

# **Hota Industrial Mfg. Co., Ltd.**

## **2024 Annual General Shareholders' Meeting - Minutes**

Time: 09:30am, Wednesday, June 13, 2024

Venue: No. 12, Keya Rd., Daya Dist., Taichung City 428203, Taiwan (R.O.C.)

Convening method : physical shareholders meeting.

Number of shares present: Total shares represented by shareholders and proxy present 179,953,964 shares, which is 64.38% of the company's total outstanding shares, 279,517,513 shares.

Directors present: Sheng, Kuo-Jung, Lin, Yen-Huey, Huang, Feng-Yih, Lin, Mei-Yu, Kao Fong Machinery Co., Ltd. (Representative: Sheng, Chien-Chih), Hao-Qing Investment Co., Ltd. (Representative: Sun, Yong-Lu), Cheng, Wen-Zheng (Independent Director), Liu, Zheng-Huai (Independent Director), Que, Ming-Fu (Independent Director), Zhuang, Bo-Nian (Independent Director)

Attendees: Hsu, Chung & Partners (lawyer Lin, Meng-Yi) 、Ernst & Young Taiwan (CPA Huang, Zi-Ping)

Chairman: Sheng, Kuo-Jung

Minutes taker: Li, Yuan-Ji

- I 、 Meeting called to order: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.
- II 、 Chairman's Address: (Omitted)
- III 、 Reports items:
  - (i) 、 Operation Report of the Year 2023, please refer to Appendix 1.
  - (ii) 、 Review Report for the financial final accounts of the Year 2023 by the Audit Committee, please refer to Appendix 2.
  - (iii) 、 The Company's 2023 Employees' Compensation and Directors' Compensation are distribution as follows:
    - (1) 2.18% as the remuneration to employees, namely NT\$8,100,000.
    - (2) 0.79% as the remuneration to directors, namely NT\$2,946,925.
    - (3) All the above will be paid in cash.
  - (iv) 、 Report on fund loan and endorsement guarantee, please refer to Appendix 3.
  - (v) 、 Report on remuneration of individual directors in 2023, please refer to Appendix 4.

#### IV 、 Matters for Ratification

##### Proposal 1

(Proposed by the board of directors)

Proceedings: Ratification for the financial final accounts of the Year 2023.

Explanation: The Company's consolidated financial statements, individual financial statements, and business reports of the Year 2023 have been prepared, approved by the Company's board of directors, and completely verified by accountants Huang ZiPing and Huang YuTing of Ernst & Young Taiwan, reviewed by the Audit Committee, and submitted for ratification, please refer to Appendix 5.

Resolution: The proposal be and hereby was approved as seen below:

Shares represented at the time of voting: 178,081,051.

|  | Votes in favor              | Votes against      | Votes abstained          |
|--|-----------------------------|--------------------|--------------------------|
| Cumulative votes<br>(incl. electronic votes)   | 174,868,047<br>(53,630,719) | 44,138<br>(44,138) | 3,168,866<br>(2,901,855) |
| % of the total<br>represented share<br>present | 98.20%                      | 0.02%              | 1.78%                    |

##### Proposal 2

(Proposed by the board of directors)

Proceedings: Ratification of the earning distribution of the Year 2022.

Explanation:

1. The net profit after tax of the Company's business final accounts of the Year 2023 is NT\$327,210,819, and the distribution shall comply with the Company Act and the provisions of Article 27-1 and Article 28 of the Company's Articles of Incorporation.
2. The earning distribution proposal is based on the allocation of NT\$279,517,513 from the distributable retained earnings. According to the shareholder's shareholding recorded in the shareholder register on the base date of the distribution, a cash dividend of NT\$1.0 per common share, rounded down below one NT dollar; the total of the abnormal amount is included in the Company's other income.
3. If the proposal subsequently affected against the number of outstanding shares due to the purchase of treasury shares, the transfer and cancellation of treasury shares, the exercise of conversion of convertible corporate bonds, and the exercise of employee stock option certificates, etc., and changes the dividend rate of shareholders, the shareholders may fully authorize the chairman of the board to handle after the ratification of the proposal is confirmed.
4. After this proposal is ratified by the shareholders' meeting, the chairman may be authorized to set the ex-dividend base date, issuance date, and other related matters.
5. The distribution table for the year 2023, please refer to Appendix 6.

