

# **HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.**

## **2025 Annual Meeting of Shareholders Meeting Minutes**

(Translation)

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

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

Number of shares present: The total number of shares represented by present shareholders and proxies was 58,831,713 (including 2,168,835 shares attended electronic voting), accounting for 55.21% of the Company's 106,552,030 issued and outstanding shares.

Board Members Present: Chang, Li-Jung (Chairman) 、 Lu, I- Hsuan (Director) 、 Chen, Tai-Chung (Director) 、 Chu, Yann-Fang (Independent Director) 、 Chou, Che-Yi (Independent Director), 5 members of the Board of Directors are present.

Attendance: Ms. Chou, Pao-Lin (Director of PwC Taiwan) 、  
Mr. Chao, Ping-Hua (Manager of PwC Taiwan) 、  
Ms. Lin, Hsiao-Chen (Candidate of Independent director)

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

Recorder : Wu, Hui-Min

### **I. The Chairman called the Meeting to Order.**

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

### **II. Chairperson Remarks (omitted)**

### **III. Report Items**

1. 2024 Business Report.(Please refer to [Attachment 1])
2. 2024 Audit Committee's Review Report.(Please refer to [Attachment 2])
3. 2024 Report on Directors' Remuneration..

Description:

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

1)Policy, standards, and composition of remuneration

The Company formulates its compensation policies and evaluation criteria in accordance with relevant laws and regulations, Article 13-2 and Article 20 of the

Company's Articles of Incorporation, the "Organizational Rules of the Compensation Committee," and the "Directors' Remuneration Payment Guidelines." The remuneration paid by the Company to directors and independent directors is divided into two categories: directors' compensation (business execution compensation) and directors' remuneration.

- A. Directors' compensation, also known as directors' remuneration for business execution, is determined in accordance with Article 13-2 of the Company's Articles of constitution. Based on the evaluation by the Compensation Committee and the Company's "Directors' Compensation Guidelines," the compensation takes into account the degree of participation in the Company's operations, personal contributions (including responsibilities, risks, and time invested), and industry-standard levels. Additionally, overall operational performance and external market factors are considered. The Compensation Committee and the Board of Directors regularly review and approve reasonable remuneration. The relevant performance evaluations and the reasonableness of compensation are reviewed by the Compensation Committee and the Board of Directors. The compensation system is promptly reviewed in light of the actual operating conditions and relevant laws and regulations to strike a balance between the Company's sustainable operations and risk management.
- B. Directors' remuneration shall be allocated from the profits of the Company for the current year at a rate not exceeding 3% of such profits in accordance with Article 20 of the Company's Articles of Incorporation.

## 2). Procedure for determining remuneration

To implement corporate governance and establish a sound remuneration system for the company's directors and independent directors, the company has established a Remuneration Committee in accordance with Article 14-6 of the Securities and Exchange Act and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter." The members of this committee possess professionalism and independence, and from an objective and professional standpoint, they evaluate the company's remuneration policies and systems for directors and independent directors, and provide recommendations to the Board of Directors for decision-making reference.

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

## 4. Report on the Status of Endorsements/Guarantees.

Description:

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

Unit: NT\$ Thousand

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

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

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

Description:

The reason for issuing corporate bonds by the Company and the relevant issuance status until March 31, 2025 can be referred to in the following table.

Company Bond Types	The Company's Second Domestic Unsecured Convertible Bonds
Reason for Issuance	Repay bank loan
Issuance Date	July 4, 2023
Denomination	NT\$ 100,000
Place of Issuance and Trading	Taiwan, Republic of China
The Price of Issuance	Issued at 107.33% of the denomination
Total Amount	NT\$ 250,000,000
Nominal Interest Rate	0%
Deadline	Three-year term, maturity date: July 4, 2026.
Ways to Repayment	Apart from the holders of this convertible corporate bond converting to the company's common shares in accordance with Article 10

Company Bond Types	The Company's Second Domestic Unsecured Convertible Bonds
	of these Regulations, or the company redeeming them early in accordance with Article 18, or exercising the put option in accordance with Article 19, or the company repurchasing and canceling them through securities firm business premises, the company shall redeem the convertible corporate bonds in cash at face value upon maturity.
Principal Outstanding as of the Date of the Annual Report	NT\$ 249,900,000
Transition Situation	The current conversion price per share is NT\$36.0. As of March 31, 2024, one corporate bond has been applied for and converted into 2,777 common shares.

