

The annual report is available at:

- I. Taiwan Stock Exchange Market Observation Post System: <https://mops.twse.com.tw>
- II. Realtek website for annual report: <http://www.hotron-ind.com/cn/index.php>



鴻碩精密電工股份有限公司

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.

2024 Annual Report

Printed Date: April 25, 2025

(Translation)

Notice to Readers:

This annual report has been prepared originally in Chinese. The English version is a direct translation of the Chinese version.

I. The Spokesperson:

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Job Title: President
Tel: (02) 2792-8558 ext.166
E-mail: robert_lu@hotron-ind.com

The Deputy Spokesperson:

Name: Hsu, Kuo-Huang
Job Title: CFO
Tel: 2792-8558 ext.200
E-mail: peter_hsu@hotron-ind.com

II. Addresses and Telephone Numbers of the Head Office, Branches, and Factories:

The Head Office Address: No. 169, Xing'ai Rd., Neihu Dist., Taipei City 11406, Taiwan
Tel: (02) 2792-8558 (Extension)

Factory Address: 128 Lushuan Road, Gaoxin District, Suzhou City, Jiangsu Province,
Mainland China

No. 168 Hotron Avenue, Tianmen Industrial Park, Tianmen City, Hubei
Province, Mainland China

Lot CN-10, Dong Van 4 Industrial Park, Kim Bang Town, Gia Lam District,
Hanam Province, Vietnam

III. Name, Address, Website and Telephone Number of the Stock Transfer Agency:

Name: CTBC Bank Transfer Agency Department
Address: 5F, No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100003,
Taiwan
URL: <https://www.ctbcbank.com>
Tel: (02) 6636-5566 (Extension)

IV. Name of the Certified Public Accountant and Name of the Accounting Firm for the Most Recent Annual Financial Report, Address, URL and Tel:

Name: CPAs Lin, Ya-Hui and Juanlu, Man-Yu
Firm Name: PricewaterhouseCoopers Taiwan
Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110208, Taiwan
URL: <http://www.pwc.com/tw>
Tel: (02) 2729-6666

V. Name of the Overseas Securities Exchange Where the Securities Are Listed and Traded, and how to Inquire About the Overseas Securities The way of Information.

None.

VI. Company Website

<http://www.hotron-ind.com/>

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I. Letter to Shareholders

Dear shareholders,

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. 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 (2023) 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.

1. 2024 Business Results:

(1) Implementation results of the business plan:

The consolidated revenue for the entire fiscal year 2024 was NT\$1.934 billion, with a net loss after tax of NT\$222 million, and a loss per share after tax of NT\$2.08.

(2) Budget Implementation Status:

The financial forecast for 2024 was not publicly disclosed, so there is no information on budget achievement.

(3) Financial Income and Expenditure and Profitability Analysis:

(Unit : NT\$)/%

Items		Fiscal year	2023 (Group consolidation)	2024 (Group consolidation)
Financial income and expenditure	Operating net revenue		2,159,114	1,933,669
	Gross profit		313,515	232,443
	Profit margin		14.52%	12.02%
	Net income (loss) after tax		(165,079)	(221,919)
Profitability (%)	Return on assets (%)		-2.48%	-3.64%
	Return on Equity (%)		-7.87%	-10.85%
Profitability (%)	Capital-to-Asset Ratio (%)	Operating profit (loss)	-17.76%	-24.46%
		Net income (loss) before tax	-18.72%	-21.03%
	Net profit margin (%)		-7.65%	-11.48%
	Basic earnings (deficit) per share (NT\$)		(1.58)	(2.08)

(4) Research and development status:

1. Continuously developing advanced digital connectivity cable products:

In the digital cable product segment, to cater to the high transmission demand of 3C products, the company has successively developed and completed high-end digital signal cables, with sales accounting for more than 90% of the total, including 3C high-frequency cables and automotive cables, among other products. The product sales structure is gradually shifting towards high-end products.

2. Develop new customer sources and new markets:

High-end digital connection cable products have a wide range of applications. In addition to existing computer monitor signal cables, our company's shipments of other 3C product digital connection cables, such as for mobile phones, game consoles, TVs, and other 3C devices, have been growing year by year. In the future, we will continue to explore new customer sources. In addition to new customers in the existing fields, we will also expand the product application areas, including wires for solar modules and energy storage equipment. The dedicated department of our Company is actively developing customers, and revenue amount has been gradually increasing.

3. Expand product range and align with customer deployment:

Based on maintaining corporate advantage, improving industrial competitiveness, expanding market share, and promoting industrial transformation and upgrading, in addition to continuing to upgrade existing

products and develop more advanced and faster transmission products, the company has been developing products with wider application scope, including solar module cables, junction boxes and other related products. In terms of customer operations, to maintain closer cooperative relationships with existing customers, the company has cooperated with customers' overseas plant expansions, and has officially started mass production. The company will also set up overseas bases according to customers' actual needs to provide nearby services and local supply sources.

4. Actively promote corporate transformation, and venture into the electric vehicle and new energy industries:

Due to rising environmental awareness, coupled with the rise of intelligent and digital technologies, the electric vehicle and renewable energy industries have become an inevitable future development trend globally. By leveraging our cable professional technology and experience, our Company has completed the development of electric vehicle charging guns, entering the electric vehicle market. Currently, in line with the development of the electric vehicle industry, we are also developing integrated products for electric vehicle charging, energy storage equipment, and solar power plants, and are actively advancing in the market.

2. Summary of 2025 Business Plan

(1) Management Policy:

1. Focus primarily on high-end cable products, actively increase revenue, and improve profitability.
2. Expand into new markets and acquire new customers, enhancing revenue source diversification and implementing a diversified business operation.
3. Meet customers' diverse product needs and maintain stable customer relationships.
4. Seek cross-industry alliances and collaborate along the industry chain, integrating important upstream and downstream components to expand the scale of the group's operations.
5. Actively plan for corporate transformation, align with electric vehicle and energy storage development trends, and develop the electric vehicle and energy storage equipment industry.

(2) Expected Group Sales Volume and Basis:

Main product categories	Expected sales volume	The basis for expected sales quantity
Various transmission lines and charging guns	96,722 thousand/year	1. Develop new products, expand customer base 2. Increase market share of charging guns

By adjusting the sales product portfolio, and developing new products and new customers, it is estimated that the sales amount for this year (2025) will grow compared to 2024.

(3) Important Production and Marketing Policies

1. Strengthen and stabilize product quality, enhance product competitive advantage, and solidify market leadership position.
2. Closely track market product trends, meet market demands, and develop new products.
3. Fully supply diverse customer needs, and build solid cooperative relationships.
4. Actively promote automated production to reduce production costs.
5. Diversify the development of equipment and raw material suppliers, and integrate toward upstream key components, to ensure stable supply sources and increase the company's purchasing bargaining power.
6. Actively enter the electric vehicle charging and energy storage industries to accelerate corporate transformation.

3. Future Company Development Strategy

In response to market demand and competitive conditions, our company has formulated the following future development strategies:

- (1) Continuously transform and upgrade the industry, develop towards high-end, high-speed products, and maintain the industry's leading position.
- (2) Develop new markets, new customers, and new products, actively transform and implement diversified operations.
- (3) Implement quality policies, enhance product quality, and strengthen product competitiveness.
- (4) Seek cross-industry and upstream/downstream alliances to gain control over raw material supply autonomy and expand revenue sources.

- (5) Alongside the development trend of electric vehicles, develop diversified new energy products for electric vehicle charging and energy storage peripherals.

4. Affected by external competitive environment, regulatory environment, and overall operating environment

(1) Impact of External Competitive Environment

Despite our company's leading position in the connectivity product industry, we continue to operate on a solid foundation, accelerating the development of new products, expanding our revenue sources, and accelerating corporate transformation. However, due to the global economic downturn, coupled with the Ukraine-Russia and Israeli-Palestinian conflicts, geopolitical tensions, and high inflation, market trends have become unpredictable and volatile. In addition to closely monitoring economic and market developments and formulating contingency measures in response to changes in economic conditions and market conditions, we will continue to develop new products and strengthen inventory control to minimize the adverse impact of external competition and environmental factors.

(2) Impact of Regulatory Environment

A brief description of the changes in regulatory environment and their impact on the company in 2024 is as follows:

1. Amendments to certain provisions of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies" and Articles 12 and 13 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" on January 11, 2024, Republic of China. (Financial Supervisory Commission No. 1120383996)

Our Company has revised the Regulations Governing the Exercise of Powers by Audit Committee and the Rules of Procedure for Board of Directors Meetings in accordance with the regulations.

2. The order of March 8, 2024, Republic of China, regarding "When a public company processes matters that are required by law to be announced or reported, and transmits such reports to the Market Observation Post System, upon completion of the transmission, it shall be deemed to have completed the announcement and reporting as required. (Financial Supervisory Commission No. 11303808101)

Our company operates in accordance with regulations.

3. On April 22, 2024, amendments were made to certain provisions of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and Articles 8, 14, and 39 of the "Regulations Governing the Establishment of Internal Control Systems by Service

Enterprises in Securities and Futures Markets. Financial Supervisory Commission No. 1130381962

Our Company has revised the Guidelines for the Establishment of Internal Control Systems in accordance with the regulations.

4. The partial amendment of the "Regulations Governing Information to be Published in Annual Reports of Public Companies" on August 1, 2024, Republic of China. (Financial Supervisory Commission No. 1130383500)

Our Company will implement this when compiling the 2024 annual report.

5. The order regarding the relevant provisions of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" dated October 7, 2024, Republic of China. (Financial Supervisory Commission No. 1130384184)

Our company operates in accordance with regulations.

6. Announcement of the amendment to the "List of Matters to be Announced or Reported to the Commission by Public Companies" on October 16, 2024, Republic of China. (Financial Supervisory Commission No. 1130384523)

Our company will act in accordance with the regulations.

(3) Impact of Overall Business Environment

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 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.

Hereby I wish all shareholders, ladies and gentlemen

Good health! May all your wishes be fulfilled!

Chairman: Chang, Li-Jung

II. Corporate Governance Report

1. Information on Directors, President, Vice President, Associate Managers, and heads of departments and branch offices

(1) Director Information

Director Information (1)

Record Date: March 30, 2025/Unit: Stock

Job title	Nationality or place of registration	Name	Gender Age	Date of election /appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal Work Experience and Academic Qualification (Note 1)	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks (Note 2)
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Director	Taiwan, Republic of China	Gao Peng Investment Co., Ltd.	27	2023.05.30	Three years	2023.05.30	8,494,978	8.23%	8,749,827	8.21%	0	0	0	0	None	None	None	None	None	None
Chairman	Taiwan, Republic of China	Representative of Gao Peng Investment Co., Ltd.: CHANG, LI-JUNG	Male 63 years old	2023.05.30	Three years	1998.7.15	9,512,228	9.22%	0	0	117,039	0.11%	26,993,641	25.33%	Wu Feng, Department of Mechanical Engineering RD personnel at Siltronic Center, Semiconductor Research Division, Datong University Section Manager of External Operations Division, Hon Hai Precision Industry Co., Ltd.	Chairman, Fortuna International Holdings Ltd. Chairman, Hotron Precision Electronic Industrial (Suzhou) Co., Ltd. Chairman, Hotlink Company Limited Chairman, Hotron Precision Electronic Industrial (HuBei) Co., Ltd. Chairman, Hotron Real Estate Development (Tianmen) Co., Ltd. Chairman, SmartGreen Solution Co., Ltd. Chairman, Gao Peng Investment Co., Ltd. Director, Chuan hung Investment Co., Ltd. Chairman, Hung Rung Investment Co., Ltd. Chairman, Hung Ming Development Co., Ltd. Chairman, Hui Ming Development Co., Ltd. Chairman, Hui Rong Development Co., Ltd.	Vice President, SmartGreen Solution Co., Ltd.	Chen Ying-chen	Spouse	None

Job title	Nationality or place of registration	Name	Gender Age	Date of election /appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal Work Experience and Academic Qualification (Note 1)	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks (Note 2)
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Director	Taiwan, Republic of China	Lu, I-Hsuan	Male 63 years old	2023.05.30	Three years	1999.6.1	70,831	0.07%	72,955	0.07%	0	0	0	0	National Chengchi University, Graduate Institute of Business Administration Vice President of Headquarters, Askey Computer Corp. CFO of Finance Center, Tainet Communication System Corp. President, Apex Science & Engineering Corp.	President of this company President, Fortuna International Holdings Ltd. Director, Hotron Precision Electronic Industrial (Suzhou) Co., Ltd. Chairman and President, Hotron Electron & Telecommunication (Fuqing) Co., Ltd. Director, Hotron Precision Electronic Industrial (HuBei) Co., Ltd. Director and President, Hotron Real Estate Development (Tianmen) Co., Ltd.	None	None	None	None
Director	Taiwan, Republic of China	Chen, Tai-Chung	Male 70 years old	2023.05.30	Three years	2020.6.5	0	0	0	0	0	0	0	0	Graduated from Annan National Elementary School in Dongshi Township, Yunlin County	Supervisor, Xiang Yang Land Development Co., Ltd. Chairman of Apex Science & Engineering Corp.	None	None	None	N/A
Director	Taiwan, Republic of China	Chen, Shuh	Male 71 years old	2023.05.30	Three years	2023.05.30	0	0	0	0	0	0	0	0	PhD in Business Administration, National Taiwan University Passed the Certified Public Accountant Examination of the Examination Yuan of the Republic of China (No. 866 of the 75th Taiwan Inspection Meeting) Passed the Senior Professional and Technical Examination in Accounting of the Examination Yuan of the Republic of China (No. 94 of the 72nd Specialized High Examination) Chairman, the Financial Supervisory Commission, Executive Yuan Chairman, the Taiwan Stock Exchange Corporation Chairman, TPEx Chairman and President, the Taiwan Academy of Banking and Finance Deputy Minister, the Ministry of Finance Chairman, the Securities and Futures Commission, Ministry of Finance Honorary Professor, Chung Yuan Christian University Adjunct Professor, Chinese Culture University	Chairman, Zhong Dao Association of Leadership and Culture Chairman, the Central Investment Company	None	None	None	N/A

Job title	Nationality or place of registration	Name	Gender Age	Date of election /appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal Work Experience and Academic Qualification (Note 1)	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks (Note 2)
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Independent director	Taiwan, Republic of China	Chu, Yann-Fang	Male 68 years old	2023.05.30	Three years	2020.6.5	0	0	0	0	0	0	0	0	PhD in Business Administration, National Taiwan University Project Management Professional (PMP), Project Management Institute (PMI) Adjunct Associate Professor, Shih Chien University Adjunct Associate Professor, Soochow University 5th, 6th, 7th and 8th Director of the National Project Management Association	9th Director of the National Project Management Association	None	None	None	N/A
Independent director	Taiwan, Republic of China	Chou, Che-Yi	Male 50 years old	2023.05.30	Three years	2020.6.5	0	0	0	0	0	0	0	0	Master of Accounting, National Taipei University Associate Manager of the Audit Department, PricewaterhouseCoopers Taiwan	Hong Da Certified Public Accountants, CPAs. Assistant Vice Presidents, Abico Avy Co., Ltd. Independent Director, Nan Yang Dyeing & Finishing Co., Ltd. Chairman, I Production Film Co. Director, G-Yen Hutong Co., Ltd. Director, Avy Co., Ltd. Director, Yallvend Co., Ltd. Director, Seinoh Optical Co., Ltd Supervisor, Power Day Entertainment Co. Supervisor, Abico Plus Entertainment Limited. Supervisor, Ekeen Precision Co., Ltd. Supervisor, Jabon International Co., Ltd. Supervisor, Ability Venture Management Co., Ltd. Supervisor, Outstanding Management Consultants CO., LTD.	None	None	None	N/A

Note 1: Experience relevant to the current position, such as having worked at an auditing certified public accountant firm or related company during the aforementioned period: N/A

Note 2: The Chairman of the company and the President or a person of equivalent position (the highest manager) are the same person, or they are spouses or first-degree relatives: N/A.

Note 3: Independent Director Hsien, I-Ta resigned on February 17, 2025.

Form 1: Major Shareholders of Corporate Shareholders

March 30 2025

Name of corporate shareholders	Major Shareholders of Corporate Shareholders	
	Shareholder	Shareholdings ratio
Gao Peng Investment Co., Ltd.	Hung Ming Development Co., Ltd.	50.00%
	Hung Rung Investment Co., Ltd.	50.00%

Form 2: Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form

March 30 2025

Name of corporate shareholders	Major Shareholders of Corporate Shareholders	
	Shareholder	Shareholdings ratio
Hung Ming Development Co., Ltd.	Chang, Li-Jung	99.99%
Hung Rung Investment Co., Ltd.	Chang, Li-Jung	99.99%

Director Information (2)

1. Disclosure of information on directors' professional qualifications and independence of independent directors:

Qualifications Name	Professional Qualifications and Experience (Note 1)	Independence Status (Note 2)	Number of other public companies in which the independent director also serves
Chairman - Representative of Gao Peng Investment Co., Ltd.: Chang, Li-Jung	1. Chairman Chang, Li-Jung founded Hotron Precision in 1991, leading the company's operational development direction and innovative business development. 2. With work experience in business, industry, marketing, operations management, and corporate operations as required, please refer to the table above: Directors' information. (1) 3. None of the circumstances set forth in Article 30 of the Company Act.	N/A.	0
Director - Lu, I-Hsuan	1. With experience in business, finance, accounting, industry, marketing, operations management and the work required for company operations, please refer to the table above: Director Information. (1) 2. None of the circumstances set forth in Article 30 of the Company Act.	N/A.	0
Director - Chen, Tai-Chung	1. With work experience in business, industry, marketing, operations management, and corporate operations as required, please refer to the table above: Directors' information. (1) 2. None of the circumstances set forth in Article 30 of the Company Act.	N/A.	0
Director - Chen, Shuh	1. Holds a Certified Public Accountant license. 2. Has relevant work experience in business, finance, accounting, business management, and company operations as required, please refer to the table above: Director information. (1) 3. None of the circumstances set forth in Article 30 of the Company Act.	N/A.	0
Independent Director - Chu, Yann-Fang	1. Serving as a member of the Audit Committee. 2. Holds the Project Management Professional (PMP) certification from the United States. 3. Served as a lecturer in business, finance, and accounting at public and private universities and colleges for more than five years. 4. Has relevant work experience in business, finance, accounting, business management, and company operations as required, please refer to the table above: Director information. (1) 5. None of the circumstances set forth in Article 30 of the Company Act.	1. Meets the conditions for independence. 2. In the two years prior to appointment and during the term of office, there were no occurrences as described in Article 3, Paragraph 1 of the "Regulations Governing the Appointment and Compliance Matters of Independent Directors of Public Companies".	0

<div>Qualifications</div> <div>Name</div>	Professional Qualifications and Experience (Note 1)	Independence Status (Note 2)	Number of other public companies in which the independent director also serves
Independent Director - Chou, Che-Yi	1. Serve as the convener of the Audit Committee. 2. Holds a Certified Public Accountant license. 3. With experience in business, finance, accounting, industry, marketing, operations management and the work required for company operations, please refer to the table above: Director Information. (1) 4. None of the circumstances set forth in Article 30 of the Company Act.	1. Meets the conditions for independence. 2. In the two years prior to appointment and during the term of office, there were no occurrences as described in Article 3, Paragraph 1 of the "Regulations Governing the Appointment and Compliance Matters of Independent Directors of Public Companies".	1

Note 1: Professional Qualifications and Experience: Specify the professional qualifications and experience of individual directors and supervisors. For those who are members of the Audit Committee and possess accounting or financial expertise, their accounting or financial background and work experience should be described. It should also be stated whether they have any of the circumstances specified in Article 30 of the Company Act.

Note 2: Independent directors should describe their independence, including but not limited to whether they themselves, their spouses, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the company or its affiliated enterprises; the number and percentage of shares held by themselves, their spouses, or relatives within the second degree of kinship (or using another person's name); whether they serve as directors, supervisors, or employees of companies with specific relationships with the company (as specified in Articles 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration received in the past two years for providing the company or its affiliated enterprises with commercial, legal, financial, accounting, or other services.

2. Board Diversity and Independence:

(1) Board Diversity:

For the fair, just, and open election of directors, this company has formulated the "Directors Election Regulations" in accordance with Article 21 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies".

The selection of directors of this company takes into account the overall composition of the Board of Directors. The composition of the members of the Board of Directors considers diversity, and formulates appropriate diversity policies based on its own operations, business model, and development needs, which should include but not be limited to the following two major aspects:

1. Gender, age, nationality and culture, etc.

2. Professional Knowledge and Skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

Members of the Board of Directors should generally possess the knowledge, skills and qualities necessary for the execution of their duties. The overall capabilities they should possess are as follows:

1. Operational judgment ability.
2. Accounting and financial analysis ability.
3. Operating and management ability.
4. Crisis management ability.
5. Industry knowledge.
6. International market perspective.
7. Leadership ability.
8. Decision-making ability.

The specific goals of our company are to establish an effective corporate governance framework, safeguard shareholders' rights, strengthen the functions of the Board of Directors, exercise the functions of the Audit Committee, respect the rights and interests of stakeholders, and enhance information transparency. Apart from the directors who also serve as managers of the company not exceeding one-third of the total number of directors, the members of the Board of Directors should be selected based on the principle of diversity according to the company's operations, business model, and development needs, with at least two-thirds of the directors possessing relevant core competencies.

The current board of directors consists of six seats, though it should have seven seats. Among them, Independent Director Hsien, I-Ta resigned on February 17, 2025 due to personal reasons. The company has planned to hold a by-election at the 2025 Annual Shareholders' Meeting. All directors are elected by shareholders. Among the board composition, there are three natural person directors, one corporate director representative, and three independent directors. Independent directors occupy three out of seven seats (approximately 43%), and no independent director has served more than three consecutive terms, which complies with the requirements of the Company's "Articles of Incorporation" and "Corporate Governance Best Practice Principles". Two directors also serve as employees, accounting for 28.57%. The current board of directors consists of six seats, and all members of the Board are male, with no female members. There is one director aged between 40 and 50 years old, and five

directors aged between 61 and 71 years old, all of whom are nationals of the Republic of China. The regular directors all possess the necessary industrial experience in business, legal affairs, finance, accounting, or company operations. Chairman Chang, Li-Jung has extensive background in the electrical and power industry as well as corporate management ability; Director Lu, I-Hsuan possesses extensive financial expertise and corporate management capabilities; Director Chen, Tai-Chung has abundant experience in construction engineering and corporate management ability; Director Chen, Shuh possesses a rich background in business management and financial/accounting expertise, having previously served as the chairperson of the Financial Supervisory Commission and the chairman of both the Taiwan Stock Exchange and the GreTai Securities Market.

The independent directors all possess professional knowledge and backgrounds. Independent Director Chou, Che-Yi is a certified public accountant with a professional accounting background; Independent Director Chu, Yann-Fang holds a Ph.D. from the Graduate Institute of Business Administration at National Taiwan University and has obtained the Project Management Professional Certification from the United States.

For the academic and professional experience of directors and independent directors, please refer to the directors' information on pages 6-9 of the annual report; the implementation of diversity in the Company's Board of Directors and a summary of the overall capabilities possessed by board members are shown in Table 1 below.

The composition of our company's Board of Directors includes professionals from various backgrounds who provide timely and diverse business strategy recommendations. The Company has planned to nominate a female independent director candidate at the 2025 Annual Shareholders' Meeting. In the future, when electing the new board, we will add at least one female director based on operational and professional needs to increase female participation in decision-making and improve the board structure, while striving to maximize stakeholder interests.

(2) Independence of the Board of Directors

After the by-election at the 2025 Annual Shareholders' Meeting, the current (10th) Board of Directors will consist of seven directors, including three independent directors (approximately 43%), and none of the independent directors have served for more than three consecutive terms, which complies with the Company's "Articles of Incorporation" and "Corporate Governance Best Practice Principles".

All members of the Board of Directors possess independence and do not have any circumstances stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, nor do the directors have any spousal or second-degree kinship relationships with each other. For information on the professional qualifications of directors and the independence of independent directors, please refer to the explanation in the "Directors' Information (2)" table above.

Table 1: Summary of Board Diversity Implementation and Overall Capabilities Possessed by Board Members

Job title	Directors' Names	Nationality	Gender	Employed by this company concurrently	Director's age			Independent Director Term			Operational judgment	Accounting and Financial Analysis	Business management	Crisis Management	Industry knowledge	International market perspective.	Leadership skills	Decision-making ability
					Under 60 years old	60 to under 70 years old	Over 70 years old	1st session	2nd session	3rd session								
Chairman	Representative of Gao Peng Investment Co., Ltd.: Chang, Li-Jung	Taiwan, Republic of China	Male	✓		✓					✓	✓	✓	✓	✓	✓	✓	✓
Director	Lu, I-Hsuan			✓		✓					✓	✓	✓	✓	✓	✓	✓	✓
Director	Chen, Shuh						✓				✓	✓	✓	✓	✓	✓	✓	✓
Director	Chen, Tai-Chung					✓					✓		✓	✓	✓	✓	✓	✓
Independent director	Chu, Yann-Fang					✓			✓		✓	✓	✓	✓	✓	✓	✓	✓
Independent director	Chou, Che-Yi				✓				✓		✓	✓	✓	✓	✓	✓	✓	✓

3. The company's succession plan and operations for members of the Board of Directors and key management personnel:

(1) Board Member Succession Planning and Operation:

The Company has established a comprehensive director selection system, carefully considering the composition and diversity standards of the Board of Directors. The appointment process for all directors is fair, impartial, and transparent, in accordance with the Company's "Articles of Incorporation" which adopts a candidate nomination system. The term of office is three years, and the election is conducted in accordance with the Company's "Director Election Procedures". In addition to taking into account the results of the annual board performance assessment as a reference for the selection or nomination of directors, the Company's "Corporate Governance Best Practice Principles" stipulate the capabilities that board members should possess. Based on the Company's own operations, business model, and development needs, appropriate diversity guidelines should be formulated, including but not limited to the following two main aspects: 1. Gender, age, nationality and culture, etc. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or law), professional skills (such as operational judgment ability, accounting and financial analysis ability, business management ability, crisis management ability, industry knowledge, international market perspective, leadership ability, decision-making ability) and industry experience, etc.

In addition to having outstanding strategic thinking skills, the incoming directors should also possess business planning and professional experience in the company's operations. To strengthen the functions of the board of directors, the company arranges training courses for board members covering topics related to corporate governance, such as finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility, internal control systems, financial reporting responsibilities, etc. This assists directors in acquiring new knowledge, keeping up with the times, and familiarizing themselves with their roles, functions, responsibilities and obligations on the board, effectively implementing the corporate governance system. The company also seeks and evaluates potential suitable candidates to determine their suitability.

(2) Important management succession plan and operation:

The company's succession plan first carefully evaluates the current organizational situation, positions, organizational characteristics, and potential future company strategy directions to determine the talent needed for the organization's strategic development and formulate a high-level management succession plan.

Important management successors must possess management capabilities and mindset, ability to discern industry changes and respond promptly, and their values must align with the company's corporate culture and business philosophy.

The training plan for important management levels will provide diverse training methods for senior management, including course training to develop leadership, cross-functional management capabilities, and change management abilities. Career development plans will also be formulated for senior management, through job rotations, external assignments, etc., to improve work development opportunities and enhance leadership abilities. This will enable potential successors to enhance their management capabilities and mindsets, systematically strengthening

the future management team.

Every year, review the succession status of the company's senior management. Based on the review results, discuss adjustments to the succession plan, and simultaneously seek external talent to join the company as needed.

(2)Information on President, Vice President, Associate Managers, and heads of departments and branch offices

Record Date: March 30, 2025/Unit: Stock

Job title	Nationality	Name	Gender	Date of election /appointment to current term	Holding shares		Shares held by the spouse, minor children .		Shares held through nominees		Principal Work Experience and Academic Qualification (Note 1)	Positions Concurrently Held in Other Companies at Present	Managers who have a spouse or are within the second degree of kinship			Remarks (Note 2)
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
President	Taiwan, Republic of China	Lu, I-Hsuan	Male	2007.12	72,955	0.07%	0	0	0	0	National Chengchi University, Graduate Institute of Business Administration Vice President of Headquarters, Askey Computer Corp. CFO of Finance Center, Tainet Communication System Corp. President, Apex Science & Engineering Corp. Director, Hotron Precision Electronic Industrial Co., Ltd.	President, Fortuna International Holdings Ltd. Director, Hotron Precision Electronic Industrial (Suzhou) Co., Ltd. Chairman and President, Hotron Electron & Telecommunication (Fuqing) Co., Ltd. Director, Hotron Precision Electronic Industrial (HuBei) Co., Ltd. Director and President, Hotron Real Estate Development (Tianmen) Co., Ltd.	None	None	None	None
Chief Financial Officer and Head of Corporate Governance	Taiwan, Republic of China	Hsu, Kuo-Huang	Male	2019.05	0	0	0	0	0	0	Tamkang University Department of Accounting Manager, Yuanta Securities Underwriting Department Financial Manager, Coremax Corporation Audit Manager, Financial Accounting Manager, Acting Spokesperson, Corporate Governance Officer of Hotron Precision Electronic Group Financial Manager, Exemt Inc.	Financial Accounting Manager, Fortuna International Holdings Ltd. Director and Vice President, the General Management Unit of Hotron Precision Electronic Industrial (Suzhou) Co., Ltd. Director and Financial Accounting Manager, Hotron Electron & Telecommunication (Fuqing) Co., Ltd. Director and Financial Officer, Hotron Precision Electronic Industrial (HuBei) Co., Ltd. Director and Financial Officer, Hotron Real Estate Development (Tianmen) Co., Ltd.	None	None	None	N/A

Job title	Nationality	Name	Gender	Date of election /appointment to current term	Holding shares		Shares held by the spouse, minor children .		Shares held through nominees		Principal Work Experience and Academic Qualification (Note 1)	Positions Concurrently Held in Other Companies at Present	Managers who have a spouse or are within the second degree of kinship			Remarks (Note 2)
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Senior Special Assistant to the Chairman's Office	Taiwan, Republic of China	CHEN, YUEH-CHIN (Note 3)	Female	2022.09	44,568	0.04%	0	0	0	0	Taipei Commercial Vocational Annex Accounting Department Financial Manager, Audit Manager of Hotron Precision Electronic Industrial Co., Ltd.	None	None	None	None	N/A
Vice President, SmartGreen Solution Co., Ltd.	Taiwan, Republic of China	Chen Ying-chen	Female	2023.09	117,039	0.11%	0	0	26,993,641	25.33%	National Sun Yat-sen University Executive Master of Business Administration Program (EMBA) Fu Jen Catholic University Department of Spanish Language and Literature Deputy Director, Business Department, Hotron Precision Electronic Industrial Co., Ltd. Director of New Energy Business Department, Hotlink Company Limited	None	Chairman	Chang, Li-Jung	Spouse	None
Hotron Hubei President	Taiwan, Republic of China	Yu,Tung-Hua	Male	2022.07	1,000	0.00%	0	0	0	0	Department of Electronic Engineering, Qin Yi Institute of Technology Vice President, Celxpert Energy Corporation Kunshan Plant President, Dexmart Technology Corp.Dongguan Plant General Plant Manager, Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.	President, Hotron Precision Electronic Industrial (Suzhou) Co., Ltd. President, Hotron Precision Electronic Industrial (Vietnam) Co., Ltd.	None	None	None	N/A
SmartGreen Solution Co., LTD. Chief Special Assistant to the Chairman's Office	Taiwan, Republic of China	Chan Wei-Cheng	Male	2024.11	0	0	168,000	0.16%	0	0	Department of Physics, Tunghai University President of Foxconn Interconnect Technology Co., Ltd. Vice President of TPV Technology Co., Ltd. Associate Manager of HP Inc.	None	None	None	None	N/A

Job title	Nationality	Name	Gender	Date of election /appointment to current term	Holding shares		Shares held by the spouse, minor children .		Shares held through nominees		Principal Work Experience and Academic Qualification (Note 1)	Positions Concurrently Held in Other Companies at Present	Managers who have a spouse or are within the second degree of kinship			Remarks (Note 2)
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Vice President of Hooton Hubei	Taiwan, Republic of China	Hsu, Chien-Hsun	Male	2024.11	0	0	0	0	0	0	Department of Mechanical Engineering, Da-Yeh University Executive Vice President, Hefei Yijia Dongde Information Technology Co., Ltd. Special Assistant, Anhui Hongshi Automation Equipment Co., Ltd. Equipment Director, Motech Industries (Ma'anshan) New Energy Co., Ltd.	None	None	None	None	N/A

Note 1: Experience relevant to the current position, such as having worked at an auditing certified public accountant firm or related company during the aforementioned period: N/A

Note 2: The Chairman of the company and the President or a person of equivalent position (the highest manager) are the same person, or they are spouses or first-degree relatives: N/A

Note 3: Ms. Chen Yueh-Chin, Senior Special Assistant to the Chairman's Office, was appointed as the Head of Internal Audit on March 31, 2025.

(3) If the Chairman and the President or the person in an equivalent position (the highest managerial officer) are the same person, or are spouses or first-degree relatives, the reasons, reasonableness, necessity, and responsive measures (such as increasing the number of independent directors, and that more than half of the directors should not concurrently serve as employees or managerial officers, etc.) shall be stated:
N/A

2. Recent annual remuneration paid to directors, President, and Vice President

(1) Remuneration of Regular Directors and Independent Directors

Unit: NT\$ thousand

Job title	Name (Note 1)	Remuneration to Directors								Sum of A+B+C+D and ratio to net income (Not10)		Remuneration Received by Directors for Concurrent Service as an <input type="checkbox"/> Employee								Sum of A+B+C+D+E+F+G and ratio to net income (Note 10).		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 11)
		Compensation (A) (Note 2)		Retirement pay and pension(B)		Director Profit-Sharing Compensation (C) (Note 3)		Expenses and Perquisites (D) (Note 4)				Salary, bonuses, and special allowances (E) (Note 5)		Retirement Pay and Pension(F)		Employee Profit-Sharing Compensation (G) (Note 6)						
		The Corporation	All Consolidated Entities (Note 7)	The Corporation	All Consolidated Entities (Note 7)	The Corporation	All Consolidated Entities (Note 7)	The Corporation	All Consolidated Entities (Note 7)	The Corporation	All Consolidated Entities (Note 7)	The Corporation	All Consolidated Entities (Note 7)	The Corporation	All Consolidated Entities (Note 7)	The Corporation		All Consolidated Entities (Note 7)		The Corporation	All Consolidated Entities (Note 7)	
Amount in cash	Amount in stock															Amount in cash	Amount in stock					
Chairman	Gao Peng Investment Co., Ltd, Representative: Chang, Li-Jung	6,118	6,118	0	0	0	0	16	16	6,134 (2.76%)	6,134 (2.76%)	0	0	0	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	16	136 (0.06%)	136 (0.06%)	2,986	2,986	108	108	0	0	0	0	3,230 (1.46%)	3,230 (1.46%)	None
Director	Chen, Tai-Chung	120	120	0	0	0	0	14	14	134 (0.06%)	134 (0.06%)	0	0	0	0	0	0	0	0	134 (0.06%)	134 (0.06%)	None
Director	Chen, Shuh	120	120	0	0	0	0	16	16	136 (0.06%)	136 (0.06%)	0	0	0	0	0	0	0	0	136 (0.06%)	136 (0.06%)	None
Independent director	Hsien, I-Ta (Note 12)	120	120	0	0	0	0	40	40	160 (0.07%)	160 (0.07%)	0	0	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	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	0	0	160 (0.07%)	160 (0.07%)	None

1. Please explain the policy, system, standards, and structure for compensating independent directors, and describe the correlation between their responsibilities, risks, time commitment, and the amount of remuneration:

- (1) The policy, system, standards, and structure for compensating directors and independent directors are based on the laws and regulations, Article 13-2 and Article 20 of the Company's Articles of Incorporation, the "remuneration Committee Organization Rules", and the "Regulations for Directors' remuneration" as the basis for formulating the remuneration policy and performance evaluation.
- (2) Directors' remuneration is determined in accordance with Article 13-2 of the Company's Articles of constitution. The remuneration 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 remuneration Committee and the Board of Directors regularly review and approve reasonable remuneration. The relevant performance evaluations and the reasonableness of remuneration are reviewed by the remuneration Committee and the Board of Directors. The remuneration 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.
- (3) 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.
- (4) Please refer to page 29 of the annual report for "(6) Compare and explain separately the ratio of the total remuneration paid by the Company and all companies covered in the consolidated financial statements to directors, supervisors, President, and Vice Presidents of the Company in the last two years to the net income after tax in the individual or separate financial reports. Also explain the policies, standards, and composition for remuneration payments, the procedures for setting remuneration, and the correlation between remuneration and operational performance as well as future risk exposure

2. Apart from the above disclosure, no remuneration was received by company directors for services provided (such as serving as consultants for the parent company, companies within the financial statements, or invested companies where they are not employees) in the most recent year. N/A

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Names of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All Consolidated Entities (Note 9) H	The Company (Note 8)	All Consolidated Entities (Note 9) I
Below 1,000,000 yuan	Lu, I-Hsuan; Chen, Tai-Chung; Chen, Shuh; Hsien, I-Ta; Chu, Yann-Fang; Chou, Che-Yi	Lu, I-Hsuan; Chen, Tai-Chung; Chen, Shuh; Hsien, I-Ta; Chu, Yann-Fang; Chou, Che-Yi	Chen, Tai-Chung ; Chen, Shuh ; Hsien, I-Ta; Chu, Yann-Fang; Chou, Che-Yi	Chen, Tai-Chung ; Chen, Shuh ; Hsien, I-Ta; Chu, Yann-Fang; Chou, Che-Yi
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)			Lu, I-Hsuan	Lu, I-Hsuan
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Chang, Li-Jung	Chang, Li-Jung	Chang, Li-Jung	Chang, Li-Jung
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)				
Over NT\$100,000,000				
Total	7	7	7	7

Note 1: Directors who concurrently serve as President or Vice President should be listed in this table and the table below.

Note 2: Refers to the remuneration (including directors' salaries, job allowances, various bonuses, and incentives) for directors in the fiscal year 2024.

Note 3: This refers to the amount of directors' remuneration approved by the Board of Directors for distribution. Due to it was a loss-making year in 2024, no director's remuneration was allocated.

Note 4: Refers to the relevant operating expenses (including transportation, various allowances, etc.) for directors in the fiscal year 2024.

Note 5: 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 6: Refers to directors who also serve as employees and received employees' compensation (cash) in 2024. The amount of employees' compensation approved by the board of directors for the most recent year should be disclosed. However, as the company suffered a loss in 2024, no employees' compensation was allocated.

Note 7: 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 8: The company discloses the names of directors within the respective remuneration band for total remuneration paid to each director.

Note 9: In the consolidated report, disclose the full name of each director of the company (including this company) and the total remuneration paid to them by all companies (including this company), with their names disclosed under the applicable remuneration range.

Note 10: Net income after tax refers to the net income after tax in the 2024 individual financial report.

Note 11: The directors of the Company do "not" receive compensation from reinvested businesses other than subsidiaries or from the parent company.

Note 12: Independent Director Hsien, I-Ta resigned on February 17, 2025.

● The remuneration content disclosed in this table is different from the concept of the Income Tax Act, so the purpose of this table is for information disclosure only, not for taxation purposes.

(2) Remuneration of Supervisors: Not applicable

(3) Remuneration of the President and Vice President

Unit: NT\$ thousand

Job title	Name (Note 1)	Salary (A) (Note 2)		Retirement pay and pension(B)		Bonuses and Special Allowances, etc. (C)(Note 3)		Employee Remuneration Amount (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 9)
		The Corporation	All Consolidated Entities (Note 5)	The Corporation	All Consolidated Entities (Note 5)	The Corporation	All Consolidated Entities (Note 5)	The Corporation		All Consolidated Entities (Note 5)		The Corporation	All Consolidated Entities (Note 5)	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President	Lu, I-Hsuan	2,707	2,707	108	108	279	279	0	0	0	0	3,094 (1.39%)	3,094 (1.39%)	None

* Regardless of job titles, those whose positions are equivalent to President or Vice President (such as President, Chief Executive Officer, Director-General, etc.) should be disclosed.

Remuneration Range Table

The remuneration level for President and Vice President of the company	Names of Managing Director and Deputy Managing Director	
	The Company (Note 6)	All Consolidated Entities (Note 7) E
Below 1,000,000 yuan		
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Lu, I-Hsuan	Lu, I-Hsuan
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	1	1

(Continued from previous page)

Note 1: If directors who concurrently serve as President or Vice Presidents fill out this table and above table (I)

Note 2: Refers to the salary, job allowances, etc. of the President and Vice Presidents in 2024.

Note 3: Refers to various bonuses, incentives, travel allowances, subsidies, company cars and other physical provisions, and other compensation amounts for the President and Vice Presidents in the fiscal year 2024.

Note 4: Due to it was a loss-making year in the fiscal year 2024, no employees' compensation was allocated.

Note 5: In the consolidated report, the total amount of all remuneration paid to the President and Vice President of the Company by all companies (including the Company itself).

Note 6: The company discloses the total remuneration paid to each President and Vice President under the applicable remuneration range, revealing the names of the President and Vice Presidents.

Note 7: In the consolidated report, disclose the full name of each President and Vice President of the company (including this company) and the total remuneration paid to them by all companies (including this company), with their names disclosed under the applicable remuneration range.

Note 8: Net income after tax refers to the net income after tax in the individual financial statement for the year 2024.

Note 9: The Company's President "does not" receive any related remuneration from investee companies other than subsidiaries or from the parent company.

* The remuneration content disclosed in this table is different from the concept of the Income Tax Act, so the purpose of this table is for information disclosure only, not for taxation purposes.

