorsed and guaranteed enterprise requires to use the endorsement/guarantee amount within the limit, it shall provide basic and financial information, complete an application form, and submit the application to the Finance Division of the Company. The finance unit should conduct a thorough evaluation and

carry out credit assessments. Evaluation items include the necessity and reasonableness, credit investigation, and risk assessment of the endorsee/guarantee, whether the endorsement/guarantee amount is commensurate with the business transaction amount, the impact on the Company's operational risk, financial condition and shareholders' rights, as well as whether collateral should be obtained and the evaluation of its value.

2. The personnel in charge at the Company's Finance Division shall compile the relevant information and evaluation results mentioned in the preceding paragraph. If the accumulated balance of endorsements/guarantees at the time of processing does not exceed NT\$50 million (inclusive), the matter shall be submitted to the Chairman for approval before proceeding, and subsequently reported to the nearest Board of Directors meeting for ratification. If the accumulated balance of endorsements/guarantees has already exceeded NT\$50 million, the matter shall be submitted to the Board of Directors for approval and processed according to the Board's resolution. Upon final approval, the Finance Division shall record the endorsements/guarantees in the registry book for future reference.
3. The endorsement/guarantee registry book established by the Finance Division shall record in detail the endorsement/guarantee recipient, amount, date of Board of Directors approval or Chairman's decision, date of endorsement/guarantee, matters that should be carefully evaluated as stipulated in paragraph 1, collateral content and its appraised value, as well as the conditions and date for the release of endorsement/guarantee obligations.
4. When the endorsed and guaranteed enterprise makes a repayment, it should notify the Company of the repayment information to release the Company from its guarantee obligation, and this information should be recorded in the endorsement/guarantee registry book.
5. When the Company needs to exceed the limits set in the operating procedures for making endorsements/guarantees due to business requirements and meets the conditions stipulated in the Company's procedures for endorsements/guarantees, it must obtain the Board of Directors' approval. In addition, more than half of the directors must jointly guarantee any potential losses arising from the excess. The operating procedures for making endorsements/guarantees should also be amended and reported to the shareholders' meeting for ratification. If the shareholders' meeting does not approve, a plan should be established to eliminate the excess portion within a specified period.

The Company has appointed independent directors. During Board discussions, the opinions of each independent director shall be fully considered. If an independent director expresses objection or reservation, it shall be recorded in the minutes of the Board meeting.

6.If, due to changes in circumstances, the endorsee/guarantee no longer meets the requirements of these Procedures or regulations, or the amount exceeds the limit, the Company shall establish an improvement plan, submit the relevant improvement plan to the Audit Committee, and complete the improvements according to the planned schedule.

#### Article 27 Endorsement/guarantee and cancellation

- 1.When the Company processes endorsements/guarantees, the finance unit should submit a report specifying the endorsement/guarantee recipient, type, reason, and amount, and proceed in accordance with the limits stipulated in Article 24 and the provisions in Article 26, Paragraph 2.
- 2.When the Company cancels an endorsement/guarantee, the Finance Division is responsible for the execution. After cancellation, it should be recorded in the registry book for reference and reported to the Chairman.

#### Article 28 Deadlines and Content for Announcement and Reporting

- 1.The Company shall, before the 10th day of each month, announce and report the balance of endorsements/guarantees by the Company and its subsidiaries in the previous month.
- 2.When the balance of endorsements/guarantees by the Company reaches one of the following criteria, the Company shall, on the day of the occurrence, announce and report within two days from the date of occurrence.
  - (1) When the balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the net worth in the Company's most recent financial statements.
  - (2) When the balance of endorsements/guarantees for a single entity provided by the Company and its subsidiaries reaches 20% or more of the net worth in the Company's most recent financial statements.
  - (3) When the balance of endorsements/guarantees for a single entity provided by the Company and its subsidiaries reaches NT\$10 million or more, and the total amount of its endorsements/guarantees, investment accounted for using the equity method, and balance of funds lent reaches 30% or more of the Company's net worth as shown in its most recent financial statements.
  - (4) When the newly increased amount of endorsements/guarantees by the Company or its subsidiaries reaches NT\$30 million or more, and 5% or more of the net worth in the Company's most recent financial statements.
3. If a subsidiary of the Company is not a domestic public company, any announcement and reporting matters required for that subsidiary under subparagraph (4) of the preceding paragraph shall be made by the Company.

## Article 29 Procedures for the Use and Safekeeping of Seals

The Company shall use the company seal registered with the Ministry of Economic Affairs as the dedicated seal for endorsements/guarantees. Company seals, bills, and others should be kept by designated personnel separately. The seal should be kept by designated personnel approved by the Board of Directors, and may only be used for affixing seals or issuing bills according to the specified operating procedures.