#### IV. Approval Items

##### Case 1

##### Proposed by the Board of Directors

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

Description: 1. The individual and consolidated financial statements of the Company for the year 2024 have been audited by Certified Public Accountants LIN, YA-HUI and JUANLU, MAM-YU of PricewaterhouseCoopers Taiwan, who have issued audit reports, and the business report has been reviewed by the Audit Committee.

2. The auditor's report, individual financial statements, and consolidated financial statements. Please approve them. , please refer to [Attachment 4-5].

Resolution:

The number of voting rights of shareholders present at the time of voting: 58,831,713

Rights.

Voting Results (Including Electronic Voting)		Percentage of voting rights of shareholders present at the time of voting
approval votes	57,683,595	98.04%
disapproval votes	595,511	1.01%
invalid votes	0	0.00%
abstention votes/no votes	552,607	0.93%

Proposal was approved after voting.

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

Proposal: Deficit Compensation for the 2024, please approve.

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

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

Hotron Precision Electronic Industrial Co., Ltd.

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

Unit: NTD

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

Note 1: Since there were no distributable surplus for the current year, no dividends were paid to common shareholders.

Chairman:  
Chang, Li-Jung

President:  
Lu, I-Hsuan

Chief Financial Officer:  
Hsu, Kuo-Huang

Resolution:

The number of voting rights of shareholders present at the time of voting: 58,831,713 Rights.

Voting Results (Including Electronic Voting)		Percentage of voting rights of shareholders present at the time of voting
approval votes	57,671,396	98.02%
disapproval votes	607,400	1.03%
invalid votes	0	0.00%
abstention votes/no votes	552,917	0.93%

Proposal was approved after voting.

**V. Discussions**

**Case 1****proposed by the Board of Directors**

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

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

2. Amendments to comparison Table of the "Articles of Incorporation," , please refer to [Attachment 6].

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

4. The proposal is hereby submitted for discussion.

Resolution:

The number of voting rights of shareholders present at the time of voting: 58,831,713 Rights.

Voting Results (Including Electronic Voting)		Percentage of voting rights of shareholders present at the time of voting
approval votes	57,692,664	98.06%
disapproval votes	597,362	1.01%
invalid votes	0	0.00%
abstention votes/no votes	541,687	0.92%

Proposal was approved after voting.

**Case2****proposed by the Board of Directors**

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

Description: 1. In response to the actual operational needs of the group's investment structure, it is proposed to amend certain provisions of the Company's "Operating Procedures for Lending Funds and Making Endorsements/Guarantees."

2. Amendments to comparison Table of the "Operating Procedures for Lending Funds and Making Endorsements/Guarantees," please refer to [Attachment 7].

3. For the previous "Operating Procedures for Lending Funds and Making Endorsements/Guarantees," please refer to page 75 [Appendix 3] of this handbook.

4. The proposal is hereby submitted for discussion.

Resolution:

The number of voting rights of shareholders present at the time of voting: 58,831,713 Rights.

Voting Results (Including Electronic Voting)		Percentage of voting rights of shareholders present at the time of voting
approval votes	57,385,748	97.54%
disapproval votes	886,945	1.50%
invalid votes	0	0.00%
abstention votes/no votes	559,020	0.95%

Proposal was approved after voting.

## VI. Election Matters

### Proposed by the Board of Directors

Proposal: By-Election of the 10th Independent Directors

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

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

3. The list of independent director candidates has been reviewed and approved by the Company's Board of Directors on April 16, 2025. The list of independent director candidates is as follows:

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

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

Resolution:

After the election results of this case,the list of elected independent directors is as follows:

Number	Category	Name	The number of voting rights
V22080****	Independent Director	LIN, HSIAO-CHEN	57,461,506

## **VII. Extraordinary motions**

There being no other special motion.

## **VIII. Adjournment**

9:20 a.m., Wednesday, May 28,2025

There were no questions from shareholders at this 2025 Annual Meeting of Shareholders.

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# Attachment 1: 2024 Business Report

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## Business Report

Dear shareholders,

Welcome to the 2025 Annual Shareholder' Meeting.