(4) Remuneration of the top five highest-paid executives

Unit: NT\$ thousand

Job title	Name	Salary (A) (Note 2)		Retirement pay and pension(B)		Rewards and Special Disbursements I (Note 3)		Employee Profit-Sharing Compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 6)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 7)
		The Corporation	All Consolidated Entities (Note 5)	The Corporation	All consolidated entities	The Corporation	All consolidated entities	The Corporation		All consolidated entities		The Corporation	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President	Lu, I-Hsuan	2,707	2,707	108	108	279	279	0	0	0	0	3,094 (1.39%)	3,094 (1.39%)	None
Chief Financial Officer and Head of Corporate Governance	Hsu, Kuo-Huang	1,625	1,625	99	99	143	143	0	0	0	0	1,867 (0.84%)	1,867 (0.84%)	None
Senior Special Assistant to the Chairman’s Office	CHEN, YUEH-CHIN	1,752	1,752	108	108	163	163	0	0	0	0	2,023 (0.91%)	2,023 (0.91%)	None
Hotron Hubei President	Yu,Tung-Hua	1,334	1,658	83	83	162	162	0	0	0	0	1,579 (0.74%)	1,903 (0.86%)	None
SmartGreen Solution R&D Manager	Chang, Che-Wei	1,836	1,836	106	106	896	896	0	0	0	0	2,838 (1.28%)	2,838 (1.28%)	None

(Continued from previous page)

- Note 1: The so-called “top five highest-paid managers” refers to the company’s managers. As for the criteria for identifying managers, it is handled in accordance with the scope of application of “managers” as stipulated in the letter No. Taiwan-Finance-Securities-III-0920001301 issued by the former Securities and Futures Commission, Ministry of Finance on March 27, 2003. As for the principle of identifying the “top five highest paid,” it is calculated by the total remuneration received by the company’s managers from all companies in the consolidated financial statements, including salary, retirement pension, bonus, and special allowances, as well as employees’ compensation (i.e., the sum of A+B+C+D). The top five highest paid managers are determined by ranking this total amount. If a director also serves as one of the aforementioned managers, they should be listed in this table and the previous table (1).
- Note 2: List the salary, position allowance, severance pay, bonuses, and special disbursements for the top five highest-paid executives in the most recent year.
- Note 3: The section should list the various bonuses, rewards, transportation fees, special allowances, various subsidies, housing, company cars and other benefits in kind, and other remuneration amounts for the top five highest-paid managers in the most recent year.
- Note 4: Due to it was a loss-making year in the fiscal year 2024, no employees’ compensation was allocated.
- Note 5: The merger report should disclose the total remuneration paid by all companies (including this company) to the top 5 highest-paid executives of this company.
- Note 6: Net income after tax refers to the net income after tax in the individual financial statements for the year 2023.
- Note 7: The company’s directors did ‘none’ receive any related remuneration from investee companies other than subsidiaries or from the parent company. The remuneration disclosed in this table is different from the income concept under the Income Tax Act, so the purpose of this table is for information disclosure only, not for taxation purposes.

(5). Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

Unit: NT\$ thousand

	Title (Note 1)	Name (Note 1)	Amount in stock	Amount in cash	Total (Note 2)	As a % of net profit
Managerial officer:	President	Lu, I-Hsuan	0	0	0	0%
	Chief Financial Officer and Head of Corporate Governance	Hsu, Kuo-Huang				
	Senior Special Assistant to the Chairman’s Office	CHEN, YUEH-CHIN				
	Vice President, SmartGreen Solution Co., Ltd.	Chen Ying-chen				
	Hotron Hubei President	Yu, Tung-Hua				
	Chief Special Assistant of the Chairman’s Office of SmartGreen Solution Co., LTD.	Chan Wei-Cheng				
	Vice President, Hotron Hubei	Hsu, Chien-Hsun				

(Continued from previous page)

- Note 1: Names and titles should be disclosed individually, but profit distribution can be disclosed in aggregate.
Note 2: Due to it was a loss-making year in the fiscal year 2024, no employees' remuneration was allocated.
Note 3: The scope of managers is defined according to the FSC's directive Tai-Tsai-Cheng-3 No. 0920001301 dated March 27, 2003, The scope is as follows:
(1) General manager(s) and equivalent level positions
(2) Assistant general manager(s) and equivalent level positions
(3) Deputy assistant general manager(s) and equivalent level positions
(4) Chief officer of the finance division
(5) Chief officer of the accounting division
(6) Other persons who have the power to manage affairs and sign for the Company

(6) Compare and explain separately the ratio of total remuneration paid by the Company and all companies covered in the consolidated financial statements to directors, supervisors, President, and Vice Presidents of the Company in the last two years to the net income after tax in the individual or separate financial reports. Also explain the policies, standards, and composition for remuneration payments, the procedures for setting remuneration, and the correlation between remuneration and operational performance as well as future risk exposure.

1. Analysis of the ratio of total remuneration paid to the company's directors, independent directors, President, etc. to the after-tax net profit:

The total remuneration paid to directors, independent directors and President by the company as a percentage of after-tax net income for the years 2023 and 2024 is as follows:

Items/ name	Ratio of total remuneration to net profit after tax			
	2024		2023	
	The Corporation	All consolidated entities	The Corporation	All consolidated entities
Director, Independent director	4.55%	4.55%	5.54%	5.54%
President	1.39%	1.39%	1.65%	1.65%

2. Policy, standards, and composition of remuneration.

(1) Director, Independent director:

The Company formulates its remuneration 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 remuneration Committee," and the "Directors' remuneration Payment Guidelines." The remuneration paid by the Company to directors and independent directors is divided into two categories: directors' remuneration (business execution remuneration) and directors' remuneration.

A. Directors' remuneration, 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 remuneration Committee and the Company's "Directors' remuneration Guidelines," the remuneration 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 remuneration Committee and the Board of Directors regularly review and approve reasonable remuneration. The relevant performance evaluations and the reasonableness of remuneration are reviewed by the remuneration Committee and the Board of Directors. The remuneration 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.

Three percent as the directors' compensation for the current year.

(2) President and Vice President:

The remuneration for the Company's President and Vice President includes base salary, allowances, bonuses, and employees' remuneration, which is determined based on their level of participation in the Company's operations, individual contributions, and in accordance with the Company's internal "Salary Determination Management Regulations.

3. Procedure for determining remuneration

To implement corporate governance and establish a sound remuneration system for the company's directors, independent directors and Managerial officer, 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, independent directors and Managerial officer, and provide recommendations to the Board of Directors for decision-making reference.

In accordance with Article 7 of the "Organizational Rules of the remuneration Committee," the responsibilities of the remuneration Committee shall be:

1. Formulate and regularly review the policies, systems, standards, and structures for evaluating the performance and remuneration of directors and managers.
2. Periodically evaluate and determine the remuneration for directors and managers.

When performing the duties set forth in the preceding paragraph, the committee shall act in accordance with the following principles:

1. The performance evaluation and remuneration of directors and managers should refer to the common levels in the same industry, and consider the reasonableness of the connection with individual performance, company operating performance, and future risks.
2. Directors and managers should not be encouraged to engage in behaviors that exceed the company's risk appetite in pursuit of remuneration and remuneration.

3. Regarding the proportion of bonuses paid to directors and senior managers for short-term performance and the timing of payment for part of the variable salary remuneration, the industry characteristics and the nature of the company's business should be taken into consideration in making the decision.

The "salaries and remuneration" referred to in the preceding two items includes cash remuneration, subscription rights, profit-sharing equity, retirement benefits or severance pay, various allowances, and other substantive incentive measures.

When submitting suggestions for salary and remuneration to the board of directors for discussion, factors such as the amount of remuneration, the method of payment, and the company's future risks should be comprehensively considered.

The remuneration for the President and Vice President is determined in accordance with the internal "Salary Determination Management Regulations," and is adjusted based on the achievement of the company's annual operating goals and the individual's annual performance appraisal. Annual salary adjustments are submitted to the Chairman for approval, reviewed by the remuneration Committee, and then proposed to the Board of Directors for approval before disbursement.

4. Relevance to operational performance and future risks

The various remuneration packages for directors, independent directors and Managerial officer (including President and Vice President) 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.

3. Operation of Corporate Governance

(1). Operation of the Board of Directors:

Information on the Operation of the Board of Directors

The Board of Directors held 16 th meetings (A) in the most recent fiscal year (the 10th term), and the attendance of the directors is as follows:

May 30, 2023 to February 25, 2025

Job title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remarks
Chairman	Chang, Li-Jung	16	0	100%	Note 1
Director	Lu, I-Hsuan	16	0	100%	Note 1
Director	Chen, Tai-Chung	14	0	88%	Note 1
Director	Chen, Shuh	16	0	100%	Note 1
Independent director	Hsien, I-Ta	15	0	100%	Note 1, Note 2
Independent director	Chu, Yann-Fang	15	1	94%	Note 1
Independent director	Chou, Che-Yi	16	0	100%	Note 1

Note1: At the general shareholders' meeting on May 30, 2023, the company elected the 10th Board of Directors (including independent directors) for a term of three years, from May 30, 2023, to May 29, 2026

Note 2: Independent Director Hsien, I-Ta resigned on February 17, 2025.

Other matters required to be recorded:

- (1) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, so Article 14-3 is not applicable. For relevant information, please refer to the "Operation of the Audit Committee" section in this annual report.
 - (2) Other matters resolved by the Board of Directors that have been opposed or reserved by independent directors with records or written statements: None.
- 2.The performance of directors in recusing themselves from proposals involving conflicts of interest should state the names of the directors, the content of the proposals, the reasons for recusal, and their participation in voting:

Board meeting date	Directors' Names	Content of the proposal	Reasons for recusal due to conflict of interest	Voting situation
2024.02.27	Chang, Li-Jung	Proposal to remove the non-competition restrictions on the company's directors and their representatives.	The director is the party concerned.	The director did not participate in the discussion and voting due to a conflict of interest.
2024.08.09	Chang, Li-Jung Lu, I-Hsuan	The proposal for salary adjustments of directors and managers in 2024	The two directors are the parties concerned.	The two directors did not participate in the discussion and voting due to a conflict of interest.
2024.12.18	Hsien, I-Ta Chu Yann-Fang Chou, Che-Yi	Regarding the establishment of the Company's "Sustainable Development Committee" and appointment of the first-term Sustainable Development Committee members.	The three directors are the parties involved	The three directors did not participate in the discussion and voting due to a conflict of interest.

3. Listed companies should disclose information about the self (or peer) assessment cycle and period, scope, methods, and content of the board of directors' evaluation, and complete the following table on the implementation of the board evaluation:

Performance of the Board of Directors' evaluation:

Assessment Cycle (Note 1)	Assessment Period (Note 2)	Assessment Scope (Note 3)	Assessment Method (Note 4)	Assessment Content (Note 5)
Run once a year	January 1, 2024 to December 31, 2024	Board of directors	Board of Directors Internal Self-Assessment	A. Degree of participation in company's operations B. Enhancing the quality of board decisions C. Composition and structure of the board of directors D. Selection and continuing education of directors E. Internal control F. Other items
Run once a year	January 1, 2024 to December 31, 2024	Individual board members	Board members' self-assessment	A. Understanding of the company's goals and tasks B. Awareness of directors' responsibilities C. Degree of participation in company's operations D. Internal relationship management and communication E. Directors' professionalism and continuing education F. Internal control G. Other items
Run once a year	January 1, 2024 to December 31, 2024	Remuneration Committee Audit Committee	Self-evaluation of the remuneration Committee members Self-Evaluation by Audit Committee Members	A. Degree of participation in company's operations B. Understanding of functional committee's responsibilities. C. Enhancing the decision-making quality of functional committees D. Composition and selection of functional committee members E. Internal control F. Other items

Note 1: To fill in the assessment cycle of the board evaluation, for example: executed once every year.

Note 2: To fill in the assessment period covered by the board evaluation, for example: assessing the performance of the board from January 1, 2024 to December 31, 2024.

Note 3: The assessment scope includes the performance assessment of the Board of Directors, individual directors and functional committees.

Note 4: The assessment methods include self-evaluation by the board of directors, self-evaluation by board members, peer assessment, appointment of external professional institutions, experts or other appropriate methods for performance evaluation.

Note 5: The assessment content shall include at least the following items based on the assessment scope:

(1) Board of Directors Performance Assessment: At least includes the degree of participation in the company's operations, the quality of board decisions, the composition and structure of the board, the selection of directors and continuing education, internal control, etc.

(2) Individual director performance assessment: At least includes comprehending the company's goals and missions, understanding directors' responsibilities, participating in the company's operations, internal relationship management and communication, directors' professionalism and continuing education, and internal control, etc.

(3) Functional committee performance assessment: the degree of participation in company's operations, understanding of functional committee's responsibilities, quality of functional committee decisions, composition and selection of functional committee members, internal controls, etc.

4. Objectives for strengthening the functions of the Board of Directors in the current and recent years (e.g. establishing an Audit Committee, enhancing information transparency, etc.) and assessment of their implementation:

1. Enhance information transparency: Our company has formulated the "Board of Directors Meeting Rules" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" for compliance purposes. We have also entered the attendance of directors at board meetings on the Market Observation Post System, and disclosed material resolutions of the board of directors on our company website.

2. Establishing Remuneration Committee: The Company approved the appointment of the first Remuneration Committee members at the Board of Directors meeting on December 27, 2011. The committee is re-elected every three years. Currently, it is the fifth remuneration committee. The committee is composed of three independent directors, with one serving as the convener, and operates in accordance with the "remuneration Committee Organization Rules." The committee meets at least twice a year and may convene additional meetings as needed. The members of the committee possess professionalism and independence, and are responsible for making recommendations, evaluating and supervising the company's overall remuneration policy, manager remuneration levels, employee profit-sharing plans, or other employee incentive plans from a professional and objective position. The term of office of the remuneration committee members is the same as that of the appointing Board of Directors, with a three-year term for each term. The company convenes a Board of Directors meeting in accordance with the regulations to appoint the members of the new remuneration Committee after the re-election of directors at the shareholders' meeting.

3. Establishing Audit Committee: The Company established the first Audit Committee after the shareholders' meeting on June 5, 2020. The committee is re-elected every three years, and is currently in its second term. The committee is composed of three independent directors, one of whom is the convener, and at least one member has accounting or financial expertise. The committee members shall perform their duties stipulated in the Organizational Rules with the due care of a good administrator, act faithfully, and be responsible to the Board of Directors, and submit their proposals to the Board of Directors for resolution. The committee meets at least once every quarter and may call additional meetings as needed. The term of office of the Audit Committee members is the same as the term of the Board of Directors that appointed them, which is three years. The company establishes a new Audit Committee in accordance with regulations after the directors are re-elected at the shareholders' meeting. The main purpose of the committee's operations is to supervise the following matters:

1. The fair presentation of the company's financial statements.
2. Selection of auditors (solution) duty and independence and performance.
3. The effective implementation of internal controls within the company.
4. The company's complies with relevant laws and regulations.
5. The managing and controlling of existing or potential risks of the company.

4. Performance Assessment:

- (1) To enhance the operational efficiency of the Board of Directors, the Company formulated the "Performance Assessment Rules for the Board of Directors" on August 29, 2012, which was most recently amended and approved by the Board of Directors on July 10, 2020. This amendment is in accordance with the announcement issued by the Taiwan Stock Exchange Corporation on June 3, 2020 (Ref. No. Taiwan-Stock-Governance-1090009468) to revise certain provisions of the Company's "Performance Assessment Rules for the Board of Directors," "Performance Assessment Indicators for the Board of Directors," "Board Member Self-Assessment Form," and "Performance Self-Assessment Form for Functional Committees," with the aim of improving the operational efficiency of the Board of Directors.
- (2) The indicators for evaluating the performance of the Board of Directors shall be regularly reviewed and recommended by the remuneration Committee. The Company shall determine the evaluation criteria for the performance of the Board of Directors, taking into account the Company's circumstances, which shall include at least the following five aspects:
 1. The degree of participation in company's operations.
 2. Improving the quality of the Board of Directors' decision-making.
 3. The composition and structure of the Board of Directors.
 4. The appointment and continuing education of directors.
 5. Internal control.

The Performance Assessment Indicators for Directors (self or peer) are detailed in the attached table, measuring at least the following six aspects:

1. Understanding of the company's goals and tasks.
2. Awareness of directors' responsibilities.
3. The degree of participation in company's operations.
4. Internal relationship management and communication.
5. Directors' professionalism and continuing education

6. Internal control.

The performance evaluation measures for functional committees should include at least the following five aspects:

1. The degree of participation in company's operations.
2. Understanding of functional committee's responsibilities.
3. Enhancing the decision-making quality of functional committees
4. Composition and selection of members of functional committees.
5. Internal control.

The "Board of Directors Performance Assessment Measures" formulated by our company have been fully disclosed on the Public Information Observatory and the company's website for reference.

- (3) According to the "Board Performance Assessment Measures", before the end of the first quarter of the following year, each execution unit shall collect information related to the activities of the board of directors and each functional committee, and distribute the "Board Performance Self-Assessment Questionnaire", "Director Member Performance Self-Assessment Questionnaire" and "Functional Committee Performance Self-Assessment Questionnaire" for completion. Finally, the coordinating execution unit (the Company's Finance Department) will collect the data uniformly, record the assessment results report according to the scoring criteria of the assessment indicators, and submit it to the board of directors for review and improvement. The execution assessment results for the year 2024 have been reported to the board of directors on February 25, 2025, and simultaneously disclosed on the Company's website for reference.
 - (4) The Company participated in the 11th (2024) Corporate Governance Assessment, conducted a self-evaluation according to the evaluation indicators of the Corporate Governance Center, and will actively improve on the items that did not score, continuously enhancing the level of corporate governance and fulfilling corporate social responsibility. The areas for improvement and reinforcement identified in the Corporate Governance Assessment were reported to the Board of Directors on February 25, 2025, and have been simultaneously disclosed on the Company's website for reference.
- (2) Audit Committee operations:
- Information on the Operation of the Audit Committee
- The Audit Committee held 9 meetings in the recent year (the 2nd term) (A), and the attendance of independent directors is as follows:

January 1, 2024 to February 25, 2025

Job title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remarks
Independent director	Hsien, I-Ta	8	0	100.00%	Note 1. Note 2
Independent director	Chu, Yann-Fang	9	0	100.00%	Note 1
Independent director	Chou, Che-Yi	9	0	100.00%	Note 1

Note 1: This company elected 3 independent directors at the annual shareholders' meeting on May 30, 2023, and the audit committee of this company was established by these 3 independent directors in accordance with the law. According to the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies" and the "Organizational Rules of the Audit Committee" of this company, the term of office for the independent directors of the audit committee is clearly defined as three years (from May 30, 2023 to May 29, 2026), which is the same as the term of office of the current board of directors.

Note 2: Independent Director Hsien, I-Ta resigned on February 17, 2025.

Other matters required to be recorded:

1. If any of the following situations occur in the operation of the Audit Committee, the date, period, agenda items, dissenting opinions, reservations or major recommendations of the independent directors, resolutions of the Audit Committee, and the company's handling of the Audit Committee's opinions should be stated:

(1) Article 14-5 of the Securities and Exchange Act lists the following matters.

Date of Audit Committee Meeting	Session	Content of the proposal	Content of dissenting opinions, reservations, or major recommendations from independent directors	Resolutions of the Audit Committee and the Company's handling of the Audit Committee's opinions
2024.01.11	7 th meeting by 2 nd Audit Committee	The issuance of new shares for the Company's second domestic unsecured convertible corporate bonds (Hotron II). (Number of converted common stock: 2,777 shares)	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Real estate acquisition case by the Company. (Counterparty: TUNG HSING TECHNOLOGY CORPORATION)	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
2024.02.27	8 th meeting by 2 nd Audit Committee	Appointment of certified public accountants and assessment of their independence and qualifications. (Appointment of CPA Lin, Ya-Hui and CPA JuanLu Mam-Yu for the year 2024)	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.

Date of Audit Committee Meeting	Session	Content of the proposal	Content of dissenting opinions, reservations, or major recommendations from independent directors	Resolutions of the Audit Committee and the Company's handling of the Audit Committee's opinions
		According to the "Self-Assessment Report on the Internal Control System for 2023", the "Statement on Internal Control System" of this company has been formulated.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Amended the "Directions for the Implementation of Continuing Education for Directors" case.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Correction of the "Organizational Rules of the Audit Committee" case.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Amendment to the "Rules of Procedure for Board of Directors Meetings".	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		The 2023 Annual Report, Individual Financial Statements, and Consolidated Financial Statements.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Deficit Compensation for the 2023	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
2024.04.10	9 th meeting by 2 nd Audit Committee	Endorsement guarantee case for 'Hotlink Company Limited,' a subsidiary indirectly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		The subsidiary, SmartGreen Solution Co., Ltd, plans to conduct a cash capital increase in the future, and the Company may waive its right to participate in the cash capital increase plan.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.

Date of Audit Committee Meeting	Session	Content of the proposal	Content of dissenting opinions, reservations, or major recommendations from independent directors	Resolutions of the Audit Committee and the Company's handling of the Audit Committee's opinions
2024.05.08	The 10 th meeting of the 2 nd term	The 2024 First quarter Consolidated Financial Statements	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Endorsement guarantee case for “Hotron Precision Electronic Industrial (Suzhou) Co., Ltd., a subsidiary in China through a third area indirectly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Endorsement guarantee case for “Hotron Precision Electronic Industrial (Vietnam) Co., Ltd., a subsidiary indirectly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
2024.07.02	The 11 th meeting of the 2 nd term	Endorsement guarantee case for “Hotron Precision Electronic Industrial (HuBei) Co., Ltd., a subsidiary indirectly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Acquisition of Right-of-Use Assets “Hotlink Company Limited., a subsidiary indirectly owned 100% by the company.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Acquisition of Right-of-Use Assets “SmartGreen Solution Co., LTD., a subsidiary directly owned 100% by the company.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
2024.08.09	The 12 th meeting of the 2 nd term	Second quarter consolidated financial statements for fiscal year 2024	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Endorsement guarantee case for “Hotron Precision Electronic Industrial (Suzhou) Co., Ltd. a subsidiary in China through a third area indirectly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.

Date of Audit Committee Meeting	Session	Content of the proposal	Content of dissenting opinions, reservations, or major recommendations from independent directors	Resolutions of the Audit Committee and the Company's handling of the Audit Committee's opinions
		Endorsement guarantee case for “Hotron Precision Electronic Industrial (HuBei) Co., Ltd., a subsidiary indirectly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Endorsement guarantee case for “Hotlink Company Limited, a subsidiary indirectly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Endorsement guarantee case for “Hotron Precision Electronic Industrial (Vietnam) Co., Ltd., a subsidiary indirectly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Acquiring machinery and equipment for business use case for “Hotron Precision Electronic Industrial (Vietnam) Co., Ltd. A subsidiary indirectly owned 100% by the company.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
2024.11.12	The 13 th meeting of the 2 nd term	2024 third quarter consolidated Financial Statements	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Endorsement guarantee case for ‘Fortuna International Holdings Ltd,’ a subsidiary directly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Endorsement guarantee case for “Hotron Precision Electronic Industrial (Suzhou) Co., Ltd., a subsidiary in China through a third area indirectly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Endorsement guarantee case for “Hotron Precision Electronic Industrial (Vietnam) Co., Ltd., a subsidiary indirectly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.

Date of Audit Committee Meeting	Session	Content of the proposal	Content of dissenting opinions, reservations, or major recommendations from independent directors	Resolutions of the Audit Committee and the Company's handling of the Audit Committee's opinions
		Reclassifying overdue accounts receivable as capital lending from a related enterprise "Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.", a subsidiary in China through a third area indirectly owned 100% by the company.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Case of endorsement and guarantee for the Company's 100% indirectly held subsidiary in China through a third area, "Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		The Company intends to waive its right to subscribe to new shares issued through cash capital increase by its 100% owned subsidiary "SmartGreen Solution Co., LTD.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Amending the "Corporate Governance Best Practice Principles" case.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Case of establishing "Operating Procedures for Sustainability Report Preparation and Assurance	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Case of establishing "Management Regulations for Sustainability Information	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Adding the Company's "Internal Control System for Sustainability Information Management" and amending the Company's "General Principles and Implementation Rules of Internal Control System"	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
2024.12.18	2 nd Term, 14 th Meeting	Endorsement guarantee case for "Hotron Precision Electronic Industrial (HuBei) Co., Ltd., a subsidiary indirectly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.

Date of Audit Committee Meeting	Session	Content of the proposal	Content of dissenting opinions, reservations, or major recommendations from independent directors	Resolutions of the Audit Committee and the Company's handling of the Audit Committee's opinions
		Real estate acquisition case for "SmartGreen Solution Co., LTD. A subsidiary directly owned 100% by the company.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Case of the Company's 100% owned subsidiary "SmartGreen Solution Co., LTD." Planning to establish a subsidiary in Thailand and acquire real estate	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Amend the case of the "Decision Authority Table" of this company.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Case of establishing the Company's "Organizational Regulations for Sustainable Development Committee	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Case of adding the Company's internal control system "Management of Sustainable Development Committee Meeting Operations" and amending the Company's "General Principles of Internal Control System and Audit Items	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Formulating the audit plan for the fiscal year 114 (2025) of the Republic of China era.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
2025.02.25	2 nd Term, 15 th Meeting	Appointment of certified public accountants and assessment of their independence and qualifications.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		According to the "Self-Assessment Report on the Internal Control System for 2024", the "Statement on Internal Control System" of this company has been formulated.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.

Date of Audit Committee Meeting	Session	Content of the proposal	Content of dissenting opinions, reservations, or major recommendations from independent directors	Resolutions of the Audit Committee and the Company's handling of the Audit Committee's opinions
		The 2024 annual report, individual financial statements and consolidated financial statements.	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Deficit Compensation for the 2024	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Endorsement guarantee case for "Hotron Precision Electronic Industrial (Vietnam) Co., Ltd.", a subsidiary indirectly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Endorsement guarantee case for "SmartGreen Solution Co., LTD.", a subsidiary directly owned 100% by the company	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Amending the Company's "Articles of Incorporation"	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.
		Amending the "Procedures for Lending Funds to Others and Endorsement Guarantee" and the internal control system's "Management of Lending Funds to Others" for the Company and its group subsidiaries	No such situation.	The members of the Audit Committee had no comments. All attending members unanimously approved the proposal without objection.

(2) Except for the aforementioned matters, there were no other matters resolved by more than two-thirds of all directors without being approved by the Audit Committee: None.

2. The implementation of independent directors' recusal from interested party proposals should state the names of the independent directors, the contents of the proposals, the reasons for recusal, and their participation in voting: No such situation.
3. Communication between independent directors, the head of internal auditing, and accountants (should include major matters, methods, and results of communication regarding the company's financial and business conditions).

1. After the shareholders' meeting on May 30, 2023, the company established an Audit Committee. The members of this committee, with the care of good administrators, faithfully fulfill the responsibilities stipulated in the "Audit Committee Organization Rules."
2. The audit supervisor prepares a monthly report on the audit results for review by the independent directors.
3. For major financial and business matters, the audit supervisor will immediately contact the independent directors and report the cause of the incident and how the company is handling it.
4. Prior to the issuance of each quarterly financial report, the accountant shall convene a meeting with the directors, independent directors, chief internal auditor, and chief financial officer to report on the audit of the quarterly financial statements, discuss any improvements or communications needed, and address the impact of new bulletins or laws on the company.

From the fiscal year 2024 to February 25, 2025, the key communication points from the meetings between the accountants, independent directors, and audit supervisors are summarized in the following table:

Meeting date	Key points of communication	Handling of Company's response	Suggestions and corrections from independent directors
2024.02.27	<ol style="list-style-type: none"> 1. Audit results of the consolidated financial statements and individual financial statements for the fiscal year 2023, as well as the report and discussion on the internal control audit. 2. The auditors issued an unqualified (including other matters section) audit report on February 27, 2024 3. Recent tax laws and regulations promotion. 	Improvements or implementation have been carried out according to the key points of communication.	The three independent directors have no objection.
2024.05.08	<ol style="list-style-type: none"> 1. Review report and discussion on the consolidated financial statement for the first quarter of fiscal year 2024 by the certified public accountant. 2. Recent tax laws and regulations promotion. 	Improvements or implementation have been carried out according to the key points of communication.	The three independent directors have no objection.
2024.08.09	<ol style="list-style-type: none"> 1. Review report and discussion on the consolidated financial statements for the second quarter of fiscal year 2024 by the certified public accountant. 2. Communication and promotion of important sustainability development timelines. 3. Recent updates and promotions on securities regulations and company laws. 	Improvements or implementation have been carried out according to the key points of communication.	The three independent directors have no objection.
2024.11.12	<ol style="list-style-type: none"> 1. Review report and discussion on the consolidated financial statements for the third quarter of fiscal year 2024 by the certified public accountant. 2. Recent promotion of securities and futures regulations. Communication and 	Improvements or implementation have been carried out according to the key points of communication.	The three independent directors have no objection.

Meeting date	Key points of communication	Handling of Company's response	Suggestions and corrections from independent directors
	promotion of corporate governance practices for the year 2025		
2025.02.25	1. Audit results of the consolidated financial statements and individual financial statements for the fiscal year 2024, as well as the report and discussion on the internal control audit. 2. The auditors issued an unqualified (including other matters section) audit report on February 24, 2025 3. Recent tax laws and regulations promotion, reminder of corporate governance implementation matters for 2025.	Improvements or implementation have been carried out according to the key points of communication.	Both independent directors have no objections

5. Periodically review the implementation status and internal control deficiencies of internal audits, and the internal audit supervisor regularly holds meetings with independent directors and accountants, and keeps records.

From the fiscal year 2024 to February 25, 2025, a summary of the communication items between the internal audit supervisors, independent directors, and accountants is as follows:

Date of Discussion	Key points of communication	Handling of Company's response	Accountant, independent director recommendations and corrections
2024.02.27	1. Follow-up on the deficiencies and abnormalities in the previous internal control system and their improvements (including subsidiaries). 2. Internal control system deficiencies and abnormalities that have not been improved as of January 31, 2024 3. Routine reporting of internal audit operations.	The necessary processing measures or improvement plans have been implemented accordingly.	The accountant and independent directors have no objection.
2025.05.08	1. Follow-up on the deficiencies and abnormalities in the previous internal control system and their improvements (including subsidiaries). 2. Internal control system deficiencies and abnormalities that have not been improved as of March 31, 2024	The necessary processing measures or improvement plans have been implemented accordingly.	The accountant and independent directors have no objection.
2024.08.09	1. Follow-up on the deficiencies and abnormalities in the previous internal control system and their improvements (including subsidiaries). 2. Internal control system deficiencies and abnormalities that have not been improved as of June 30, 2024	The necessary processing measures or improvement plans have been implemented accordingly.	The accountant and independent directors have no objection.
2024.11.12	1. Follow-up on the deficiencies and abnormalities in the previous internal control system and their improvements (including subsidiaries). 2. Internal control system deficiencies and	The necessary processing measures or improvement plans have been implemented accordingly.	The accountant and independent directors have no objection.

Date of Discussion	Key points of communication	Handling of Company's response	Accountant, independent director recommendations and corrections
	abnormalities that have not been improved as of September 30, 2024		
2025.02.25	<ol style="list-style-type: none"> 1. Follow-up on the deficiencies and abnormalities in the previous internal control system and their improvements (including subsidiaries). 2. Internal control system deficiencies and abnormalities that have not been improved as of January 31, 2025 3. Routine reporting of internal audit operations. 4. Amending the "Procedures for Lending Funds to Others and Endorsement Guarantee" and related internal control systems for the Company and its group subsidiaries. 	The necessary processing measures or improvement plans have been implemented accordingly.	The accountant and independent directors have no objection.

(3). Operation of corporate governance and its deviation from the Corporate Governance Best Practice Principles for listed Companies and the reasons:

Items	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the company formulated and disclosed a corporate governance best practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	✓		The company has established a “Corporate Governance Best Practice Principles” in accordance with regulations, and has disclosed it on the company’s website and the Market Observation Post System.	No difference.
2. Company Equity Structure and Shareholders’ Equity (1) Does the company establish internal operating procedures to handle shareholders’ suggestions, doubts, disputes, and litigation matters, and implement them according to the procedures?	✓		(1) To safeguard shareholders’ interests, the company has established various internal operating procedures, including the “Rules of Procedure for Shareholders’ Meetings”, “Regulations Governing the Exercise of Rights and Participation in Resolutions by Controlling Juristic Person Shareholders”, and “Internal Material Information Processing Procedures”. It has also designated spokespersons and deputy spokespersons to properly handle shareholders’ suggestions, inquiries, and disputes.	No difference. No difference. No difference.
(2) Does the company keep track of the list of major shareholders who actually control the company and the ultimate controllers of the major shareholders?	✓		(2) The company maintains close contact with major shareholders by monitoring the shareholder register provided by the share transfer agency and the monthly reports of changes in shareholdings by directors and managers, allowing it to keep track of changes in shareholdings.	No difference.
(3) Does the company establish and implement risk management and firewall mechanisms with related enterprises?	✓		(3) The company and its subsidiaries operate financially and operationally independently, with the company exercising control and auditing over them. The company has formulated the “Regulations Governing the Management of Related Party Transactions” and “Regulations Governing the Supervision and Management of Subsidiaries” to implement risk control mechanisms for its subsidiaries.	
(4) Does the company have internal regulations prohibiting insiders from trading securities using non-	✓		(4) The company has established the “Insider Trading Prevention Measures” to prevent insider trading in the capital market by company insiders. It has	

Items	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
public market information?			<p>also formulated the “Code of Ethical Conduct” to regulate the conduct of its directors, supervisors, and managers, preventing conflicts of interest, avoiding opportunities for personal gain, and ensuring fair dealing. Additionally, Article 15 of the “Ethical Corporate Management Best Practice Principles” stipulates compliance with laws and regulations in business operations. Company personnel must comply with the Securities and Exchange Act and refrain from engaging in insider trading or disclosing undisclosed information to prevent others from engaging in insider trading.</p> <p>The company provides education and promotion on the “Insider Trading Prevention Measures” and relevant laws and regulations to current directors and managers at least once a year. New directors receive such education after assuming office, while new managers receive it during pre-job training.</p> <p>Most recently, on October 12, 2024, the company conducted relevant education and promotion for current directors, independent directors, and managers. The course covered topics such as reporting requirements for changes in insiders’ shareholdings, examples of insider trading cases, common types of violations, and the confidentiality of material information. The course materials were also distributed.</p>	
<p>3. Composition and responsibilities of the Board of Directors</p> <p>(1) Does the Board of Directors plan to formulate a diversity policy, specific management objectives and implementation?</p>	✓		<p>(1) The company’s Board of Directors Diversity Policy is as follows: Article 20 of the Company’s “Corporate Governance Best Practice Principles” states: The Board of Directors as a whole should possess the necessary capabilities, and its composition should take diversity into consideration while formulating appropriate diversity policies based on the company’s operational needs, business model, and development needs.</p>	No difference.

Items	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>All members of the Board of Directors should generally possess the knowledge, skills and qualities necessary to perform their duties. The overall capabilities that the Board of Directors should possess are as follows:</p> <ol style="list-style-type: none"> 1. Operational judgement ability. 2. Accounting and financial analysis ability. 3. Operating and management ability. 4. Crisis management ability. 5. Industry knowledge. 6. International market perspective. 7. Leadership ability. 8. Decision-making ability. <p>Currently, the company's Board of Directors consists of seven directors:</p> <ol style="list-style-type: none"> 1. Three are independent directors, and all seven members are male. 2. The average age of the directors is 64, and all are of Taiwan, Republic of China nationality. 3. The non-independent directors possess relevant experience in business, law, finance, accounting, or the company's industry. For the overall capabilities of the Board members, please refer to Table 1 on page 14 of the annual report. 4. All independent directors have professional backgrounds. Director Chou, Che-Yi is a certified public accountant, and Director Chu, Yann-Fang holds a Ph.D. from the Graduate Institute of Business Administration at National Taiwan University and possesses a Project Management Professional (PMP) Certification from the United States. The composition of the company's Board of Directors includes various professional backgrounds, providing diverse operational perspectives. For the educational and professional backgrounds of the directors and independent directors, please refer to the director information on pages 6-9 of the annual report. The company's diversity policy for the Board of Directors is disclosed on the company's website and the Market Observation Post System. <p>Directors maintain high self-</p>	

Items	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>discipline and recuse themselves from discussions and voting on proposals in which they have a personal interest, stating the important content of their interests at the Board meeting and not acting as a proxy for other directors in exercising their voting rights. The rules for directors' recusal are stipulated in the Board of Directors Meeting Rules.</p> <p>The Board of Directors is responsible to the shareholders' meeting, and its management objective is to ensure that it exercises its powers in accordance with laws, regulations, the company's Articles of Incorporation, or resolutions of the shareholders' meeting, based on the company's governance system and arrangements.</p> <p>To implement corporate governance, the Company's Board of Directors has established the Audit Committee and Remuneration Committee to strengthen supervisory functions and enhance management capabilities, based on the principles of corporate social responsibility and sustainable operations. The Company has also formulated organizational regulations for each committee, which have been approved by resolution of the Board of Directors. The organizational rules for these committees, including the number of members, terms, duties, meeting rules, and resources to be provided by the company for exercising their powers, have been approved by the Board of Directors to ensure the division of labor and independent and full exercise of their respective powers.</p>	
(2) In addition to legally establishing a remuneration committee and an audit committee, does the company voluntarily establish other functional committees?	✓		(2) In addition to the legally required committees for remuneration and audit. However, in the future, in line with the spirit of corporate governance, other functional committees will be established as needed for the company's development.	
(3) Has the company formulated the	✓		(3) The company has established "Rules for	

Items	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
Board of Directors' performance evaluation measures and evaluation methods, and regularly conduct performance evaluations every year? Are the results of the performance evaluations reported to the Board of Directors and used as a reference for individual directors' remuneration and nomination for re-appointment?			<p>Performance Assessment of the Board of Directors". According to these rules, the board of directors should conduct an internal performance evaluation annually based on various assessment indicators. The weighting of the evaluation indicators can be adjusted based on actual operational needs. Before the end of the first quarter of the following year, each executive unit will distribute the "Self-Assessment Questionnaire for the Board of Directors' Performance", "Self-Assessment Questionnaire for Directors (Self or Peer)", and "Self-Assessment Questionnaire for Functional Committee Performance" to evaluate the performance of board members, the remuneration Committee, the Audit Committee, and the board of directors overall.</p> <p>The measurement items for the board of directors' performance evaluation include:</p> <ol style="list-style-type: none"> 1. The degree of participation in the company's operations. 2. Enhance the quality of board decision-making. 3. Composition and structure of the board of directors. 4. Appointment and continuing education of directors. 5. Internal control. <p>The measurement items for directors' performance evaluation include:</p> <p>Understanding of the company's goals and tasks.</p> <p>Awareness of directors' responsibilities.</p> <ol style="list-style-type: none"> 3. The degree of participation in the company's operations. 4. Internal relationship management and communication. 5. Directors' professionalism and continuing education 6. Internal control. <p>The measurement items for the performance evaluation of functional committees (remuneration Committee) cover the following five aspects:</p> <ol style="list-style-type: none"> 1. The degree of participation in the company's operations. 2. Understanding of the functional committee's responsibilities. 	

Items	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(4) Does the Company regularly evaluate the independence of the certified public accountants?	✓		<p>3. Enhance the decision-making quality of functional committees.</p> <p>4. Composition and selection of members of functional committees.</p> <p>Internal control.</p> <p>The “Board of Directors Performance Assessment Measures” formulated by our company have been fully disclosed on the Public Information Observatory and the company’s website for reference.</p> <p>Finally, the coordinating executive unit (Finance Department) will collect the self-evaluation questionnaires, record the assessment results report, and submit it to the board of directors for reporting.</p> <p>The most recent (2024) board of directors’ performance assessment results were reported at the board meeting on February 25, 2025, and have been simultaneously disclosed on the company’s website for reference.</p> <p>(4). The company regularly evaluates the independence and suitability of the appointed accountants every year. Indicators such as the number of consecutive years the accounting firm has provided audit services, the nature and content of non-audit services provided, audit certification fees, whether there have been any disciplinary actions or penalties imposed on the accountant according to the Accountant Act, and interactions with management and the head of internal audit are assessed.</p> <p>The assessment results of the accountants for the past two years were approved by the board of directors on February 27, 2024, and February 25, 2025, respectively.</p> <p>The assessment results reported to the board of directors on February 25, 2025, are as follows:</p> <ol style="list-style-type: none"> 1. There was no situation where the accountant was not replaced for seven consecutive years. 2. After checking the list of disciplined accountants published by the Securities and Futures Bureau of the Financial Supervisory Commission in the past five years or the list of those 	

Items	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>penalized according to Article 37, Paragraph 3 of the Securities and Exchange Act, the appointed accountants of the company have not been subject to any disciplinary actions or administrative penalties.</p> <p>3. Based on the evaluation of independence and suitability using the Audit Quality Indicators (AQIs), PricewaterhouseCoopers Taiwan accountants Lin, Ya-Hui and JuanLu, Man-Yu meet the company's standards for independence and suitability. They are proposed to be appointed as the Company's certifying accountants for 2025.</p> <p>4. For the evaluation of suitability and independence of the certifying accountants for 2025, please refer to the explanation in the attached table (Note 1).</p>	
4. Do listed companies deploy appropriate and sufficient numbers of corporate governance personnel, and appoint a corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing directors and supervisors with the necessary information to perform their duties, assisting directors and supervisors in complying with laws and regulations, legally handling board of directors and shareholders' meeting-related matters, preparing minutes of board of directors and shareholders' meetings, etc.)?	✓		<p>At the Board of Directors meeting held on December 14, 2022, the company approved the appointment of a Corporate Governance Officer, who will concurrently serve as the Chief Financial Officer. The Corporate Governance Officer has more than three years of experience in finance, shareholder services, and corporate governance matters in a public company.</p> <p>The company's corporate governance working group is responsible for carrying out duties in their respective departments and promoting the following main responsibilities:</p> <p>1. The Management Department formulates appropriate corporate systems and organizational structures to enhance transparency and legal compliance, implement internal audits and internal controls, and is responsible for evaluating and obtaining appropriate directors' and officers' liability insurance.</p> <p>2. The Finance Department is responsible for matters related to the Board of Directors and shareholders' meetings.</p> <p>(1) Assisting directors and independent directors in complying with laws and regulations, and arranging at least 6 credits of continuing education courses for Board members.</p> <p>(2) Regularly convening communication</p>	No difference.