## Article 30 Control procedures for endorsements/guarantees for subsidiaries

1. When a subsidiary in which the Company directly and indirectly holds more than 90% of the voting shares makes an endorsement/guarantee according to Article 23, Paragraph 1, Subparagraph 5, it shall submit the matter to the Company's Board of Directors for resolution before proceeding. However, companies in which the Company directly or indirectly holds 100% or more of the voting shares are not subject to this limitation.
2. Subsidiaries shall prepare a detailed statement of endorsements/guarantees provided to others for the preceding month by the 5th day (inclusive) of each month and submit it to the Company for review. The Company's Finance Devision shall make the announcement and reporting on behalf of the subsidiaries before the 10th day of each month.
3. When the Company's auditors conduct audits at subsidiaries according to the annual audit plan, they shall also understand the implementation of the subsidiaries' procedures for endorsements/guarantees to others. If any deficiencies are found, the auditors shall continuously track their improvement and prepare a follow-up report to be submitted to the President.

## Article 31 If the endorsee/guarantee is for a subsidiary whose net worth is less than half of its paid-in capital, the following subsequent control measures shall be implemented:

1. In terms of business, if the subsidiary's operational condition is strong, the Company should assist in its expansion to increase revenue and profitability, thus strengthening its operational structure. However, if the subsidiary's operational condition is poor and its future development prospects are concerning, its operational scale should be reduced with a focus on preserving asset safety.
2. In terms of finance, the Company should assist the subsidiary in controlling all cash inflows and outflows to facilitate company operations.
3. In terms of internal control, the Company should assist the subsidiary in controlling various internal control operation processes. When necessary, the Company should audit the implementation of internal controls to clarify whether there are any deficiencies in internal control execution. For subsidiaries with no par value shares or shares with a par value other than NT\$10 per share, the paid-in capital referred to

in the preceding paragraph shall be calculated as the sum of share capital plus capital surplus - share premium.

#### Chapter 4 Supplementary Provisions

The original Operating Procedures for Lending Funds to Others was established on June 20, 1998.

The 1st amendment was made on June 26, 2006.

The 2nd amendment was made on June 28, 2007.

The 3rd amendment was made on May 21, 2008.

The original Operating Procedures for Making Endorsements/Guarantees was established on June 20, 1998.

The 1st amendment was made on June 27, 2005.

The 2nd amendment was made on June 26, 2006.

The 3rd amendment was made on June 28, 2007.

The 4th amendment was made on May 21, 2008.

This combined Operating Procedures for Lending Funds and Operating Procedures for Making Endorsements/Guarantees was amended on June 25, 2009

Combined with the second amendment on May 14, 2010. (resolution passed at the shareholders' meeting)

Combined with the third amendment on June 9, 2011 (resolution passed at the shareholders' meeting)

Combined with the fourth amendment on June 3, 2013 (resolution passed at the shareholders' meeting)

Combined with the fifth amendment on June 10, 2019 (resolution passed at the shareholders' meeting)

Combined with the sixth amendment on June 5, 2020 (resolution passed at the shareholders' meeting)

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

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

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

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

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

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

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

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

The board of directors of the Company shall consider adjusting its composition

based on the results of performance evaluation.

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

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

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

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

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

Article 8 In the election of directors, ballot boxes are prepared by the board of directors, and shall be opened and inspected in public by the scrutineers before voting. The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 9 If the candidate is a shareholder, the voter shall enter the name of the candidate and the shareholder's account number in the "Candidate" column of the ballot; if

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

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

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

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

**Article 12** The number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

**Article 13** (Deleted.)

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

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

189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

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

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

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

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

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

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

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

The 1<sup>st</sup> amendment was made on June 28, 2007

The 2nd amendment was made on May 21, 2008

The 3rd amendment was made on June 5, 2012

The 4th amendment was made on June 15, 2015

The 5th amendment was made on June 8, 2018

The 6th amendment was made on June 5, 2020

## **Appendix 5 Directors' Shareholdings**

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.

### **Shareholding of Directors and Supervisors**

**Directors List**

**March 30, 2025**

Position	Name	Election Date	Shareholding while elected			Current shareholding		
			Type	Number of Shares	Shareholding ratio (%)	Type	Number of Shares	Shareholding ratio (%)
Chairman	Gao Peng Co., Ltd. Representative Chang, Li-Jung	May 30, 2023	Common Shares	8,494,978	8.23%	Common Shares	8,749,827	8.21%
Director	Lu, I-Hsuan	May 30, 2023	Common Shares	70,831	0.078%	Common Shares	72,955	0.07%
Director	Chen, Tai-Chung	May 30, 2023	Common Shares	0	0.00%	Common Shares	0	0.00%
Director	Chen, Shuh	May 30, 2023	Common Shares	0	0.00%	Common Shares	0	0.00%
Independent director	Chu, Yann-Fang	May 30, 2023	Common Shares	0	0.00%	Common Shares	0	0.00%
Independent director	Chou, Che-Yi	May 30, 2023	Common Shares	0	0.00%	Common Shares	0	0.00%
<b>Total</b>				<b>8,565,809</b>			<b>8,822,782</b>	

Total issued shares as of May 30, 2023: **103,220,991** shares

Total issued shares as of March 30, 2025: **106,552,030** shares

Note: The number of shares legally required to be held by all directors of the Company: **8,000,000** shares. As of April 5, 2024, the shares held by all directors: **8,822,782** shares

Since the Corporation has already established an audit committee, the number of shares held by supervisors is not applicable.

Independent directors' shareholding is not counted toward directors' shareholding.