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

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

In 2024, Hotron group reported a consolidated annual revenue of NT\$1.934 billion, marking a significant 10% decline from the previous year's NT\$2.159 billion. The decrease was primarily due to lower-than-expected orders in the new energy industry and a drop in demand for existing cable products. As a result, the benefits of the new plant have yet to materialize, and fixed costs and expenses could not be reasonably amortized, resulting in an annual after-tax net loss of NT\$0.222 billion and an after-tax net loss per share of NT\$2.08, reflecting an unsatisfactory operating performance. Despite the disappointing results, Hotron group has entered a stage of industrial upgrading and corporate transformation for its long-term development, and remains firmly optimistic about its future prospects.

The Hotron Group already a market leader in its cable product segment, is actively upgrading its product line and undergoing an industrial transformation to maintain its competitive edge. In

addition to the continuous upgrading and development of existing products into more advanced and faster transmission speed cable products, the Company is also transforming its industry focus. Apart from products such as charging guns, energy storage cabinets, and solar power plant cables, the Company plans to develop products for charging and energy storage equipment, expanding into the new energy product field, increasing its revenue.

For the unfavorable profit situation in 2024, Hotron Group still insisted on diversified transformation and development for the long-term development of the enterprise, demonstrating a strong growth intention. Looking ahead, despite the uncertain economic and industrial landscape, Hotron Group remains committed to its core values of integrity, stability, and innovation, aiming to secure steady growth and deliver value to our shareholders.

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

Chairman:  
Chang, Li-Jung

President:  
Lu, I-Hsuan

Chief Financial Officer:  
Hsu, Kuo-Huang

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## **Attachment 2: 2024 Audit Committee's Review Report**

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

The Board of Directors has submitted the Company's individual financial statements and consolidated financial statements for the year 2024, which have been audited and completed by Certified Public Accountants LIN, YA-HUI and JUANLU, MAM-YU of PricewaterhouseCoopers Taiwan, along with the business report and deficit compensation proposal. After review by the Audit Committee, it is considered to be in compliance with relevant regulations, and this report is hereby prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review.

To

Hotron Precision Electronic Industrial Co., Ltd. 2025 Annual Shareholder's Meeting

Convener of the Audit Committee: CHOU, CHE-YI

February 25, 2025

## Attachment 3: 2024 Report on Directors' Remuneration

Unit: NT\$ thousand

Job title	Name	Remuneration Paid to Directors								Sum of A+B+C+D and ratio to net income (Note 7)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+ F+G and ratio to net income (Note 7)		Remune ration received from investee enterpris es other than subsidia ries or from the parent company (Note 8)	
		Base compensati on (A) (Note 1)		Retireme nt pay and pension (B)		Director profit sharing compensat ion (C) (Note 2)		Expenses and perquisites (D) (Note 3)				Salary, rewards, and special disburseme nts (Note 4)		Retirement pay and pension (F)		Employee profit-sharing compensation (G) (Note 5)							
		The Company	All consolidated entities (Note 6)	The Company	All consolidated entities (Note 6)	The Company	All consolidated entities (Note 6)	The Company	All consolidated entities (Note 6)	The Company	All consolidated entities (Note 6)	The Company	All consolidated entities (Note 6)	The Company	All consolidated entities (Note 6)	The Company	All Companies in the Financial Statements (Note 6)	The Company	All consolidated entities (Note 6)				
Chairman	Chang, Li-Jung	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	
Independe nt director	Hsieh, I-Ta (Note 9)	120	120	0	0	0	0	40	40	160 (0.07%)	160 (0.07%)	0	0	0	0	0	0	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. The total remuneration paid to directors and independent directors by the company as a percentage of after-tax net income for the years 2024 and 2023 is as follows:

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

2. Relevance to operational performance and future risks:

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

Note 1: Refers to the remuneration (including directors' salaries, job allowances, various bonuses, and incentives) for directors in the fiscal year 2024.

Note 2: Due to it was a loss-making year in 2024, no director's remuneration was allocated.

Note 3: Refers to the relevant operating expenses (including transportation, various allowances, etc.) for directors in the fiscal year 2024.

Note 4: Refers to the compensation received by directors who are also employees in the fiscal year 2024, including salaries, job allowances, various bonuses, transportation allowances, various subsidies, provision of company cars, and other benefits etc.

Note 5: Due to it was a loss-making year in 2024, no employee remuneration was allocated.