Items	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>meetings with the internal audit supervisor, independent directors, and accountants to implement internal audit and internal control systems. Key points of the communication meetings are summarized on pages 46-46 of the annual report.</p> <p>(3) Prior to Board meetings, soliciting opinions from all directors to plan and draft the agenda, and notifying all directors at least seven days in advance and providing sufficient meeting materials to facilitate directors' understanding of the relevant issues. If any agenda item involves related parties, the relevant parties will be reminded in advance and recuse themselves as appropriate. Meeting minutes will be prepared after the Board meeting.</p> <p>(4) To implement corporate governance, the Finance Department conducts an annual internal performance evaluation of individual directors, the remuneration Committee, and the overall operation of the Board of Directors in accordance with the "Board of Directors Performance Assessment Procedures" established by the company. Additionally, an external performance evaluation by an independent professional institution or scholar is commissioned at least once every three years.</p> <p>(5) Registering the date of the annual shareholders' meeting within the statutory time limit, preparing and filing the meeting notice, agenda handbook, and meeting minutes before the deadline, and completing the registration of any amendments to the Articles of Incorporation or changes in directors after re-election.</p> <p>The company's Corporate Governance Officer has carried out the aforementioned duties and has completed 18 hours of continuing education.</p>	

Items	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
5. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on the company website, and properly responded to important corporate social responsibility issues that stakeholders are concerned about?	✓		Our company has contact information and mailboxes available on the company website and Public Information Observation Station, which can be provided to stakeholders for contact at any time.	No difference.
6. Does the company appoint a professional stock affairs agency to handle the affairs of the shareholders' meeting?	✓		Our company has appointed China Trust Commercial Bank's stock affairs agency as the professional stock affairs agency to handle the affairs of our company's shareholders' meetings.	No difference.
7. Information Disclosure (1) Does the company have a website where it discloses its financial, business operations, and corporate governance information?	✓		Our company fully discloses financial business and corporate governance information on its official website and public information observation stations.	No difference.
(2).Does the company adopt other information disclosure methods (such as establishing an English website, designating personnel responsible for collecting and disclosing company information, implementing a spokesperson system, posting records of investor conferences on the company website, etc.)?	✓		We have established corporate websites in Chinese, English, Japanese, and Korean to implement information disclosure and promptly disclose various company information. Our company also has spokespersons and deputy spokespersons to release important information in a timely manner and, when necessary, hold legal entity explanatory meetings to explain important operational conditions.	No difference.
(3) Does the company announce and file its annual financial reports within two months after the end of the fiscal year, and announce and file its first, second, and third quarter financial reports and monthly operating status within the prescribed time limits?	✓		Our company is committed to announcing and filing the annual financial report within two months after the end of the fiscal year. Currently, the first, second, and third quarter financial reports and monthly operating conditions are announced and filed ahead of schedule. The monthly operating conditions are consistently filed on the 9 th of the following month, or earlier if it falls on a holiday.	No difference.
8. Does the company have any other important information that helps understand the operation of corporate governance (including but not limited to employee benefits, employee care, investor relations, supplier relations, stakeholder rights,	✓		please refer to the explanation in the attached table (Note 2).	No difference.

Items	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, etc.)?				
9. Please explain the improvements made based on the recent corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and propose priority areas for improvement and corresponding measures for areas that have not yet been addressed.	✓		The Company participated in the 11 th (2024) Corporate Governance Assessment, conducted a self-evaluation according to the evaluation indicators of the Corporate Governance Center, and will actively improve on the items that did not score, continuously enhancing the level of corporate governance and fulfilling corporate social responsibility. The areas for improvement and reinforcement identified in the Corporate Governance Assessment were reported to the Board of Directors on February 25, 2025, and have been simultaneously disclosed on the Company's website for reference.	No difference.

Note 1:

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.

CPAs Competency and Independence Assessment Form

1. Assessment description: According to Article 29 of the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies,” listed companies should appoint professional, responsible, and independent certified public accountants, and should regularly (at least once a year) evaluate the independence and suitability of the appointed accountants.

2. Assessment subjects: CPA Lin, Ya-Hui and CPA JuanLu Mam-Yu of PricewaterhouseCoopers Taiwan.

6. Assessment content: Established with reference to the Statement of Professional Ethics No. 10

Assessment index	Assessment items	Assessment result	Independence
1. Financial interests	1.1 Does the CPAs have a direct or significant indirect financial interest relationship with our company?	No	Yes
	1.2 Does the CPAs have a “significant financial interest” relationship with the controlling subsidiaries of our company?	No	Yes
2. Financing and Guarantee	2.1 Does the CPAs have any financing or guaranteeing activities with the company or the company’s directors?	No	Yes
3. Close business relations	3.1 Whether the CPAs has a close commercial relationship or potential employment relationship with the Company or the Company’s directors, supervisors, or managers.	No	Yes
4. Acceptance of employment or appointment with an audit client	4.1 The term of the CPAs does not exceed 7 years.	Yes	Yes
	4.2 Do the CPAs and members of their audit team currently or in the past two years serve as directors, supervisors, managers, or positions with significant influence on the audit work, or employees of the company?	No	Yes
	4.3 Has the visa-certified accountant currently or in the past two years served as a director or supervisor of a subsidiary controlled by the company?	No	Yes
	4.4 Does the CPAs have a relative relationship with any director, manager or personnel with significant influence over the audit case of the company?	No	Yes
5. Non-audit Matters	5.1 Has the CPAs provided any non-audit services that may directly affect the audit work for the company?	No	Yes
6. Other items	6.1 Does the CPAs have any intermediary role in the stocks or other securities issued by this company?	No	Yes
	6.2 Does the CPAs act as a defense attorney or representative for the company in coordinating conflicts between the company and other third parties?	No	Yes
	6.3 Visa accountants do not receive any significant gifts or special favors from the Company or its directors, managers, or major shareholders.	Yes	Yes
	6.4 The accountant or audit team members do not keep custody of the company’s money or securities.	Yes	Yes

for

Certified Public Accountants

Assessment result:

After evaluation, the certified public accountants proposed for appointment by the Company do not have any of the circumstances described in the aforementioned independence assessment items, and it is confirmed that the certified public accountants comply with the independence regulations and there is no doubt about the reliability of the financial reports issued.

Assessment unit: Finance Division

Assessment date: February 5, 2025

Note 2. Other important information that helps understand the operation of corporate governance;

Assessment items	Implementation status (Note 1)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Employee Benefits				
(1) Provide employees with adequate education and training	✓		(1) For employee on-the-job training, each department will arrange appropriate internal education and training courses as needed. The personnel unit also provides appropriate internal training courses for new employees, providing employees with a comprehensive professional skill development and self-growth opportunities. Please refer to the explanation in the attached table (Note 3).	No difference.
(2).Provide employees with sufficient rights to express opinions	✓		(2) Regarding employee opinions in the annual performance appraisal, in addition to appropriate responses from their direct supervisors, relevant opinions are also discussed in higher-level management meetings and responded to one by one. The company holds labor-management meetings quarterly, and employees can communicate through labor representatives in the meetings.	No difference.
(3) Others (such as occupational safety and health management system certified by OHSAS18001 or relevant institutions, providing of reasonable welfare and compensation to employee, etc.)	✓		(3) All factories have obtained ISO 45001 Occupational Health and Safety Management System certification; the group provides employees with reasonable benefits and remuneration, please refer to the explanation in “5. Operation Overview” and “5.Labor Relations” in the annual report.	No difference.
2. Employee Care				
(1) Ensure workplace safety	✓		1. Appoint a security company for building security management. 2. Cooperate with a building public safety inspection company to conduct fire safety inspections to ensure a safe working environment. 3. Fire and disaster prevention for the building lecture every year. 4. Conduct an annual fire safety training seminar for the building. Purchase public liability insurance for the building to protect the safety of employees and visitors entering and exiting the building. 5. To implement a fire protection plan and other fire management matters to ensure public safety, the company has assigned personnel to attend training at the Taipei City Apartment Building and Community Service Association and obtain a Certificate of Qualification for Fire Management Training.	No difference. No difference.
(2) Establish written policies related to labor health and safety	✓		The company has established a labor safety management unit and formulated the “Safety and	No difference.

Assessment items	Implementation status (Note 1)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Others such as emphasizing the physical and mental development of employees and their family life, etc.)	✓		Health Work Rules.” Employees are encouraged to participate in healthy leisure activities. The Employee Welfare Committee regularly organizes employee (including family members) tours for relaxation and recreation.	
3. Investor Relations				
(1) Enhance operational transparency	✓		Our company’s financial statements and important financial and business information are publicly disclosed on the Public Information Observation Station website as required, and an “Investor Relations” section has been established on our company’s official website to provide sufficient information disclosure to investors.	No difference.
(2)Emphasize corporate governance	✓		We have recruited industry leaders, as well as accountants and lawyers, to serve as directors of the company to provide advice on business management and have established various corporate governance-related policies to strengthen corporate governance as our goal.	No difference.
(3) Others	✓		With the philosophy of sustainable operation, we aim to maximize economic benefits for our employees, shareholders, customers, and suppliers. Our company has implemented electronic voting at shareholders’ meetings as required.	No difference.
4. Supplier Relations				
(1) Emphasize reasonableness of procurement prices	✓		Pay attention to market trends and regularly review product cost structure and gross profit margin performance to ensure reasonable procurement prices.	No difference.
(2)Legal and fair trade	✓		Conduct regular supplier audits and guidance, emphasizing legal and fair trade.	No difference.
(3) Others	✓		Qualified suppliers must sign an environmental commitment and integrity commitment to ensure their commitment to the environment and quality. Additionally, products must pass inspection reports from accredited third-party laboratories to ensure product quality.	No difference.
5. Interests of Stakeholders				
(1) Respect intellectual property rights	✓		The company follows the laws and regulations promulgated by the government, and simultaneously applies for patents for the research and development achievements and technologies to protect intellectual property rights. To protect the company’s intellectual property rights and avoid infringing upon others’ intellectual property rights, the company has established a legal department. Additionally, the company has signed a retainer agreement with an	No difference.

Assessment items	Implementation status (Note 1)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>(2).Importance of Customer Relationships (Such as protecting consumer rights, emphasizing product quality, safety and innovation, attaching importance to and immediately handling customer complaints, providing complete product information, etc.)</p> <p>(3) Compliance with laws and regulations</p> <p>(4) Others (such as disclosing the implementation of corporate social responsibility policies on the company's website, etc.)</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>external law firm to provide consultation on intellectual property rights to safeguard the company's interests. So far, the company has not experienced any intellectual property rights disputes.</p> <p>The company emphasizes customer needs, handles customer complaints promptly, and provides comprehensive product information to maintain optimal customer relationships. It constantly monitors customer dynamics, ensures the progress of new product development, and cooperates with customers' product development projects until successful mass production to strike a balance between delivery time and quality after mass production.</p> <p>The company has formulated operating procedures following the laws and regulations promulgated by the government.</p> <p>The company's official website has a "Sustainable Development" section that fully discloses the implementation of corporate social responsibility policies, corporate integrity management, and stakeholder areas, providing communication channels and contact windows for various issues of concern to investors.</p>	<p>No difference.</p> <p>No difference.</p> <p>No difference.</p>
6. Training Status of Directors and Supervisors	✓		All directors and independent directors of the Company have all completed training as required. For details on director training in the most recent year, please refer to the explanation in the attached table (Note 4), which is also announced on the "Market Observation Post System".	No difference.
7. Implementation of risk management policies and risk measurement standards	✓		To strengthen corporate governance and effectively implement the company's risk management mechanism, our company has approved the "Risk Management Policy and Procedures" on December 14, 2022 by the Board of Directors, as the highest guiding principle for risk management compliance. The implementation of our company's risk management is divided into three management levels. Each risk management unit shall regularly adjust the control and management mechanisms according to changes in the internal and external operating environment, continue to pay attention to the development of international and domestic risk management, identify emerging risks, and the President shall be responsible for reviewing the integrity of the company's risk management-related mechanisms, coordinating and supervising the risk control situations of each unit, and regularly (at least once a year) reporting to the Board of Directors on the operation of risk management.	No difference.

Assessment items	Implementation status (Note 1)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
8. Implementation of Customer Policies	✓		Our company strictly adheres to the agreements with our customers and ensures their rights and interests. For customers, we sign environmental protection contracts or add environmental protection clauses to quality contracts, committing our company to comply with environmental protection laws and policies during the production process.	No difference.
9.Information on liability insurance purchased for directors and supervisors	✓		Our company has insured “Directors and Officers Liability Insurance” with Cathay Century Insurance Co., Ltd. The insured parties are the directors and officers of our company, with an insured amount of USD 3 million. The insurance period is from June 6, 2024 to June 6, 2025. After expiration, we will continue to renew the insurance to protect the interests of shareholders.	No difference.
10.The status of the company’s establishment of information security risk management	✓		To establish a secure information security environment and strengthen the group’s internal information security management system, the company has formulated the “Information Security Management Regulations” to maintain the confidentiality, integrity and availability of the company’s information assets, and to protect user data privacy. We conduct information security education and training to promote employees’ awareness of information security and enhance their recognition of relevant responsibilities. We implement an information security risk assessment mechanism to improve the effectiveness and timeliness of information security management. We also implement an internal information security audit system to ensure the implementation of information security management. Considering that cyber insurance is still an emerging type of insurance, involving information security level testing agencies, claim appraisal agencies and non-indemnity conditions, etc., the company is still under evaluation.	No difference.

Note 3. The implementation of various training programs provided to employees by our company in 2024 is as follows:

Items	Training and course programs	Number of classes	Number of trainees	Course hours	Training expenses (NTD)
A	New employee training	45	45	90	-
B	Professional skills training	2	2	12	6,300
C	Management skills training	3	3	24	14,500
D	Others training	1	10	6	54,300

- A. New Employee Training: Providing new employees with pre-job training, safety and health education training, and general knowledge training.
 - B. Professional skills training: It refers to the company's internal training provided to colleagues in various units for system operations in sales, manufacturing, finance, etc., as well as external professional training courses attended.
 - C. Management skill training: It is according to the regulations of the competent authority that only unit supervisors attending external events (financial and accounting supervisors, audit supervisors, corporate governance supervisors) can receive training.
 - D. Other Training: Notice of explanation meeting for matters to note on insider equity reporting and continuing education courses for directors and supervisors.
2. Regarding personnel related to financial information transparency in our company for the year 2024, their relevant certifications obtained and training received as specified by the competent authority are as follows:

Title	Name	Continuing Education System (Learning Units)	Course name	Training hours
Chief Financial Officer	Hsu, Kuo-Huang	Accounting Research and Development Foundation	Issuer securities firm securities exchange accounting officer continuing education class	12
Acting Head of Accounting	Wu, Hui-Min	Taiwan Corporate Governance Association	International Trends and Analysis of Sustainability Reporting Development	3
		Taiwan Corporate Governance Association	Implementing Middle Way Leadership for ESG Sustainable Management Philosophy	3
		Securities And Futures Institute	How the Finance and Accounting Department Assists Operating Departments in Annual Planning and Budget Preparation	6
Financial reporting accountants	Lin, Ssu-Yu	Taiwan Corporate Governance Association	International Trends and Analysis of Sustainability Reporting Development	3
		Taiwan Corporate Governance Association	Implementing Middle Way Leadership for ESG Sustainable Management Philosophy	3

(3) Audit supervisor training status:

Title	Name	Continuing Education System (Learning Units)	Course name	Training hours
Audit Manager	Chiang, Ming-Te	Accounting Research and Development Foundation	Latest Compilation and Analysis of Regulations Related to "Annual Reports/Sustainability Information/Financial Statement Preparation" and Internal Control Management Practices	6
		Accounting Research and Development Foundation	Analysis of Internal Management Practices for Corporate Greenhouse Gas Inventory	6

(4) The training and continuing education of managerial officers related to corporate governance is as follows:

Title	Name	Continuing Education System (Learning Units)	Course name	Training hours
Chairman	Chang, Li-Jung	Taiwan Corporate Governance Association	Implementing Middle Way Leadership for ESG Sustainable Management Philosophy	3
President	Lu, I-Hsuan	Taiwan Corporate Governance Association	Implementing Middle Way Leadership for ESG Sustainable Management Philosophy	3
Head of Corporate Governance	Hsu, Kuo-Huang	Taiwan Corporate Governance Association	Implementing Middle Way Leadership for ESG Sustainable Management Philosophy	3

Note 4: Recent year director training status

Title	Name	Date	Continuing Education System (Learning Units)	Course name	Continuing Education Hours	Whether it complies with "Listed and OTC Companies Directors, Supervisors Continuing Education Implementation Guidelines"
Chairman	Chang, Li-Jung	2024.07.02	Taiwan Corporate Governance Association	Implementing Middle Way Leadership for ESG Sustainable Management Philosophy	3	Yes
		2024.07.02	Taiwan Corporate Governance Association	International Trends and Analysis of Sustainability Reporting Development	3	Yes
Director	Lu, I-Hsuan	2024.07.02	Taiwan Corporate Governance Association	Implementing Middle Way Leadership for ESG Sustainable Management Philosophy	3	Yes
		2024.07.02	Taiwan Corporate Governance Association	International Trends and Analysis of Sustainability Reporting Development	3	Yes
Director	Chen, Shuh	2024.06.21	Taiwan Corporate Governance Association	Corporate Fraud Risk and Challenges	3	Yes
		2024.06.18	Taiwan Corporate Governance Association	Memorandum for Taiwan 2030	3	Yes
Director	Chen, Tai-Chung	2024.07.02	Taiwan Corporate Governance Association	Implementing Middle Way Leadership for ESG Sustainable Management Philosophy	3	Yes
		2024.07.02	Taiwan Corporate Governance Association	International Trends and Analysis of Sustainability Reporting Development	3	Yes

Title	Name	Date	Continuing Education System (Learning Units)	Course name	Continuing Education Hours	Whether it complies with "Listed and OTC Companies Directors, Supervisors Continuing Education Implementation Guidelines"
Independent director	Hsien, I-Ta (Note 1)	2024.07.02	Taiwan Corporate Governance Association	Implementing Middle Way Leadership for ESG Sustainable Management Philosophy	3	Yes
		2024.07.02	Taiwan Corporate Governance Association	International Trends and Analysis of Sustainability Reporting Development	3	Yes
Independent director	Chu, Yann-Fang	2024.07.02	Taiwan Corporate Governance Association	Implementing Middle Way Leadership for ESG Sustainable Management Philosophy	3	Yes
		2024.07.02	Taiwan Corporate Governance Association	International Trends and Analysis of Sustainability Reporting Development	3	Yes
Independent director	Chou, Che-Yi	2024.07.02	Taiwan Corporate Governance Association	Implementing Middle Way Leadership for ESG Sustainable Management Philosophy	3	Yes
		2024.07.02	Taiwan Corporate Governance Association	International Trends and Analysis of Sustainability Reporting Development	3	Yes
		2024.04.30	Taiwan Investor Relations Institute Association	Analysis and Decision-Making Application of Corporate Financial Information and Securities Regulations	3	Yes
		2024.03.12	Taiwan Corporate Governance Association	Talent Development for Sustainable Business Operations	3	Yes

Note 1: Independent Director Hsien, I-Ta resigned on February 17, 2025

(4) If the company has established a remuneration Committee or Nomination Committee, it should disclose the composition and operation of the committee:

1. Composition of the remuneration Committee:

The Company established the Remuneration Committee in December 2011. The Remuneration Committee shall, with the care of a good administrator, faithfully fulfill the following duties and submit its recommendations to the Board of Directors for discussion. The professional qualifications and independence of the members of the current Remuneration Committee all comply with the requirements for appointment as stipulated in Articles 5 and 6 of the Regulations Governing the Exercise of Powers by Remuneration Committees.

Remuneration Committee Member Information

April 16 2025

Capacity (Note 1)	Qualifications Name	Professional Qualifications (Note 2)	Independence Status (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
Convener of the remuneration Committee, Independent director	Chu, Yann-Fang	1. Served as a member of the 4 th and 5 th Remuneration Committee. 2. Holds the Project Management Professional (PMP) certification from the United States. 3. Served as a lecturer in business, finance, and accounting at public and private universities and colleges for more than five years. 4. Possesses the necessary work experience in business, finance, accounting, operational management, and corporate operations. Please refer to the director's information on page 9 of the annual report for related content. 5. None of the circumstances set forth in Article 30 of the Company Act.	1. Meets the conditions for independence. 2. For the two years prior to the appointment and during the term of office, there were no circumstances as described in Article 6, Paragraph 1 of 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".	0

Capacity (Note 1)	Qualifications	Professional Qualifications (Note 2)	Independence Status (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
	Name			
Independent director	Chou, Che-Yi	1. Served as a member of the 4 th and 5 th Remuneration Committee. 2. Holds a Certified Public Accountant license. 3. Has work experience in business, finance, accounting, industry, marketing, operations management, and corporate affairs as required, please refer to the relevant information on page 12 of the annual report for directors' information. 4. None of the circumstances set forth in Article 30 of the Company Act.	1. Meets the conditions for independence. 2. For the two years prior to the appointment and during the term of office, there were no circumstances as described in Article 6, Paragraph 1 of 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".	1
Others	Lin, Hsiao-Chen	1. Has a lawyer's license. 2. Possesses work experience in commerce, law, business management, and company operations as required. 3. Currently serving as a partner attorney at Wang Dong-shan Law Firm from March 2003 to present. 4. None of the circumstances set forth in Article 30 of the Company Act.	1. Meets the conditions for independence. 2. For the two years prior to the appointment and during the term of office, there were no circumstances as described in Article 6, Paragraph 1 of 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".	0

Note 1. The work experience, professional qualifications, and independence of each member of the remuneration Committee have been described. All members of this committee are independent directors.

Note 2. Professional qualifications and experience: Explain the professional qualifications and experience of individual members of the remuneration Committee. For relevant experience, please refer to Table 1 Director Information on page 8-9 of the annual report.

Note 3. It has been disclosed individually whether the members of the remuneration Committee meet the independence criteria, including but not limited to whether the member, spouse, or second-degree relatives serve as directors, supervisors, or employees of the company or its affiliated companies; the number and percentage of company shares held by the member, spouse, or second-degree relatives (or in the name of others); whether they serve as directors, supervisors, or employees of companies with specific relationships with the company (as defined in Articles 5-8 of 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); and the amount of remuneration received in the last two years for providing business, legal, financial, accounting or other services to the company or its affiliated companies.

2.Responsibilities and scope of authority of the remuneration Committee:

- (1) Formulate and regularly review the policies, systems, standards, and structures for performance evaluation and compensation of directors, supervisors, and managers.
- (2) Regularly evaluate and determine the remuneration of directors, supervisors, and managers.

When exercising the duties set forth in the preceding paragraph, this committee shall act in accordance with the following principles:

- (1) The performance evaluation and remuneration of directors, supervisors, and managers should be based on the common standards of the same industry, and consider the reasonableness associated with individual performance, company operating performance, and future risks.
- (2) Directors and managers should not be encouraged to engage in behaviors that exceed the company's risk appetite in pursuit of remuneration and remuneration.
- (3) Regarding the proportion of bonuses paid to directors and senior managers for short-term performance and the timing of payment for part of the variable salary remuneration, the industry characteristics and the nature of the company's business should be taken into consideration in making the decision.

3. The operation of the remuneration Committee:

Information on the Operation of the remuneration Committee

- (1) The company's remuneration Committee consists of 3 members.
- (2) Term of office for the current committee: From July 11, 2023 to May 29, 2026, the Compensation Committee (5th term) held a total of 6 meetings (A). The attendance of the committee members are as follows:

July 11, 2023 to April 16, 2025

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A) (Note)	Remarks
Convener (Independent Director)	Chu, Yann-Fang	6	0	100%	None
Committee Member (Independent Director)	Chou, Che-Yi	6	0	100%	None
Committee Member	Lin, Hsiao-Chen	-	-	-	Newly appointed on April 16, 2025
Committee Member (Independent Director)	Hsien, I-Ta	5	0	83.33%	Resigned on February 17, 2025

Other matters required to be recorded:

1. If the board of directors decides not to adopt or amend the recommendations of the remuneration committee, it should state the date, period, content of the proposal, resolution of the board meeting, and how the company has handled the opinions of the remuneration committee (if the remuneration approved by the board of directors is better than the recommendations of the remuneration committee, the company should explain the

deviations and reasons):

2. If any member of the remuneration Committee has dissenting or qualified opinions on the items resolved, and these opinions are recorded or stated in writing, the date, period, content of the proposal, opinions of all members, and how these opinions were addressed should be specified: No such situation
3. The discussion agenda and resolution results of the most recent (5th) remuneration Committee, and the company's handling of the remuneration Committee's opinions:

Remuneration Committee meeting date	Term	Discuss the contents of the proposal	Resolution result	Company's handling of opinions regarding remuneration Committee on remuneration and benefits
2024.01.11	2 nd Term, 5 th Meeting	Case of annual bonus distribution for directors and managers in the execution of business operations in the company's year 2023	All attending members passed the proposal without objection.	Processed according to resolution.
2024.02.27	3 rd Term, 5 th Meeting	2023 Directors' remuneration for Execution of Duties.	All attending members passed the proposal without objection.	Processed according to resolution.
2024.08.09	5 th Term, 4 th Meeting	This company's proposal for salary adjustments of directors and managers in the year 2024	All attending members passed the proposal without objection.	Processed according to resolution.
2024.12.18	5 th Term, 5 th Meeting	Case of annual bonus distribution for directors and managers in the execution of business operations in the company's year 2024	All attending members passed the proposal without objection.	Processed according to resolution.
2025.02.25	5 th Term, 6 th Meeting	2024 Directors' remuneration for Execution of Duties.	All attending members passed the proposal without objection.	Processed according to resolution.

4. Information on the Nomination Committee members and its operational: N/A.

(5) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		<p>The Company established a "Sustainable Development Committee" in December 2024, appointing three independent directors as members of the first Sustainable Development Committee. With the authorization from the Board of Directors, they exercise the following duties with the care of good administrators and report to the Board of Directors:</p> <ol style="list-style-type: none"> 1. Formulating, promoting, and strengthening the company's sustainable development policies, annual plans, and strategies. 2. Reviewing, tracking, and revising the implementation status and effectiveness of sustainable development. 3. Supervising sustainable information disclosure and reviewing sustainability reports. 4. Supervising the implementation of the Company's Sustainable Development Principles or other sustainability-related work as resolved by the Board of Directors. <p>The Administrative Department, led by the President as the chief convener, is the dedicated (concurrent) unit for promoting sustainable development. It convenes and chairs the Sustainable Development Task Force meetings, oversees and resolves related promotion matters, and regularly reports to the Board of Directors on the progress and results of sustainable development work, as well as future plans.</p>	No difference.
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note) The principle of materiality refers to environmental, social and corporate governance issues that have a significant impact on the company's investors and other stakeholders.	✓		<p>The company passed the "Risk Management Policy and Procedures" during the board meeting on December 14, 2022. According to the principle of materiality, we conducted risk assessments on environmental, social, and corporate governance issues related to company operations as the basis for risk management and implementation.</p> <p>In terms of the environment, AcBel fulfills its corporate citizenship responsibility by actively promoting energy conservation, carbon reduction, and waste reduction. Each year, the company reviews its reduction results through the ISO14001:2015 environmental management system certification testing. On the social aspect, Hotron values employee's balanced development and is committed to providing a safe and healthy work environment. Through daily operational activities in each department, we identify potential risks and continuously strengthen operational management, fire drills, and other preventive mechanisms. We also regularly conduct hazard identification, risk assessment, and education and training on operating procedures. In terms of products, we are dedicated to developing and producing products that comply with environmental regulations in various countries. Colleagues from R&D, QA, procurement, manufacturing, and other departments jointly discuss and establish product substance management regulations, regularly conduct supply</p>	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			chain management, require suppliers to issue "Supplier Environmental Protection and Safety Production Commitment Letters," and jointly comply with the latest version of the "Responsible Business Alliance Code of Conduct." Regarding corporate governance, our company has appointed a corporate governance officer responsible for corporate governance-related affairs and assisting directors in complying with laws and regulations as well as handling board of directors and shareholders' meetings.	
3.Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	✓		<p>Our group headquarters is located in Neihu District, Taipei City, which is not an ecological conservation area or habitat. We do not have any factories, and hence do not have any impact on the natural ecological environment or violate any environmental protection laws or air pollution regulations. The company has established a good and suitable working environment and various management systems.</p> <p>Our factories are located in Suzhou High-Tech Industrial development Zone, Jiangsu Province, China; Hotron Science & Technology Industrial Park, Tianmen City, Hubei Province, China; and Dong Van 4 Industrial Park, Binh Duong Province, Vietnam. All factories comply with local national environmental regulations, and have obtained ISO 14001 Environmental Management System certification and ISO 14064-1 Greenhouse Gas Inventory Report. The company has incorporated energy conservation, carbon reduction, greenhouse gas reduction, water resource management, and waste reduction into its policies.</p> <p>1. Environmental management system certifications obtained by our factories: Suzhou Factory first obtained ISO14001:2015 certification on March 19, 2012 (latest certification period: from March 06, 2024 to March 18, 2027). Hubei Factory first obtained ISO14001:2015 certification on July 26, 2022 (latest certification period: from July 26, 2022 to July 25, 2025). Vietnam Factory first obtained ISO14001:2015 certification on January 20, 2022 (latest certification period: from February 17, 2025 to February 16, 2028).</p> <p>2. Greenhouse gas inventory certifications obtained by our factories: Suzhou Factory obtained ISO 14064-1:2018 certification for the first time in 2019 (latest certification date: October 12, 2023).</p>	No difference.
(2) Does the company committed to improving energy efficiency and using renewable materials with low environmental impact?	✓		Due to the nature of our operations, our company does not require a significant amount of electricity and water consumption. The main environmental impact from our operations is the discharge of general domestic wastewater and waste generation. We are committed to improving the efficiency of resource utilization, including paper recycling, energy conservation and carbon reduction, air conditioning restrictions, turning off lights when not in use, and minimizing the environmental impact, ensuring the sustainable use of the Earth's	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			resources. Our Suzhou plant has obtained third-party certification for the ISO 50001 Energy Management System. Through improving energy efficiency and effective management methods, we aim to reduce energy costs, meet customer requirements, and comply with domestic and international regulations. The factory has obtained energy management system certification as follows: Suzhou Factory first obtained GB/T23331-2020/ISO50001:2018 certification on February 16, 2019 (Latest certification date: February 14, 2023, valid until: February 15, 2025)	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		Our company is committed to significantly reducing the energy consumption of our products, minimizing the environmental impact of the manufacturing process, evaluating countermeasures for climate change-related issues, and assessing carbon management-related risks and potential opportunities, including regulatory, physical and other aspects. For more details, please refer to the explanation under "Assessment Item: 7. Other important information that helps understand the implementation of sustainable development."	No difference.
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes	✓		Our company has compiled greenhouse gas emissions, water consumption, and total waste weight for the past two years. Please refer to our company website and the publicly accessible information observatory for disclosure. Since 2019, our Suzhou plant has conducted an annual 100% greenhouse gas inventory that has passed ISO14064-1: 2018 greenhouse gas inventory certification. In 2022, we signed the Carbon Neutrality Action Declaration, committing to implement and increase our contribution to carbon reduction. We aim to take more robust policies and measures, with carbon dioxide emissions striving to peak by 2030 and achieving carbon neutrality by 2050. Our emission reduction target (baseline year 2021) is to reduce carbon dioxide emissions by 2% annually from 2022 to 2025. Currently, we continuously improve production line energy efficiency through regular reviews, energy-saving performance tracking, and improvement operations. Our company, according to the "Sustainable Development Roadmap for Listed Companies" released by the Financial Supervisory Commission in March 2022, is classified as a company with paid-in capital below NT\$5 billion, and should apply greenhouse gas inventory in the third phase (i.e., complete the inventory by 2026 and verification by 2028). Our company will begin a greenhouse gas emissions inventory project in 2025, which will serve as a basis for analysis, evaluation, and future planning to reduce organizational	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons										
	Yes	No	Summary description											
			<div>greenhouse gas emissions, allowing Hotron Group to gradually progress toward the goal of net-zero emissions (NetZero).</div> <table><tr><th>Items</th><th>Expected Completion Time</th></tr><tr><td>Establish dedicated (or concurrent) department, number of dedicated (or concurrent) staff and their scope of responsibilities</td><td>2022.06</td></tr><tr><td>Conduct educational training for inventory team members</td><td>2025.10</td></tr><tr><td>Complete greenhouse gas inventory</td><td>2025.12</td></tr><tr><td>Complete external verification</td><td>2027.06</td></tr></table> <div>In the ever-changing business environment, companies face increasingly fierce competition, and energy conservation and carbon reduction have become one of the important issues for corporate sustainable development. In recent years, Hotron Group has continuously and actively promoted internal awareness, encouraging colleagues to conserve water, electricity, energy, and paper. Additionally, Hotron Group implements the concept of "reduce, recycle, reuse" in its operations. And through controlling office air conditioning temperature, bringing eco-friendly utensils for group meals, and properly sorting garbage, we reduce waste generation, promote resource recycling and reuse, and put the concept of a green Earth into action. In the procurement of various office supplies, household appliances, computer peripherals, etc., we prioritize eco-friendly, low-energy green purchasing, actively responding to the energy conservation and carbon reduction trend.</div>	Items	Expected Completion Time	Establish dedicated (or concurrent) department, number of dedicated (or concurrent) staff and their scope of responsibilities	2022.06	Conduct educational training for inventory team members	2025.10	Complete greenhouse gas inventory	2025.12	Complete external verification	2027.06	
Items	Expected Completion Time													
Establish dedicated (or concurrent) department, number of dedicated (or concurrent) staff and their scope of responsibilities	2022.06													
Conduct educational training for inventory team members	2025.10													
Complete greenhouse gas inventory	2025.12													
Complete external verification	2027.06													
4. Social Issues														
(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		The company complies with relevant laws and international human rights conventions, and has formulated work rules, attendance management measures, sexual harassment prevention measures, grievance and disciplinary management measures, and other relevant management policies and procedures. It protects the legitimate rights and interests of employees, respects the basic principles of labor rights, and does not infringe upon basic labor rights. The company's management department and labor-management meetings serve as grievance channels for employees, and any employee grievances are handled impartially. The company holds labor-management meetings every quarter to communicate with representatives from various labor groups, providing ample channels for communication. Please refer to the company's website for the human rights policy and relevant management policies.	No difference.										
(2) Has the Company established and implemented reasonable employee welfare	✓		1. Employee remuneration, operating performance reflected in employee remuneration: The company has established the "Salary Determination Management Regulations" to	No difference.										

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?			<p>provide equal pay for equal work and appropriate compensation methods. Within the framework of relevant labor laws and regulations, the company has formulated an overall compensation policy to motivate, reward, and retain outstanding talents. The "Business Performance Bonus Management Regulations" and "Employees' remuneration Distribution Regulations" have been established to incentivize employees to enhance the company's operating performance and share operational results with employees. The "Performance Appraisal Management Regulations" have been established, and employee performance is evaluated regularly every six months, with clearly defined effective reward and disciplinary contents. Through the "Work Rules," the company regulates the company rules or codes of ethics that employees should follow, promotes employees' corporate social responsibility, and requires compliance with relevant laws and regulations when engaging in operational activities. According to Article 20 of the company's Articles of Incorporation, if the company makes a profit in a given year, employees' remuneration of no less than 1% shall be distributed. Information regarding employee welfare policies and rights protection measures, average employee salary adjustments, and salaries of full-time non-managerial employees is disclosed by the company in compliance with regulations on the Public Information Observatory website and the company's website.</p> <p>2. Employee welfare measures: The company complies with relevant labor laws and regulations to formulate personnel rules and regulations. Employee leave is granted in accordance with the Labor Standards Act, and special annual leave is provided based on years of service. Employee welfare measures are implemented in accordance with relevant government welfare regulations and are coordinated and planned by the Employee Welfare Committee. Please refer to page 149 of the annual report for "5. Labor Relations."</p> <p>3. Workplace diversity and equality: Equal pay for equal work and equal promotion opportunities are provided for men and women. In 2024, female managers accounted for 26% of managerial positions.</p>	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		<p>1.The company values and provides a good and healthy working environment for employees. Employee codes are established to regulate the company's regulations and ethical codes that employees should follow. There is access control when entering and leaving the office, with 24-hour security personnel stationed on the first floor of the building, and fingerprint settings on each floor to ensure the safety of people entering and leaving.</p> <p>2.Regular health examinations and safety and health education training are provided for employees, and group accident insurance and business travel safety insurance applicable to</p>	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>employees working abroad are purchased.</p> <p>3. There were no workplace accidents in the group during the year 2024.</p> <p>All factories have obtained ISO 45001 certification, and every year, a health and environmental testing company is commissioned to test for hazardous factors in the workplace (including workplace dust measurement, toxic substance measurement, lighting measurement, radiation measurement, drinking water testing, wastewater, exhaust gas, noise, etc.), and all tests meet the standards.</p> <p>4. Occupational safety and health management system certifications obtained by our factories:</p> <p>Suzhou Factory first obtained ISO45001:2018 certification on October 8, 2007, (latest start date: March 21, 2022; end date: April 11, 2025)</p> <p>Hubei Factory first obtained ISO45001:2018 certification on July 26, 2022, (latest start date: July 26, 2022; end date: July 25, 2025)</p> <p>Vietnam Factory first obtained ISO45001:2018 certification on January 20, 2022, (latest start date: January 20, 2022; end date: January 20, 2025)</p> <p>5. Number of fires in the year: 0 cases, number of casualties 0, and percentage of casualties to total employees: not applicable.</p> <p>Relevant improvement measures in response to fires: not applicable.</p>	
(4) Has the Company established effective career development training programs for employees?	✓		<p>The company provides necessary internal and external education and training based on employees' needs, and adjusts their duties in a timely manner according to their aptitudes and abilities, in order to cultivate their potential for career development. Employees can apply for external education and training courses due to work requirements. Each department will arrange appropriate internal education and training courses as needed for employees' on-the-job training. Appropriate internal training courses are also provided for new employees to provide them with comprehensive professional skills and self-growth development.</p> <p>The training plan covers new employee training, professional development, management training, and more. For the company's implementation of various continuing education programs for employees, please refer to page 121 "5.Labor Relations" of the annual report.No difference.</p>	No difference.
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		<p>Our company complies with relevant laws and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services. We sign environmental protection contracts or add environmental protection clauses in quality contracts with customers, promising that the company will comply with environmental protection laws and policies during the production process to protect consumer rights and customer interests. The production process of our products is not a polluting industry, and there are no major violations.</p>	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>The products produced by our Suzhou plant completed the EU RoHS management mechanism certification in 2004~2005, adhering to the "non-hazardous substance" certification standard system, and developing environmentally friendly halogen-free products as a commitment to environmental protection. We have also passed the IECQ QC 080000: 2017 International Electrotechnical Commission Electronic Components Quality Management System Verification, which protects consumers from toxic substances, strengthens the control of hazardous substances in products, and sets standards for material management, supplier management, production and maintenance procedures control, and relevant quality approval processes.</p> <p>The factory obtained the following certificates: Suzhou Factory first obtained IECQQC080000:2017 certification on July 16, 2008 (latest certification period: from March 15, 2023 to March 26, 2026). Hubei Factory obtained IECQQC080000:2017 certification in the year of its establishment on July 28, 2022 (latest certification period: from July 28, 2022 to July 27, 2025).</p> <p>Our company's website has a stakeholder section, providing contact windows and complaint hotlines for employees, customers, procurement suppliers, investors, etc., with dedicated personnel responsible for providing transparent and timely handling procedures for various complaints to ensure reasonable protection of stakeholders' rights and interests.</p>	
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		<p>Our company has established the "Supplier Management Operating Procedures". Suppliers must comply with the CSR regulations required by our company and our customers, and we require suppliers to sign the "Guarantee of Non-Use of Conflict Minerals", "Metal Source Investigation and Declaration of Non-Use of Conflict Metals", and the "Integrity Commitment".</p> <p>For our subsidiaries engaged in production and manufacturing in mainland China, we have the "Supplier Management Operating Procedures" for suppliers regarding environmental protection, safety, and health, and require suppliers to sign the "Supplier Environmental Protection and Safety Production Commitment". We require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights issues, and implement them well and effectively.</p> <p>Before our company deals with suppliers, we will conduct supplier evaluation operations in accordance with RBA standards, evaluating the sources of raw materials supplied by suppliers and reviewing the production processes. We have assessed whether suppliers have polluted the environment or violated laws in the past to ensure that the suppliers we cooperate with are legally certified factories and that the products they produce comply with international</p>	No difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>regulations.</p> <p>All suppliers must sign the Supplier Quality Agreement and Environmental Protection Contract Commitment, and add environmental protection clauses to the quality contract, promising to comply with environmental protection laws and policies in the production process, as a commitment to environmental protection. We require that there be no major violations of pollution during the production process. In terms of occupational safety and health, suppliers must comply with relevant safety and health regulations.</p> <p>Our company requires suppliers to sign the RBA (Responsible Business Alliance) compliance declaration to ensure a safe working environment in the supply chain of the electronics industry or industries with electronics as a major component, respect and dignity for workers, and corporate responsibility for environmental protection and compliance with ethical standards. The content includes chapters on labor, health and safety, and the environment.</p> <p>Currently, none of the suppliers our company deals with have been found to be in violation of their corporate social responsibility policies. However, if there are any significant impacts on the environment or society, in order to maintain our company's reputation and product quality, we will terminate or cancel the contract at any time. For supplier management regulations, please refer to our company website.</p>	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Have the aforementioned reports obtained assurance or an opinion from a third-party verification unit?		✓	<p>Our company has begun preparing a sustainability report and plans to issue it in mid-2025. In order to achieve the goal of sustainable development, we have referred to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and formulated our own "Sustainable Development Best Practice Principles". We implement relevant policies, strategies, and measures in accordance with these principles. In the future, we will also diligently implement and operate these principles, fulfill our corporate social responsibility, and realize corporate governance. At the end of each year, we will report the implementation status for that year to the Board of Directors and disclose it on the company website.</p>	No difference.
<p>6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations:</p> <p>The company operates in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," and there are no differences from the "Sustainable Development Best Practice Principles" that it has established.</p> <p>Considering the development trends of domestic and international sustainability issues and their relevance to the company's core business, as well as the overall impact of the company's operations on stakeholders, the company will soon formulate its sustainability development policies, systems, and relevant specific promotion plans, and submit the schedule to the Board of Directors for approval and report to the shareholders' meeting. If shareholders propose motions related to sustainable development, the company's Board of Directors will consider including them as agenda items for the shareholders' meeting.</p>				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development:				

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
Social welfare activities report. The Company, in order to give back to the society and fulfill its social responsibility, participates in social welfare activities, donates and sponsors charitable organizations, and initiates employee participation in charity sales activities to support folk culture inheritance, assist community care and support, and engage in long-term social welfare activities with the hope of bringing positive changes to society.				
Details of the Company's donations to educational, cultural, and charitable organizations or groups in the most recent year and up to the date of printing the annual report: January 1, 2024 to March 31, 2025				
Field	Recipient		Purpose	Sponsorship Amount
Folk Culture	Temples: Anxi Temple, Anhai Temple, Fu'an Temple		Support the inheritance of folk culture and use religion to bring inner peace to the people	NTD1,300,000
Community Care	1. Genesis Social Welfare Foundation		Care for vegetative persons	NTD120,000
	2. Eden Social Welfare Foundation		Services for people with physical and mental disabilities	NTD90,000
	3.Taiwan Fund for Children and Families		Child and youth protection	NTD120,000
	4. Huashan Social Welfare Foundation		Serve local disabled, demented and dependent elderly	NTD100,000
	5. Garden of Hope Foundation		Prevent and eliminate sexual assault, sexual exploitation and domestic violence against women	NTD120,000
	6. Hope Foundation Cancer Care		Serve cancer patient families	NTD120,000
	7. Earth Citizen Foundation		Promote environmental protection and establish a sustainable environment	NTD100,000
	8. South link Mdical Foundation		Provide medical care services and holistic care for residents along the South-Link Line and nearby areas	NTD100,000
	9. Taiwan Public Welfare League		Help children in remote areas and solitary elderly who face difficulties in learning, employment and life. The Charity Alliance aims to care for Taiwan's main groups and bring sunshine to those in need.	NTD100,000
	10.SCALove Association		Help disadvantaged solitary elderly	NTD100,000
	11. Heart Way Social Welfare Foundation		People with intellectual and developmental disabilities have beautiful hope, dignified lives, and enriched existence	NTD20,000
	12. Taiwan Foundation for the Blind		Providing comprehensive services for people with visual impairments and low vision	NTD20,000
	13. Sunshine Social Welfare Foundation		Providing physical and psychological rehabilitation and social adaptation services for friends with facial disfigurement and burn injuries, while preserving their dignity	NTD20,000
	14. Children Are Us Foundation		Providing lifelong education for people with intellectual disabilities and ensuring they receive lifelong care in the community	NTD20,000
	15. Teach for Taiwan (TFT)		The program is dedicated to developing leadership in diverse talents, cultivating leaders who can drive change in Taiwan's educational inequality	NTD20,000

Item		Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
		Yes	No	Summary description	
	16. Senior Citizens Welfare Care Association of the Republic of China			Will strive to protect solitary elderly, scavengers, and other impoverished seniors, continuously providing assistance in daily life and psychological support through care visits, distribution of supply packages, home repairs, emergency medical aid, and more.	NTD20,000

(6) Climate-related information of listed companies:

1. Implementation of climate-related information

Items	Implementation status
<p>1. Describe the oversight and governance of climate-related risks and opportunities by the board of directors and management.</p> <p>2. Describe how identified climate risks and opportunities affect the company's business, strategy, and finances (short-term, medium-term, and long-term)</p> <p>3. Describe the financial impacts of extreme climate events and transition actions.</p>	<p>1. To strengthen corporate governance and effectively implement the company's risk management mechanism, our company has approved the "Risk Management Policy and Procedures" on December 14, 2022 by the Board of Directors, as the highest guiding principle for risk management compliance. The Board of Directors serves as the highest decision-making body for risk management, with each department functioning as a risk management unit. Department heads are responsible for risk management. Depending on changes in the internal and external operating environments, these units regularly adjust their control and management mechanisms. They also continuously monitor developments in both international and domestic risk management, identify emerging risks, and ensure the integrity of the company's risk management mechanisms. The President is responsible for reviewing these mechanisms, coordinating and supervising the risk control activities of each unit, and reporting on the status of risk management to the Board of Directors at least annually. Currently, regarding environmental issues, the company assesses the countermeasures for climate change-related issues, including regulatory, physical, and other aspects of carbon management-related risks and potential opportunities. Please refer to Note 1 for details.</p> <p>2. Our company has begun preparing a sustainability report, which is expected to be released in mid-2025. Each department serves as a risk management unit, with department heads responsible for risk management, and will conduct comprehensive risk assessments for the company.</p> <p>3. The company will assess after establishing the risk management task force.</p>

Items	Implementation status
4. Describe the processes for identifying, assessing, and managing climate risks and how they are integrated into the overall risk management system.	4. The company will assess after establishing the risk management task force.
5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and key financial impacts used.	5. The company will assess after establishing the risk management task force.
6. If there is a transition plan for managing climate-related risks, describe the plan, as well as the indicators and targets used to identify and manage entity risks and transition risks.	6. The company will assess after establishing the risk management task force.
7. If an internal carbon price is used as a planning tool, explain the basis for the pricing.	7. Not yet formulated.
8. If climate-related targets have been set, provide information on the activities covered, greenhouse gas emission scopes, planning periods, and annual progress; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, disclose the source and quantity of carbon offsets or the number of RECs.	8. The company will assess after establishing the risk management task force.
9. Greenhouse gas inventory and assurance status, emission reduction targets, strategies, and specific action plans.	9. Will be provided in 1-1 and 1-2.

Note 1: Regarding environmental issues, the company's assessment of response measures to climate change-related issues is as follows:

	Risk items	Risk/Opportunity Description	Future strategy/action
Regulatory aspect	<ol style="list-style-type: none"> 1. The Environmental Protection Administration of Taiwan has issued regulations related to "greenhouse gas reduction". 2. Green product regulations and certification programs of various countries. 	<ol style="list-style-type: none"> 1. Risk: Certain entities should carry out greenhouse gas emission reporting activities, which may pose risks for companies unable to respond. 2. Risk: Increased costs of raw materials/components and design/verification will increase overall production costs. 3. Opportunity: In response to the establishment of energy/carbon taxes in various countries, future demand for renewable energy will increase, providing opportunities for companies to develop or invest in renewable energy. 	<p>Our company and its consolidated subsidiaries have completed the greenhouse gas inventory and verification according to the "Roadmap for Sustainability of TWSE and TPEX listed Companies".</p> <p>Our company actively collects various information, promotes various energy-saving programs in the office, and has incorporated energy conservation, carbon reduction, greenhouse gas reduction, water resource and waste reduction management into company policies. The factory continues to conduct an annual greenhouse gas inventory and implement and achieve emission reduction targets.</p>
Practical aspect	<ol style="list-style-type: none"> 1. Direct impacts of abnormal climate, such as floods, droughts, or windstorms 2. Indirect impacts of abnormal climate, such as increased costs of various resources, rapid spread of disease vectors 	<ol style="list-style-type: none"> 1. Risk: Supply chain disruption, reduced or stalled production capacity, loss of life and property, rebuilding costs. 2. Opportunity: Changes in rainfall patterns have made many companies aware of the importance of water resource management. 	<p>Actively seeking other component suppliers to avoid affecting product shipments.</p> <p>The factory is promoting various resource management and water resource management to raise risk management awareness.</p>
Others	Eco-friendly products are becoming a market trend.	<ol style="list-style-type: none"> 1. Risk: Low-carbon and eco-friendly certified products are the mainstream in the market. Choosing materials and supply chains that comply with low-carbon designs will increase overall costs. 2. Opportunity: Good carbon management will help enhance corporate image. 	Actively respond to stakeholders' concerns regarding the company's strategies and actions in carbon management, in order to fulfill its corporate citizenship responsibilities.

1-1 Recent two-year greenhouse gas inventory and assurance of the company

1-1-1 Greenhouse Gas Inventory Information

Greenhouse gas emissions in the last two years (tonnes CO₂e), intensity (tonnes CO₂e / million dollars), and data coverage scope:

1. Our company (group headquarters) has planned to complete the greenhouse gas inventory (in 2025 as the base year) in 2026, and complete the greenhouse gas inventory and disclosure of the group's parent and subsidiary companies in 2027.

Consolidate report data for parent and subsidiary companies (using the year 2026 of the Republic of China as the base year).

2. Our company's 100% owned subsidiary Hotron Suzhou completed ISO14064-3:2019 Scope 1, 2, and 3 inventory verification in both 2023 and 2024, while Hotron Hubei completed ISO14064-3:2019 Scope 1, 2, and 3 inventory verification in 2024. Related information has been disclosed on our company website and the Market Observation Post System.

Unit: Metric ton CO₂e/Metric ton CO₂e/million dollars

Greenhouse gases category/year	2024	2023	Data Coverage Range (Note 2)	Certification authority	Certification standard
Direct greenhouse gas emissions (Scope 1)	1,260.97	1,235.51	Key subsidiaries in the consolidated financial statements - Hotron Suzhou and Hotron Hubei	Ti Testing(Shanghai) Co., Ltd., Shanghai Shenxi Certification Co., Ltd.	ISO14064-3
Indirect energy (Scope 2)	16,792.08	10,808.82		Ti Testing(Shanghai) Co., Ltd., Shanghai Shenxi Certification Co., Ltd.	ISO14064-3
Other indirect (Scope 3)	20,766.30	20,504.09		Ti Testing(Shanghai) Co., Ltd., Shanghai Shenxi Certification Co., Ltd.	ISO14064-3
Total	38,819.35	32,548.42	(metric tons CO ₂ e)		
Greenhouse gas emission intensity	17.9793	15.07569	(metric tons of CO ₂ e/million dollars)		

Note 1: Direct emissions (Scope 1, i.e., from sources owned or controlled by the company), energy indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions from the generation of purchased electricity, heating or cooling), and other indirect emissions (Scope 3, i.e., emissions generated by company activities, not from energy indirect emissions, but from sources owned or controlled by other companies).

Note 2: The data coverage range for 2023 includes only Hotron Suzhou inventory data, while the 2024 data represents the combined inventory data from both Hotron Suzhou and Hotron Hubei.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or International Organization for Standardization, ISO) published ISO 14064-1.

Note 4: The intensity of greenhouse gas emissions can be calculated based on per unit of product/service or revenue, with data calculated based on revenue (in NT\$ million).

1-1-2 Greenhouse Gas Certainty Information

A description of the greenhouse gas assurance status for the most recent two fiscal years as of the annual report's printing date, including the assurance scope, assurance institution, assurance criteria, and assurance opinion:

1. Our company (group headquarters) has planned to complete the assurance of greenhouse gas inventory information in 2028, and complete the assurance of the consolidated financial statements and subsidiary inventory information in 2029.
2. The greenhouse gas inventory information of Hotron Suzhou and Hotron Hubei, which are 100% owned by our company, has been verified and assured by a third party for the past two years, and a "Greenhouse Gas Emissions Verification Statement" and "Greenhouse Gas Emissions Verification Report" have been issued, with relevant information disclosed on our company website.

Confidence Information/Year	2024	2023
Confidence Scope	Hotron Precision Electronic Industrial (Suzhou) Co., Ltd. Hotron Precision Electronic Industrial (HuBei) Co., Ltd.	Hotron Precision Electronic Industrial (Suzhou) Co., Ltd., with all facilities at 128 Lushan Road, Suzhou High-tech Zone, Jiangsu Province as the organizational boundary
Confidence institution	Ti Testing(Shanghai) Co., Ltd., Shanghai Shenxi Certification Co., Ltd.	Ti Testing(Shanghai) Co., Ltd.
Confidence Criteria	ISO14064-3	ISO14064-3
Confidence Opinion	<ol style="list-style-type: none"> 1. The responsible party (Hotron Suzhou and Hotron Hubei) has established an Environmental Safety Committee, responsible for implementing greenhouse gas management, providing sufficient resource support during the verification process, complying with documentation requirements, and ensuring the accuracy of data and information. 2. After verification by Ti Testing (Shanghai) Co., Ltd. and Shanghai Shenxi Certification Co., Ltd., the verification scope, objectives, and criteria are consistent. 	<ol style="list-style-type: none"> 1. The responsible party (Hotron Suzhou) established an Environmental Safety Committee responsible for promoting greenhouse gas management. The verification process provided adequate resource support, complied with document requirements, and ensured the accuracy of data and information. 2. According to Ti Testing and certification verification, the scope, objectives, and criteria were consistent. 3. The audited party (Hotron Suzhou) has fairly presented the GHG data and information in their GHG report and

	<p>3. The audited party (Hotron Suzhou and Hotron Hubei) has fairly presented the GHG data and information in their GHG report and statement, achieving a reasonable level of assurance.</p> <p>4. Ti Testing (Shanghai) Co., Ltd. and Shanghai Shenxi Certification Co., Ltd. agree with the verification conclusion.</p>	<p>statement, achieving a reasonable level of assurance.</p> <p>4. Ti Testing agrees with the verification conclusion.</p>
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1-2 Greenhouse gas emission reduction targets, strategies, and specific action plans.

Greenhouse gas reduction baseline year and data, reduction targets, strategies and action plans, and achievement of reduction targets:

1. The company has planned to prepare a sustainability report starting from the year 2025 A.D., and disclose the sustainability report on the company's website and the Public Information Observatory before the end of August each year.
2. Our company (group headquarters) has planned to disclose greenhouse gas reduction targets, strategies and concrete action plans in 2027 (with 2026 as the base year).
3. Our company's 100%-owned Hotron Hubei Factory has established waste reduction goals and implementation plans, greenhouse gas reduction targets, strategies, and specific action plans:

Greenhouse gas reduction baseline year (2023) and 2024 data, reduction targets, strategies and specific action plans, and the status of achieving reduction targets
<p>(1) Greenhouse gas reduction baseline year (2023) and 2024 data:</p> <ol style="list-style-type: none"> 1. The greenhouse gas emissions from Hotron Hubei Factory in 2023 were 6,271 tonnes of CO₂e. After the 2024 data collection is completed, it will be disclosed on the ESG digital platform and in the Sustainability Report. 2. Hotron Hubei has passed external verification and obtained certification in 2023. The 2024 certification is still in process. The quantification and reporting of greenhouse gas emissions and removals comply with the relevant requirements of ISO14064-1:2018. <p>(2) The company's strategies for addressing climate change or greenhouse gas management:</p> <ol style="list-style-type: none"> 1. Climate change strategy: <ol style="list-style-type: none"> (1) Supply chain diversification: Collaborating with multiple suppliers to avoid dependence on raw material supply from a single region. (2) Distributed storage and inventory strategy: Setting up warehouses in different regions to reduce the risk of a single location being affected. (3) Real-time data monitoring: Establishing a weather early warning system to adjust logistics and production plans in advance. (4) Purchasing climate risk insurance to reduce financial losses. 2. Greenhouse gas management strategy: <ol style="list-style-type: none"> (1) Firmly establish the concept of green development. Actively respond to the profound changes brought about by the carbon peaking and carbon

neutrality, turn challenges into opportunities, carry out in-depth research on the development strategy and path of carbon peaking and carbon neutrality for the entire plant, scientifically formulate development plans, accelerate the construction of a clean, low-carbon, and efficient industrial system and energy system, and lead the high-quality development of the entire plant.

- (2) Promote a clean and low-carbon energy structure, vigorously develop low-carbon energy, and achieve a shift from traditional purchased electricity to integrated clean energy development.
 - (3) Greatly improve energy efficiency, strengthen overall process energy-saving management, eliminate backward production capacity, significantly reduce resource and energy consumption intensity, comprehensively improve comprehensive utilization efficiency, and effectively control total energy consumption.
 - (4) Creating higher-priced products and services through product diversification to increase revenue; allocating an R&D budget from annual revenue to continuously invest in the development of high-efficiency, low-carbon footprint, environmentally friendly products.
 - (5) Gradually evaluating eco-friendly materials, improving energy efficiency, implementing circular economy, developing low-carbon technologies, and optimizing supply chains to reduce carbon footprint in the future. or providing carbon-labeled products, promoting green certification, integrating digital services to accelerate low-carbon transformation and market competitiveness.
 - (6) The company can reduce carbon emissions by using low-carbon energy sources (such as solar, wind), adopting incentive policies to encourage employees and suppliers to reduce carbon emissions, utilizing new technologies to improve energy efficiency, and participating in carbon trading markets by purchasing or selling carbon credits to reduce operational risks and ensure compliance.
- (3) Corporate greenhouse gas emission reduction targets:
1. Annual emission reduction of 1%, with continuous compounding reduction every year.
 2. Target to reduce total emissions of air pollutants by more than 20%.
 3. Target to reduce total emissions of solid waste by more than 5% annually.
- (4) The company's specific action plans and progress towards achieving emission reduction targets:
1. In response to global environmental protection policies, the company has introduced the EASY FLOW enterprise management electronic approval system, achieving energy conservation, carbon reduction, and paperless digitization. In the factory's warehouse system, smart phones are used to scan QR codes for inventory management, and information systems such as attendance management, vehicle management, and supplier management are implemented electronically. High-quality electronic services can be used at any time, integrating intelligent production lines, combining technology and environmental protection, and realizing the vision of being a responsible global village and environmental protector.
 2. Employee occupational health and safety: In 2024, occupational health examinations were completed twice (including pre-employment/on-duty examinations), with 262 employees examined, representing 98% of the workforce, and a qualification rate of 99%; 1.5% had occupational contraindications and were all reassigned to different positions
 3. Protection of employee rights: In 2024, occupational hazard factors were tested at 48 measurement points across 35 work types. The test results showed noise exceeded standards in 3 work areas (granulation workshop). Workers have been strictly required to wear protective earplugs, while all other areas met occupational exposure limit requirements.
 4. Factory environmental protection facility upgrades: Reduced carbon emissions by adding waste gas treatment facilities and other methods; In 2024, completed installation of environmental protection partitions for composite machines in the aluminum foil workshop and removed the top panel in the tin-plating workshop, increased and updated VOCS exhaust environmental protection facilities for tin furnace emissions, and added new safety, health, and environmental protection equipment to ensure employee operational safety.
 5. Implementing garbage classification and increasing the use of recyclable resources.
 6. Planning to reduce waste generation by using recyclable packaging containers and reducing solid waste generation.

7. Environmental protection projects: In 2024, a total of 7.98 tons of hazardous waste was processed (including 0.13 tons of waste activated carbon, 0.13 tons of waste ink, 3.88 tons of waste packaging materials, 1.1 tons of waste mineral oil, and 2.74 tons of waste emulsion), all of which was legally and compliantly disposed of by hazardous waste disposal vendors in accordance with legal procedures.
 8. Environmental management: The ISO14001 system review was completed in July 2024 with a supervisory audit showing zero deficiencies.
 9. Energy management: Obtained ISO50001-2018 Energy Management System certification. (Latest certification date: February 14, 2023, valid until: February 15, 2025)
 10. Greenhouse gas emission control: Both Hubei Factory and Suzhou Factory passed ISO14064-1 verification by third-party certification agencies in 2024.
 11. Streamlining packaging and raw material usage: To practice environmental protection and sustainable development concepts, while meeting customer requirements and relevant legal regulations, the company strongly advocates streamlining packaging materials, improving the biodegradability of packaging materials, and increasing the proportion of recycled materials in plastic products. This is demonstrated in the following aspects: (1) Changed from single PE bag packaging to PE binding strip packaging; (2) Changed from packaging single wire in PE bags before boxing to directly placing wires in boxes without PE bags; (3) Changed from PE binding strip packaging to easily degradable paper card packaging; (4) Required specific proportions of recycled materials in plastic packaging materials.
- (5) The carbon reduction effect of the company's products or services for customers or consumers:
Our company complies with relevant laws and international standards regarding customer health and safety, customer privacy and labeling of products and services. We sign environmental protection contracts or add environmental protection clauses in quality contracts with customers, promising that the company will comply with environmental protection laws and policies during the production process to protect consumer rights and customer interests.

(7) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Assessment items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		(1) The company has established "Code of Ethical Conduct" and "Ethical Corporate Management Best Practice Principles". The President reports the implementation status to the board of directors annually. The company strictly implements these principles in internal management and external business activities in a fair, impartial, and open manner. To promote and advocate ethical behavior, the company continuously provides education and training to all employees, and relevant regulations are placed on the company's intranet for employees to access at any time.	No difference.
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	✓		(2) The company conducts business activities based on the principles of fairness, honesty, credibility, and transparency. To implement ethical management policies and actively prevent dishonest behavior, the company has formulated "Ethical Corporate Management Best Practice Principles and Operating Procedures and Guidelines" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and relevant laws and regulations, specifying matters that	No difference.

Assessment items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓		<p>personnel should pay attention to when conducting business operations. Furthermore, to avoid providing or obtaining unreasonable benefits, in addition to implementing the "Ethical Corporate Management Best Practice Principles", the company has established an effective internal control system, and internal auditors regularly inspect compliance with the aforementioned system.</p> <p>In accordance with the "Code of Ethical Conduct" and "Ethical Corporate Management Best Practice Principles", the company manages its relationships with suppliers and regularly audits their implementation. When entering into contracts with suppliers, the company includes a clause stating that if any dishonest behavior occurs, the contract may be terminated or rescinded at any time.</p> <p>(3) To prevent any dishonest behavior, the company requires employees to proactively explain to the company and comply with relevant regulations if they encounter ethical concerns or conflicts of interest. The company has set up an employee mailbox to allow employees and relevant personnel to report any improper conduct, which will be handled by designated management personnel.</p> <p>The company has established "Ethical Corporate Management Best Practice Principles" to prevent dishonest behavior and clearly defined "Ethical Corporate Management Best Practice Principles and</p>	No difference.

Assessment items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			Operating Procedures and Guidelines", disciplinary measures for violations, and a complaint system. The company regularly reviews and reports the implementation of ethical management to the board of directors at the end of each year and discloses it on the company's website.	
2. Ethical Management Practice				
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		(1) Before conducting business transactions with vendors, personnel will review past transaction records and search online for information about the company to confirm if there are any records of unethical behavior. The contract will also stipulate that if any unethical behavior occurs, the contract may be terminated or rescinded at any time.	No difference.
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	✓		(2) Currently, each department within our company is responsible for implementing ethical business practices within their respective areas of responsibility. The dedicated unit responsible for promoting corporate ethical business practices is the Management Department. It regularly checks compliance with the aforementioned system and reports to the Board of Directors at the end of each year on the operation and implementation of promoting corporate ethical business practices, which is also disclosed on the company's website.	No difference.
				No difference.

Assessment items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		(3) To prevent any unethical behavior, our company requires employees to proactively provide explanations to the company if they encounter ethical concerns or conflicts of interest.	No difference.
(4) Has the company established effective accounting and internal control systems to implement ethical management, and has the internal audit unit formulated relevant audit plans based on the risk assessment results of unethical behavior, and accordingly audited the compliance with the program for preventing unethical conduct, or commissioned a CPA to conduct the audit?	✓		(4) Our company has established effective accounting and internal control systems to ensure the implementation of ethical business practices. We have also formulated a "Code of Ethical Business Conduct" and "Ethical Business Practice Procedures and Guidelines" to comply with, prevent unethical behavior, and establish effective accounting and internal control systems. Internal auditors regularly audit compliance with various systems and submit audit reports to the Board of Directors.	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	✓		(5) Our internal and external education and training programs cover courses related to ethical business practices. Each year, our company regularly promotes the key points of the "Code of Ethical Business Conduct," "Code of Ethics," and "Insider Trading Prevention Management Procedures" to directors and managers. New employees are also provided with pre-employment training courses on legal compliance, prohibition of unethical behavior, ethical business	No difference.

Assessment items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>activities, prohibition of bribery and acceptance of bribes, prohibition of unreasonable gifts and hospitality or other improper benefits, prevention of damage to stakeholders from products or services, and whistleblowing and disciplinary measures, to provide employees with a comprehensive understanding of corporate ethical business practices. Our directors and managers participate in annual corporate governance and other related training courses, as well as various promotional seminars hosted by the stock exchange and securities and futures institutes.</p> <p>The Company completed the 2024 annual education and training on ethical corporate management and integrity commitment on November 29, 2024, with 58 participants, totaling 174 hours, and a 100% pass rate for scores above 80.</p>	
<p>3. Implementation of Complaint Procedures</p> <p>(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?</p>	✓		<p>(1) The company has established specific whistleblowing and reward systems. Employees can report to their direct supervisors or through an employee mailbox, and there is a dedicated unit to handle related matters in accordance with the prescribed procedures in the work rules.</p> <p>The company has incorporated integrity into employee performance appraisals and human resource policies, establishing clear and effective reward, punishment,</p>	No difference.

Assessment items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓		<p>and appeal systems.</p> <p>The company's website has a stakeholder section that provides contact windows and complaint hotlines, with dedicated personnel responsible for handling complaints from employees, customers, procurement suppliers, investors, and others, providing transparent and timely handling procedures to ensure that the rights and interests of stakeholders are reasonably protected.</p> <p>(2) The company has established standard operating procedures for handling whistleblowing cases. Upon receiving a whistleblowing case, an investigation team is formed based on the content of the whistleblowing to immediately conduct an investigation and implement confidentiality mechanisms. If the whistleblowing incident is proven to be true, the relevant units of the company will be instructed to review the related internal control systems and operating procedures, and propose improvement measures to prevent the same behavior from occurring again. The dedicated unit will report the whistleblowing incident, its handling methods, and subsequent review and improvement measures to the board of directors.</p>	No difference.
(3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓		<p>(3) The company keeps the identity of the whistleblower and the content of the whistleblowing confidential, and promises to protect the whistleblower from improper treatment due to the whistleblowing</p>	No difference.

Assessment items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			incident.	
<p>4. Strengthening Information Disclosure</p> <p>Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?</p>	✓		The company has announced the "Code of Ethics" at the Open Information Observation Station and has set up a dedicated section on the company's website to disclose the "Code of Ethics", "Operational Procedures and Guidelines for Ethical Management" and the company's implementation of ethical management, as well as the effectiveness of measures taken to promote ethical management, for investors' reference.	No difference.
<p>5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation:</p> <p>It complies with the “Ethical Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.” There are no differences between its operation and the established code, and it is implemented normally.</p>				
<p>6. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles):</p> <p>1. The company has established important internal regulations such as the "Code of Ethical Corporate Governance" and "Operational Procedures and Guidelines for Ethical Corporate Governance." From the Board of Directors to the management level, they actively implement the commitment to ethical corporate governance policies. They truly execute ethical corporate governance policies in internal management and business activities, and require all employees to fully participate and comply. At the same time, relevant information is disclosed on the corporate website to allow directors, employees, and stakeholders to understand and ensure the implementation of the company's ethical corporate governance concept, prevent conflicts of interest, avoid improper benefits and infringement of confidentiality, maintain fair competition and transactions, and conduct internal audits by the internal audit unit, with annual execution reports submitted to the Board of Directors. In 2024, there were no legal proceedings arising from violations.</p>				

Assessment items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>2. Commitment from directors and senior managers: The company's "Code of Ethical Corporate Governance" specifically stipulates that directors and senior managers should sign a statement of compliance with ethical corporate governance policies, including a commitment to not directly or indirectly provide, receive, promise, or request any improper benefits, or engage in any other acts that violate integrity, illegality, or breach of trust obligations during business operations to obtain or maintain benefits. This year, all directors and senior managers have completed the signing of the statement, fulfilling their commitment to comply with the company's ethical corporate governance policies.</p> <p>3. To implement the code of ethical conduct and integrity for directors, supervisors, managers, employees, and those with substantive control over the company and its group enterprises and organizations, and to encourage stakeholders to report any discovered violations of ethical conduct, in 113 the company did not receive any complaints or reports of violations of ethical conduct or any illegal conduct by employees during operations. There were no incidents of corruption or bribery at any operational locations.</p>				

(8) Other important information that helps to understand the company's corporate governance operations: None.

(9) Implementation status of internal control system:

1. Internal Control System Statement

It has been announced and reported on the Market Observation Post System (MOPS). Please refer to MOPS and the company website for details.

2. When commissioning an accountant to review the internal control system, the accountant's review report should be disclosed: N/A

(10) The important resolutions of the shareholders' meeting and the board of directors for the recent fiscal year and up to the date of printing the annual report

1. Important resolutions and execution of the shareholders' meeting are as follows:

Items	Important resolution:	Implementation status
1	Acknowledgment of the 2023 Annual Business Report and Financial Statements.	The resolution passed.
2	Approval of the 2023 deficit compensation proposal.	The resolution passed.
3	Approval of the amendment to the "Rules of Procedure for Shareholders' Meetings".	The resolution passed.
4	Approved the case to remove the non-competition restriction for the newly appointed directors and their representatives.	The resolution passed.
5	Approved the subsidiary, SmartGreen Solution Co., Ltd, plans to conduct a cash capital increase in the future, and the Company may waive its right to participate in the cash capital increase plan.	The resolution passed.

2. Important resolutions of the Board of Directors

Important resolutions of the Company from 2024 to the publication date of the 2025 annual report are as follows:

Meeting date	Proposal:	Important resolution:
2024.01.11 Resolution passed by the Board of Directors	1	Case of annual bonus distribution for directors and managers in the execution of business operations in the company's year 2023
	2	The issuance of new shares for the Company's second domestic unsecured convertible corporate bonds (Hotron II). (Number of converted common stock: 2,777 shares)
	3	Real estate acquisition case by the Company. (Transaction counterparty: TUNG HSING TECHNOLOGY CORPORATION)
	4	Application for the bank credit limit of our company.
2024.02.27 Resolution passed by the Board of Directors	1	2023 Directors' remuneration for Execution of Duties.
	2	Appointment of certified public accountants and assessment of their independence and qualifications. (2024 appointment of CPA Lin, Ya-Hui and CPA JuanLu Mam-Yu)
	3	According to the "Self-Assessment Report on the Internal Control System for 2023", the "Statement on Internal Control System" of this company has been formulated.
	4	Amended the "Directions for the Implementation of Continuing

Meeting date	Proposal:	Important resolution:
		Education for Directors" case.
	5	Correction of the "Organizational Rules of the Audit Committee" case.
	6	Amendment to the "Rules of Procedure for Board of Directors Meetings".
	7	The 2023 Annual Report, Individual Financial Statements, and Consolidated Financial Statements.
	8	Deficit Compensation for the 2023
	9	To determine the date, time, location, and agenda items of the company's 2024 annual general meeting of shareholders, and to allow for the exercise of voting rights through electronic means. (Shareholders' Meeting Date: June 3, 2024 at 9:00 a.m., Meeting Format: Physical Shareholders' Meeting)
	10	Application for the bank credit limit of our company.
	11	Proposal to remove the non-competition restrictions on the company's directors and their representatives.
2024.04.10 Resolution passed by the Board of Directors	1	Endorsement guarantee case for 'Hotlink Company Limited,' a subsidiary indirectly owned 100% by the company
	2	The subsidiary, SmartGreen Solution Co., LTD. (hereinafter referred to as SmartGreen).plans to conduct a cash capital increase in the future, and the Company may waive its right to participate inn the cash capital increase plan.
	3	Adding agenda items for the company's 2024 annual general meeting.
	4	Application for the bank credit limit of our company.
2024.05.08 Resolution passed by the Board of Directors	1	2024 first quarter consolidated financial statements.
	2	Endorsement guarantee case for "Hotron Precision Electronic Industrial (Suzhou) Co., Ltd."., a subsidiary in China through a third area indirectly owned 100% by the company
	3	Endorsement guarantee case for "Hotron Precision Electronic Industrial (Vietnam) Co., Ltd."., a subsidiary indirectly owned 100% by the company
	4	Application for the bank credit limit.
2024.07.02 Resolution passed by the Board of Directors	1	Endorsement guarantee case for "Hotron Precision Electronic Industrial (HuBei) Co., Ltd., a subsidiary indirectly owned 100% by the company

Meeting date	Proposal:	Important resolution:
	2	Acquisition of Right-of-Use Assets "Hotlink Company Limited", a subsidiary indirectly owned 100% by the company.
	3	Acquisition of Right-of-Use Assets "SmartGreen Solution Co., LTD.", a subsidiary directly owned 100% by the company.
	4	Application for the bank credit limit.
2024.08.09 Resolution passed by the Board of Directors	1	2024 second quarter consolidated financial statements.
	2	Endorsement guarantee case for "Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.", a subsidiary in China through a third area indirectly owned 100% by the company
	3	Endorsement guarantee case for "Hotron Precision Electronic Industrial (HuBei) Co., Ltd., a subsidiary indirectly owned 100% by the company
	4	Endorsement guarantee case for 'Hotlink Company Limited,' a subsidiary indirectly owned 100% by the company
	5	Endorsement guarantee case for "Hotron Precision Electronic Industrial (Vietnam) Co., Ltd.", a subsidiary indirectly owned 100% by the company
	6	The Company's 100% indirectly owned subsidiary "Hotron Precision Electronic Industrial (Vietnam) Co., Ltd." acquired machinery and equipment for business operations.
	7	Application for the bank credit limit.
	8	The proposal for salary adjustments of directors and managers in 2024
2024.11.12 Resolution passed by the Board of Directors	1	2024 third quarter consolidated financial statements.
	2	Endorsement guarantee case for 'Fortuna International Holdings Ltd, a subsidiary directly owned 100% by the company
	3	Endorsement guarantee case for "Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.", a subsidiary in China through a third area indirectly owned 100% by the company
	4	Endorsement guarantee case for "Hotron Precision Electronic Industrial (Vietnam) Co., Ltd.", a subsidiary indirectly owned 100% by the company
	5	Reclassifying overdue accounts receivable as capital lending from a related enterprise "Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.", a subsidiary in China through a third area indirectly owned 100% by the company.

Meeting date	Proposal:	Important resolution:
	6	Endorsement guarantee case for "Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.", a subsidiary in China through a third area indirectly owned 100% by the company
	7	The Company intends to waive its right to subscribe to the new shares from the cash capital increase of "SmartGreen Solution Co., LTD." a subsidiary directly owned 100% by the company.
	8	Amending the "Corporate Governance Best Practice Principles" case.
	9	Establishing the "Operational Procedures for Sustainability Report Preparation and Assurance".
	10	Establishing the "Management Regulations for Sustainability Information".
	11	Establishing the Company's "Internal Control System for Sustainability Information Management" and amending the Company's "General Rules and Implementation Details of the Internal Control System".
	12	Establishing the "Management Regulations for Intellectual Property Maintenance and Utilization".
	13	Regarding the appointment of the Company's Chief Information Security Officer.
	14	Application for the bank credit limit.
2024.12.18 Resolution passed by the Board of Directors	1	Case of annual bonus distribution for directors and managers in the execution of business operations in the company's year 2024
	2	Endorsement guarantee case for "Hotron Precision Electronic Industrial (HuBei) Co., Ltd.", a subsidiary indirectly owned 100% by the company
	3	Real estate acquisition case for "SmartGreen Solution Co., LTD. a subsidiary directly owned 100% by the company.
	4	Regarding the establishment of a subsidiary in Thailand and acquisition of real estate by "SmartGreen Solution Co., LTD.", a 100% owned subsidiary of the Company.
	5	Amend the case of the "Decision Authority Table" of this company.
	6	Regarding the establishment of the Company's "Organizational Rules for the Sustainable Development Committee".
	7	Regarding the addition of "Management of Sustainable Development Committee Meeting Operations" to the Company's internal control system and amendment of the Company's "General Principles and

Meeting date	Proposal:	Important resolution:
		Audit Items of Internal Control System".
	8	Formulating the audit plan for the fiscal year 114 (2025) of the □ Republic of China era.
	9	Formulate the operational plan and budget for the fiscal year 114 of □ the Republic of China (2025).
	10	Regarding the establishment of the Company's "Sustainable Development Committee" and appointment of the first-term Sustainable Development Committee members.
2025.02.25 Resolution passed by the Board of Directors	1	Regarding the directors' remuneration for business execution in the year 2024.
	2	Appointment of certified public accountants and assessment of their independence and qualifications.
	3	According to the "Self-Assessment Report on the Internal Control System for 2024", the "Statement on Internal Control System" of this company has been formulated.
	4	The 2024 annual report, individual financial statements and consolidated financial statements.
	5	Deficit Compensation for the 2024
	6	Endorsement guarantee case for "Hotron Precision Electronic Industrial (Vietnam) Co., Ltd.", a subsidiary indirectly owned 100% by the company
	7	Endorsement guarantee case for "SmartGreen Solution Co., LTD.", a subsidiary directly owned 100% by the company
	8	Regarding the amendment to the Company's "Articles of Incorporation".
	9	Amending the "Procedures for Lending Funds to Others and Endorsements Guarantee" and the internal control system's "Management of Lending Funds to Others" for the Company and its group subsidiaries
	10	By-Election of the 10th Independent Directors
	11	Regarding the determination of the nomination acceptance period, acceptance location, and other necessary matters for the by-election of one independent director candidate of the Company.
	12	Regarding the proposal to request the Annual Shareholders' Meeting to approve the release of non-compete restrictions for the newly elected

Meeting date	Proposal:	Important resolution:
		independent director.
	13	To determine the date, time, location, and agenda items of the company's 2025 annual general meeting of shareholders, and to allow for the exercise of voting rights through electronic means.

- (11). Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a significant resolution passed by the Board of Directors, and said dissenting opinion has been recorded in the minutes or a written statement has been submitted, the principal content shall be disclosed: No such occurrence.

4. Information on CPAs Professional Fees

(1) Accounting Fees

Amount Unit: NT\$ thousand

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees (Note 1)	Total	Remarks
PricewaterhouseCoopers Taiwan	Lin, Ya-Hui JuanLu, Man-Yu	2024.01.01~2024.12.31	3,802	475	4,277	None

Note 1: Content of non-audit services:

1. The transfer pricing service fee for our company in 2024 is \$275 thousand.
2. Subsidiary of the Group - Hotlink Company Limited has a transfer pricing fee of \$200 thousand for 2024.

(2) If the company replaces its accounting firm and the audit fees paid for the fiscal year in which such replacement takes place are lower than those paid for the fiscal year immediately preceding the replacement, the amounts of the audit fees before and after the replacement and the reasons shall be disclosed: No such occurrence.

(3) If the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) shall be disclosed: No such occurrence.

5. Information on change of accountants

(1) Regarding the former CPA

Date of change	Approved by the Board of Directors on February 27, 2024		
Reason and explanation for the change	In accordance with the internal organizational adjustment of PricewaterhouseCoopers Taiwan, starting from the first quarter of 2024, the Company's certifying CPAs have been changed from CPA Wu Han-Chi and Lin, Ya-Hui of PricewaterhouseCoopers Taiwan to CPA Lin, Ya-Hui and JuanLu Mam-Yu.		
State whether the former client or the accountants terminated or declined the engagement	Parties involved	CPA	Client
	Situation		
	Voluntarily terminated the engagement	N/A	N/A
	No longer accepting (continuing) the engagement	N/A	N/A
Issued an audit report opinion other than unqualified opinion in the past two years and the reasons	N/A		
Whether there are disagreements with the issuer	None	Accounting principles or practices	
	None	Financial report disclosures	
	None	Audit scope or procedures	
	None	Others	
	Description: Not applicable		
Other disclosures (items 4 to 7 of Article 10, Paragraph 6, Subparagraph 1 of these Standards should be disclosed)	None		

(2) Regarding the successor accountant

Name of the firm	PricewaterhouseCoopers Taiwan
Name of the accountant	CPA Lin, Ya-Hui and JuanLu Mam-Yu.
Date of appointment	Approved by the Board of Directors on February 27, 2024
Prior to appointment, consultation matters and results regarding accounting treatment methods or accounting principles for specific transactions and possible opinions to be issued on financial reports	N/A
Written opinions of the successor accountant on matters of disagreement with the predecessor accountant	N/A

6. **The company's Chairman, President, or manager responsible for financial or accounting affairs has been employed by the certified public accountant firm or its affiliated enterprises within the past year. Their names, positions, and the period of service in the certified public accountant firm or its affiliated enterprises shall be disclosed. The affiliated enterprises of a certified public accountant firm refer to companies or institutions in which the certified public accountants of the firm hold more than 50% of the shares or a majority of the directorships, or those listed as affiliated enterprises in the information published or printed by the certified public accountant firm:** None
7. **Directors, managers, and shareholders with more than 10% shareholdings in the most recent year and up to the date of printing of the annual report, transfer of equity and changes in equity pledges**

(1) Changes in Shareholding of Directors, Managers and Major Shareholders: Unit: Shares

Job title	Name	2024		As of March 30 2025	
		Shareholding Increase (or Decrease)	Pledged Shareholding Increase (or Decrease)	Shareholding Increase (or Decrease)	Pledged Shareholding Increase (or Decrease)
Chairman	Gao Peng Investment Co., Ltd., Representative: Chang, Li-Jung	0	0	0	0
Director	Chen, Tai-Chung	0	0	0	0
Director also serving as President	Lu, I-Hsuan	0	0	0	0
Director	Chen, Shuh	0	0	0	0
Independent director	Hsien, I-Ta	0	0	0	0
Independent director	Chou, Che-Yi	0	0	0	0
Independent director	Chu, Yann-Fang	0	0	0	0
Chief Financial Officer (Head of Finance and Accounting) and Corporate Governance Officer	Hsu, Kuo-Huang	0	0	0	0
Senior Special Assistant of the Chairman's Office of Hotron	CHEN, YUEH-CHIN	0	0	0	0

Job title	Name	2024		As of March 30 2025	
		Shareholding Increase (or Decrease)	Pledged Shareholding Increase (or Decrease)	Shareholding Increase (or Decrease)	Pledged Shareholding Increase (or Decrease)
Vice President, SmartGreen Solution Co., Ltd.	Chen Ying-chen	0	0	0	0
Vice President of Hotron Vietnam	Yu, Tung-Hua	0 (21,000)	0	0	0
Chief Special Assistant of the Chairman's Office of SmartGreen Solution Co., LTD.	Chan Wei-Cheng (Appointment Date: 2024/11/05)	0	0	0	0
Vice President of Hotron Hubei	Hsu, Chien-Hsun (Appointment Date: 2024/11/04)	0	0	0	0
Shareholders with 10% or more ownership	Chang, Li-Jung	0	0	0	0

- (2) Information on the Transfer of Equity Interests of Directors, Managers, and Shareholders Holding More Than 10% of Shares: No such situation.
- (3) Information on Equity Pledges of Directors, Managers, and Shareholders Holding More Than 10% of Shares: No such situation.

8. Information on the top ten shareholders whose shareholdings are related parties or spouses and relatives within the second degree of kinship.