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

Note 7: Net income after tax refers to the net income after tax in the individual financial statements for the year 2024.

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

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

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## **Attachment 4      2024 Individual Financial Statements and Independent Auditor's Report**

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### **Independent Auditors' Report**

To: Hotron Precision Electronic Industrial Co., Ltd.

#### **Opinions**

The Parent Company Only Balance Sheets of Hotron Precision Electronic Industrial Co., Ltd. (hereinafter "The Company") as of December 31, 2024 and 2023, in addition to the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to the Parent Company Only Financial Statements (including a summary of material accounting policies) from January 1 to December 31, 2024 and 2023, have been audited by the CPAs.

In the opinion of the CPAs, the above Parent Company Only Financial Statements have been prepared in all material respects in accordance with the Financial Reporting Standards for Securities Issuers, and are sufficient to give a fair representation of the financial position of The Company as of December 31, 2024 and 2023, and the financial performance and cash flow from January 1 to December 31, 2024 and 2023.

#### **Basis for Opinions**

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

#### **Key Audit Matters**

Key audit matters refer to those which, in accordance with the professional judgment of the CPAs, are most important for the audit of the Parent Company Only Financial Statements of The Company for the year 113. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Parent Company Only Financial Statements of The Company for the year 113 are listed as follows:

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

##### Description

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

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

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

#### Response audit procedures

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

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

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

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

In preparing the accompanying Parent Company Only Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting

unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Parent Company Only Financial Statements.

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

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

From the communication with the management unit, the accountant decided on the key audit matters for the Parent Company Only Financial Statements of the Company for 2024. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PWC Taiwan

Lin, Ya-Hui

CPA

Juanlu, Man-Yu

Financial Supervisory Commission

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

Financial Supervisory Commission

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

February 25, 2025

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

December 31, 2024 and 2023

Unit: NT\$ Thousand

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

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

December 31, 2024 and 2023

Unit: NT\$ Thousand

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

Please also refer to the attached Notes to the Parent Company Only Financial Statements as part of these Parent Company Only Financial Statements.

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting manager: Hsu, Kuo-Huang

## HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**

Years Ended December 31, 2024 and 2023

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

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

Please also refer to the attached Notes to the Parent Company Only Financial Statements as part of these Parent Company Only Financial Statements.

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting manager: Hsu, Kuo-Huang

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

Years Ended December 31, 2024 and 2023

Unit: NT\$ Thousand

		Capital surplus					Retained Earnings			Exchange differences on translation of financial statements of foreign operations	
Notes	Common stock	Additional paid-in capital	Treasury Stock Transactions	Employee Stock Options Forfeited	Share option	Others	Legal reserve	Special reserve	Undistributed earnings (accumulated deficit)		Total Equity
2023											
Balance as of January 1, 2023	\$ 932,210	\$ 639,937	\$ 1,615	\$ -	\$ 279	\$ 27	\$ 220,291	\$ 115,046	\$ 236,260	(\$ 82,834 )	\$ 2,062,831
Net loss for the period	-	-	-	-	-	-	-	-	( 165,079 )	-	( 165,079 )
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	( 1,318 )	( 27,292 )	( 28,610 )
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	( 166,397 )	( 27,292 )	( 193,689 )
Appropriation and distribution of earnings in 2022:	6(18)										
Appropriation for legal reserve		-	-	-	-	-	6,640	-	( 6,640 )	-	-
Reversed Special Reserve		-	-	-	-	-	-	( 32,212 )	32,212	-	-
Cash dividends		-	-	-	-	-	-	-	( 51,611 )	-	( 51,611 )
Stock dividends	6(16)	30,966	-	-	-	-	-	-	( 30,966 )	-	-
Cash capital increase	6(16)	100,000	162,100	-	-	-	-	-	-	-	262,100
Cash capital increase reserved for employee subscription compensation cost	6(15)(16)	-	9,527	-	2,163	-	-	-	-	-	11,690
Issuance of convertible bonds	6(13)	-	-	-	-	30,297	-	-	-	-	30,297
Conversion of convertible bonds	6(13)(16)	2,344	8,359	-	-	( 291 )	-	-	-	-	10,412
Overdue dividends converted to capital surplus		-	-	-	-	11	-	-	-	-	11
Balance as of December 31, 2023	\$ 1,065,520	\$ 819,923	\$ 1,615	\$ 2,163	\$ 30,285	\$ 38	\$ 226,931	\$ 82,834	\$ 12,858	(\$ 110,126 )	\$ 2,132,041
2024											
Balance as of January 1, 2024	\$ 1,065,520	\$ 819,923	\$ 1,615	\$ 2,163	\$ 30,285	\$ 38	\$ 226,931	\$ 82,834	\$ 12,858	(\$ 110,126 )	\$ 2,132,041
Net loss for the period	-	-	-	-	-	-	-	-	( 221,919 )	-	( 221,919 )
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	-	49,332	49,332
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	( 221,919 )	49,332	( 172,587 )
Appropriation and distribution of earnings in 2023:	6(18)										
Provision of special reserve		-	-	-	-	-	-	12,858	( 12,858 )	-	-
Overdue dividends converted to capital surplus		-	-	-	-	21	-	-	-	-	21
Balance as of December 31, 2024	\$ 1,065,520	\$ 819,923	\$ 1,615	\$ 2,163	\$ 30,285	\$ 59	\$ 226,931	\$ 95,692	(\$ 221,919 )	(\$ 60,794 )	\$ 1,959,475

Please also refer to the attached Notes to the Parent Company Only Financial Statements as part of these Parent Company Only Financial Statements.

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting manager: Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD.  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2024 and 2023

Unit: NT\$ Thousand

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

Please also refer to the attached Notes to the Parent Company Only Financial Statements as part of these Parent Company Only Financial Statements.

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting manager: Hsu, Kuo-Huang

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## **Attachment 5      2024 Consolidated Financial Statements and Independent Auditors' Report**

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### **Independent Auditors' Report**

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

#### **Opinions**

Hotron Precision Electronic Industrial Co., Ltd. and Its Subsidiaries (hereinafter "Hotron Group") as of December 31, 2024 and 2023, in addition to the Consolidated of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2024 and 2023, have been audited by the CPAs.

In the opinion of the CPAs, the above Consolidated Financial Statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretation and Interpretation Notices as endorsed and issued into effect by the Financial Supervisory Commission, and are sufficient to give a fair representation of the consolidated financial position of Hotron Group as at December 31, 2024 and 2023, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2024 and 2023.

#### **Basis for Opinions**

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

#### **Key Audit Matters**

Key audit matters refer to those which, in accordance with the professional judgment of the CPA, are most important for the audit of the Consolidated Financial Statements of Hotron Group for the year 2024. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a

separate opinion on these matters.

The key audit matters of the Consolidated Financial Statements of Hotron Group for the year 2024 are listed as follows:

## **Inventory Evaluation**

### Description

Please refer to Note 4(12) of the consolidated financial report for the accounting policy of inventory evaluation; please refer to Note 5(2) of the consolidated financial report for the uncertainty of accounting estimates and assumptions of inventory evaluation; and refer to Note 6(5) to the consolidated financial report for the description of allowance for inventory impairment loss. As of December 31, 2024, the Hotron Group's inventories and allowance for inventory impairment loss amounted to NT\$712,928 thousand and NT\$63,119 thousand, respectively.

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

### Response audit procedures

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

1. Understand the Hotron Group's operations and industry nature, evaluate the reasonableness of the policies and procedures adopted for the allowance for inventory impairment loss, including determining the reasonableness of the basis for the net realizable value.
2. Identify the warehouse management process of Hotron Group, review its annual inventory plan and participate in the annual inventory checking to evaluate the effectiveness of management in distinguishing and controlling inventory.
3. Verify the properness of the inventory age report used by Hotron Group for evaluation to confirm that the report information is consistent with its policies.
4. Execute the verification of the calculation logic of the net realizable value of inventories,

and then evaluate the rationality of the allowance for impairment loss determined by Hotron Group.

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

### Description

Please refer to Note 4(25) to the consolidated financial report for the accounting policy for revenue recognition.

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

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

### Response audit procedures

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

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

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

We have also audited the Parent Company Only Financial Statements of Hotron Precision Electronic Industrial Co., Ltd. for 2024 and 2023, on which we have issued an unqualified opinion.

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the consolidated financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control.