Information on the relationships between the top 10 shareholders by shareholdings

March 30, 2025/Unit: Shares

Serial No.	Name (Note 1)	Shareholders		Shareholding Of Spouse And Minor Children		Total Shareholding By Nominee Arrangements		Specify The Name Of The Entity Or Person And Their Relationship To Any Of The Other Top 10 Shareholders With Which The Person Is A Related Party Or Has A Relationship Of Spouse Or Relative Within The 2nd Degree (Note 3)		Remarks
		Shares	Shareholding Ratio	No. Of Shares	Shareholding Ratio	Shares	Shareholding Ratio	Name Of Entity Or Individual	Relationship	
1	Gao Peng Investment Co., Ltd.	8,749,827	8.21%	-	-	-	-	-	-	Note 4
	Representative: Chang, Li-Jung	-	-	117,039	0.11%	26,993,641	25.33%	Chang, Yu-Ssu Chang, Yu-Wei	Father and son	-
2	Hui Ming Development Co., Ltd.	4,898,797	4.60%	-	-	-	-	-	-	Note 5
	Representative: Chang, Li-Jung	-	-	117,039	0.11%	26,993,641	25.33%	Chang, Yu-Ssu Chang, Yu-Wei	Father and son	-
2	Hui Rong Development Co., Ltd.	4,898,797	4.60%	-	-	-	-	-	-	Note 6
	Representative: Chang, Li-Jung	-	-	117,039	0.11%	26,993,641	25.33%	Chang, Yu-Ssu Chang, Yu-Wei	Father and son	-
4	Hung Ming Development Co., Ltd.	3,583,432	3.36%	-	-	-	-	-	-	Note 7
	Representative: Chang, Li-Jung	-	-	117,039	0.11%	26,993,641	25.33%	Chang, Yu-Ssu Chang, Yu-Wei	Father and son	-
4	Hung Rung Investment Co., Ltd.	3,583,432	3.36%	-	-	-	-	-	-	Note 8
	Representative: Chang, Li-Jung	-	-	117,039	0.11%	26,993,641	25.33%	Chang, Yu-Ssu Chang, Yu-Wei	Father and son	-
6	Lin, Cing-Biao	3,281,344	3.08%	-	-	-	-	-	-	-
7	Li, Wen-Ching	1,322,086	1.24%	-	-	-	-	-	-	-
8	Chuan hung Investment Co., Ltd.	1,279,356	1.20%	-	-	-	-	-	-	Note 9
	Representative: Chang, Li-Jung	-	-	117,039	0.11%	26,993,641	25.33%	Chang, Yu-Ssu Chang, Yu-Wei	Father and son	-
9	Chang, Yu-Ssu	1,189,400	1.12%	-	-	-	-	Chang, Li-Jung	Father and son	-

Serial No.	Name (Note 1)	Shareholders		Shareholding Of Spouse And Minor Children		Total Shareholding By Nominee Arrangements		Specify The Name Of The Entity Or Person And Their Relationship To Any Of The Other Top 10 Shareholders With Which The Person Is A Related Party Or Has A Relationship Of Spouse Or Relative Within The 2nd Degree (Note 3)		Remarks
		Shares	Shareholding Ratio	No. Of Shares	Shareholding Ratio	Shares	Shareholding Ratio	Name Of Entity Or Individual	Relationship	
9	Chang, Yu-Wei	1,189,400	1.12%	-	-	-	-	Chang, Li-Jung	Father and son	-

Note 1. The names of the top ten shareholders have been listed. For corporate shareholders, the company name and the name of the representative should be listed separately.

Note 2. The calculation of shareholdings refers to calculating the shareholding ratio separately under one's own name, spouse, underage children, or using another person's name.

Note 3. The shareholders listed above, including legal entities and natural persons, shall disclose their relationships with each other in accordance with the regulations regarding the preparation of financial reports by the issuer.

Note: Major shareholders of corporate shareholders March 30, 2025

Note	Name of corporate shareholders	Major Shareholders of Corporate Shareholders		Remarks
		Shareholder	Shareholdings ratio	
Note 4	Gao Peng Investment Co., Ltd.	Hung Ming Development Co., Ltd.	50.00%	Note 7
		Hung Rung Investment Co., Ltd.	50.00%	Note 8
Note 5	Hui Ming Development Co., Ltd.	Chang, Li-Jung	99.99%	None
Note 6	Hui Rong Development Co., Ltd.	Chang, Li-Jung	99.99%	None
Note 7	Hung Ming Development Co., Ltd.	Chang, Li-Jung	99.99%	None
Note 8	Hung Rung Investment Co., Ltd.	Chang, Li-Jung	99.99%	None
Note 9	Chuan hung Investment Co., Ltd.	Chang, Li-Jung	44.00%	None

9. The No of shares held by a company, its directors, managers, and businesses directly or indirectly controlled by the company in the same reinvested enterprise, with the consolidated shareholdings calculated jointly.

Shareholding Ratio

March 30, 2025/Unit: thousand shares; %

Reinvest business (Note 1)	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	shares	Shareholdings ratio	shares	Shareholdings ratio	shares	Shareholdings ratio
Fortuna International Holdings Ltd.	12,467	100%	-	-	12,467	100%
Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.	-	-	Note 2	100%	Note 1	100%
Hotron Electron & Telecommunication (Fuqing) Co., Ltd.	-	-	Note 2	100%	Note 1	100%

Hotlink Company Limited	-	-	Note 2	100%	Note 1	100%
Hotron Precision Electronic Industrial (HuBei) Co., Ltd.	-	-	Note 2	100%	Note 1	100%
Hotron Real Estate Development (Tianmen) Co., Ltd.			Note 2	100%	Note 1	100%
Hotron Precision Electronic Industrial (Vietnam) Co., Ltd.	-	-	Note 2	100%	Note 1	100%
SmartGreen Solution Co., LTD.	20,000	80%	-	-	20,000	80%

Note 1. It is a long-term equity investment of the Company accounted for using the equity method.

Note 2: It is not a stock company, so it has no shares.

III. Fundraising status

1. Capital and Shares

(1) Source of Share Capital

Month/ year	Issued price	Authorized share capital		Paid-in capital		Remarks		
		Shares	Amount(NT\$)	Shares	Amount(NT\$)	Sources of share (NT\$)	Capital paid in by assets other than cash	Others
2022.04	10	120,000,000	1,200,000,000	92,643,569	926,435,690	Corporate bond conversion	None	2022.04.20 Commercial Letter No. 11101065290
2022.06	10	200,000,000	2,000,000,000	92,643,569	926,435,690	-	None	2022.06.14 Commercial Letter No. 11101097710
2022.07	10	200,000,000	2,000,000,000	92,843,040	928,430,400	Corporate bond conversion	None	2022.07.28 Commercial Letter No. 11101139490
2022.11	10	200,000,000	2,000,000,000	93,220,991	932,209,910	Corporate bond conversion	None	2022.11.08 Commercial Letter No. 11101201160
2023.04	10	200,000,000	2,000,000,000	103,220,991	1,032,209,910	Cash capital increase	None	2023.04.07 Commercial Letter No. 11230052700
2023.08	10	200,000,000	2,000,000,000	106,317,621	1,063,176,210	Capitalization of surplus	None	2023.08.29 Commercial Letter No. 11230164010
2023.11	10	200,000,000	2,000,000,000	106,549,253	1,065,492,530	Corporate bond conversion	None	2023.11.02 Commercial Letter No. 11230199230
2024.02	10	200,000,000	2,000,000,000	106,552,030	1,065,520,300	Corporate bond conversion	None	2024.02.15 Commercial Letter No. 11330010390

March 30, 2025/Unit: Shares

Types of Shares	Authorized share capital			Remarks
	Outstanding shares (note)	Unissued shares	Total	
Common Stock	106,552,030	93,447,970	200,000,000	Listed stocks

Note: 1. Types of shares issued by the company in the most recent year and up to the printing date of the annual report. Listed company stock, with a par value of NT\$10 per share

2. Overview of the Financial Disclosure System and Compliance Measures: None.

(2) Name of Major Shareholders

March 30, 2025/Unit: Shares

Name of Major Shareholders	Shareholding	Number of Shares Held	Shareholdings ratio
Gao Peng Investment Co., Ltd.		8,749,827	8.21%
Hui Ming Development Co., Ltd.		4,898,797	4.60%
Hui Rong Development Co., Ltd.		4,898,797	4.60%
Hung Ming Development Co, Ltd.		3,583,432	3.36%
Hung Rung Investment Co., Ltd.		3,583,432	3.36%
Lin, Cing-Biao		3,281,344	3.08%
Li, Wen-Ching		1,322,086	1.24%
Chuan hung Investment Co., Ltd.		1,279,356	1.20%
Chang, Yu-Ssu		1,189,400	1.12%
Chang, Yu-Wei		1,189,400	1.12%

(3) The Company's Dividend Policy and Implementation:

1. The dividend policy stipulated in the company's articles of incorporation

If the Company has profits in a year, it shall set aside the employees' remuneration and directors' remuneration. However, if the Company still has accumulated losses, it shall reserve an amount to offset the losses in advance.

The Company shall, after covering accumulated losses, allocate from the current year's profit before tax and before the distribution of employee and director compensation: (1) director compensation not exceeding three percent. (2) Employees' remuneration shall not be less than 1%.

The aforementioned employees' remuneration 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 of the competent authority. If there is still surplus, it shall be combined with the accumulated undistributed earnings from the previous period. The Board of Directors shall retain an appropriate amount based on the 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.

2. To align with the company's sustainable financial and business operations plan, the dividend distribution policy is formulated as follows:

- (1) Conditions and timing for dividend distribution:

To accommodate future corporate growth, the company's dividend policy is assessed annually by the Board of Directors based on actual profitability, future capital budget planning, operational needs, and sound financial structure. The impact of stock dividends on earnings per share dilution, as well as the impact of cash dividends and stock dividends on shareholders' equity, will be considered. A certain percentage of the distributable profits for the year will be distributed as shareholder dividends, with cash dividends accounting for no less than 10% of the total dividends. If future profits and funds are more abundant, the distribution ratio will be increased. In addition to complying with relevant laws and regulations and the company's articles of incorporation, the dividend distribution plan must be approved by the shareholders' meeting and the competent authority before it can be distributed.

- (2) Special reserve provision:

In accordance with Article 41, Paragraph 1 of the Securities and Exchange Act, the Company shall set aside a special reserve from profit as necessary.

- (3) The cash and stock dividend payout ratios:

The Company's dividend distribution policy will adopt stock dividends through capitalization of earnings and capital surplus, as well as cash dividends, in consideration of the Company's current and future operating conditions, capital requirements, and the interests of shareholders and the Company's long-term financial planning. Dividends may be distributed in the form of cash dividends or stock dividends, with cash dividends accounting for no less than 10% of the total dividends.

3. The Company's expected dividend policy, unless otherwise provided by relevant laws and regulations, will not change significantly.

4. Implementation of Dividend Distribution in 2024:

- (1) Due to a pre-tax loss for 2023, the company decided at the board meeting on February 27, 2024 not to distribute dividends to shareholders.

- (2) The amount of cash dividends allocated accounts for 0% of the total shareholders' bonuses.

5. The proposed distribution dividends at the 2024 shareholders' meeting:

- (1) Due to the pre-tax loss for the fiscal year 2024, the Board of Directors resolved on February 25, 2025 not to distribute dividends to shareholders.

- (2) The amount of cash dividends allocated accounts for 0% of the total shareholders' bonuses.

- (4) The proposed free share issue for this shareholders' meeting and its impact on the company's business performance and earnings per share:

The Company did not issue financial forecast information for the year 2025, so it is not applicable.

(5) Remunerations of Employees and Directors:

1. The percentage or range of employees and directors remuneration as set forth in the company's articles of incorporation:

According to Article 20 of the Company's Articles of Incorporation, "If the Company makes a profit in a given year, it shall appropriate employees' remunerations and directors' remuneration. However, if the Company still has accumulated losses, it shall reserve an amount to offset the losses in advance. The Company, after offsetting losses and before deducting compensation for employees and directors, shall allocate the remaining balance from the pre-tax profits of the current year : (1) Directors' remuneration shall not exceed 3%. (2) Employees' remunerations shall not be less than 1%.

The employees' remunerations mentioned in the preceding paragraph shall be distributed in stock or cash and shall be resolved by a majority of the directors present at a meeting of the Board of Directors attended by two-thirds or more of the total number of directors and reported to the shareholders' meeting. The recipients of such distribution shall include employees of the Company's controlled or subordinate companies who meet certain conditions, and the conditions shall be determined by the Board of Directors.

2. The basis of estimation for employees' remunerations and directors' remuneration for the current period, the basis for calculating the number of shares for employee remuneration distributed in the form of stocks, and the accounting treatment if the actual distribution amount differs from the estimated amount.

- (1) The basis for estimating the amount of employees' remunerations and directors' remuneration for the current period, and the basis for calculating the number of shares for employee remuneration in the form of stock distribution:

According to Article 20 of the company's articles of incorporation, the following provisions shall be made after offsetting deficits with the profit before tax, excluding the amounts of employees' and directors' remuneration: (1) Directors' remuneration shall not exceed 3%; (2) Employees' remuneration shall not be less than 1% of the profit.

- (2) Basis for calculating the No of Shares in employee remuneration through stock dividends: N/A.

- (3) Accounting treatment when the actual distributed amount differs from the estimated amount: Changes in accounting estimates will be treated as expenses for the following year.

3. The Board of Directors' approval of remuneration distribution:

- (1) The amount of employees' remuneration and directors' and supervisors' remuneration paid in cash or stock dividends. If there is a difference from the estimated amount recognized as expenses for the year, disclose the difference, reasons, and how it was handled: The remuneration for employees and directors of the Company is estimated based on the profit situation for that year and the ratio stipulated in the Articles of

Incorporation. The Company incurred a pre-tax loss in the year 2023, so the estimated employees' remuneration and directors' remuneration recorded in the accounts is NT\$0 and will not be distributed. Due to the pre-tax loss in 2024, the employee and director remuneration amounts are \$0, and no distribution will be made.

(2) The employees' remuneration amount paid in stock dividends and its ratio to the net income after tax and the total employee remuneration in the current individual or separate financial statements: Not applicable

4. The actual distribution of employee, director and supervisor remuneration for the previous year (including number of shares, amount and share price distributed), and if there is any difference from the recognized employee, director and supervisor remuneration, an explanation of the difference, reasons and treatment should be provided:

Due to the pre-tax loss in 2023, the employee and director compensation amounts are \$0, and no distribution will be made.

(6) Status of the Company's Share Repurchase:

The Company did not repurchase any of its shares in the recent fiscal year and up to the date of printing the annual report, so this is not applicable.

2. Corporate Bond Issuance Status

(1) Corporate Bond Issuance Status:

Type of Corporate Bonds (Note 1)	The Company's second domestic unsecured convertible bonds	
Issuance date	July 4, 2023	
Face value	One hundred thousand New Taiwan Dollars	
Place of Issue and Trading (Note 2)	N/A	
Issued price	Issued at 107.33% of the denomination	
Issue Amount	NT\$ 250,000 thousand(Denomination) NT\$ 268,316 thousand(Amount)	
Coupon rate	Nominal interest rate (%)	
Term	Three-year term, maturity date: July 4, 2026.	
Guarantor	N/A	
Trustee	Trust Department, SinoPac Business Bank Co., Ltd.	
Underwriter	KGI Securities Corp.	
Attesting lawyer	FSI- Law firm, Lawyer Chiu, Ya-Wen	
Attesting CPAs	PricewaterhouseCoopers Taiwan: CPA Wu, Han-Chi, CPA Lin, Ya-Hui	
Redemption Method	Apart from the holders of these convertible bonds converting to the company's common stock 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 par value upon maturity.	
Unredeemed Balance	NT\$ 249,900 thousand	
Conditions for redemption or early redemption	Please refer to Annex 2 "Regulations for the Issuance and Conversion of the Second Unsecured Convertible Corporate Bonds" in the company's prospectus for the second unsecured convertible corporate bonds issued domestically.	
Restrictive Covenants (Note 3)	None	
Name of rating agency, date and result of rating	N/A	
Other rights	The monetary amount of common stock, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	None
	The issuance and conversion, exchange, or subscription rules	Please refer to Annex 2 "Regulations for the Issuance and Conversion of the Second Unsecured Convertible Corporate Bonds" in the company's prospectus for the second unsecured convertible corporate bonds issued domestically.
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance.		The total par value of the convertible bonds issued this time is NT\$250,000 thousand. Since the duration of these corporate bonds is 3 years, and the bondholders may request conversion at different points, it will delay the impact on earnings per share, and thus should not have a significant impact on the equity interests of existing shareholders. These corporate bonds have a coupon rate of 0% and are issued at a premium conversion price, so they should not have a negative impact on shareholders' equity.
Name of the custodian institution of the exchangeable underlyings		None

Note 1: The status of corporate bonds includes the public and private placement of corporate bonds in progress.

Note 2: Those belonging to overseas corporate bonds, please fill in

Note 3: Such as limiting the distribution of cash dividends, foreign investment, or requiring the maintenance of a certain asset ratio, etc.

Note 4: For convertible corporate bonds, exchangeable corporate bonds, consolidated proceeds from issuance of bonds or corporate bonds with warrants, the nature should be disclosed in the tabular format listed below, including information on convertible corporate bonds, exchangeable corporate bonds, consolidated proceeds from issuance of bonds, and corporate bonds with warrants. Refer to Table (2) Convertible Corporate Bond Information below.

(2) Convertible Bond Data:

Company Bond Types		The Company's second domestic unsecured convertible bonds	
Year		2024	As March 30, 2025 (Note 2)
Market price of convertible corporate bonds	Maximum	105.6	100.3
	Minimum	99.55	99.2
	Average	102.54	100.03
Conversion price		36.00	36.00
Issue (transaction) date and conversion price at issuance		Issuance Date: July 4, 2023 Conversion Price of Issuance: NT\$37.60 From August 14, 2023, the conversion price is adjusted to NT\$36.00	
Method for Performance Conversion Obligations (Note 1)		Issue new shares	Issue new shares

Note 1: Deliver issued shares or issue new shares.

Note 2: The data for the current year up to publication of the annual report should be filled in.

3. Special Share Handling: None.

4 Circumstances of Issuance of Overseas Depositary Receipts: None

5 Employee Stock Options Certificate and Handling New Shares with Restricted Employee Rights: None.

6 rcumstances of issuing new shares for mergers or acquisitions for acceptance of new shares of another company: None

7. Implementation of Capital Utilization Plan

As of the quarter preceding the printing date of the annual report, the plans that have been fully funded but not yet completed: None

IV. Operating Overview

1. Business content

(1) Business scope

1. Main content of business operations

The main business is the manufacturing, sales, and services of various signal lines, connection lines, power lines, wire and cable products, copper products, and electric vehicle charging guns for the information industry, communication industry, precision machinery industry, and consumer electronics industry. The product range of the Company's business includes:

- ◆ Industrial Plastic Products Manufacturing
- ◆ Smelting and Refining of Copper
- ◆ Copper Rolling, Drawing and Extruding
- ◆ Electric Wires and Cables Manufacturing
- ◆ Electronics Components Manufacturing
- ◆ Mold Manufacturing Wholesale
- ◆ Wholesale of Computers and Clerical Machinery Equipment
- ◆ Computer and Peripheral Equipment Manufacturing
- ◆ Wholesale of Chemical Feedstock
- ◆ International Trade
- ◆ Investment
- ◆ Motor Vehicles and Parts Manufacturing
- ◆ Cable Installation Engineering
- ◆ Retail Sale of Electronic Materials
- ◆ Energy Technical Services
- ◆ Wholesale of Chemical Feedstock

2. Proportion of consolidated business operations of group

Main product categories	2024 proportion of business operations
Various signal power transmission cable	100%
Total	100%

3. The company's current product items

The Company's current main product items include various high-frequency connection cables for 3C products, automotive cables, electric vehicle charging guns, and integrated system products for solar (solar power plants), storage (energy storage cabinets), and charging (charging stations).

4. Plan for the development and enhancement of new products

(1) Develop advanced products:

For connecting cables, to accommodate the high-speed and high-definition trends in the 3C industry, the Company has successfully developed various high-end signal cables, and will focus on increasing the production and sales value of high-end products in the future.

(2) Develop new customer sources and new markets:

Connection cables have a wide range of applications. In addition to existing computer signal cables, the Company's shipment volume of high-end 3C product connection cables has been growing year by year. In the future, we will actively develop new customer bases, including products for advanced application areas such as solar cell modules, charging stations, and energy storage equipment, to increase revenue and profit sources.

(3) Continuously develop automated production technologies:

To reduce production costs and ensure product quality, the Company is actively developing automated processing equipment (integrated automatic wire stripping and soldering machines, integrated automatic assembly and crimping machines for metal shells, and automated processing production line equipment for the front end of signal cables) to improve product production efficiency.

(4) Actively promote corporate transformation, and venture into the electric vehicle industries:

Electric vehicles have become an inevitable global development trend for the future. Utilizing our professional cable technology and experience, the Company has developed electric vehicle charging guns, which began shipping at the end of 2021, officially entering the electric vehicle market. Along with the development of the electric vehicle and energy storage industries, we are actively promoting integrated system products for solar (solar power plants), storage (energy storage cabinets), and charging (charging stations) to expand the range of product applications.

(2) Industry Overview

1. Current state and development of the industry

(1) The connector industry

Electronic connectors (cables) refer to all connecting components and their accessories used for electronic signals and power supply. Their main function is to provide a separable interface to connect two subsystems within an electronic system, thereby enabling smooth transmission of signals or electricity. Since electronic connectors (cables) are considered the bridges for all signals, used for connections between

components, their product quality will significantly affect the reliability of signal transmission, thereby impacting the operation of the entire electronic device.

The downstream market applications of electronic connector (wire) products are actually quite extensive, including chip and component connections, PCB (Printed Circuit Board) board-to-board connections, host and I/O (Input/Output) connections, external power and external signal connections, all of which require the use of connectors. Currently, they are mainly used in personal computers (PCs) and peripherals, network communications, automotive electronics (AE), green energy, consumer electronics and other fields.

As Intel and AMD's new platforms drive demand for the cloud server super cycle, coupled with rising demand for electric vehicles and infrastructure expansion, high-speed transmission and high-power requirements, this will drive growth in profits for connector and cable manufacturers. The connector market is growing steadily, with cloud servers and electric vehicles being the main highlights. It is expected that as demand for electric vehicles and data centers gradually heats up, it will drive growth in the connector market scale in the coming years, while green energy and automation trends will also add momentum to industrial demand.

The demand for high power and high-speed transmission in server, electric vehicle, and industrial markets is the main market driver. The super cycle of servers, the demand for new energy vehicles and infrastructure, and the demand for high-speed transmission will drive the revenue growth of connector/cable companies. In terms of non-IT applications, sales of electric vehicles will increase significantly in the coming years, replacing the market share of internal combustion engine (ICE) vehicles, and the demand for charging infrastructure (charging guns/piles) will also rise accordingly. When the maximum power transmission power is reached, the electric vehicle motor needs connectors that can support high output current and significantly reduce transmission resistance during power transmission. In addition, the industrial market will benefit from the trends of automation and green energy.

The market research firm IndustryArc points out that if we just look at the USB 3.0 market, it will grow at a rate of 20% annually from 2020 to 2025, reaching a scale of \$67,000 million (approximately NT\$196,900 million) in 2025. The demand for seamless connectivity between various devices will be the main driving force for USB growth; because now even a video shot with a smartphone can have a data size of up to 1 GB, but electronic products require thinness and compactness, and cannot accommodate more transmission interfaces, leaving only USB on the device. Now, ultra-thin laptops have models with only USB connectivity, and portable screens with only USB interfaces can be purchased online for use with smartphones. The latest USB transmission interface has been dropping in price very rapidly, and price is the key to the widespread adoption of this technology.

The high transfer speed, high-resolution transmission, and faster charging speed that the old USB 3.2 cannot achieve will be realized with USB4. With the ability of Taiwanese manufacturers to control costs, USB4 has a good chance of sparking another wave of significant growth. After the advent of USB4, cables will become very diverse because even with the same USB4 cable, some can only transmit data, some can transmit data and display images, and some can perform all three functions. For high-speed transmission and long-distance transmission, you need to buy active cables with chips. In the future, USB cables may be sold according to their functionality, with different prices for cables capable of 10G, 20G, and 40G transmission speeds. Charging is an

important innovation for the USB interface, and the ability to charge external devices is an important selling point for the new interface. Under EU policy, the future trend will be to adopt a unified USB interface for power supplies for mobile devices.

The adapter business will also do well because consumers are unlikely to discard their existing devices just because of the new standard. The simplest way is to buy an adapter or a multi-function expansion dock. These areas are also the home ground of connector manufacturers. Now, walking into stores, you can find adapter products made by Taiwanese manufacturers everywhere. The new transmission interface has become the mainstream that cannot be ignored by thin and light laptops and mobile phones. To match mobile phones, portable displays with only USB interfaces have already appeared on the market. Another group that will benefit is manufacturers related to large data transmission.

In Current, as long as people's demand for data continues to increase, this wave of high-speed transmission will not stop. In the future, not only will people need to view increasingly high-resolution images, but AI will also require more data to complete tasks. Wireless communication still cannot match wired communication in terms of security and speed. Most importantly, the PC ecosystem remains the main arena where Taiwan has been cultivating for many years.

Furthermore, the IT connectors market is expected to grow at a Compound Annual Growth Rate (CAGR) of 6.3% during the forecast period. Factors such as the demand for high-speed connectivity, expansion of the automotive industry, and significant increase in investment in underwater cables and military systems are anticipated to drive the growth of the IT connectors market during the research period. The IT connectors market is thriving due to the global digital transformation. Reliable connectivity, high performance, and efficiency are the key factors driving market growth. High-performance networks are critical for business, manufacturing, security, and media. The emerging markets are witnessing an increasing demand for media and entertainment, along with rising internet penetration, leading to a significant growth in television and internet users, smartphone and tablet users. These factors have generated a huge demand for connector adapters.

(2) Electric Vehicle Industry

In the entire automotive industry, transformation will be more important than sales growth. By 2027, electric vehicle (EV) sales are expected to account for a third of global new car sales. As more people give up gas-powered cars, automakers will introduce more EV models and retrofit their production facilities. Over the same period, government incentive policies will also undergo significant changes in various markets, with the focus shifting from supporting EV sales to helping expand EV charging networks and battery manufacturing. Although the business environment currently seems harsh and investment in other technologies like autonomous driving will decrease, automakers will increasingly participate in semiconductor production and the development of key resources in the midstream and upstream supply chain.

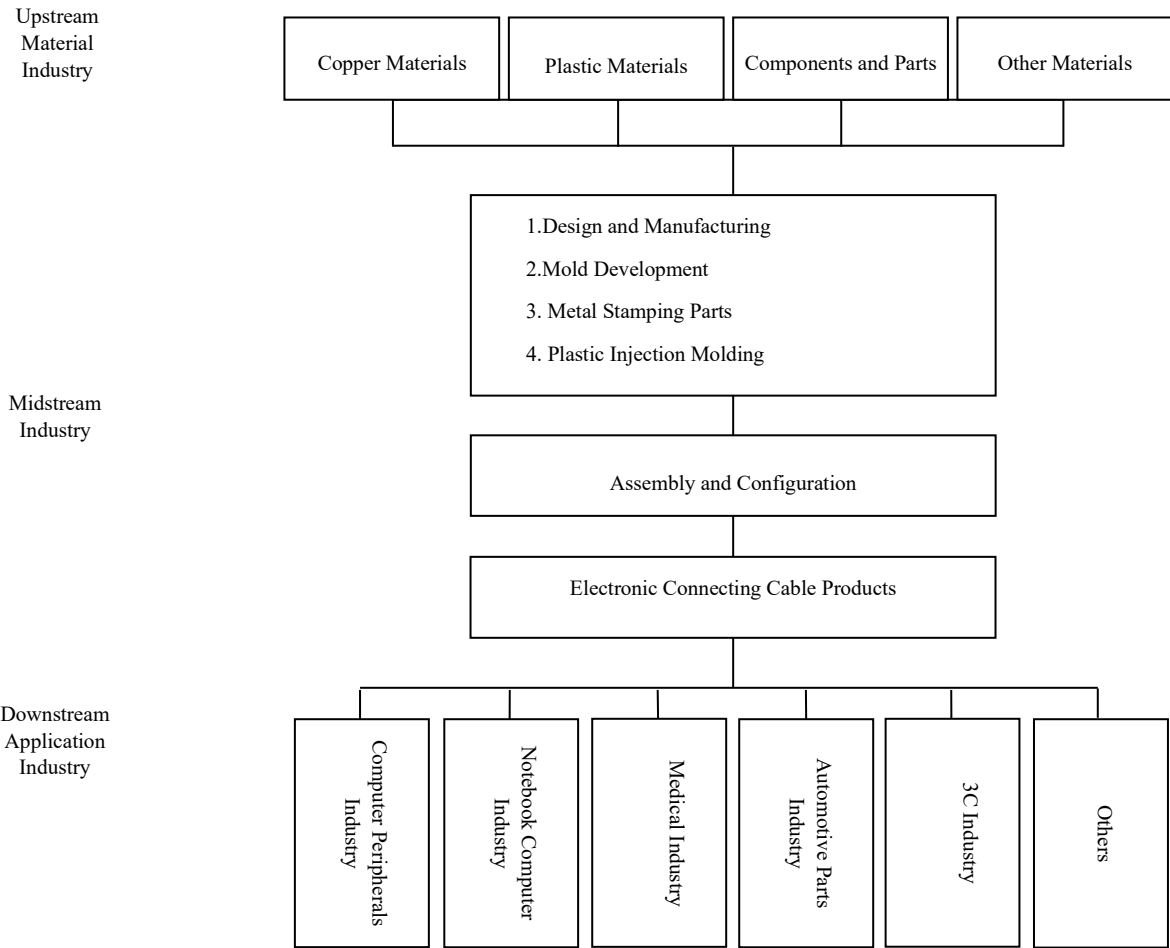
Except shift towards electric vehicles, automakers must also grapple with long-term trends, including an aging population, new car financing models, the rise of online sales networks, and ever-changing consumer attitudes. Meeting these demands with agility will be challenging amid escalating geopolitical trade tensions, especially as Chinese automakers make a major push into global markets.

Looking ahead to 2030, global sales of hybrid and electric vehicles are expected to account for 60% of global light vehicle sales. The US Inflation Reduction Act will boost the prospects for electric vehicle manufacturing in the US, although Europe faces potential investment shifts without similar measures. However, the domestic electric vehicle outlook remains positive in China, and Chinese electric vehicles continue to expand their international footprint. Several factors will influence the industry's growth, including supportive government policies to incentivize industry recovery and the transition to low-emission vehicles, increased demand from emerging markets driven by rising household incomes, and easing supply chain disruptions.

2. Relevance of upstream, midstream, and downstream industries:

(1) Cable

Our company mainly produces high-purity oxygen-free copper rods, copper wires, copper strands, wire materials, connecting wires, connectors, etc. The structure diagram of its upstream, midstream, and downstream industries is shown below:



(2) Electric vehicles

The global commercial electric vehicle market is expected to grow to \$252,970 million by 2026, with a compound annual growth rate of 29.73%. Furthermore, with the construction of electric vehicle infrastructure by various governments, the gradual maturity of electric vehicle research and development technologies, and the formation of an open platform and resource integration market model, the popularization of commercial electric vehicles is imminent. The following shows the upstream, midstream, and downstream sectors related to electric vehicles.

3. Product development trends and competitive situation

(1) Product development trends

A. Cable and Wire Industry

- (a) The adoption of USB Type-C by various 3C products is a market development trend

The USB Type-C interface is used in devices such as smartphones, headphones, external solid-state drives, tablets, cars, computers, docking stations, printers/scanners, LCD displays, power supplies etc. Looking at the external interfaces for notebooks, earlier Display Port (DP), Thunderbolt 1 (TBT1), and Thunderbolt 2 (TBT2) used the Mini DP interface. DP 1.4 and later adopted the Type-C interface, Thunderbolt 3 (TBT3) and later adopted the Type-C interface, and USB 3.1 and later adopted the Type-C interface. Earlier MacBooks used the MagSafe power interface; however, MacBooks from 2016 onwards switched to the Type-C interface. Nevertheless, Apple reintroduced the MagSafe interface to MacBooks starting in 4Q21, but still retaining the USB Type-C (TBT3) interface.

Figure 1: USB Type-C Interface User End

Data source: NXP, Hua Nan Securities Investment Advisory compiled

Figure 2: USB Type-C (Female) Connector Exploded View

Data source: Zhihu Column, Compiled by Huanan Investment Advisory

The device-side USB Type-C (female) connector is mainly composed of 7 parts, including the outer iron shell (anti-EMI), reinforcing steel plate, inner iron shell, plastic body, isolation steel plate (anti-EMI), terminals, and PCB.

- (b) Same USB Type-C transmission cable, but with different transmission speeds.

USB 3.1 transmission cables introduced grounding tabs and required better shielding effectiveness requirements to reduce RF leakage and EMI issues. Traditional Micro USB only has 5 conducting wires, but USB 3.X has at least 9 conducting wires, and those conforming to USB PD specifications even have 12~18 conducting wires.

Table 1: Comparison of USB Type-C Raw Cables

Data source:FIT

Figure 3: USB Type-C Transmission Cables for Various Different Transmission Protocols

Data source:iXBT

Figure 4: Thunderbolt 4 Transmission Cable (Outer Diameter 5.24mm)

Data source:ChargerLAB

An original Apple Thunderbolt 4 Pro cable costs NT\$3,990 (1.8m) / NT\$4,890 (3m). Looking at the cable construction, besides having a braided outer layer, it also uses TPE (Thermoplastic Elastomer) inside and includes three layers of shielding tin foil for protection, which can also isolate signals. A single transmission cable contains a total of 19 wires that can be used for data transmission and charging. The main reason is that Thunderbolt 4 requires the use of coaxial cables for materials, and from materials to finished products, it needs to go through 88 processing steps, with over 100 people needed to complete the assembly line, and also needs to pass Intel certification and testing, which is very complex and time-consuming.

(c)The main differences between Thunderbolt 4 and USB4 are the minimum speed and whether it supports PCIe.

Many new NBs have eliminated USB-A and RJ45 Ethernet interfaces, and offer USB-C as the sole interface for video, networking, data transfer, and charging. This has prompted other protocols (including TBT3, DisplayPort, MHL, and HDMI) to adopt USB-C as their standard connector.

Table 2: Differences Between TBT3, TBT4, and USB4

Data source: Allion Labs, Hua Nan Securities Investment Advisory compiled

TBT4 provides the same 40Gbps as TBT3, also using USB-C ports. Any TBT4 port is also a USB4 port, but not vice versa. The difference between them lies in the support for the PCIe controller and the minimum data transfer speed. In TBT4, the minimum is 40Gbit/s, while in USB4, the data exchange speed is between 20 and 40Gbit/s, while also maintaining backward compatibility. Additionally, TBT4 supports two 4K displays or one 8K display, and also supports Intel VT-D technology, which can prevent DMA attacks.

TBT3/4 supports the PCIe communication protocol, which can be mainly used to connect external graphics cards, NVMe SSDs, RAID cards, sound cards, network

cards, video capture cards, etc. The USB-C Type 2.1 specification increases the power capacity of cables and connectors from 100W to 240W (requires a USB PD 3.1 charger), thereby providing power and charging for larger power-consuming devices, such as 4K monitors, electric bicycles, and gaming laptops.

- (d) The gradual integration of USB Type-C specifications, and the widespread application of high-speed/high-frequency/miniaturized I/O connectors is one of the major development trends in the global connector market

Regarding the major development trends in the global connector market, firstly, after the gradual technology integration of diversified high-speed transmission interfaces, the USB Type-C interface has entered the stage of application implementation and market penetration rate increase. At the same time, with the development of Big Data applications, as more multimedia content and power need to be transmitted in real-time, it will significantly drive the demand for PD3.0/E-Marker charging interface standards and various peripheral devices to adopt the USB Type-C interface. Moreover, with the synchronous optimization of transmission rate and quality, it will derive new business opportunities for high-end connection cables. Furthermore, apart from the USB-IF (USB Implementers Forum) announcing stricter USB4 specifications for cables, connectors, and chip power supply standards, and collaborating with UL safety certification laboratories to create environments compliant with the USB architecture for vehicular use, the European Union (EU) has passed relevant agreements in 2020 requiring member states to regulate electronic companies to adopt a unified charging standard, aiming to "accelerate the interconnection of data and power for electronic devices within the region" and "reduce electronic waste." Through regulations and policies, it will accelerate the application development of USB4/Thunderbolt 4 and the industry adoption of the unified USB Type-C charging interface. In summary, it is expected that with the continuous evolution and specification integration of various transmission interfaces, USB Type-C will become the standard interface.

Furthermore, due to the apparent acceleration of building mid-to-large data centers (Data Centers) for servers/switches/storage devices across countries driven by digital transformation, to meet the future massive content transmission demands for high capacity and high bandwidth, high-speed/high-frequency/miniaturized connectors for server applications will have significant business opportunities. Finally, the Alder Lake and Ryzen CPUs from Intel and AMD, which support high-speed interfaces and sockets such as USB4/Thunderbolt4 and PCIe 4.0, will undergo platform transitions, thereby accelerating the upgrade process of high-speed I/O (Input/Output) connectors. In summary, the applications of high-speed transmission I/O connectors with high-frequency and miniaturization features will become more widespread.

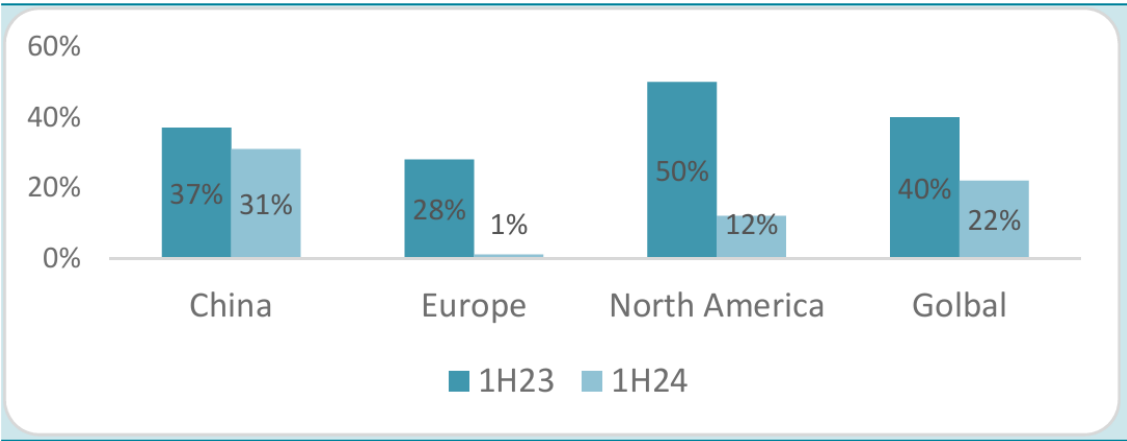
B. Electric Vehicle Industry

Electric vehicle sales volume are expected to grow by 16% in 2024

According to research data from EV-Volumes, global electric vehicle shipments in 1H24, including PHEVs and battery electric vehicles (BEVs), reached 7.4 million units, YoY +29%, which is lower than 1H23's YoY +35%. Economic uncertainties and high interest rates have led to this slowdown in growth. Global electric vehicle growth is showing uneven development; in the first half of 2024, China's electric vehicle

shipments reached 4.4 million units, a growth of 31% compared to the same period last year, accounting for 60% of global electric vehicle shipments. China continues to drive the global electric vehicle market in terms of sales. In Europe, due to the reduction or cancellation of electric vehicle subsidies, electric vehicle shipments of 1.5 million units grew by only 1% compared to the same period last year, which is lower than the overall European automotive market growth of 5%. U.S. electric vehicle shipments reached 800,000 units, a 12% growth compared to the same period last year, which is higher than the overall U.S. automotive market growth of 3%. We expect global electric vehicle shipments to reach 16.4 million units in 2024, YoY +16%, with plug-in hybrid vehicle shipments estimated to grow by 27%, higher than the 11% growth for battery electric vehicles.

圖表 4 : 1H23 與 1H24 電動車銷售年成長



Data source: EVVolumes

Chinese automakers dominate the electric vehicle market

(a) In 2024, many Chinese automakers are achieving remarkable growth. Compared to the limited performance of most Western automotive brands, BYD, Geely, Changan, and Chery have been particularly outstanding. In October 2024, BYD's vehicle sales exceeded 500,000 units, reaching a historical high, surpassing 500,000 units in a single month for the first time. BYD has also raised its annual shipment target for 2024 from 3.6 million units to 4 million units. Geely was also a big winner in the first half of 2024, with its global electric vehicle market share tripling from its previous level. Due to excellent sales performance in overseas markets, Geely has also revised its annual shipment target for 2024 upward to 2 million units. Geely's goal for 2025 is to sell 3 million vehicles (excluding Zeekr), with 900,000 electric vehicles, accounting for 30% of Geely's total shipments.

(b) EU tariffs slow the growth of Chinese electric vehicle exports

In terms of Chinese electric vehicle exports, a report from the China Association of Automobile Manufacturers (CAAM) indicates that from the first to third quarter of 2024, Chinese electric vehicle exports reached 928,000 units, an increase of 12.5% compared to the same period last year. However, this is lower than last year's growth of over 50%. The slowing growth is mainly due to sluggish demand for electric vehicles and the impact of tariffs. The EU believes that Chinese electric vehicle subsidies undermine the principle of fair competition, determining that preferential financing and subsidies, along with land, batteries, and raw materials priced below

market value, warrant an additional tariff of up to 35% on Chinese electric vehicles on top of the existing 10% tariff, as concluded in their anti-subsidy investigation. We believe that tariffs may accelerate companies' establishment of production bases in Europe and other regions outside China. BYD plans to build factories in Hungary and Turkey, while other automakers like Chery have signed joint venture agreements with Spanish electric vehicle companies to produce cars in their first factory sites in Europe.

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Source: CAAM, compiled by Fubon Securities Investment Services

(2) Product competitive situation

A. Industrial competitive situation

a. The connector

The major suppliers of global connectors are mainly located in Japan, the United States, China and Taiwan. Currently, the global connector market share is concentrated among a few companies. The top ten companies: TE Connectivity, Amphenol, Molex, Delphi, Foxconn, Japan Solderless Terminal (JST), Japan Aviation Electronics (JAE), Luxshare Precision, Hirose Electric, these ten companies account for over 50% of the global market share.