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

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

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

From the communication with the management unit, the accountant decided on the key audit matters for the Consolidated Financial Statements of Hotron Group for 2024. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Lin, Ya-Hui

CPA

Juanlu, Man-Yu

Financial Supervisory Commission

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

Financial Supervisory Commission

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

February 25, 2025

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

December 31, 2024 and 2023

Unit: NT\$ Thousand

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

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

December 31, 2024 and 2023

Unit: NT\$ Thousand

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

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

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting manager: Hsu, Kuo-Huang

# HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD. AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31, 2024 and 2023

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

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

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

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting manager: Hsu, Kuo-Huang

HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD. AND ITS SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
Years Ended December 31, 2024 and 2023

Unit: NT\$ Thousand

		Equity attributable to owners of parent										
		Capital Surplus					Retained Earnings				Exchange differences on translation of foreign operations	Total Equity
Notes	Common stock	Additional paid-in capital	Treasury Stock Transactions	Employee Stock Options Forfeited	Subscription right	Others	Legal reserve	Special reserve	Undistributed earnings (accumulated deficit)			
<u>2023</u>												
Balance as of January 1, 2023		\$ 932,210	\$ 639,937	\$ 1,615	\$ -	\$ 279	\$ 27	\$ 220,291	\$ 115,046	\$ 236,260	(\$ 82,834 )	\$ 2,062,831
Net loss for the period		-	-	-	-	-	-	-	-	( 165,079 )	-	( 165,079 )
Other comprehensive income (loss) for the period		-	-	-	-	-	-	-	-	( 1,318 )	( 27,292 )	( 28,610 )
Total comprehensive income (loss) for the period		-	-	-	-	-	-	-	-	( 166,397 )	( 27,292 )	( 193,689 )
Appropriation and distribution of earnings in 2022:	6(23)											
Appropriation for legal reserve		-	-	-	-	-	-	6,640	-	( 6,640 )	-	-
Reversed Special Reserve		-	-	-	-	-	-	-	( 32,212 )	32,212	-	-
Cash dividends		-	-	-	-	-	-	-	-	( 51,611 )	-	( 51,611 )
Stock dividends	6(21)	30,966	-	-	-	-	-	-	-	( 30,966 )	-	-
Cash capital increase	6(21)	100,000	162,100	-	-	-	-	-	-	-	-	262,100
Cash capital increase reserved for employee subscription compensation cost	6(20)(21)	-	9,527	-	2,163	-	-	-	-	-	-	11,690
Issuance of convertible bonds	6(17)	-	-	-	-	30,297	-	-	-	-	-	30,297
Conversion of convertible bonds	6(17)(21)	2,344	8,359	-	-	( 291 )	-	-	-	-	-	10,412
Overdue dividends converted to capital surplus		-	-	-	-	-	11	-	-	-	-	11
Balance as of December 31, 2023		<u>\$ 1,065,520</u>	<u>\$ 819,923</u>	<u>\$ 1,615</u>	<u>\$ 2,163</u>	<u>\$ 30,285</u>	<u>\$ 38</u>	<u>\$ 226,931</u>	<u>\$ 82,834</u>	<u>\$ 12,858</u>	<u>(\$ 110,126 )</u>	<u>\$ 2,132,041</u>
<u>2024</u>												
Balance as of January 1, 2023		\$ 1,065,520	\$ 819,923	\$ 1,615	\$ 2,163	\$ 30,285	\$ 38	\$ 226,931	\$ 82,834	\$ 12,858	(\$ 110,126 )	\$ 2,132,041
Net loss for the period		-	-	-	-	-	-	-	-	( 221,919 )	-	( 221,919 )
Other comprehensive income (loss) for the period		-	-	-	-	-	-	-	-	-	49,332	49,332
Total comprehensive income (loss) for the period		-	-	-	-	-	-	-	-	( 221,919 )	49,332	( 172,587 )
Appropriation and distribution of earnings in 2023:	6(23)											
Appropriation of special reserve		-	-	-	-	-	-	-	12,858	( 12,858 )	-	-
Overdue dividends converted to capital surplus		-	-	-	-	-	21	-	-	-	-	21
Balance as of December 31, 2024		<u>\$ 1,065,520</u>	<u>\$ 819,923</u>	<u>\$ 1,615</u>	<u>\$ 2,163</u>	<u>\$ 30,285</u>	<u>\$ 59</u>	<u>\$ 226,931</u>	<u>\$ 95,692</u>	<u>(\$ 221,919 )</u>	<u>(\$ 60,794 )</u>	<u>\$ 1,959,475</u>

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

Chairman: Chang, Li-Jung

Managerial Officer: Lu, I-Hsuan

Accounting manager: Hsu, Kuo-Huang

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

Years Ended December 31, 2024 and 2023

Unit: NT\$ Thousand

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

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HOTRON PRECISION ELECTRONIC INDUSTRIAL CO., LTD. AND ITS SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2024 and 2023

Unit: NT\$ Thousand

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

## Attachment 6      Amendments to Comparison Table of the "Articles of Incorporation"

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

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

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

Amended provisions	Current provisions	Amendment description
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.	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.	
Article 22 This Articles of Incorporation were established on December 6, 1991 and the 26th amendment was made on May 26, 2022. <b>The 27th amendment was made on May 28, 2025.</b>	Article 22 This Articles of Incorporation were established on December 6, 1991 and the 26th amendment was made on May 26, 2022.	Added revision date.

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## Attachment 7      Amendments to comparison Table of the "Operating Procedures for Lending Funds and Making Endorsements/Guarantees"

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Hotron Precision Electronic Industrial Co., Ltd.

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

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

Amended provisions	Current provisions	Amendment description
funds.		
<p>Chapter 3 Procedures for endorsements/guarantees</p> <p>Article 24 Limits of Endorsements/Guarantees</p> <p>The Company's total amount of endorsements/guarantees provided shall not exceed the current net worth of <b>200%</b>. The endorsement/guarantee amount for a single entity shall not exceed 10% of the Company's current net worth, while for a single overseas affiliated company, it shall not exceed <b>100%</b> of the Company's current net worth. The total endorsement/guarantee amount provided by the Company and its subsidiaries shall not exceed <b>200%</b> of the consolidated total net worth, while for a single entity, it shall not exceed 10% of the consolidated total net worth. When the total endorsement/guarantee amount provided by the Company and its subsidiaries exceeds 50% or more of the Company's net worth, the necessity and reasonableness of this amount shall be explained at the shareholders' meeting. Net worth is based on the Company's latest financial statements audited or reviewed by a CPA. However, for companies that have business relations with the Company, the individual endorsement/guarantee amount shall not exceed the amount of business transactions between the two parties. The amount of business transactions</p>	<p>Chapter 3 Procedures for endorsements/guarantees</p> <p>Article 24 Limits of Endorsements/Guarantees</p> <p>The Company's total amount of endorsements/guarantees provided shall not exceed the Company's current net worth. The endorsement/guarantee amount for a single entity shall not exceed 10% of the Company's current net worth, while for a single overseas affiliated company, it shall not exceed <b>90%</b> of the Company's current net worth. The total endorsement/guarantee amount provided by the Company and its subsidiaries shall not exceed the consolidated total net worth, while for a single entity, it shall not exceed 10% of the consolidated total net worth. When the total endorsement/guarantee amount provided by the Company and its subsidiaries exceeds 50% or more of the Company's net worth, the necessity and reasonableness of this amount shall be explained at the shareholders' meeting. Net worth is based on the Company's latest financial statements audited or reviewed by a CPA. However, for companies that have business relations with the Company, the individual endorsement/guarantee amount shall not exceed the amount of business transactions between the two parties. The amount of business transactions refers to the higher of the amounts of</p>	<p>Revised according to the Company's operational management requirements.</p>

Amended provisions	Current provisions	Amendment description
refers to the higher of the amounts of purchases or sales between the parties.	purchases or sales between the parties.	
<p>Chapter 4 Supplementary Provisions (Omitted)</p> <p>Combined with the fifth amendment on June 10, 2019 (resolution passed at the shareholders' meeting)</p> <p>Combined with the sixth amendment on June 5, 2020 (resolution passed at the shareholders' meeting)</p> <p><b><u>Combined with the seventh amendment on May 28, 2025.</u></b>  <b><u>(Resolution passed at the shareholders' meeting)</u></b></p>	<p>Chapter 4 Supplementary Provisions (Omitted)</p> <p>Combined with the fifth amendment on June 10, 2019 (resolution passed at the shareholders' meeting)</p> <p>Combined with the sixth amendment on June 5, 2020 (resolution passed at the shareholders' meeting)</p>	<p>Added revision date .</p>