The development focus of US connector manufacturers is to expand R&D and production in mainland China, target the automotive market, and continue to expand

production scale. The development priorities for Japanese connector manufacturers are to develop new technologies, new applications, and utilize mergers and alliances to strengthen connector solutions. It is worth noting that as China is the main assembly base for various electronic products, in order to accelerate the increase in the self-sufficiency rate of components, the government has actively encouraged companies through supportive policies. Chinese manufacturers are actively involved in the layout and development of various electronic components, and the connector industry is no exception. The growth rate of its connector industry output has recently outpaced other countries. At the same time, the development strategy of mainland Chinese companies is to rapidly expand their market reach through mergers and acquisitions, strategic alliances, capital increases, equity participation, joint ventures, and other means, quickly expanding their technological capabilities, accumulating vertical integration capabilities, and accelerating their entry into international markets. Mainland Chinese connector manufacturers have entered the largest and highest value-added markets such as 4G smartphones and internet-of-vehicles applications, aiming to break free from the fate of low added value.

As downstream application markets evolve, Taiwanese manufacturers of connectors must develop new product lines for emerging applications. In addition to non-3C applications, they are also investing in connectors for the Internet of Things, wearable device applications, such as servers, high-power/high-frequency I/O connectors, automated warehouse robot cable harnesses, RF connectors, etc., attempting to find new growth opportunities in the highly competitive industry. Looking ahead, the focus of connector technology development will be "high-frequency transmission" and "miniaturization". Taiwanese manufacturers should upgrade their materials and processes to enhance their competitiveness and secure a position in the fiercely competitive connector industry.

b. Electric Vehicle

As global environmental awareness rises and battery technology advances, electric vehicles with zero emissions have become the main products that major automakers are striving to promote. Unlike in recent years, when Tesla, an American company, has long been the global leader in electric vehicles. The Chinese electric vehicle brand BYD has caught up and become the world's largest electric vehicle manufacturer.

Tesla's number one rival is not in the United States but in China. Tesla CEO Elon Musk admitted, "The sales of electric vehicles in China are huge, and Chinese automakers are extremely competitive." In China, Tesla faces intense competition from local automakers. Although Tesla currently holds a leading position in China, when people talk about the top 10 electric vehicle manufacturers in China, they often say "Tesla and nine other chasers.

As consumer acceptance rises annually and major automakers increase their production capacity, the global electric vehicle market is not only fiercely competitive but also growing rapidly. As the Chinese economy falls into crisis with rising youth unemployment rates and a debt crisis in the real estate market, the electric vehicle industry continues to grow strongly. According to data from the World Economic Forum, China had already become the global leader in the electric vehicle industry in 2022, with about two-thirds of the world's electric vehicles being manufactured in China, and Chinese electric vehicle sales accounting for 59% of the global market. Among them, electric vehicles produced by BYD not only supply the domestic market

but are also exported to more than 100 countries worldwide. Driven by the electric vehicle industry, China is expected to surpass Japan in 2023 to become the world's largest automotive exporter.

Batteries account for 30% to 50% of the cost of electric vehicles, and China dominates the battery supply chain, which is another advantage for BYD. A report by the multinational financial services firm Morgan Stanley in July 2023 noted that up to 90% of the global electric vehicle battery supply relies on China, with the two major Chinese battery manufacturers, CATL and BYD, controlling over half of the market share. Compared to other competitors' concerns about the integration of the global supply chain, this is not an issue for the Chinese government. Furthermore, China's plan for developing electric vehicles, including setting up charging stations every 50 kilometers on the highway system, helps reduce range anxiety for car owners and stimulate the desire to purchase electric vehicles.

Despite BYD competing with Tesla in the electric car battle in China and several other countries, gaining popularity among consumers for its affordable prices, it is still unable to enter the US passenger car market amid the US-China tensions. Currently, BYD only manufactures commercial buses and trucks in the US. The key obstacle is the US erecting trade barriers, with former President Trump imposing a 25% tariff on Chinese cars, a policy continued by President Biden to protect the US auto industry. Moreover, Chinese electric vehicle brands lack brand recognition in the US, and there are concerns about national security and privacy after entering the US market, posing significant challenges.

B. Competitive Basis

The basis of industry competition is described as follows:

- a. Price and cost trade-offs: Since personal computer peripherals and information and communication products remain the major downstream market applications for our domestic industry, they are affected by relatively low computer prices and lower profit margins, causing downstream consumer electronics companies to try to lower the prices of connectors (cables) as much as possible. Therefore, effective cost control and advantageous pricing strategies are the competitive foundations for companies in this industry.
- b. Product quality: As the products of this industry are mainly necessary components for information and communication technology as well as consumer electronics, the quality of these products will affect the quality of the downstream manufacturers' finished products. Therefore, maintaining good quality and operational stability of connector (cable) products is also the direction of efforts for manufacturers in this industry.
- c. After-sales service: Due to the application areas of electronic connectors (wires) become increasingly widespread, manufacturers not only need to have a product portfolio that can meet most needs, but also need to provide complete solutions and related after-sales services to consumers and downstream manufacturers. Therefore, after-sales service is also a basis for competition in this industry.
- d. Production scale: Because electronic connectors (wires) are essential components for most information and communication as well as consumer electronic products, they not only have a wide range of applications and massive usage, but their

application in downstream industries is also an important feature of this industry's products. Therefore, the mass production capacity and scale will also become a competitive factor for manufacturers.

- e. Obtaining raw materials: As the cost of raw materials accounts for a relatively high proportion of manufacturing costs in this industry, and some mid-to-high-end materials such as phosphor bronze plates and liquid crystal polymers (LCPs) still rely heavily on imports from abroad, securing stable and continuous access to relevant raw material sources is also an important competitive basis for this industry.
- f. Cooperation relationship with international companies: Most orders for this industry's manufacturers actually come from well-known overseas companies. Therefore, if manufacturers can develop a closer OEM or cooperative relationship with overseas companies and maintain an important position in their product supply chains, this will become a powerful competitive advantage for the industry.
- g. Production technology and research and development capabilities: Since the main downstream application markets of our domestic industry are products such as information and communication, consumer electronics, and automotive electronics, with the rapid development of information and communication technology, big data, cloud computing, and automotive electronics, electronic connector (cable) suppliers must be able to timely launch corresponding products to meet the needs of downstream manufacturers. Therefore, the production technology and R&D capabilities of the companies in this industry will be crucial to their long-term competitiveness.
- h. Sales channels: Due to there are numerous business owners in the local industry in our country, and information and communication technology as well as consumer electronics remain the main downstream applications, the cooperative relationship with major electronics companies will affect product sales. Therefore, effectively establishing sales channels will become the most important competitive factor besides product pricing.
- i. Product yield: The yield rate of a product is mainly related to the production cost. When a manufacturer has a higher yield rate, it can reduce production costs and thereby increase its profitability. In addition, since the plastic materials used for connectors (wires) must have heat resistance, the quality of upstream raw materials also affects the high or low yield rate of the product.
- j. Relationships with downstream vendors: Because connectors (cables) have diverse applications, and the same product may also differ according to application specifications, coupled with the large number of domestic manufacturers in this industry, manufacturers need to establish good relationships with major downstream partners, which can help stabilize continuous orders.
- k. R&D talent: As research and development talents and manufacturing processes are closely related, and the technological evolution in the connector (wire) industry (including upstream and downstream supply chains) is relatively rapid, manufacturers in this industry not only need to have more advanced production equipment and manufacturing processes, but also must be able to acquire outstanding research and development talents to continuously develop new products and technologies. Only then can they effectively enhance their market competitiveness.

1. Policy support: If the government can directly promote tax incentives and other policy benefits for the connector (cable) industry or related downstream emerging application industries, it will effectively promote industrial development and enhance the competitive foundation.

(3) Overview of Technology and Research and Development

1. The research and development expenses incurred in the most recent fiscal year and up to the printing date of the annual report:

The consolidated financial statements of the company - the company and 100% reinvested enterprises total investment:

Unit: NT\$ Thousand

Item\Year	2022	2023	2024	As of March 31, 2025
Research and development expenses	121,045 thousand	95,288 thousand	106,616 thousand	32,291 thousand

2. Technology or products successfully developed in the most recent fiscal year and up to the printing date of the annual report:

(1) Combined 100% reinvestment in the associates' connector product R&D patents:

Items	Approval date	Patent name	Patent type	Patent number
1	2022.05.13	Magnetic Assembly Fixture	Utility model	202122169424.9
2	2022.05.13	A mechanism for automatic material collection for injection molding machine products	Utility model	202122169422.X
3	2022.04.01	A mechanism for an automatic feeding head of an injection molding machine	Utility model	202122168879.9
4	2021.11.11	Digital connecting cable fully automatic processing and forming technology and its device	Invention	202111145937.4
5	2022.04.05	Digital connecting cable fully automatic processing and forming device	Utility model	202122364646.6
6	2022.04.05	Digital connecting cable forming and processing feeding device	Utility model	202122365616.7
7	2022.04.05	Digital connecting cable forming and processing pre-cutting device	Utility model	202122365646.8
8	2022.06.24	A DC test fixture	Utility model	202122664748.X
9	2022.05.13	A knife set for scratch prevention without a core lace	Utility model	202122666697.4
10	2022.05.13	A quick test device for exposed connector dimensions	Utility model	202122664580.2
11	2022.05.13	Double-headed rotary peeler	Utility model	202122837907.1
12	2022.08.12	A POGO PIN cover ultrasonic assembly equipment	Utility model	202122840680.6
13	2022.06.24	An interchangeable mold	Utility model	202122841258.2
14	2022.05.13	A new type of enclosed cable terminal casing	Utility model	202122841083.5
15	2022.08.16	HDMI riveting iron shell forming fixture	Utility model	202220519416.4
16	2022.08.16	Wire row clamp assembly device	Utility model	202220549226.7
17	2024.01.09	Wire automatic stripping device	Utility model	202220564850.4
18	2023.06.06	A horizontal injection molding machine automatic product collection device for injection molded products	Utility model	202223136554.3
19	2023.06.06	A combined bundle fixing wiring clip	Utility model	202223107692.9
20	2022.11.02	Automatic code labeling and scanning integrated machine	Invention	202211528343.6
21	2024.04.23	Wire braided layer thermal cutting device	Utility model	202322324108.3

Items	Approval date	Patent name	Patent type	Patent number
22	2024.04.23	Wire automatic packaging device	Utility model	202322324101.1
23	2024.04.23	Signal wire aluminum foil automatic removal device	Utility model	202322324079.0
24	2024.06.07	A connector outer iron shell automatic assembly device	Utility model	202322341359.2
25	2024.04.23	Wire braided layer automatic removal device	Utility model	202322369855.9
26	2024.05.28	Wire automatic arrangement laser removal device	Utility model	202322369845.5
27	2024.05.28	Small flat cable clamp auxiliary flat cable arranging fixture	Utility model	202322369835.1
28	2024.04.23	An automatic copper foil wrapping device for wire harness ends	Utility model	202322369688.8
29	2024.12.10	DP plastic shell automatic assembly device	Utility model	202420578865.5
30	2024.11.15	Wire array clamp	Utility model	202420574325.X
31	2024.12.10	An automatic mixing and feeding device for PVC granulation	Utility model	202420574313.7
32	2024.11.15	An automatic isolation tape wrapping device for connector inner molds	Utility model	202420580606.6
33	2024.02.06	Copper wire multi-axis automatic positioning threading device before annealing	Utility model	202420627902.7
34	2024.12.10	A wire break detection device for metal wire harness braiding	Utility model	202420628879.3
35	2024.11.15	An automatic wire winding and tying device for wire materials	Utility model	202420628898.6
36	2024.12.10	An integrated device for automatic cutting of PE film for cables	Utility model	202420627916.9

(2) Research and development patents for new energy products:

Items	Approval date	Patent name	Patent type	Patent number
1	2021.02.08	Electric vehicle charging cable DEKRAK175-1:201/A1:2016/A2:2020	European standard cable certification	33-121487
2	2021.02.08	Electric vehicle charging cable IEC62893-121/ 123	European standard cable certification	33-121560
3	2021.02.08	Electric vehicle charging cable EN50620:2017+A1:2019	European standard cable certification	33-121543
4	2021.02.08	Electric vehicle charging cable IEC62893-1:2017/A1:2020;IEC62893-2:2017;IEC62893-3:2017	European standard cable certification	31-117367
5	2021.02.08	Electric vehicle charging cable EN50620:2017+A1:2019	European standard cable certification	31-117366
6	2021.02.08	Electric vehicle charging cable DEKRAK175-1:201/A1:2016/A2:2020	European standard cable certification	31-117353
7	2021.02.20	Electric vehicle charging cable GB/T33594-2017 ; CQC1122	China standard cable certification	CQC21011287047
8	2021.11.17	Electric vehicle charging cable EN50620:2017+A1:2019	European standard cable certification	6118223.01AOC
9	2022.03.08	Electric vehicle charging cable UL62ANDCSAC22.2NO.49-	American standard cable certification	E516181
10	2022.04.07	Electric vehicle charging cable GB/T33594-2017 ; CQC1122	China standard cable certification	CQC20011276958
11	2022.04.07	Electric vehicle charging cable GB/T33594-2017 ; CQC1122	China standard cable	CQC22011338059

Items	Approval date	Patent name	Patent type	Patent number
			certification	
12	2022.05.30	Electric vehicle charging cable GB/T33594-2017 ; CQC1122	China standard cable certification	CQC22011341787
13	2022.07.18	Electric vehicle charging cable IEC62893-3:2017	European standard cable certification	31-124651
14	2022.07.18	Electric vehicle charging cable EVC07B1C3Qo-F	Dekay standard cable certification	31-124648
15	2022.06.24	PSE cables Japanese Electrical Appliance and Material Safety Law Separate Table 1	Japan standard cable	CJP2021101024- 2492
16	2022.11.03	TUV wire certification 62893IEC121&123	European standard cable certification	R50562687
17	2022.11.03	TUV wire certification EVCH05BZ5-F	European standard cable certification	R50562680
18	2022.11.03	TUV wire certification 62893IEC126	European standard cable certification	R50562692
19	2022.10.13	UL energy storage certification UL11627	UL Energy Storage Certification	E529297
20	2023.01.31	International photovoltaic certification 62930IEC131	Photovoltaic cable certification	R50536816
21	2023.01.31	Photovoltaic certification to European standards H1Z2Z2-K2 5~35mm ²	Photovoltaic cable certification	R50568803
22	2023.02.07	In-vehicle high-voltage cable ISO19642-92019	High voltage cable in- vehicle certification	31-127186
23	2023.02.07	In-vehicle high-voltage cable ISO19642-52019	High voltage cable in- vehicle certification	31-127185

(4) Long-term and short-term business development plans

1.Short-term business development plans

- (1) In response to the development trend of 3C products, we are developing advanced high-frequency transmission lines to gain a first-mover advantage in the market.
- (2) Strictly control inventory and outsourced production efficiency to avoid capital stagnation and reduce production costs.
- (3) Continually expand automated production equipment and processes to improve production efficiency and reduce production costs.
- (4) Actively develop new sources of customers and expand revenue sources by leveraging existing product and customer advantages.
- (5) Actively develop and outsource to external vendors, strengthen management over them, further enhance automated production or seek alternative production solutions in

order to reduce production costs.

- (6) Produce charging guns for electric vehicles, venturing into the industries of electric vehicles, energy storage cabinets, and solar power plants, actively deploying industrial transformation.

2. Long-term business development plans

- (1) Accelerate the pace of internationalization, carry out international deployment, cooperate with international brands, increase the company's exposure in various global markets, and establish the image of a professional high-end transmission line manufacturing plant.
- (2) Integrate group enterprise resources, continuously maintain the leading advantage in the optical fiber cable market.
- (3) Expand the development of connectors related to the communication industry, consumer electronics, and automotive industry product markets.
- (4) Pay close attention to changes in the global investment environment at all times, and seek more favorable opportunities for investing and setting up factories.
- (5) Seek opportunities for diversified business operations, or devote efforts to upstream and downstream integration.
- (6) Actively develop electric vehicle products, develop high-voltage charging guns for electric vehicles, energy storage cabinets, and related equipment for solar power plants to increase revenue.

2. Market and Production/Sales Overview

(1) Market Analysis

1. Main sales regions for the group's products:

Unit: NT\$ Thousand

Region \ Year	2024	
	Sales amount	Ratio (%)
Asia	1,721,666	89.04%
Others	212,003	10.96%
Net operating revenue	1,933,669	100.00%

2. Future supply and demand situation and growth potential of the market

(1) The connector industry

China is the world's largest consumer market for connectors, but the connectors produced are mainly low-to-mid-range. As China's demand and investment in high-end connectors for military industries such as aerospace, electronics, and shipbuilding continue to increase, the connector technology in various application fields has gradually reached international standards. Currently, China has a high and rapidly growing demand for high-end products, especially in areas such as electric vehicles, telecommunications and data communications, cloud computing and peripheral equipment, industrial, military, and aviation sectors, driving rapid growth in the high-end connector market.

Due to their financial advantages and combining technology with Taiwanese companies, China companies have expanded their market share in various Apple product lines; However, under immense pressure from the U.S. government demanding Apple to decouple from China and accelerate supply chain diversification, Apple has already dispersed its supply chain to India, Vietnam, Malaysia, and Ireland, with India emerging as a major relocation destination; Although Apple has been trying to reduce its reliance on China, especially as the U.S.-China trade tensions escalate, Apple and China are tightly intertwined, making it difficult for the supply chain to completely move out of China. While Taiwanese companies have benefited from order transfers due to the U.S.-China trade war, they must continue to transform, upgrade, and increase the added value of their services to enter new blue oceans, thereby enhancing their competitiveness and maintaining a foothold in the international market.

There are two types of connector manufacturers in China: state-owned and private. State-owned companies focus on aviation, military, and industrial-grade products, including AVIC Jonhon Optoelectronics and Guizhou Space Appliance, while private enterprises concentrate on consumer electronics, automotive, and communication markets, with major players such as Luxshare Precision and XKB Holding. Notable Chinese connector companies include Luxshare Precision, Everwin Precision, AVIC Jonhon Optoelectronics, Deren Electronics, and Guizhou Space Appliance. The industry is becoming more concentrated, and competition is intense. It is evident that Chinese connector manufacturers have entered the realm of intelligent manufacturing with the largest scale and highest added value, leveraging emerging fields such as AI, Industry 4.0, civil-military integration, Internet of Things, Internet of Vehicles, 5G communications, and the metaverse, coupled with big data research and analysis. Related connector products will likely capture substantial profits in the future, and China's competitiveness and growth potential cannot be overlooked.

The future market demand for connectors will require smaller, more reliable, higher cableless performance, and some intelligence. Meanwhile, connectors will need to have high frequency, high speed, cableless transmission, higher precision, lower cost, and higher automation. As 5G smart devices become more prevalent, more applications may also be introduced, and the need for high data and high transmission rates in 5G will drive the need for connectors with high-frequency and high-speed characteristics, which is expected to drive upgrades and business opportunities for connector products. In the era of the Internet of Things, cableless technology will be ubiquitous, and ensuring cableless transmission connectivity in various scenarios such as industry and automotive will be crucial. The era of AI has arrived, and connectors may be able to perform simple intelligent judgments and protection. With the development of Industry 4.0, precision machining, tools, and CAD for connectors will require advanced machines to become the main force in the industry.

A. Cable connector market trends

The cable connector market size is estimated at 110.32 billion USD in 2025 and is expected to reach 156.9 billion USD by 2030, growing at a compound annual growth rate (CAGR) of 7.3% during the market estimation and forecast period (2025-2030). The growing demand for media and entertainment in emerging economies, along with the increasing internet penetration rate, has led to an increase in both television and internet users, as well as users of smartphones, PDAs, and tablets. These factors have

led to a huge demand for cable connector adapters, without which effective networking would not be possible.

Global digital transformation is driving the development of the cable connector market. Reliable connectivity, high performance, and efficiency are key factors driving market growth. High-performance networking is crucial for business, manufacturing, security, and media. Additionally, cables such as USB Type-C and HDMI are becoming increasingly popular. The increase in the number of fixed broadband connections over the years has driven the growth of the studied market. According to the International Telecommunication Union, the number of fixed broadband connections worldwide has increased significantly over the past five years, and the installation of these connections requires connectors, creating growth opportunities for the studied market. According to communications forecasts, the number of fixed broadband connections worldwide will grow to approximately 1.3 billion by 2021. The use of cable connectors in miniaturized applications is rapidly expanding. Several major markets are driving market growth, including mobile technology, aerospace and defense, and medical technology. Smartphones and other handheld devices also require smaller, thinner components, including micro connectors capable of ultra-high-speed data communication. For example, 10Gbps board-to-board connectors are standard configurations, while some advanced micro board-to-board connectors can support up to 20Gbps. Therefore, the growth of consumer electronics has a direct impact on the demand for cable connectors. In addition, most data and power connections use RF connectors and cables, a trend that will continue to exist in high-speed data, enterprise networks, and industrial IoT applications. With the increasing adoption of Industrial Internet of Things (IIoT) in Europe and the Asia-Pacific region, connector companies are shifting toward new connectors such as USB, CAT5/6/7, HDMI, and DisplayPort. However, challenges such as complex fault identification and correction procedures, price fluctuations of raw materials used in manufacturing cable connectors, and the development of wireless connection technologies like Bluetooth and wireless HDMI transmitters are challenging the growth of the market being studied. The COVID-19 pandemic outbreak had a significant impact on the growth of the research market, as it forced China and other countries to announce lockdowns and implement social distancing measures in the early stages. This led to a halt in the manufacturing and production of many devices and machinery for several weeks. In addition, the import and export of key raw materials and industrial equipment were also subject to various restrictions, leading to severe disruptions in the supply chain. However, as restriction measures have been lifted in almost all regions globally, the market is expected to regain its growth momentum.

B. The Automotive Industry is Expected to Hold a Major Market Share

Due to the adoption of advanced electronic systems such as audio controls, ADAS (Advanced Driver Assistance Systems), diagnostic systems, cruise control, and infotainment systems, the demand for connectors in the automotive industry is expected to be strong. In addition, the increasing popularity of electric vehicles is expected to drive market growth. Major market trends in this field include technological innovations and design improvements to meet equipment quality and reliability standards, the demand for multifunctional and miniaturized connectors, the widespread adoption of RoHS compliance, UL certification and IP-rated connectors, as well as smart connectors with EMI/RFI suppression capabilities. New automotive technologies have changed the way cars are wired. Critical electrical components

must reliably transmit power, signals, and data under certified conditions. Hybrid and electric vehicles have expanded the application of robust connector technology from racing cars to robotics in the form of autonomous vehicles. This has led to significant developments in cable connectors as well as designs and materials. Given the growing demand for connectors that can meet the requirements of modern vehicles, cable connector suppliers are working to develop increasingly innovative products. For example, Hirose Electric Co. Ltd developed a new wire-to-board connector GT50 series in December 2021. This series has a pitch of 1mm, heat resistance up to 125°C, and is a small, robust product that is ideal for in-vehicle use. The latest trend in the automotive industry is the rapid replacement of traditional internal combustion engine vehicles with electric vehicles, which has also expanded the range of connector applications, as these vehicles are equipped with more sensors and electronic components. For example, according to the International Energy Agency data, the number of electric vehicles used globally increased from 1.2 million in 2016 to 11.3 million in 2021.

C. Asia-Pacific region expected to see the fastest growth

The continuous advancement of communication technology in the Asia-Pacific region and the growth of other end-user industries are one of the key factors driving the development of the cable connector market. In addition, IT and communication support for automated processes in industrial applications is simplifying adoption for manufacturers. Sensor components, faster networks, flexible interfaces with high reliability and secure layered access, as well as error correction options help improve productivity, consistent quality delivery, and minimize manufacturing costs in the region. Furthermore, as IoT becomes central to new technological approaches in development, production, and logistics chains (known as smart factory automation), the adoption rate of cable connectors in the region is expected to increase significantly. For example, GSMA estimates that there will be 13.8 billion IIoT connections globally by 2025. Greater China is expected to account for approximately 4.1 billion connections, representing one-third of the global market. In addition, the increasing prevalence of electronic components such as sensors and fiber optic cables will drive demand for cable connectors, and these trends are expected to create further growth opportunities. In addition, the proliferation of data centers and the growing demand for higher bandwidth are driving the need for cables and connectors. China is highly focused on leading the world in data center construction, with large enterprises seeking to expand their data center footprints to ensure stability and reliability of information services. For example, applications such as 5G, wearable devices, IoT, and artificial intelligence are creating a surge in demand for computing power. In addition, the growth of the automotive industry is also expected to be a key factor in the development of the cable connector market in the Asia-Pacific region.

(2) Electric Vehicle Industry

A. 2025 electric vehicle sales forecast: 19.1 million units, annual growth of 17%

In the first half of 2024, global electric vehicle shipments reached 7.4 million units, a year-on-year growth of 29%, which is lower than the 35% growth in the first half of 2023. We believe that the slowdown in growth may be primarily due to high interest rates and macroeconomic uncertainties. Considering the warming demand but uncertain external environment assumptions, the forecast for electric vehicle sales in 2025 is 19.1 million units, representing an annual growth of 17%, which is

slightly higher than the 16% in 2024, but lower than the 35% in 2023. As the global leader in BEV brands, Tesla estimates a YoY increase of 20-30% in total shipments for 2025, mainly benefiting from: (1) introduction of affordable models in 1H25, (2) significant increase in Cybertruck production capacity, and (3) return of consumer purchasing power during the interest rate reduction cycle. We expect that the introduction of affordable models will help expand Tesla's target customer base, therefore we estimate Tesla's 2025 shipments will increase by 26% YoY to 2.29 million units, with an annual growth rate that will outperform the BEV market's 15%.

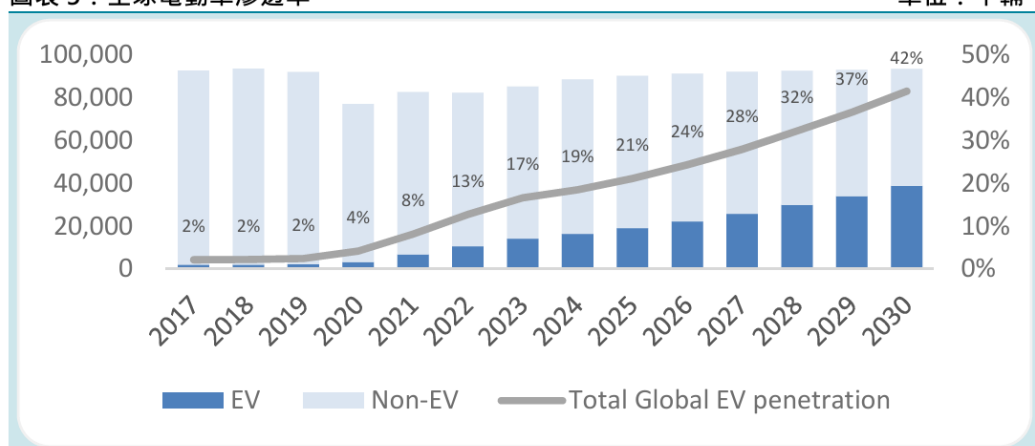
B. Autonomous Driving - FSD Advancing Rapidly

After Tesla's FSD (Supervised) software surpassed the milestone of 1 billion miles in accumulated mileage in 2Q24, it further accumulated over 2 billion miles in 3Q24. The rapid growth in FSD accumulated mileage is mainly due to the popularity of FSDv12 version among consumers, and Tesla also opened up FSD access to Cybertruck users during 3Q24. It is expected that after the launch of unsupervised FSD in California and Texas in 2025, the accumulated mileage will grow even faster. Overall, Fubon maintains a positive outlook on the development of autonomous vehicles, estimating that the penetration rate of L2+ to L5 autonomous vehicles will increase from 10% in 2024 to over 40% by 2030.

Due to high interest rates making car loans expensive over the past two years, the Fed's beginning of rate cuts is expected to benefit the car market, especially for electric vehicles which have higher price points. However, the new U.S. administration may bring some uncertainties. If the Federal Reserve slows down the pace of interest rate cuts, it could have a negative impact on automobile demand. Additionally, U.S. President-elect Trump may abolish national electric vehicle subsidies and even impose import tariffs, affecting electric vehicle demand. Based on macroeconomic uncertainties, Fubon forecasts electric vehicle sales of 19.1 million units in 2025, representing a year-on-year growth of 17%, slightly higher than the 16% in 2024, but lower than the 35% in 2023.

圖表 5：全球電動車滲透率

單位：千輛



Despite Trump's plan to cancel electric vehicle tax credits, we remain optimistic about Tesla's prospects. U.S. President-elect Trump and his team plan to eliminate the \$7,500 electric vehicle (EV) tax credit after taking office. Although this news brings negative implications for the U.S. electric vehicle industry, we still maintain a positive outlook on Tesla's prospects:

(a) Increased entry barriers for foreign electric vehicle imports:

The elimination of subsidies will raise the entry barrier for imported electric vehicles, making domestic brands like Tesla more attractive to American consumers. In addition to the original vehicle cost and tariffs, consumers will also factor in the canceled subsidies when considering costs. As a U.S. domestic electric vehicle brand that plans to launch affordable models in the first half of 2025, combined with Tesla's continuously advancing FSD technology that is favored by consumers, Tesla has its own advantages that are not easily replaced.

(b) Weakened competitiveness of domestic U.S. electric vehicle competitors:

Previously, subsidies encouraged consumers to purchase electric vehicles to save costs. However, we believe that after the subsidies are eliminated, consumers' considerations when selecting vehicles will no longer be based on whether it's an electric or non-electric vehicle, but rather on whether the vehicle's performance meets their needs. Since Tesla has advanced FSD technology compared to other U.S. domestic electric vehicle brands, plus the affordable models expected to launch next year that will further expand their target customer base, these two advantages will enable Tesla to stand out in the overall U.S. electric vehicle industry, successfully weakening domestic competitors' ability to compete and becoming a leader in the market.

(c) Increased carbon credit revenue opportunities:

Once the demand for gasoline vehicles increases, the demand for carbon credits from gasoline vehicle manufacturers will also rise. Since Tesla's products are pure electric vehicles, they have sufficient carbon credits to sell to other automotive companies. Therefore, the corresponding carbon credit demand from gasoline vehicle manufacturers will have a positive impact on Tesla's carbon credit revenue.

Although the Trump team's plan to eliminate electric vehicle subsidies will have a negative impact on the U.S. electric vehicle market, because Tesla's products have unique value in terms of price advantages, advanced FSD technology, and carbon credit revenue opportunities, we believe Tesla will continue to be favored by consumers based on these unique values and strengthen its market-leading position.

(d) Trump administration may relax self-driving car regulations

Currently, the National Highway Traffic Safety Administration (NHTSA) provides exemptions allowing each automaker to deploy a maximum of 2,500 self-driving vehicles per year. During Trump's first term and Biden's administration, there were attempts to increase this number to 100,000 vehicles, but the legislation was never passed. Additionally, current federal regulations restrict the operational methods of self-driving vehicles on highways, but this may change as the Trump team potentially introduces new legislation, especially since Republicans have won a majority in the House of Representatives. With Trump and his party having complete control of the government, it will be easier to implement self-driving related policies. Recent reports indicate that the Trump administration plans to prioritize establishing a regulatory framework for self-driving vehicles within the Department of Transportation. Therefore, we believe that the penetration rate of autonomous driving will continue to increase under these circumstances.

(e) L2+ to L5 will account for more than 40% of total deliveries by 2030

Currently, L1 and L2 advanced driver assistance technologies have matured, and their penetration rate is gradually increasing. Toyota, Honda, and an increasing number of mass-production automakers are including L2 ADAS features as standard equipment in their latest models, driving the sales of L2 vehicles. Some Tesla Model series are already approaching L3, but due to regulatory constraints and manufacturer liability concerns, these vehicles are still classified as L2+. With the high sales of Tesla Model series, the penetration rate of L2+ is approaching 10% in 2024. Although L3, L4, and L5 autonomous vehicles still need to overcome various technical and regulatory barriers before they can be fully deployed, autonomous driving technology is expected to develop rapidly with the assistance of AI. Waymo (a subsidiary of Google) began expanding its limited commercial operations to driverless taxi services in San Francisco, Los Angeles, and Phoenix in 2024, executing 100,000 rides per week. In addition, Tesla has announced that it will begin offering Robotaxi services in 2025. Overall, we are optimistic about the development of autonomous vehicles, estimating that the penetration rate of L2+ to L5 autonomous vehicles will increase from 10% in 2024 to over 40% by 2030.

3. Competitive Niche:

(1) Building a vertically integrated production process

In order to reduce production costs and enhance competitiveness, our company manufactures the main raw materials such as copper wire, wire materials, and various precision stamping molds at our Hubei Factory in mainland China. This allows us to fully control the key materials and components, which improves our product competitiveness compared to other competitors in the industry.

(2) Stable customer relationships

For a long time, our company has maintained a solid relationship with our customers. Not only do we satisfy their diverse product needs, but we also cooperate with them to establish production bases for their overseas factories. Additionally, we constantly monitor their dynamics to ensure the smooth mass production of new models, thereby maintaining a stable cooperative relationship with our customers.

(3) Stable product quality

Our company has always gained long-term trust from customers. Our company and 100% invested subsidiaries have obtained ISO9001, ISO14001, ISO18000, QC080000, OHSAS 18001 and TS16949 certifications for the automotive industry, which are sufficient to provide customers with stable product quality.

(4) Diversified product specifications

In response to market trends and demands, our company's products have also developed accordingly, offering a diverse and comprehensive range of products. We possess advanced product development capabilities to meet the application needs of various 3C products.

(5) Actively promote corporate transformation, and venture into the electric vehicle and storage energy of new energy industries:

Our company has applied cable professional technology and experience to complete the development and shipment of electric vehicle charging guns, thus entering the electric vehicle market. In the future, along with the development of the electric vehicle and energy storage industries, we will integrate electric vehicle-related charging and energy storage equipment, as well as peripheral products for solar power plants, to develop an integrated system product that combines solar power plants (light), energy storage cabinets (storage), and charging piles (charging).

4. Favorable and unfavorable factors and corresponding strategies for future development

(1) Favorable factors

①. Mastering autonomy over raw materials

Our company has completed the vertical integration of the production line, capable of self-producing everything from copper cables, cables to components. We can provide raw materials for production without being limited by external suppliers, thus having autonomy over raw materials.

②. The main customers are well-known manufacturers, with good customer relationships.

The main customers of our company are internationally renowned large enterprises. In the global market, they all have a significant position, and the market integration trend is evident. In the future, we will continue to focus on international giants and develop towards the "big gets bigger" direction. Therefore, for our company, based on the solid foundation of having major international corporations as our main customers, we can maintain stable revenue and market share.

③. Actively promote corporate transformation, and venture into the electric vehicle industries

Electric vehicles have already become an inevitable global development trend for the future. Our company's developed electric vehicle charging guns have been mass-produced and shipped, officially entering the electric vehicle market. We will accompany the development of electric vehicles by expanding the application range of related charging equipment and wire materials for electric vehicles, energy storage cabinets, and solar power plants. We will also integrate electric vehicle-related charging and energy storage equipment, as well as peripheral products for solar power plants, to develop an integrated system product that combines solar power plants (light), energy storage cabinets (storage), and charging piles (charging).

(2) Unfavorable factors and countermeasures

①. Product price competition is intense, gross profit margins are declining

In recent years, with the booming development of network products and consumer electronics, the demand for related integrated signal connectors has grown rapidly, leading to an increase in the number of competitors entering the market. As competition within the industry intensifies, product pricing pressure increases, and profits may potentially decline.

Countermeasures:

We continue to invest in the research and development of new technologies and new

manufacturing processes for potential applications, and in the R&D of new products to enhance product quality and provide integrated and high-value-added products that are more competitive. We also continue to promote automation in production to improve production efficiency and reduce unit production costs. Furthermore, we actively develop new customer sources to expand our revenue streams and increase profitability. In recent years, our company has been actively transforming towards the electric vehicle industry, successfully developing electric vehicle charging guns, officially entering the electric vehicle market, and expanding the application scope of related charging equipment and cables for electric vehicles, energy storage cabinets, and solar power plants.

②. The main raw material prices fluctuate greatly

Affected by global economic changes, raw material prices have fluctuated dramatically, and the prices of copper products, which are precious metals, have also fluctuated significantly.

Countermeasures:

Our company's copper procurement strategy follows a prudent principle. The quantity of copper rods purchased is based on the needs of the factory. The purchase price is determined by the trend of copper prices, either through an average price or a spot price approach. However, the purchase price is measured against being lower than the customer's quoted price and the monthly average price. We do not engage in futures price operations to avoid the risk of price fluctuations.

③. The labor costs in mainland China continue to rise

Due to the steady increase in the minimum wage protection for labor contracts in China, it is estimated that China will accelerate the increase of basic wages and various social insurance minimums in the following years. China's past advantage of low labor costs is no longer viable, and it will also lose its future competitiveness.

Countermeasures:

To avoid rising labor costs at its China subsidiaries affecting product costs, in addition to introducing professional personnel, the company is continuously improving its product manufacturing processes toward automation by gradually purchasing automated production equipment to reduce manpower requirements. It is also strengthening outsourced production and manufacturing management, as well as increasing capacity to meet order demands. In addition, to cope with the impact of US import tariffs arising from the US-China trade war, the company has also cooperated with customers and established the Hotron Vietnam factory in Vietnam's Henan Province, adopting a local supply system for customers' production and sales.

(2) Major application and manufacturing processes of main products

(1) Major applications of main products

(1) Cable product

Main product	Major Applications
1. Raw Cable	Applicable to computer peripherals such as monitors, printers, CD-ROM drives, and more, as well as computer systems and communication network systems as an electronic signal
2. Connector	Computer, communication system, home appliances, office equipment, etc., various connectors between systems.
3. Cable Assembly	The connecting cable with attached connectors is suitable for signal transmission in consumer electronics, system products, and automotive applications.
4. Copper Rods	Raw materials for the production of electrical cables and cables.

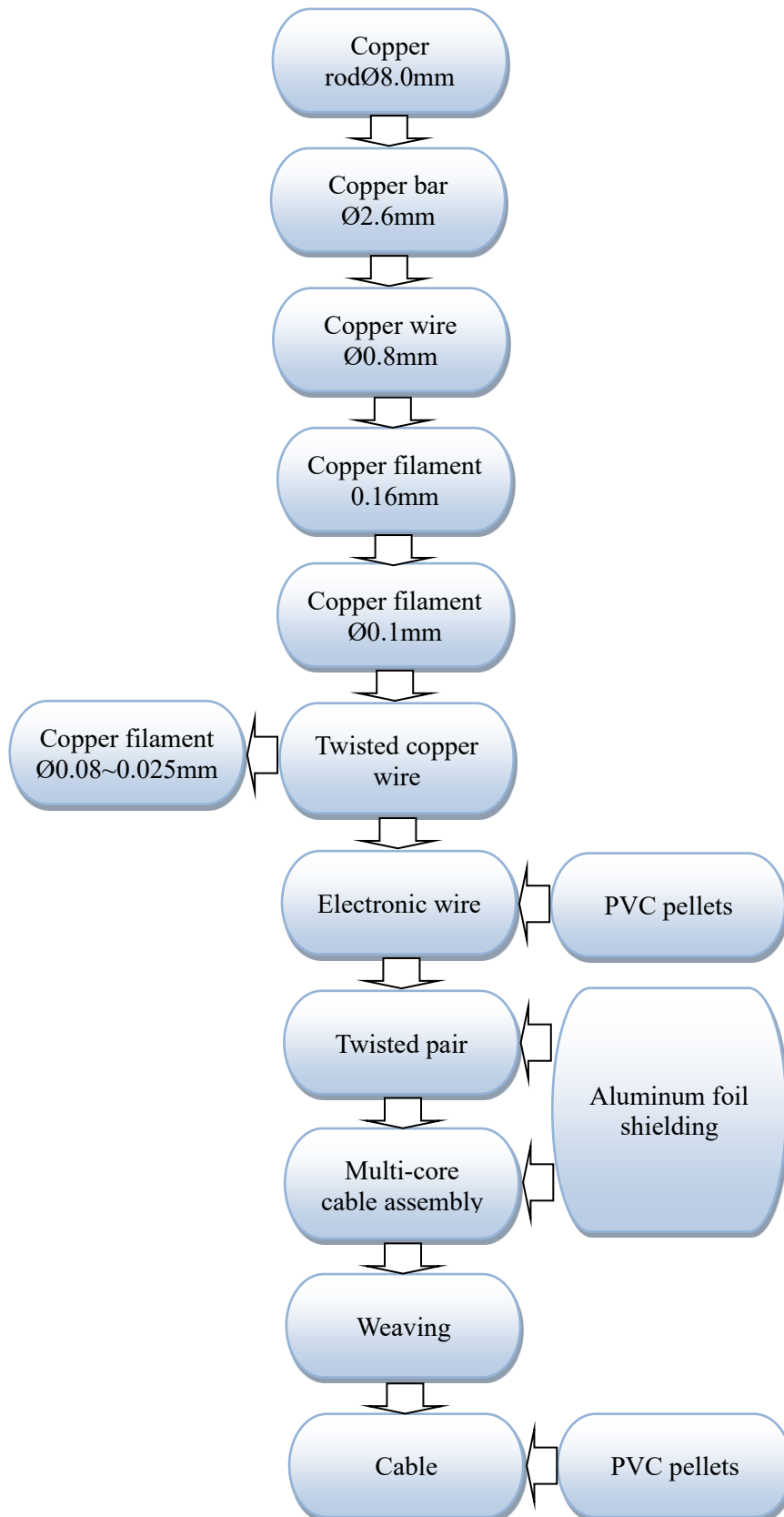
(2) Charging gun products

Main product	Major Applications
1. EV Charging Cable	Applicable to DC charging or AC charging for electric vehicles.
2. Connector	The electric vehicle charging cable and connectors between the vehicle and the power source.
3. Cable Assembly	The connecting cable with attached connector terminal is suitable for use in power transmission for electric vehicles.
4. Copper Rods	Raw materials for the production of electrical cables and cables.

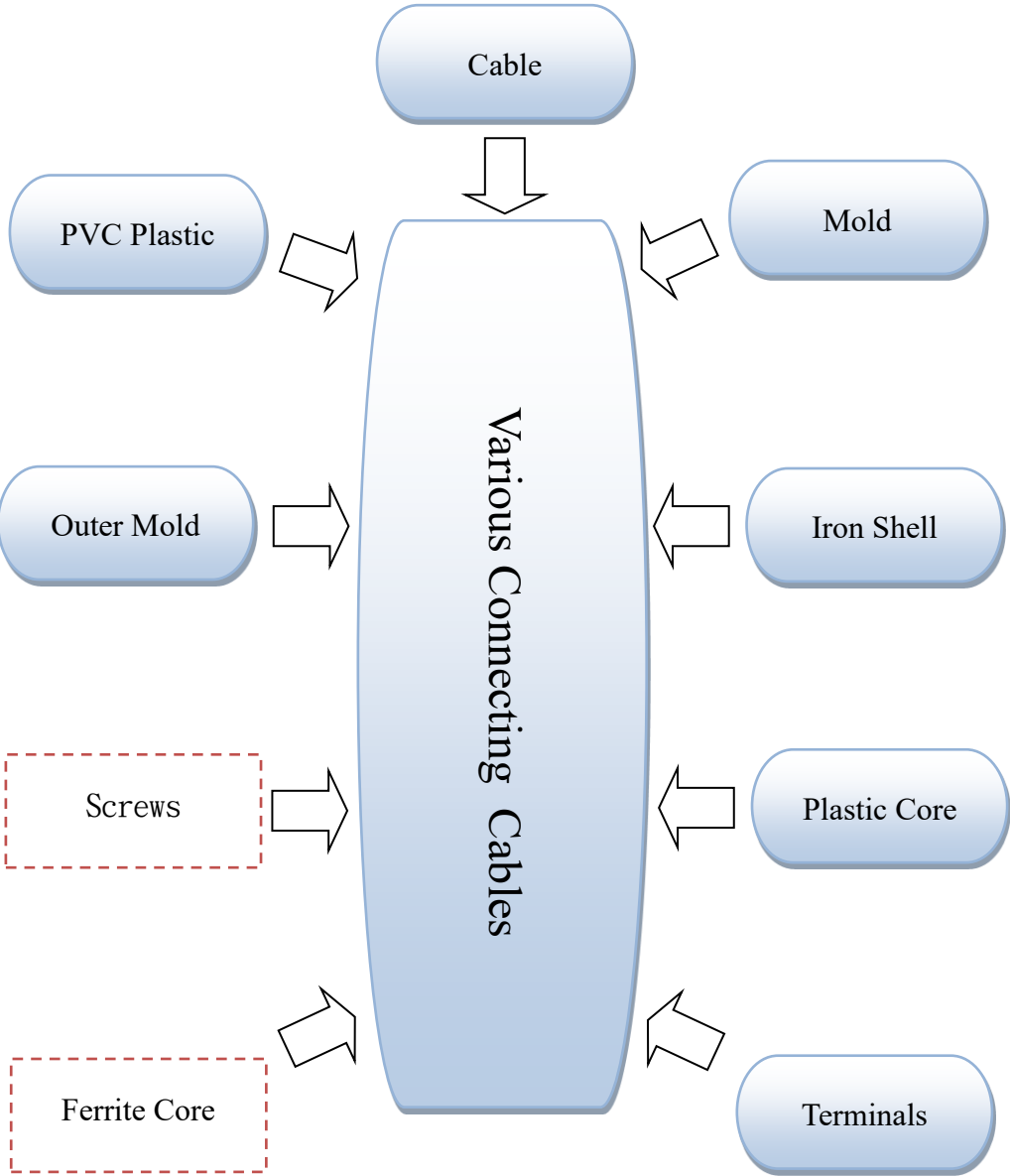
(2) Manufacturing processes of main products:



(1) Cable product

A. Drawing copper cable and copper strands process



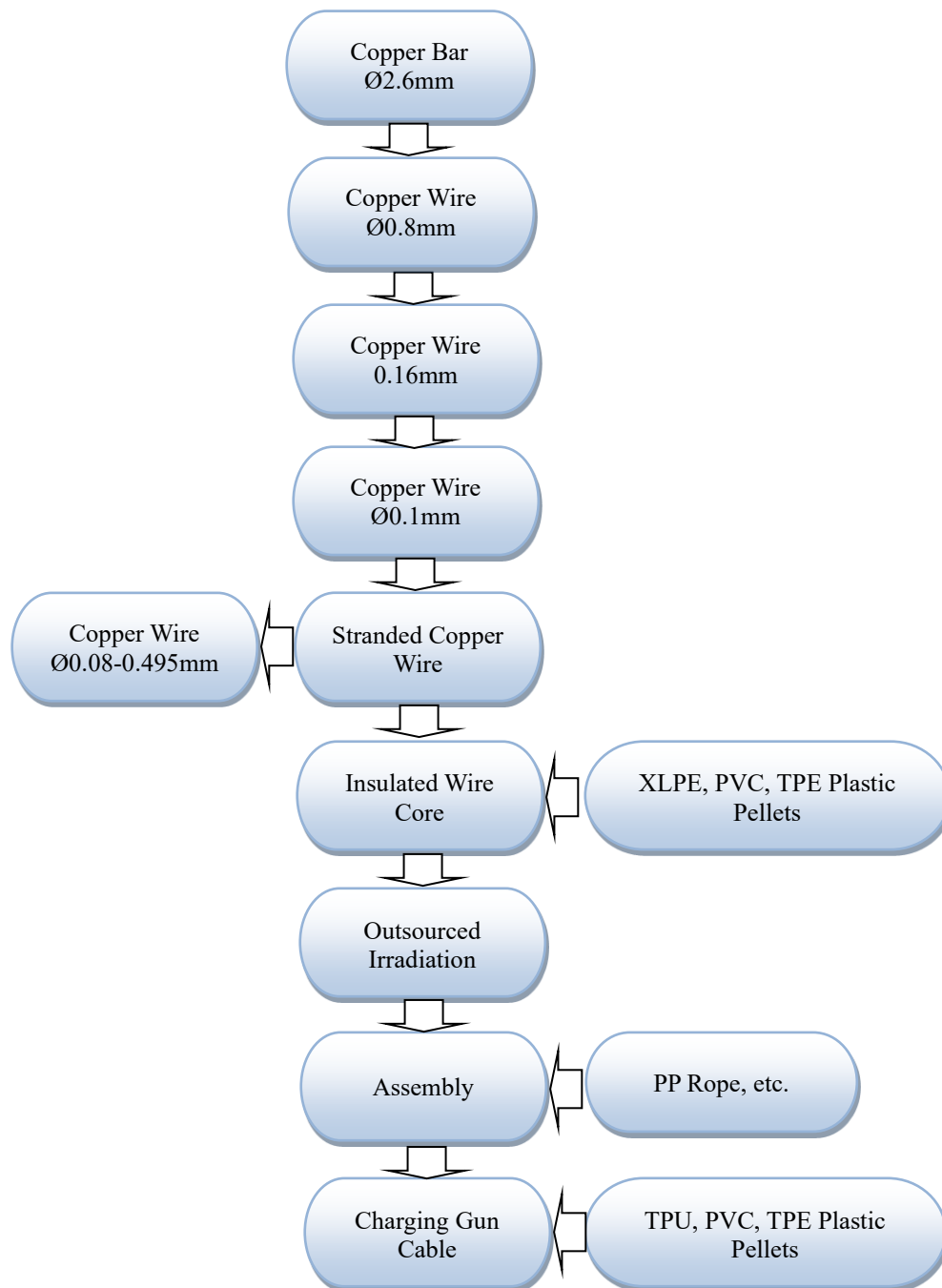
B. Signal Connecting Cable Production Process



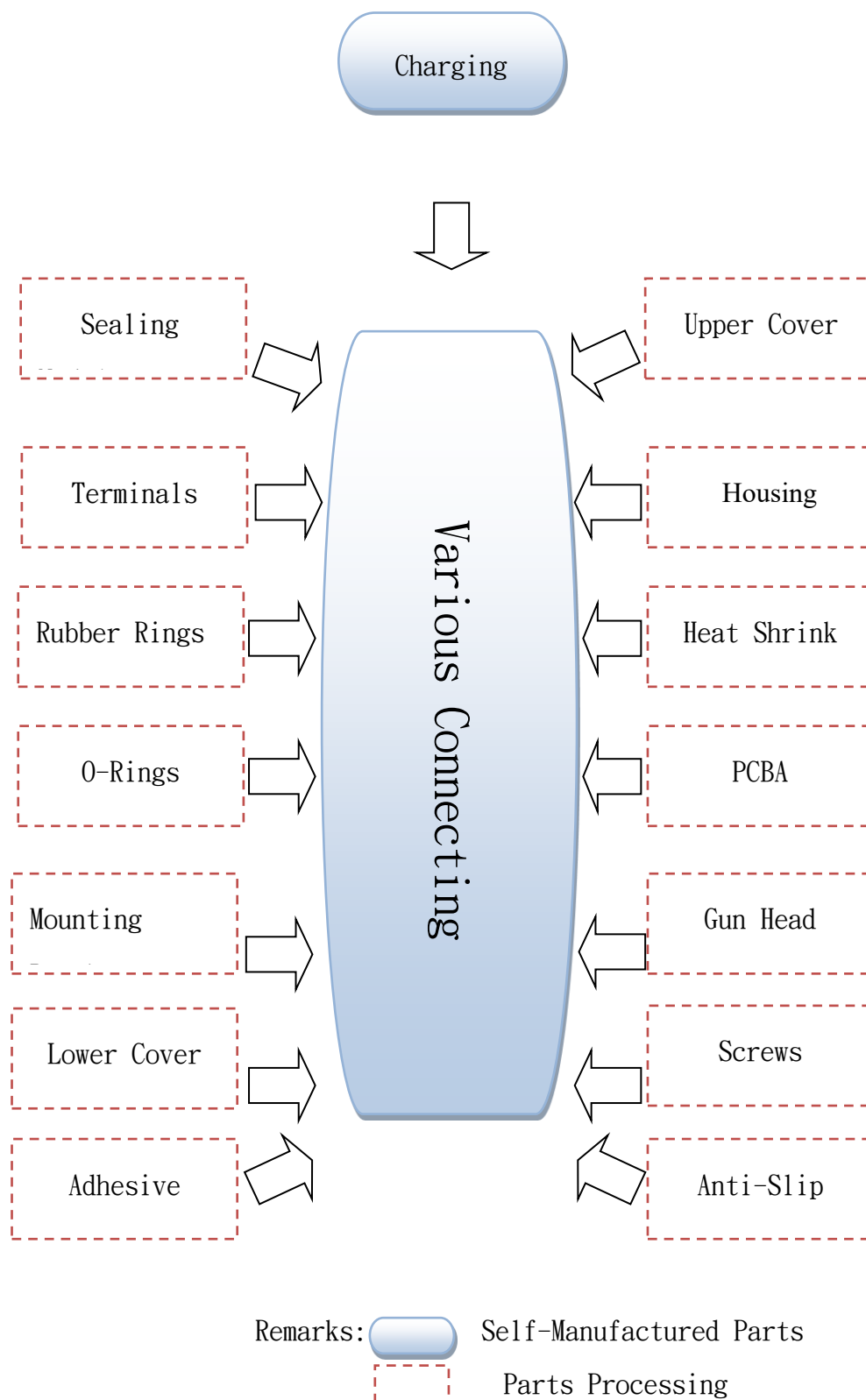
Remarks:  Self-Manufactured Parts
 Parts Processing

(2) Charging gun products

A. Charging Gun Cable Production Process



B. Charging Gun Production Process



(3) Supply status of major raw materials

Main raw materials	Supply source	Current supply status
Copper bar	JDHJ company, SX company	Good
PVC powder	HS Company, OC Company, MY Company	Good
Aluminium magnesium ribbon	GL Company, XY Company, LT Company	Good
Copper-clad steel	BC company, YZSH company	Good
Connector	JQ Company, JRP Company, YFS Company, RF Company, RJ Company, LT Company, QFW Company, CL Company, XEC company, SH company	Good
Tinplate	JTD company	Good
CORE (ring core)	QS company, RX company	Good

(4) List of major sales and purchase customers for the most recent two fiscal years

1. Information on major suppliers for the past two years:

Unit: NT\$ Thousand

Items	2023				2024				As of first quarter, 2025			
	Name	Amount	Percentage of Annual Net Purchases (%)	Relationship with the issuer	Name	Amount	Percentage of Annual Net Purchases (%)	Relationship with the issuer	Name	Amount	Proportion of net annual purchases to previous quarter [%]	Relationship with the issuer
1	SX company	68,014	9%	None	SX company	213,772	23%	None	SX company	50,777	24%	None
2	RJ company	62,384	8%	None	RJ company	77,824	8%	None	RJ company	15,585	8%	None
3	JDHJ company	42,267	6%	None	XEC company	69,060	8%	None	XEC company	13,304	6%	None
4	Others	561,942	77%	None	Others	571,224	61%	None	Others	128,461	62%	None
	Net Purchases	734,607	100%	-	Net Purchases	931,880	100%	-	Net Purchases	208,127	100%	-

In 2023, copper rod raw materials were mainly purchased from SX Company and JDHJ Company, while in 2024, copper rod raw materials were mainly purchased from SX Company. In 2023 and 2024, connector raw materials were purchased from RJ and XEC Companies. There was no significant difference in the main raw materials purchased during these two years.

2. Information on major Suppliers for the Past Two Years:
Thousand

Unit: NT\$

Items	2023				2024				As of first quarter, 2025			
	Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the issuer	Name	Amount	Percentage of Annual Net Purchases (%)	Relationship with the issuer	Name	Amount	Proportion of net Annual Sales to Previous Quarter (%)	Relationship with the issuer
1	Company A	583,568	27%	None	Company A	599,652	31%	None	Company B	135,994	30%	None
2	Company B	481,183	22%	None	Company B	566,866	29%	None	Company A	135,427	30%	None
3	Company C	331,588	15%	None	Company E	191,743	10%	None	Company E	34,482	7%	None
4	Company D	203,991	9%	None	Company C	155,950	8%	None	Company F	27,070	6%	None
5	Company E	158,706	7%	None	Company F	102,158	5%	None	Company C	25,533	6%	None
	Others	400,078	19%	None	Others	317,300	17%	None	Others	100,693	22%	None
	Net sales	2,159,114	100%	-	Net sales	1,933,669	100%	-	Net sales	457,199	100%	-

From the ranking of major sales customers in the recent two years, it is known that the company's main sales customers are mainly the world's top ten major LCD display OEMs. The customers have not changed much in the past two years. The company will continue to introduce new customers, maintain and actively expand its performance, and gradually increase its capacity and output according to plan to diversify customer concentration and reduce the risk of excessive sales concentration. The others are customers with a sales ratio of less than 10%.

3. Employee Information

The information of employees incurred in the most recent two fiscal year and up to the printing date of the annual report:

Year		2023	2024	As of March 31, 2025
Items				
Number of employees	Managerial officer:	9	9	8
	General staff	52	70	79
	Total	61	79	87
Average age		38	44	45
Average years of service		5.14	4.12	3.94
Education distribution percentage (%)	PhD	0%	0%	0%
	Master	9.84%	21.52%	24.14%
	Bachelor	83.60%	70.89%	70.11%
	High School	4.92%	6.33%	4.60%
	Below high school	1.64%	1.26%	1.15%
	Total	100%	100%	100%

Note: Disclose only Taiwanese employees of the Taipei headquarters and affiliated companies.

4. Environmental Protection Expenditure Information:

For the most recent fiscal year and up to the date of printing of the annual report, disclose the amount of losses incurred due to environmental pollution, as well as the estimated amount that may occur currently and in the future, along with the corresponding countermeasures. If it is not reasonably possible to estimate, state the fact that reasonable estimation is not possible.

- (1) Our group headquarters is located in Neihu District, Taipei City, which is not an ecological conservation area or habitat. We do not have any factories, and hence do not have any impact on the natural ecological environment or violate any environmental protection laws or air pollution regulations.
- (2) Due to the nature of our operations, our company does not require a significant amount of electricity and water consumption. The main consumption in our operations is for general domestic wastewater discharge and waste disposal. Therefore, there is no significant environmental protection expenditure.
- (3) We are committed to improving the efficiency of resource utilization, including paper recycling, energy conservation and carbon reduction, air conditioning restrictions, turning off lights when not in use, and minimizing the environmental impact, ensuring the sustainable use of the Earth's resources. In line with the government's energy conservation and carbon reduction policies, the company aims to save electricity and reduce waste, contributing its part to environmental protection.
- (4) Our company has implemented the following measures in the office:
 1. Set air conditioning temperature to 27-28°C.
 2. Set air conditioning temperature to 27-28°C. Prohibit smoking in all office and

building spaces to reduce air pollution.

3. Turn off lights when not in use, and all office lights are turned off during the noon break.
 4. Encourage employees to bring their own utensils for lunch to reduce the use of disposable tableware.
 5. After work, designated employees check if any lights or computers are left on. Unplug all electrical appliances except refrigerators in the pantry.
 6. In addition to implementing garbage sorting in all workplaces, the company also encourages employees to use eco-friendly cups, chopsticks, and bags, and avoids providing paper cups during meetings to reduce waste generation.
 7. Promote double-sided printing to reduce paper consumption and encourage reusing internal envelopes, actively promoting office environmental measures to reduce resource waste.
 8. Promote garbage bin reduction to decrease the amount of waste.
- (5) Our factory is located in Suzhou High-Tech Industrial Development Zone, Jiangsu Province, Mainland China, which is a high-tech park area. Based on social responsibility and in response to global environmental protection policies, our products completed the RoHS certification required by the European Union in 2004-2005. We have also obtained certifications related to environmentally friendly production, such as ISO 14001, QC 080000. In addition, we have obtained certifications related to production management, such as ISO 9001, ISO 45001, and TS 16949. Adhering to the systematic certification standards of "no harmful substances," we develop environmentally friendly halogen-free products as a commitment to environmental protection. In terms of production, we comply with local laws and regulations. Our product manufacturing processes are not a polluting industry, and there have been no major violations.
- (6) In the most recent year and up to the date of publication of the annual report, the Group's operational headquarters located in Neihu District, Taipei City has not been penalized by the environmental protection authorities for environmental pollution, nor has there been any pollution disputes.

5. Labor Relations

- (1) List the company's various employee welfare measures, training, retirement systems, and their implementation status, as well as the agreements between labor and management, and the measures taken to protect employee rights and interests:
 1. Employee welfare measures, continuing education and training:
 - (1) In accordance with relevant laws and regulations, the company has organized an employee welfare committee, allocated employee welfare funds, to plan, supervise and handle employee welfare matters, and promote the custody, disbursement and related employee welfare activities of employee welfare funds.
 - (2) Labor Insurance and National Health Insurance:

The employees participate in labor insurance and national health insurance in accordance with the law.

(3) Group Medical Insurance: Our company provides group accident insurance for employees and business travel insurance applicable to staff deployed outside the company.

(4) Regular health checkups:

Our company regularly arranges physical health check-ups for employees.

(5) Employees' remuneration and year-end bonuses:

The company takes into consideration the operating conditions and individual work performance evaluations of employees for the year, and distributes employees' remuneration and year-end bonuses accordingly.

(6) Year-end party

(7) Allowances for marriage, funerals, congratulatory events, and condolence payments.

(8) Birthday bonus

(9) Holiday bonuses: Dragon Boat Festival and Mid-Autumn Festival employee bonuses.

(10) Employee travel allowance.

(11) Education and Training:

Employees can apply for external education and training courses due to work requirements. Each department will arrange appropriate internal education and training courses as needed for employees' on-the-job training. Appropriate internal training courses are also provided for new employees to provide them with comprehensive professional skills and self-growth development.

The implementation of various training programs provided to employees by our company in 2024 is as follows:

Items	Training and course programs	Number of classes	Number of trainees	Course hours	Training expenses (NTD)
A	New employee training	45	45	90	-
B	Professional skills training	2	2	12	6,300
C	Management skills training	3	3	24	14,500
D	Others training	1	10	6	54,300

Note: A. Provide new employees with pre-job training, safety and health education training, and general education training.

B. Professional skills training: It refers to the company's internal training provided to colleagues in various units for system operations in sales, manufacturing, finance, etc., as well as external professional training courses attended.

C. Management skill training: It is according to the regulations of the competent authority that only unit supervisors attending external events (financial and accounting supervisors, audit supervisors, corporate governance supervisors) can

receive training.

D. Other training: Notice of explanation meeting for matters to note on insider equity reporting and continuing education courses for directors and supervisors.

2. Retirement system and its implementation status:

In accordance with the Labor Standards Act, the Company has defined benefit pension plans covering all regular employees' service years prior to July 1, 2005, the effective date of the Labor Pension Act, and service years after the Act took effect for employees who chose to continue applying the Labor Standards Act. For employees who meet the retirement criteria, the pension payment is calculated based on service years and the average salary for the six months prior to retirement. For service years up to 15 years, two base units are given for each year of service; for service years beyond 15 years, one base unit is given for each year of service, with a maximum of 45 base units. The Company contributes 2% of total salaries to a pension fund on a monthly basis, which is deposited in a designated account at the Bank of Taiwan under the supervision of the Pension Fund Monitoring Committee. In compliance with the new labor pension system implemented on July 1, 2005, employees can choose the appropriate system based on their entitlement. If employees are eligible for retirement benefits under the old system, they can continue to choose the old system without affecting the amount of their retirement benefits. If employees choose the new system, an amount equal to 6% of their monthly salaries is contributed to their individual retirement accounts at the Bureau of Labor Insurance. Number of retirement applicants in the past three years (2022-2024): 0.

3. Situation regarding agreements between labor and management and measures to safeguard employee rights and benefits:

We has always placed great emphasis on labor-management relations, and convenes labor-management meetings every quarter to establish smooth internal communication channels. This allows employees' ideas and opinions to be immediately responded to and addressed. As a result, various policies have been formulated that take employee interests into consideration, ensuring that the rights and interests of employees are protected.

4. Measures to protect the work environment and personal safety of employees:

Items	Content
Maintenance and inspection of various equipment	<ol style="list-style-type: none">1. According to fire regulations, an external fire inspection of the building is conducted annually.2. Cooperate with a building public safety inspection company to conduct fire safety inspections to ensure a safe working environment.3. Our company conducts monthly maintenance and inspections on various equipment such as high and low voltage electrical equipment, elevators, water and electricity, air conditioning, and fire extinguishers.
Access control security	<ol style="list-style-type: none">1. Appoint a security company for building security management.2. Conduct an annual fire safety training seminar for the building. Purchase public liability insurance for the building to protect the safety of employees and visitors entering and exiting the building.
The building is closely monitored by security personnel around the clock.	<ol style="list-style-type: none">1. The company has established a labor safety management unit and formulated the "Safety and Health Work Rules.", it clearly specifies the response and task content for relevant major contingencies.2. Fire and disaster prevention for the building lecture every year.
Physiological hygiene	<ol style="list-style-type: none">1. Health Examination: New employees undergo physical health check. Current employees undergo health check annually or every three years in accordance with the Occupational Safety and Health Act.

Items	Content
	2. Workplace Sanitation: Smoking is completely prohibited in the business premises according to regulations. A cleaning company is appointed to clean the building daily with fixed cleaning staff. Every Friday is designated as office environment cleaning day, where employees tidy up their own workstations. Additionally, the office is disinfected annually by an outsourced company.
Mental health	1. Expression of opinions: Quarterly labor-management meetings are held quarterly to provide employees with channels for expressing opinions, emotional release, and interaction. 2. Prevention of Sexual Harassment: Relevant regulations have been <input type="checkbox"/> established and a complaint channel has been set up.
Insurance and medical condolences	In accordance with the law, labor insurance (including occupational hazard insurance) and health insurance will be provided. In addition, an insurance company will be contacted for the following: 1. The company will provide employees with an accidental injury insurance policy with a coverage of NT\$2 million. For employees who suffer injuries or death due to work-related incidents, the insurance claims will be used to assist the employees or their heirs. 2. The company will provide overseas employees with an overseas travel insurance policy with a coverage of NT\$5 million, protecting employees' travel safety and providing medical coverage when they travel abroad on business trips.

- (2) For the most recent fiscal year and up to the date of printing of the annual report, disclose the amount of losses incurred due to labor-management disputes, as well as the estimated amount that may occur currently and in the future, along with the corresponding countermeasures:

The company has maintained harmonious labor relations. In the most recent fiscal year and up until the date of printing this annual report, there have been no labor disputes or losses, and it is expected that no labor disputes or losses will occur in the future.

6. Information Security Management

- (1) Describe the information security risk management framework, information security policies, specific management plans, and resources invested in information security management.

The company's information security policy

1. Purposes of information security risk management:

Strengthen information security management, ensure the confidentiality, integrity, and availability of information, information equipment (including computer hardware, software, peripherals) and the reliability of network systems, as well as colleagues' awareness of information security, and ensure that the above resources are protected from any interference, damage, intrusion, or any adverse actions and attempts.

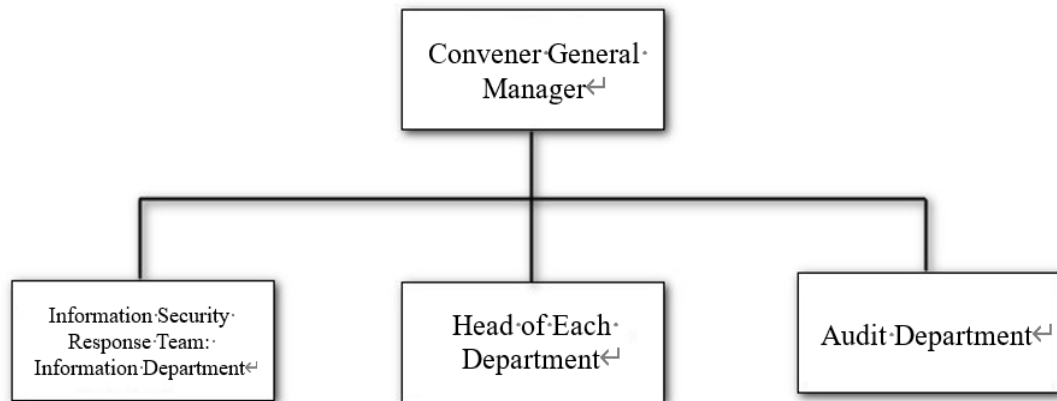
2. Information security risk management organization:

The "Information Security Promotion Team" coordinates, plans, audits and promotes matters related to information security management and establishes a cross-unit information security promotion organization. If there are major changes in the organization (such as organizational adjustments, significant operational changes, etc.), the applicability of this policy will be re-evaluated. This policy will be appropriately revised in accordance with the assessment results, relevant laws and regulations, technological and business developments, and the latest situation to ensure that it meets

actual needs.

3. Information Security Promotion Team:

The members of the organization include the highest supervisors from each unit, with the President serving as the convener of this organization. In the event of job transfers, replacements should be immediately assigned and handover procedures should be carried out.



4. Responsibilities on Information Security Implementation:

The highest information department executive appoints information department personnel to serve in the information security response team, responsible for researching, establishing and evaluating information security guidelines, plans and technical specifications, as well as carrying out various information security operations, including information security prevention and incident handling. The audit department is responsible for maintaining information confidentiality and security audits.

5. Information security protection and control measures:

According to the Cybersecurity Framework (CSF) of the National Institute of Standards and Technology (NIST) in the United States, the steps of "Recognition", "Defense", "Detection", "Contingency", "Recovery", and "Training" are taken to safeguard enterprise cybersecurity.



Step 1: Recognition

Understand the organizational environment and key resources and services, conduct risk assessments, and implement risk management strategies that align with daily operations.

Step 2: Defense:

Plan and implement defensive measures to ensure that critical resources and services are not affected by security incidents.

Step 3: Detection:

Establish a mechanism for real-time detection of network security incidents and alerts, and regularly update systems and antivirus software virus codes.

Step 4: Contingency :

Smooth internal and external communication channels to handle cybersecurity incident response, including investigation, forensics, and proposing improvement solutions.

Step 5: Recovery:

Establishing a data backup plan can restore normal operations in the shortest possible time.

Step 6: Training:

Information Security, Everyone's Responsibility" - Continue to strengthen employees' awareness of information security.

Information Security Implementation Plan:

1. Personnel Management and Information Security Education Training:

1. For information-related positions and tasks, security assessments should be conducted, and the suitability of personnel should be carefully evaluated during recruitment, job assignment, and task assignment, and necessary examinations should be carried out.
2. Conduct information security awareness campaigns tailored to the needs of different job categories such as management, business, and information, to establish employee information security awareness and enhance information security levels.

2. Computer System Security Management:

1. For outsourced information operations, information security requirements should be studied in advance, and the information security responsibilities and confidentiality requirements of the contractor should be clearly stated and included in the contract, requiring the contractor to comply.
2. Reproduce and use software in accordance with relevant laws and regulations or contractual provisions, and establish a software usage management system.
3. Implement necessary preventive and protective measures in advance, detect and prevent computer viruses and other malicious software to ensure normal system operation.

3. Network Security Management:

1. For information systems open to external connections, different security levels of technology or measures such as data encryption, identity authentication, electronic signatures, firewalls, and security vulnerability detection should be adopted according to the importance and value of the data and systems, to prevent data and systems from being intruded, damaged, altered, deleted, and accessed without authorization.
2. For network nodes connected to external networks, data transmission and resource access between the external and internal networks should be controlled by firewalls and other necessary security facilities. The firewall settings and work log files should be regularly checked and reviewed by appropriate supervisors.
3. When publishing and disseminating information on the Internet and the World Wide Web, data security level assessments should be implemented. Confidential, sensitive, and personal privacy data and documents without the consent of the parties involved should not be published online.
4. Update virus detection software versions regularly, automatically scan for viruses regularly, and train all personnel in the use of virus detection software to prevent external viruses.
5. Establish regulations for the use of email, and confidential data and documents should not be transmitted via email or other electronic means.
6. Disable unnecessary network services. Any network service needs to be applied for and activated by IT personnel after approval by the person in charge.

4. System Access Control:

1. Establish system access policies and authorization regulations, and inform employees and users of their relevant rights and responsibilities in writing, electronically or by other means.
2. For departing (retiring) employees, all access rights to information resources should be immediately revoked, and this should be included as a necessary procedure for departure (retirement). For personnel job adjustments and transfers, access rights should be adjusted within a limited period in accordance with the system access authorization regulations.
3. Establish a system user registration management system, strengthen user password management, and the user password update cycle should be no longer than three months in principle.
4. For system service providers who remotely log in to perform system maintenance, security control should be strengthened, a personnel roster should be established, and relevant security and confidentiality responsibilities should be imposed.
5. Establish an information security audit system and conduct regular or irregular information security audits.

5. System Development and Maintenance Security Management:

1. For in-house developed or outsourced system development, information security requirements should be taken into consideration from the initial stage of the system life cycle; the maintenance, updates, rollouts, and version changes of the system should be subject to security control to avoid threats to system security such as improper software, backdoors, and computer viruses.
2. For the system setup and maintenance personnel of vendors' software and hardware systems, the systems and data they can access should be regulated and limited, and long-term system IDs and passwords should be strictly prohibited. If necessary for actual operational needs, short-term and temporary system IDs and passwords may be issued for vendor use, but their access rights should be revoked immediately after use.
3. When outsourcing the setup and maintenance of important software and hardware facilities to vendors, it should only be carried out under the supervision and accompaniment of relevant personnel of the company.

6. Information Asset Security Management:

1. Establish a catalog of information assets related to information systems, and define the items, owners, and security level classifications of information assets.
2. Establish information security protection measures corresponding to relevant laws and regulations such as company confidentiality protection, computer processing of personal data protection, and company information disclosure.

7. Physical and Environmental Security Management:

Establish physical and environmental security management measures for equipment placement, surrounding environment, and personnel access control.

8. Business Continuity Planning and Management:

1. Establish business continuity plans, evaluate the impact of various man-made and natural disasters on business operations, establish emergency response and recovery procedures and the responsibilities of relevant personnel, and conduct regular drills and plan updates.
2. Establish an information security incident emergency response mechanism. In the event of an information security incident, the information unit or personnel should be notified immediately in accordance with the prescribed handling procedures, countermeasures should be taken, and law enforcement agencies should be contacted for assistance in investigation.

Major information security management measures implemented in 2024:

Items	Contents of the plan
Firewall protection control	The firewall connection rules are set up, and by default, only basic internet access, email sending and receiving, and other connections are allowed. If there are special connection requirements, approval from the department supervisor and the highest authority of the IT department must be obtained before opening. The firewall network connection status is monitored at all times.
Information Room Security Management	The server room has a locked door, and a key is required to enter and exit. Entry is not allowed without permission. The server room has an Uninterruptible Power Supply (UPS) system, so in case of an abnormal power outage, the power supply will not be interrupted. The building's generator will start up, allowing normal operation, and IT personnel will have time to take subsequent measures. The server room inspection record logs the temperature and humidity of the server room, as well as the status of servers and network equipment.
Antivirus Software Management	The company has installed an enterprise endpoint antivirus software server for centralized monitoring and management. All users' computers must install enterprise endpoint antivirus software and update the virus codes regularly to reduce the risk of infection.
Email Security Management	The email server has proactive email threat scanning protection, preventing unsafe attachment files, phishing emails, spam emails, and emails with malicious link content before users receive the emails. After receiving emails, the antivirus software on personal computers will also scan for unsafe attachment files. The email server retains backup data for all incoming and outgoing emails.
Data Backup Mechanism Control	The information system programs and databases are set up for daily full backups, and then a copy is backed up to the NAS backup server. Files from various departments of the company are stored on the file server, and the IT department centrally backs them up to the NAS backup server for storage. Every week, the backup data is transferred to a portable hard drive for offsite backup storage by the management department personnel. Important related documents are version and permission controlled by the document management system, and offsite backups of the hosts and data are performed at different sites.

- (2) State the losses, potential impacts and response measures due to major cybersecurity incidents in the most recent fiscal year and up to the date of printing the annual report. If a reasonable estimate cannot be made, explain the fact that a reasonable estimate is not possible.

The Company actively strengthens network firewalls and network controls, as well as prevents the spread of computer viruses across machines and plants. Measures related to malicious software protection are being studied, and it is proposed to allocate an appropriate budget to enhance information technology security, but there is still no guarantee that the company will be free from malicious software attacks. In the most recent year and as of the date of printing

of the annual report, there have been no significant losses incurred due to major information and communication security incidents.

7. Important Contracts

Nature of the Contract	Parties	Beginning and End Dates of Contract	Main content	Restrictive Clauses
Endorsement guarantee	Taipei Fubon Commercial Bank	2024.08.21~2025.08.20	Fortuna International Holdings Ltd. provides a commitment to guarantee repayment of loans from Taipei Fubon Bank	None
Endorsement guarantee	CTBC Bank	2024.04.30~2025.04.30	Hotron Precision Electronic Industrial (Vietnam) Co., Ltd. provides a commitment to guarantee repayment of loans from CTBC Bank	None
Endorsement guarantee	Taipei Fubon Commercial Bank	2024.09.20~2025.09.20	Hotron Precision Electronic Industrial (Vietnam) Co., Ltd. provides a commitment to guarantee repayment of loans from Taipei Fubon Bank	None
Endorsement guarantee	Hua Nan Commercial Bank	2024.04.25~2025.04.25	Hotron Precision Electronic Industrial (Vietnam) Co., Ltd. provides a commitment to guarantee repayment of loans from Hua Nan Bank	None
Endorsement guarantee	Mega Commercial Bank	2024.12.16~2025.11.03	Hotron Precision Electronic Industrial (Vietnam) Co., Ltd. provides a commitment to guarantee repayment of loans from Mega Bank	None
Endorsement guarantee	Taipei Fubon Commercial Bank	2024.08.21~2025.08.20	Hotlink Company Limited provides a commitment to guarantee repayment of loans from Taipei Fubon Bank	None
Endorsement guarantee	Mega Securities Co., Ltd.	2024.05.31~2025.05.30	Hotlink Company Limited provides a commitment to guarantee repayment of loans from Mega Bills	None
Endorsement guarantee	Taipei Fubon Commercial Bank	2025.03.07~2025.03.07	SmartGreen Solution Co., LTD. provides a commitment to guarantee repayment of loans from Taipei Fubon Bank	None
Endorsement guarantee	Taishin International Commercial Bank	2024.07.01~2025.05.31	Hotron Precision Electronic Industrial (HuBei) Co., Ltd. provides a commitment to guarantee repayment of loans from Taishin Bank	None
Endorsement guarantee	Cathay United Bank	2024.08.09~2025.08.09	Hotron Precision Electronic Industrial (HuBei) Co., Ltd. provides a commitment to guarantee repayment of loans from Cathay United Bank	None
Endorsement guarantee	Changhua Bank Kunshan Huaqiao Branch	2024.10.31~2025.10.31	Hotron Precision Electronic Industrial (HuBei) Co., Ltd. provides a commitment to guarantee repayment of loans from Taishin Bank	None
Endorsement guarantee	Fubon Huayi Bank Wuhan Branch	2024.10.10~2028.04.30	Hotron Precision Electronic Industrial (HuBei) Co., Ltd. provides a commitment to guarantee repayment of loans from Fubon Huayi Bank	None
Endorsement guarantee	First Commercial Bank Chengdu Branch	2025.02.05~2026.02.05	Hotron Precision Electronic Industrial (HuBei) Co., Ltd. provides a commitment to guarantee repayment of loans from Fubon Huayi Bank	None
Endorsement guarantee	Hua Nan Commercial Bank Shenzhen Branch	2024.11.15~2025.11.15	Hotron Precision Electronic Industrial (HuBei) Co., Ltd. provides a commitment to guarantee repayment of loans from Fubon Huayi Bank	None
Loan Agreement	Mega Commercial Bank	2024.12.04~2025.11.03	Hotlink Company Limited comprehensive loans for operations	None
Loan Agreement	CTBC Bank	2024.04.30~2025.04.30	Hotlink Company Limited comprehensive loans for operations	None
Loan Agreement	Taipei Fubon Commercial Bank	2024.08.21~2025.08.20	Hotlink Company Limited comprehensive loans for operations	None
Loan Agreement	Cathay United Bank	2024.06.24~2025.06.24	Hotlink Company Limited comprehensive loans for operations	None
Loan Agreement	Mega Securities	2024.05.31~2025.05.30	Hotlink Company Limited comprehensive loans	None

Nature of the Contract	Parties	Beginning and End Dates of Contract	Main content	Restrictive Clauses
	Co., Ltd.		for operations	
Loan Agreement	Cathay United Bank	2024.06.24~2025.06.24	Comprehensive borrowing operated by the Corporation	None
Loan Agreement	Hua Nan Commercial Bank	2024.10.11~2025.10.11	Comprehensive borrowing operated by the Corporation	None
Loan Agreement	Taipei Fubon Commercial Bank	2024.08.21~2025.08.20	Comprehensive borrowing operated by the Corporation	None
Loan Agreement	Mega Commercial Bank	2024.11.04~2025.11.03	Comprehensive borrowing operated by the Corporation	None
Loan Agreement	KGI Commercial Bank	2024.07.01~2025.07.01	Comprehensive borrowing operated by the Corporation	None
Loan Agreement	CTBC Bank	2024.04.30~2025.04.30	Comprehensive borrowing operated by the Corporation	None
Loan Agreement	Taishin International Commercial Bank	2024.06.13~2025.05.31	Comprehensive borrowing operated by the Corporation	None
Loan Agreement	Agricultural Bank of Taiwan	2024.06.16~2025.06.16	Comprehensive borrowing operated by the Corporation	None
Loan Agreement	First Commercial Bank	2024.04.12~2025.04.12	Comprehensive borrowing operated by the Corporation	None
Loan Agreement	Mega Securities Co., Ltd.	2024.05.31~2025.05.30	Comprehensive borrowing operated by the Corporation	None
Loan Agreement	Mega Commercial Bank	2024.11.04~2025.11.03	SmartGreen Solution Co., LTD. comprehensive loans for operations	None
Investment Agreement (including Supplementary Agreement) (Hubei)	Tianmen City People's Government	2019.02. 23	Hotron Precision Electronic Industrial Park project investment	None
Second Supplementary Investment Agreement (Hubei)	Tianmen City People's Government	2019.05. 20	Hotron Precision Electronic Industrial Park project investment	None
Third Supplementary Investment Agreement (Hubei)	Tianmen City People's Government	2019.09. 02	Hotron Precision Electronic Industrial Park project investment	None
Fourth Supplementary Investment Agreement (Hubei)	Tianmen City People's Government	2020.04. 23	Hotron Precision Electronic Industrial Park project investment	None
Fifth Supplementary Investment Agreement (Hubei)	Tianmen City People's Government	2022.03.31	Hotron Precision Electronic Industrial Park project investment	None

V. Review and Analysis of Financial Status and Financial Performance and Risk Items

1. Statement of financial position

The main reasons and impacts for significant changes in assets, liabilities, and equity over the past two fiscal years, if the impact is significant. the future response plan should be explained.

Unit: NT\$ Thousand

Items	Year	2023	2024	Changes in balances	
				Amount	%
Current assets		2,639,394	2,497,206	(142,188)	(5.39)
Property, plant and equipment		2,122,738	2,112,064	(10,674)	(0.50)
Right-of-use assets		88,676	93,228	4,552	5.13
other assets		52,512	108,976	56,464	107.53
Total assets		5,188,740	5,090,540	(98,200)	(1.89)
Current Liabilities		1,557,595	1,982,961	425,366	27.31
Non-current liabilities		1,499,104	1,148,104	(351,000)	(23.41)
Total liabilities		3,056,699	3,131,065	74,366	2.43
Capital stock		1,065,520	1,065,520	-	-
Additional paid in capital		854,024	854,045	21	0.00
Retained earnings		322,623	100,704	(221,919)	(68.79)
Total Equity		2,132,041	1,959,475	(172,566)	(8.09)

The main reasons and impacts for significant changes in assets, liabilities, and equity over the past two fiscal years.

1. Current liabilities decreased, is mainly due to the second domestic unsecured convertible corporate bonds in 2024 and long-term liabilities being reclassified as long-term liabilities due within one year or one operating cycle during this period.
2. Non-current liabilities increased, is mainly due to the second domestic unsecured convertible corporate bonds in 2024 and long-term liabilities being reclassified as long-term liabilities due within one year or one operating cycle during this period.
3. The decrease in retained earnings is mainly due to the after-tax loss in 2024.

(2) Impact: No significant influence

(3) Future response plan: N/A

2. Financial Performance

The major reasons for significant changes in operating revenue, operating net income, and pre-tax net income in the recent two fiscal years, the expected sales quantity and its basis, the potential impact on the company's future financial operations, and the corresponding plans.

Unit: NT\$ Thousand

Items \ Year	2023	2024	Changes in balances	
			Amount	%
Operating revenue	2,159,114	1,933,669	(225,445)	(10.44)
Operating costs	1,845,599	1,701,226	(144,373)	(7.82)
Gross profit	313,515	232,443	(81,072)	(25.86)
Operating expenses	499,616	586,820	87,204	17.45
Other non-operating income and expenses	(3,132)	80,421	83,553	(2667.72)
Operating loss	(189,233)	(273,956)	(84,723)	44.77
Non-operating income and expenses	(10,184)	49,903	60,087	(590.01)
Net profit (loss) before tax	(199,417)	(224,053)	(24,636)	12.35
Income tax benefit	34,338	2,134	(32,204)	(93.79)
Net loss for the period	(165,079)	(221,919)	(56,840)	34.43

(1) Main reasons for significant changes in operating revenue, operating loss, and pre-tax net loss over the past two fiscal years:

1. Main reasons for the increase in operating loss compared to the same period last year:

- (1) The decrease in gross profit is mainly due to the increase in inventory valuation losses recorded by the Group in 2024, which resulted in increased operating costs for the current period.
- (2) The increase in operating expenses is mainly due to the increased costs associated with negotiating the termination of unexpired personnel contracts at the Suzhou Factory in 2024 and the increase in distributor commission expenses.
- (3) The increase in other gains and losses (net) is mainly due to the fluctuations in USD and RMB exchange rates in 2024, resulting in exchange gains in 2024, compared to exchange losses in 2023.

In summary, the operating loss for the year 2024 increased by NT\$84,723 thousand compared to the same period last year.

2. Main reasons for the increase in net loss compared to the same period last year:

- (1) Increase in operating loss, mainly due to decreased gross profit and increased operating expenses in 2024.
- (2) Decrease in income tax benefit, mainly because no deferred tax assets from loss carryforwards were recognized for the pre-tax loss in 2024, resulting in a reduction in income tax benefits.

In summary, the net loss for the period in 2024 increased by NT\$56,840 thousand compared to the same period last year.

(2) Expected Group Sales Volume and its Basis

Main product categories	Expected sales volume	The basis for expected sales quantity
Various transmission lines and charging guns	96,722 thousand/year	1.Develop new products, expand customer base 2.Increase market share of charging guns

Note: The above expected sales volume and its basis are estimated totals for the company and its 100% invested businesses. By adjusting the sales product mix and developing new products and customers, it is projected that sales in 2025 will experience significant growth compared to 2024.

(3) Potential Impacts on the Company's Future Financial Operations: No significant impact.

(4) Future response plan: Not applicable.

3. Cash flows

Analysis of changes in cash flows for the recent year, improvement plans for liquidity shortages, and analysis of cash liquidity for the next year.

(1) Analysis of Cash Flow Changes for the Current Year

Unit: NT\$ Thousand

Beginning cash balance (1)	Net cash flows from operating activities in 2024 (2)	Cash inflows (outflows) in 2024 (3)	Cash surplus (deficit) in 2024 (1) + (2) + (3)	Remedial measures for anticipated cash deficit	
				Investment plan	Financial management plan
486,087	269,313	205,432	960,832	-	-

1. Operating activities:

Net cash inflow from operating activities amounted to NT\$269,313 thousand, mainly due to the collection of accounts receivable in 2024, which increased the net cash inflow from operating activities.

2. Investment and Financing Activities:

(1) Net cash inflow from investing activities amounted to NT\$295,199 thousand, mainly due to the decrease in financial assets measured at amortized cost in 2024, which increased the net cash inflow from investing activities.

(2) Net cash outflow from financing activities was NT\$71,090 thousand, mainly due to the repayment of long-term and short-term loans in 2024.

(2) Improvement plan for insufficient liquidity:

1. Our company did not have a cash shortage situation in 2024.
2. Analysis of cash flow for the past two years

Item/ Year	2023	2024	Increase (decrease) ratio %
Cash flow ratio	30.49%	13.58%	-55.46%
Cash flow adequacy ratio	39.02%	35.18%	-9.84%
Cash reinvestment ratio	9.27%	6.88%	-25.78%

The changes analysis description of increase and decrease ratio:

- (1) Cash flow ratio: This is mainly due to the decrease in net cash inflow from operating activities in 2024.
- (2) Cash flow adequacy ratio: This is mainly due to the increase in capital expenditures over the past five years.
- (3) Cash reinvestment ratio: This is mainly due to the decrease in net cash inflow from operating activities in 2024.
- (4) Improvement plan for insufficient liquidity: The Company will actively expand business in various products and develop new customers,

in the future, the Company will consider increasing bank financing lines or raising funds at an appropriate time based on operational conditions.

(3) Cash flow liquidity analysis for the coming year:

Unit: NT\$ Thousand

Beginning cash balance (1)	Net cash flows from operating activities in next year (2)	Cash inflows (outflows) in next year (3)	Cash surplus (deficit) in next year (1) + (2) + (3)	Remedial measures for anticipated cash deficit	
				Investment plan	Financial management plan
960,832	211,363	(352,341)	819,854	-	-

Cash Flow Analysis for the Next Year:

1. Net cash flow from operating activities: The estimated net cash inflow is NT\$211,363 thousand, mainly resulting from the steady growth in the Company's revenue scale, which leads to net cash inflow from operating activities.
2. Estimated annual cash outflow: The estimated net cash outflow is NT\$352,341 thousand, mainly due to the expansion of overseas operational locations and the new purchases of machinery and equipment.
3. Remedial measures for projected cash shortage and liquidity analysis: Not applicable.

- 4. Impact of recent major capital expenditures on financial operations: None**
- 5. The recent annual reinvestment policy, the main reasons for its profit or loss, improvement plans, and investment plans for the next year.**

(1) Recent Years Reinvestment Policy

The company's investment policy is primarily based on operational needs, and investment planning is conducted accordingly. Before making an investment, a comprehensive assessment is carried out on various aspects such as the purpose of the investment, location, market conditions, business development, potential joint venture partners, shareholding ratio, reference prices, and financial status to provide a basis for decision-making by the management. For the businesses that have been invested in, the company constantly monitors their operating conditions, analyzes the investment effectiveness, and provides information for the decision-making authority to conduct post-investment management tracking and evaluation.

(2) The main reasons for the Company's loss in the most recent year are as follows:

Due to the slowdown in market demand, sales volume decreased. Additionally, industry competition became more intense, raw material costs and labor wages in mainland China increased, and investments were made in equipment and recruitment for the development of electric vehicle charging and energy storage equipment. These factors led to a significant increase in operating costs. With no obvious growth in revenue and a substantial increase in costs, the Company experienced an operating loss.

(3) Investment Plan for the Coming Year:

In response to the domestic electric vehicle charging market and the recent global supply chain de-Sinicization trend, the Company plans to produce new energy products locally, including electric vehicle charging guns, charging equipment, and energy storage cabinet equipment. On January 11, 2024, the Board of Directors approved the purchase of 36 plots of Type D industrial land in special agricultural zones at 1500, Dayinsan Section, Sanxing Township, Yilan County, with a total area of 44,780.05 square meters, at a purchase price of NT\$520 million. However, for part of this Yilan plant land, the seller had not completed the factory expansion plan as applied for, resulting in the land category not yet being changed to Type D industrial land. Currently, the seller is negotiating with the Yilan County Government on how to proceed. In order to avoid affecting the production schedule of new energy products, the Company's Board of Directors approved on December 18, 2024, the purchase of a factory in Dadu District, Taichung City, for NT\$380 million. The land area is 983.17 pings, with a building area of 1836.28 pings. The contract was signed on January 6, 2025, and the property transfer is expected to be completed by the end of March, after which factory renovation work will immediately begin.

- 6. Risk events should be analyzed and evaluated for the most recent fiscal year and up until the date of printing of the annual report.**

(1) The impact of interest rate changes, exchange rate fluctuations, and inflation on the company's profit and loss, and future countermeasures:

1. The impact of interest rate changes on the company's profit and loss, and future

countermeasures:

At the end of 2024, the Company's consolidated bank borrowings were NT\$1,172,644 thousand, with consolidated interest expenses of NT\$38,232 thousand, accounting for 1.98% of consolidated net operating revenue. Since the ratio of interest expenses is not high, the impact of interest rate fluctuations on the Company's profit and loss is relatively limited. The ratio of interest expense was not high, so the impact of interest rate changes on the Company's profit and loss was still limited. To mitigate interest rate risk, the Company maintains close contact with financial institutions, keeps abreast of the state of financial markets at all times, and obtains preferential bank financing rates to meet its operational funding needs, thereby reducing interest expenses.

2. The impact of exchange rate fluctuations on the company's profit and loss, and future countermeasures:

The Group's consolidated foreign exchange (loss) gain, net, for the years 2023 and 2024 were NT\$(3,132) thousand and NT\$80,421 thousand, respectively, accounting for (0.15)% and 4.16% of the consolidated operating net revenue, respectively. The ratio of foreign exchange gains and losses was not high, and since the Group's main purchases and sales are mostly quoted in US dollars and Chinese renminbi, some of the purchases and sales can offset each other, so the overall impact of foreign exchange factors on the Group is not significant.

In order to reduce the impact of exchange rate fluctuations on profit and loss, our company has taken the following countermeasures:

- (1) Collect relevant information on foreign exchange rate fluctuations at all times, and refer to financial and economic information provided by banks and investment institutions. Maintain close contact with banks to fully grasp market trends, and take timely measures to exchange foreign currency and adjust foreign exchange positions in order to reduce exchange rate risks.
- (2) Utilize natural hedging (Natural Hedge), offset foreign currency assets from export revenue with foreign currency liabilities from overseas procurement. In terms of foreign exchange fund scheduling, for confirmed foreign currency assets or liabilities, choose an appropriate timing to conduct hedging operations or spot selling and buying of foreign currencies, in order to achieve the purpose of natural hedging and reduce the impact on profits and losses.
- (3) Sales quotes consider foreign exchange rate factors to protect the company's reasonable profits.
- (4) The financial personnel of the group update the recent three-month cash flow planning and estimation table for each affiliated enterprise every two weeks to keep abreast of the cash position, reduce idle funds, and manage daily available funds based on the recent three-month cash flow planning and estimation table. After the end of each month, they can observe the changes in market exchange rates according to the overall economic environment at that time, and utilize accounts receivable and pre-arranged bank financing when the timing is right to reduce the risk of exchange rate fluctuations.

3. Impact of changes in inflation on the company's profit and loss and future countermeasures:

In recent years, due to factors such as geopolitical conflicts, trade wars, and interest rate hikes, the futures market for raw materials has been highly volatile. In addition to closely monitoring changes in the raw material market, our company purchases the necessary raw materials based on actual production needs and enhances inventory control to mitigate the impact of fluctuations in raw material prices on our profitability.

(2) The policies on engaging in high-risk, high-leverage investments, lending funds to others, endorsement guarantees, and derivative product transactions; the main reasons for profits or losses; and future response measures:

1. The main reasons for profit or loss from engaging in high-risk, high-leverage investment policies, and future countermeasures: Our company has long been focused on operating and developing its core business, and has not engaged in high-risk, high-leverage investments.
2. The policies regarding lending funds to others and endorsement/guarantee transactions, the main reasons for profit or loss, and future countermeasures: Our company is engaged in lending loans to others and providing endorsement guarantees to companies in which we hold 100% equity interest. The purpose of such endorsement guarantees is to meet the business needs of our subsidiaries. All transactions follow the "Procedures for Lending Funds to Others and Endorsement Guarantee".
3. The policy on engaging in derivative product transactions, the main reasons for profits or losses, and future countermeasures: The Company is not currently engaged in derivative transactions. However, if necessary in the future, the Company will conduct derivative transactions in accordance with the relevant provisions of the "Procedures for Acquisition or Disposal of Assets".

(3) Future research and development plans and projected R&D expenditures:

1. Future research and development plan:

The key points of our company's future research and development plan are as follows:

(1) Continuously developing advanced digital connectivity cable products:

In the digital cable product segment, to cater to the high transmission demand of 3C products, the company has successively developed and completed high-end digital signal cables, with sales accounting for more than 90% of the total, including 3C high-frequency cables and automotive cables, among other products. The product sales structure is gradually shifting towards high-end products.

(2) Develop new customer sources and new markets:

High-end digital connection cable products have a wide range of applications. In addition to existing computer monitor signal cables, our company's shipments of other 3C product digital connection cables, such as for mobile phones, game consoles, TVs, and other 3C devices, have been growing year by year. In the future, we will continue to explore new customer sources. In addition to new customers in the existing fields, we will also expand the product application areas, including wires

for solar modules and energy storage equipment. The dedicated department of our Company is actively developing customers, and revenue amount has been gradually increasing.

(3) Expand product range and align with customer deployment:

Based on maintaining corporate advantage, improving industrial competitiveness, expanding market share, and promoting industrial transformation and upgrading, in addition to continuing to upgrade existing products and develop more advanced and faster transmission products, the company has been developing products with wider application scope, including solar module cables, junction boxes and other related products. In terms of customer operations, to maintain closer cooperative relationships with existing customers, the company has cooperated with customers' overseas plant expansions, and has officially started mass production. The company will also set up overseas bases according to customers' actual needs to provide nearby services and local supply sources.

(4) Actively promote corporate transformation, and venture into the electric vehicle and new energy industries:

Due to rising environmental awareness, coupled with the rise of intelligent and digital technologies, the electric vehicle and renewable energy industries have become an inevitable future development trend globally. By leveraging our cable professional technology and experience, our Company has completed the development of electric vehicle charging guns, entering the electric vehicle market. Currently, in line with the development of the electric vehicle industry, we are also developing integrated products for electric vehicle charging, energy storage equipment, and solar power plants, and are actively advancing in the market.

2. Projected research and development costs:

The Group's consolidated R&D expenditure planned for this year (2025) is NT\$101,309, accounting for approximately 3.50% of the consolidated operating net revenue. The Company will continue to invest in key R&D projects, continuously innovate in manufacturing technologies, improve product quality and production efficiency, develop various high-end products towards high transmission, low attenuation, high bandwidth, and high resolution, as well as increase the development of new products to enhance the Company's industrial competitiveness.

(4) Impact of significant domestic and international policy and legal changes on the company's financial operations and corresponding measures:

A brief description of the changes in regulatory environment and their impact on the company in domestic is as follows:

1. Amendments to certain provisions of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies" and Articles 12 and 13 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" on January 11, 2024, Republic of China. (Financial Supervisory Commission No. 1120383996)

Our Company has revised the Regulations Governing the Exercise of Powers by Audit Committee and the Rules of Procedure for Board of Directors Meetings in accordance with the regulations.

2. The order of March 8, 2024, Republic of China, regarding "When a public company processes matters that are required by law to be announced or reported, and transmits such reports to the Market Observation Post System, upon completion of the transmission, it shall be deemed to have completed the announcement and reporting as required. (Financial Supervisory Commission No. 11303808101)

Our company operates in accordance with regulations.

3. On April 22, 2024, amendments were made to certain provisions of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and Articles 8, 14, and 39 of the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets. Financial Supervisory Commission No. 1130381962

Our Company has revised the Guidelines for the Establishment of Internal Control Systems in accordance with the regulations.

4. The partial amendment of the "Regulations Governing Information to be Published in Annual Reports of Public Companies" on August 1, 2024, Republic of China. (Financial Supervisory Commission No. 1130383500)

Our Company operates in accordance with compiling the 2024 annual report.

5. The order regarding the relevant provisions of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" dated October 7, 2024, Republic of China. (Financial Supervisory Commission No. 1130384184)

Our company operates in accordance with regulations.

6. Announcement of the amendment to the "List of Matters to be Announced or Reported to the Commission by Public Companies" on October 16, 2024, Republic of China. (Financial Supervisory Commission No. 1130384523)

Our company will act in accordance with the regulations.

- (5) The impact of technological changes and industrial transformation on the company's financial operations and corresponding measures:

Excluding display cables, our company's production of connection cables has expanded to all 3C products. Due to rapid technological advancements, the demand for related 3C products has increased significantly, coupled with the growing prevalence of high-frequency production, high transmission capacity, and high-resolution products. Accordingly, our company has also increased the shipment of high-end products in response to technological trends and industry changes. Moreover, our company's developed electric vehicle charging guns have entered mass production and shipment, officially entering the electric vehicle industry. Electric vehicles are the future development trend of the industry, and our Company has been actively pursuing corporate transformation. Our products will follow the development trends of electric vehicles, expanding the application scope of electric vehicle-related charging products and cables. We are also integrating solar power plants, energy storage cabinets, and charging stations to develop a comprehensive system of solar power generation, energy storage, and charging products. Therefore, technological changes and industry developments are having a positive impact on our Company's finances and operations.

We will constantly pay attention to the impact of technological changes and industrial changes in the industry on our company, accelerate the speed of new product development, improve product quality and accelerate automated production technology, actively strive for diversified market business development, and adopt a sound financial management strategy.

- (6) The impact of corporate image change on corporate crisis management and countermeasures:

The company's corporate image has always been good, and up to now, there has been no incident of a corporate crisis caused by a major change in the corporate image.

- (7) Expected benefits, potential risks, and countermeasures for carrying out mergers and acquisitions:

As of the date this prospectus was printed, the company has no merger or acquisition plans, so this is not applicable.

- (8) Expected benefits, potential risks and countermeasures of expanding the plant:

1. Establish a new factory in Hubei

(1) Expected benefits

Due to the continued strong demand for 3C products, along with the constant introduction of new products, and as our Company expands its product application areas including the market demand for automotive, gaming console, and medical connection cables, and in response to the gradual increase in electric vehicles, we will invest in the development of electric vehicle charging cables. Therefore, through our 100% owned subsidiary Hotron Suzhou, we have established Hotron Hubei (also 100% owned), whose new plant officially began operations and mass production in July 2022.

(2) Potential risks and countermeasures

The new plant in Hubei faces a significant risk of overcapacity due to a substantial increase in production capacity. However, the Hubei plant is planned to be highly automated, so even if there is overcapacity, the relative use of less human labor will limit the operational losses.

2. Establish a new factory in Vietnam

(1) Expected benefits

The new plant in Vietnam was established in response to the impact of the US-China trade war, to set up a production base that caters to customers relocating their production lines. This allows for close proximity in serving customers and supplying goods, as well as maintaining a closer cooperative relationship with customers.

(2) Potential risks and countermeasures

The new factory in Vietnam, being a newly established production site, officially began mass production in July 2022, supplying customer demand locally. The increase in operating expenses is mainly due to general and administrative expenses. However, due to the impact of the US-China trade war and pandemic lockdowns, more and more electronic factories originally based in mainland China have relocated to Vietnam, leading to an increasing trend in potential demand in Vietnam. Therefore, the company estimates that the operations of Hotron Vietnam will be more optimistic than originally

planned, and the increased management costs will relatively reduce the operational risks.

3. Yilan New Factory

On January 11, 2024, our Company's Board of Directors approved the purchase of 36 plots of Type D construction land in specially designated agricultural areas at 1500, Dayinsan Section, Sanxing Township, Yilan County and other locations, with a total area of 44,780.05 square meters, at a purchase price of NT\$520 million. However, because the seller did not complete the factory expansion plan that was originally applied for with the Yilan County Government in 2006, some of the land parcels in the aforementioned Yilan plant are still classified as agricultural and pastoral land and have not yet been reclassified as Type D industrial land. The seller is currently negotiating with the Yilan County Government on feasible alternatives to the original expansion plan in order to complete the land reclassification.

(9) The risks faced from concentrated purchases or sales and the corresponding countermeasures:

1. Risks and countermeasures faced by centralized purchasing

The main products of the company are signal cables, and the major raw materials used are copper rods, PVC powder, tin cable and tin bars, connectors, tinplate, ferrite cores, and enameled cables. The total purchases of the company in 2024 and 2023 were NT\$931,880 thousand and NT\$734,607 thousand, respectively. The top ten suppliers accounted for 64% and 50% of total purchases, respectively. The largest supplier accounted for 23% and 9% of total purchases, respectively, while the second-largest supplier accounted for 8% and 8% of total purchases, respectively. Overall, the company does not have a concentration of purchases. Additionally, the main raw materials for the company's products are common component products in the market with many suppliers, so there is no concern about supply.

2. Risks and countermeasures faced by centralized sales

Our group's main sales customers are all internationally renowned major manufacturers who hold significant positions in the global market, so the risk of concentrated cable sales for our company is not high. Nevertheless, we actively maintain customer relationships to prevent new competitors from easily entering the market, and we continue to develop new products to expand our operational scale, working toward product diversification to reduce the risk of excessive sales concentration in a single product.

(10) Impact, risks and countermeasures for significant transfer of shareholdings or replacements of directors, supervisors or shareholders holding more than 10% of shares:

The Company has not experienced any large-scale transfer or replacement of equity shares, so there has been no impact on the Company's operations.

(11) Impact, Risks and Countermeasures of Changes in Operating Rights on the Company

The company has no facts or plans regarding a change in operational control, so there is no impact on the company's operations.

(12) Litigation or non-litigation events:

1. The company's lawsuits, non-litigious or administrative disputes that have been finalized or are still pending during the past two fiscal years and up to the date of printing of the annual report, where the results may have a material impact on shareholders' equity or securities prices, including the facts in dispute, the subject amount, the date the litigation commenced, the main parties involved in the dispute, and the current status: The company has no litigation or non-litigation matters that would have a material impact on shareholders' equity or securities prices.
2. The company's directors, supervisors, President, substantial responsible persons, major shareholders holding more than 10% of shareholdings, and subsidiaries, for the past two years and up to the date of printing of the annual report, have been definitively adjudicated or are currently involved in major litigations, non-litigious or administrative disputes that may have a material impact on shareholders' equity or securities prices. The disputed facts, subject amounts, litigation commencement dates, main parties involved, and current status of the cases:
Our company does not have such a situation.

(13) Other Important Risks and Countermeasures

1. Interest rate risk and countermeasures
The main source comes from bank loans generated to support operating activities. To reduce interest rate risk, the company mainly uses operating cash inflows, and issues corporate bonds or conducts cash capital increases in a timely manner to meet the funding needs for operations, in order to reduce the interest burden caused by interest rate fluctuations.
2. Exchange rate fluctuation risks and countermeasures
The Company's sales revenue and manufacturing costs are primarily denominated in non-Taiwan dollar currencies. The Company adopts a natural hedging approach by offsetting foreign currency receipts and payments, and adjusts the amount of foreign currency assets and liabilities in a timely manner to mitigate the impact of foreign exchange rate risks.
3. Risks and countermeasures for inflation and deflation
Inflation and deflation often have a significant impact on the global economy. Whether it is high inflation or deflation, it will reduce market efficiency and have adverse effects on both the overall and individual economies. Our company closely monitors changes in upstream raw material prices to mitigate the impact of inflation or deflation on the company's profits and losses.
4. Risks and Countermeasures for Financing
Due to the rapid changes and increasingly shorter cycles in the electronics industry, there is relative uncertainty in the planning of capital requirements. To meet customer and market demands, our company will require more working capital in the coming years, but financing involves many uncertainties:

- (1) The Company's future financial condition, operating performance and cash flows,

- (2) Financing conditions in the domestic and international markets (especially China),
- (3) Trends in the interaction between Taiwan and the international economic climate.

The company's credit status is good, its operations are stable, and its credit facility is still sufficient. However, if it is unable to obtain sufficient and low-cost funds in a timely manner, it will consider raising funds from the market according to the company's operating scale.

5. Risks and countermeasures for declining market demand and average selling prices

The company's revenue mainly comes from selling high-definition signal cables and connection cables for 3C products. Since the prices of new electronic products are difficult to increase and tend to decrease as the products mature, the company's revenue may be impacted if product demand declines. Additionally, if sales volume decreases, the fixed cost allocation per unit will rise, affecting the company's profitability. Conversely, if product demand increases, the fixed cost allocation per unit will decrease, benefiting the company's profitability. In the future, besides increasing sales to existing customers, the company aims to develop new customers, expand into new application areas for its products to increase product sales volume, and strive for cost reduction. Moreover, to increase revenue and profitability sources, our company has complete the development and shipment of electric vehicle charging guns, entering the electric vehicle market. In the future, we will accompany the development of the electric vehicle industry, developing related charging and energy storage equipment, as well as peripherals for solar power plants.

6. Information Security Risk Management and Response Measures

To establish a secure information security environment and strengthen the Group's internal information security management system, the Company has formulated information security management regulations. In order to maintain the confidentiality, integrity and availability of the Company's information assets and protect user data privacy. We conduct information security education and training to promote employees' awareness of information security and enhance their recognition of relevant responsibilities. We implement an information security risk assessment mechanism to improve the effectiveness and timeliness of information security management. We also implement an internal information security audit system to ensure the implementation of information security management.

Considering that cyber insurance is still an emerging type of insurance, involving information security level testing agencies, claim appraisal agencies and non-indemnity conditions, etc., the company is still under evaluation.

For the Company's information security management regulations, please refer to our company's website: <http://www.hotron-ind.com/>

7. Other important matters: None.

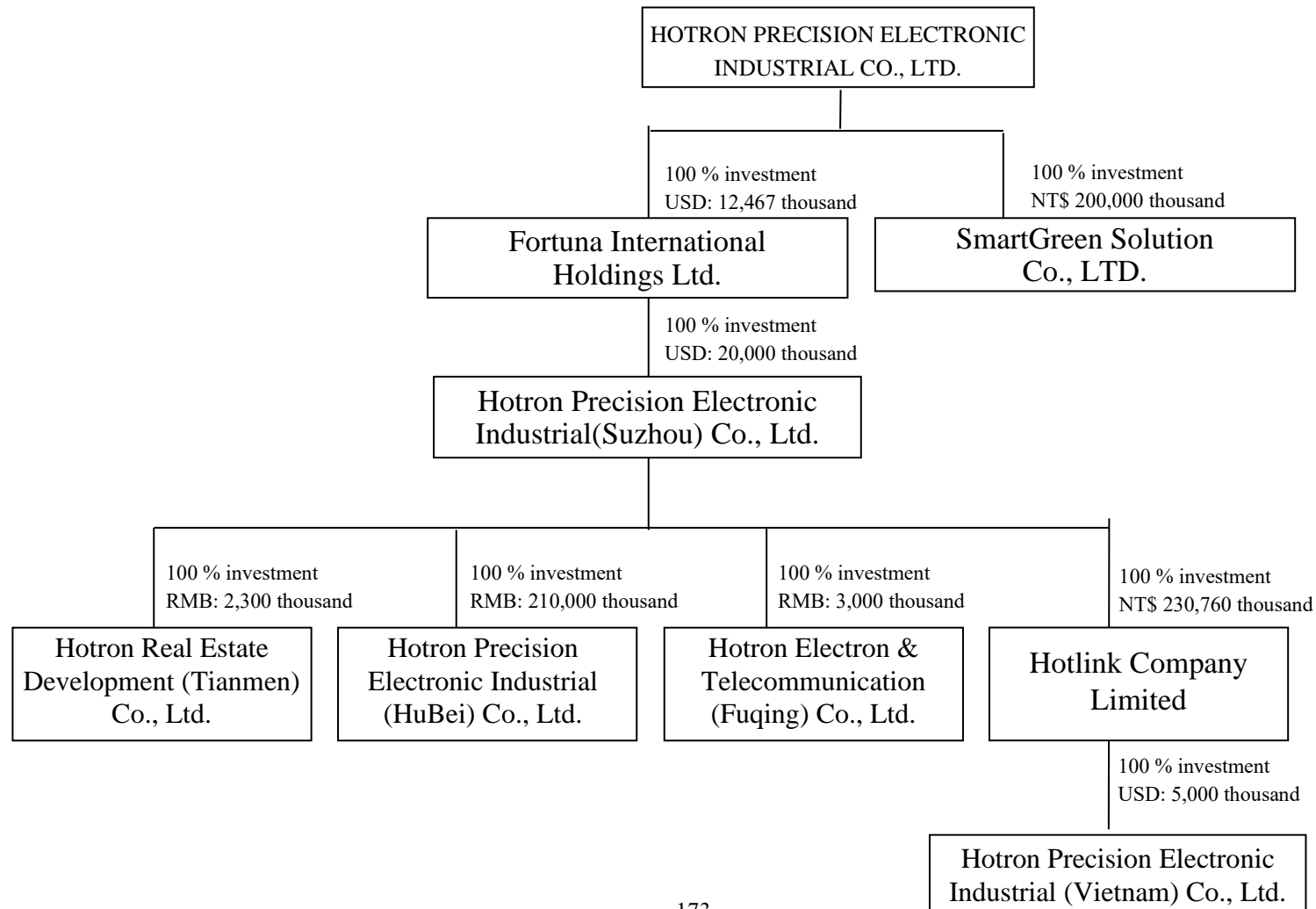
VI. Special Remarks

1. Information on related corporations

(1) Consolidated business report of affiliated enterprises:

1. Organizational chart of related companies

Date: December 31, 2024



2. The names, establishment dates, addresses, paid-in capital amounts, and main business activities of related companies.

As of December 31, 2024

Name of related companies	Establishment date:	Address:	Paid-in Capital	Main business or production items
SmartGreen Solution Co., LTD.	2022.09	4F., No. 169, Xing'ai Rd., Neihu Dist., Taipei City	NTD 200,000 thousand	Manufacturing and sale of automobiles and automotive parts, installation of solar thermal equipment, renewable energy self-generation equipment, energy technology services, electric vehicle charging guns, high-voltage automotive cables, and new energy materials.
Fortuna International Holdings Ltd.	2002.12	P.O.Box 217, Apia, Samoa	USD 12,467 thousand	Investment business and merchandise trade
Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.	2003.09	128 Lushuan Road, Gaoxin District, Suzhou City, Jiangsu Province	USD 20,000 thousand	Production and operation of 3C product cables, signal cables, electric vehicle charging guns, high-voltage wires, and new energy materials
Hotron Electron & Telecommunication (Fuqing) Co., Ltd.	2004.10	Fuqing New High-Tech Industrial Zone, Fuqing City, Fuzhou City, Fujian Province	RMB 3,000 thousand	Processing of various 3C product cables and signal cables
Hotlink Company Limited	2018.05	5F., No. 169, Xing'ai Rd., Neihu Dist., Taipei City	NTD 230,760 thousand	Merchandise trade
Hotron Precision Electronic Industrial (HuBei) Co., Ltd.	2019.02	No. 168, Hongsuo Avenue, Tianmen Industrial Park, Tianmen City, Hubei Province	RMB 210,000 thousand	Production and operation of copper products, 3C product cables, signal cables, electric vehicle charging guns, high-voltage wires, and new energy materials
Hotron Real Estate Development (Tianmen) Co., Ltd.	2019.05	No. 168 Fuxian Avenue, Tianmen Industrial Park, Tianmen City, Hubei Province	RMB 2,300 thousand	Real estate development, construction, sales, leasing, and housing agency services, etc.
Hotron Precision Electronic Industrial (Vietnam) Co., Ltd.	2020.02	Lot CN-10, Dong Van 4 Industrial Park, Kim Bang Town, Gia Lam District, Hanam Province, Vietnam	USD 5,000 thousand	Production and operation of 3C product cables and signal cables, etc.

3. Matters to be disclosed for those presumed to have a controlling and subordinate relationship in accordance with Article 369-3 of the Company Act:

4. The industries covered by the business operations of the overall affiliated enterprises.

Name of related companies	Business scope	Division of labor situation
SmartGreen Solution Co., LTD.	Manufacturing and sale of automobiles and automotive parts, installation of solar thermal equipment, renewable energy self-generation equipment, energy technology services, electric vehicle charging guns, high-voltage automotive cables, and new energy materials.	Production and operation of electric vehicle charging guns, high-voltage wires, and new energy materials
Fortuna International Holdings Ltd.	Investment business and merchandise trade	Investment holding
Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.	Production and operation of 3C product cables, signal cables, electric vehicle charging guns, high-voltage wires, and new energy materials	Production and operation of copper products, 3C product cables, signal cables, electric vehicle charging guns, high-voltage wires, and new energy materials
Hotron Electron & Telecommunication (Fuqing) Co., Ltd.	Processing of various 3C product cables and signal cables	Processing of various 3C product cables and signal cables
Hotlink Company Limited	Merchandise trade	Processing of various 3C product connection cables and signal cables
Hotron Precision Electronic Industrial (HuBei) Co., Ltd.	Production and operation of copper products, 3C product cables, signal cables, electric vehicle charging guns, high-voltage wires, and new energy materials	Production and operation of copper products, 3C product cables, signal cables, electric vehicle charging guns, high-voltage wires, and new energy materials
Hotron Real Estate Development (Tianmen) Co., Ltd.	Real estate development, construction, sales, leasing, and housing agency services, etc.	Real estate development, construction, sales, leasing and management of self-built commercial housing and supporting facilities, property management, real estate agency services, interior and exterior decoration design and construction, etc.
Hotron Precision Electronic Industrial (Vietnam) Co., Ltd.	Production and operation of 3C product cables and signal cables, etc.	Production and sales of 3C product cables and signal cables, etc.

5. The names of directors, supervisors, and President of related companies, and their shareholdings or capital contributions in those companies.

The information of directors, supervisors, and President of related companies

Unit: Thousand share, %

Name of related companies	Job title	Name or representative	Investment or capital contribution to the enterprise (as of December 31, 2024)	
			shares	Shareholdings ratio
SmartGreen Solution Co., LTD.	Chairman	Chang, Li-Jung	0	0
	President	Chang, Li-Jung	0	0
Fortuna International Holdings Ltd.	Chairman	Chang, Li-Jung	0	0
	President	Lu, I-Hsuan	0	0
Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.	Chairman	Chang, I-Hsuan	0	0
	Director	Lu, I-Hsuan	0	0
	Director	Hsu, Kuo-Huang	0	0
	Supervisor	CHEN, YUEH-CHIN	0	0
	President	Chang, I-Hsuan	0	0
Hotron Electron & Telecommunication (Fuqing) Co., Ltd.	Chairman	Lu, I-Hsuan	0	0
	Director	Chang, I-Hsuan	0	0
	Director	Hsu, Kuo-Huang	0	0
	Supervisor	CHEN, YUEH-CHIN	0	0
	President	Lu, I-Hsuan	0	0
Hotlink Company Limited	Chairman	Chang, Li-Jung	0	0
	President	Chang, Li-Jung	0	0
Hotron Precision Electronic Industrial (HuBei) Co., Ltd.	Chairman	Chang, Li-Jung	0	0
	Director	Lu, I-Hsuan	0	0
	Director	Hsu, Kuo-Huang	0	0
	Supervisor	Chang, I-Hsuan	0	0
	President	Lu, I-Hsuan	0	0
Hotron Real Estate Development (Tianmen) Co., Ltd.	Chairman	Chang, Li-Jung	0	0
	Director	Lu, I-Hsuan	0	0
	Director	Hsu, Kuo-Huang	0	0
	Supervisor	Chang, I-Hsuan	0	0
	President	Lu, I-Hsuan	0	0
Hotron Precision Electronic Industrial (Vietnam) Co., Ltd.	Legal representative	Chang, I-Hsuan	0	0
	President	Chang, I-Hsuan	0	0

6. Overview of operations of affiliated companies

Year: 2024 Unit: NTD Thousand

Name of related companies	Capital amount	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Post-tax profit or loss current period	Earnings per share after tax (NT\$)
SmartGreen Solution Co., LTD.	NT\$ 200,000 thousand	190,878	37,106	153,772	26,165	4,695	(30,844)	(1.54)
Fortuna International Holdings Ltd.	USD 12,467 thousand	1,352,735	0	1,352,735	0	0	(248,495)	(6.08)
Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.	USD 20,000 thousand	1,626,312	273,689	1,352,623	812,917	(29,853)	(248,452)	(3.92)
Hotron Electron & Telecommunication (Fuqing) Co., Ltd.	RMB 3,000 thousand	14,437	2,198	12,239	12,928	9,282	1,738	1.29
Hotlink Company Limited	USD 7,720 thousand	333,026	157,620	175,406	429,543	45,902	(36,675)	(1.59)
Hotron Precision Electronic Industrial (HuBei) Co., Ltd.	RMB 210,000 thousand	2,875,044	2,094,745	780,299	1,804,329	212,039	(27,731)	(0.29)
Hotron Real Estate Development (Tianmen) Co., Ltd.	RMB 2,300 thousand	4,170	120	4,050	0	0	(994)	(0.97)
Hotron Precision Electronic Industrial (Vietnam) Co., Ltd.	USD 5,000 thousand	476,789	443,243	33,546	215,462	594	(36,357)	(2.43)

7. Information on endorsements/guarantees for related enterprises, lending loans to others, and engaging in derivative transactions

(1) Endorsements/guarantees provided by related parties:

As of December 31, 2024 Unit: NT\$ thousand

Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement s/Guarantees Provided for Single Entity	Maximum Endorsement/ Guarantee Balance for the Period	Endorsement and Guarantee Ending Balance	Actual Amount Drawn	Amount of Endorsements/Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/Guarantees to Net Worth per Latest Financial Statements(%)	Endorsement/ Guarantee Ceiling	Endorsements/ Guarantees Provided by Parent for Subsidiary	Endorsements/ Guarantees Provided by Subsidiary for Parent	Endorsement s/Guarantees Provided for Subsidiary in Mainland China	Remarks
	Name of Company	Relationship (Note 2)											
Hotron Precision Electronic Industrial Co., Ltd.	Fortuna International Holdings Ltd.	2	\$1,763,528	\$65,670	\$65,670	\$-	\$-	3.35	\$1,959,475	Y	N	N	-
Hotron Precision Electronic Industrial Co., Ltd.	Hotron Precision Electronic Industrial (Vietnam) Co., Ltd.	2	\$1,763,528	\$384,490	\$343,763	\$154,090	\$-	17.54	\$1,959,475	Y	N	N	-
Hotron Precision Electronic Industrial Co., Ltd.	Hotlink Company Limited	2	\$1,763,528	\$80,000	\$80,000	\$30,000	\$-	4.08	\$1,959,475	Y	N	N	-
Hotron Precision Electronic Industrial Co., Ltd.	Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.	2	\$1,763,528	\$503,610	\$144,180	\$-	\$-	7.36	\$1,959,475	Y	N	Y	-
Hotron Precision Electronic Industrial Co., Ltd.	Hotron Precision Electronic Industrial (HuBei) Co., Ltd.	2	\$1,763,528	\$602,310	\$602,310	\$150,331	\$-	30.74	\$1,959,475	Y	N	Y	-
Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.	Hotron Precision Electronic Industrial (HuBei) Co., Ltd.	2	\$1,217,361	\$260,246	\$259,724	\$51,778	\$-	19.20	\$1,352,623	N	N	Y	-

Note 1: The Company's total amount of endorsements/guarantees provided shall not exceed the Company's current net worth. The endorsement and guarantee amount for a single enterprise is limited to not exceeding 10 percent of the current net worth, and for a single overseas affiliated company, it is limited to not exceeding 90 percent of the current net worth. The net worth shall be based on the latest financial statements audited or reviewed by certified public accountants.

Note 2: The relationships between endorsers/guarantors and endorseees/guarantees are categorized into the following 7 types. Please specify the type:

- (1) Companies who have business relationship.
- (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 the Company directly or indirectly holds 90% or more of the voting shares.
- (5) Companies in the same industry that provide mutual endorsements/guarantees based on contractual requirements for undertaking construction projects or as co-construction contractors.
- (6) Companies in which all capital contributing shareholders provide endorsements/guarantees based on their shareholding ratios due to their joint investment relationships.
- (7) Companies in the same industry that provide mutual endorsements/guarantees for pre-sale housing contracts based on the consumer protection regulations.

Note 3: The Company shall specify the limits on endorsements/guarantees for individual entities and the maximum amount of endorsements/guarantees based on its operational procedures for endorsements/guarantees, and explain the calculation method for the limits on endorsements/guarantees for individual entities and the total limit in the remarks column.

Note 4: The maximum balance of endorsement/guarantees provided to others during the year.

Note 5: The amount approved by the Board of Directors should be filled in. However, if the Board of Directors has authorized the Chairman to make decisions pursuant to Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount decided by the Chairman shall be filled in.

Note 6: The actual amount drawn by the endorsed/guaranteed company within the balance of endorsements/guarantees shall be filled in.

Note 7: For endorsements/guarantees provided by a parent company to subsidiaries, by subsidiaries to a parent company, or in mainland China, “Y” must be filled in.

(2) Loans to others by related enterprises:

As of December 31, 2024 Unit: NT\$ thousand

Financing Company	Borrower	The maximum balance for this period	Ending balance (Note 2)	Actual Amount Drawn	Interest rate range%	Nature for Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for bad debts	Collaterals		Lending limit for individual entities (Note 1)	Total Limit on Loans Provided (Note:1)	Remarks
										Name	Value			
Hotron Precision Electronic Industrial (Suzhou) Co., Ltd.	Hotron Precision Electronic Industrial (Vietnam) Co., Ltd.	\$65,094	\$65,094	\$29,614	Non-interest bearing	Business transaction	\$54,359	Approved by the Board of Directors as a loan of funds	-	None	-	\$54,359	\$54,359	Note 3

Note 1: The Company's "Operational Procedures for Loans to Others" stipulates that for loans to companies or firms with business dealings, the total amount loaned and the individual amount loaned shall not exceed the amount of business dealings between the parties in the most recent fiscal year. The term "amount of business dealings" refers to the higher of the amounts of purchases or sales between the two parties. The total amount of short-term financing loans shall not exceed 40% of the Company's net worth, and the individual amount loaned shall not exceed 40% of the Company's net worth. For loans between the Company's direct and indirect 100%-owned foreign companies, the above restrictions do not apply, but 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.

Note 2: The ending balance represents the loan amount approved by the Board of Directors.

Note 3: The balance of loans from Hotron Precision Electronic Industrial (Suzhou) Co., Ltd. has exceeded the limit. An improvement plan for exceeding loan limits was submitted to the Board of Directors for discussion on November 12, 2024. Hotron Precision Electronic Industrial (Vietnam) Co., Ltd. is expected to pay the overdue amounts before the first quarter of 2025.

(3) Information on derivative transactions of affiliated enterprises: None.

(2) Consolidated financial statements of affiliated enterprises:

In 2023, the companies required to be included in the consolidated financial statements of affiliates under the standards Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards (IFRS) 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. The Corporation hereby produces this declaration to the effect that no preparation for the separate consolidated financial statements of affiliates is required.

(3) Relationship Report: N/A.

2. Private securities issuance status for the recent fiscal year and up to the date of printing the annual report: None

3. Other necessary supplementary explanatory items: None

VII. Matters having a material impact on shareholders' equity or securities prices

Recent annual events and events occurring up to the date of printing of the annual report that have a material impact on shareholders' equity or securities prices as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act: None

Company Name:

Hotron Precision Electronic Industrial Co., Ltd.

Chairman: Chang, Li-Jung