Resolution: The proposal be and hereby was approved as seen below:

Shares represented at the time of voting: 178,081,051.

|  | Votes in favor              | Votes against      | Votes abstained          |
|--|-----------------------------|--------------------|--------------------------|
| Cumulative votes<br>(incl. electronic votes)   | 174,971,293<br>(53,733,965) | 77,179<br>(77,179) | 3,032,579<br>(2,765,568) |
| % of the total<br>represented share<br>present | 98.26%                      | 0.04%              | 1.70%                    |

V 、 Matters for Discussion I

Proposal 1 (Proposed by the board of directors)

Proposal: Amendment of certain clauses of the“Articles of association”.

Explanations: Due to future operational needs, the company intends to amend some provisions of the " Articles of association ", please refer to Appendix 7.

Resolution: The proposal be and hereby was approved as seen below:

Shares represented at the time of voting: 178,081,051.

|  | Votes in favor              | Votes against            | Votes abstained          |
|--|-----------------------------|--------------------------|--------------------------|
| Cumulative votes<br>(incl. electronic votes)   | 166,414,420<br>(45,177,092) | 8,271,421<br>(8,271,421) | 3,395,210<br>(3,128,199) |
| % of the total<br>represented share<br>present | 93.45%                      | 4.64%                    | 1.91%                    |

VI 、 Extempore motion

VII 、 Adjournment: meeting ended at 10:35 am, June 13, 2024.

(Appendix 1)

A. Operation Report of the Year 2023

a. Execution Results of the Business Plan:

Unit: New Taiwan Dollar, thousand

| Item  | Year 2023   |      | Year 2022   |      |
|---|-------------|------|-------------|------|
|   | Amount      | %    | Amount      | %    |
| Operation Revenue   | 6,599,230   | 100  | 7,339,165   | 100  |
| Operation Costs   | (5,458,129) | (83) | (5,643,604) | (77) |
| Operation Margin  | 1,141,101   | 17   | 1,695,561   | 23   |
| Operation Expenses  | (725,510)   | (11) | (1,156,625) | (16) |
| Operation Net Profit  | 415,591     | 6    | 538,936     | 7    |
| Non-operating income and expenses                             | (52,991)    | (1)  | 229,562     | 3    |
| Net profit before tax   | 362,600     | 5    | 768,498     | 10   |
| Income Tax Expense  | (37,937)    | (1)  | (139,425)   | (2)  |
| Net Income after tax  | 324,663     | 4    | 629,073     | 8    |
| Net income attributable to stockholders of the parent company | 327,211     | —    | 623,958     | —    |
| Net income attributable to non-controlling interests          | (2,548)     | —    | 5,115       | —    |

b. Analysis of Profitability:

| Item  |                      | Year 2023 | Year 2022 |
|---|----------------------|-----------|-----------|
| Return on Assets (%)                                |                      | 2.10      | 3.31      |
| Return on Equity of Shareholders (%)                |                      | 3.64      | 7.10      |
| Ratio to Paid-in Capital (%)                        | Operation Net Profit | 14.87     | 19.28     |
|   | Net Income after tax | 12.97     | 27.49     |
| Net Profit Ratio (%)                                |                      | 4.92      | 8.57      |
| Earnings per share(Not been retrospective adjusted) |                      | 1.17      | 2.23      |

c. Status of Research and Development:

1. The development results of Research & Development department in the last three years as follows:

- (1) Electric vehicle gearbox components.
- (2) Hybrid transmission components.
- (3) Heavy-duty electric truck reduction gearbox components.
- (4) Pump drive components.
- (5) Precision mechanical reducer.
- (6) Aerospace parts.
- (7) Reductive drive gear sets, electronic control, and integration for pedal electric cycle.
- (8) Gear hobbing machine, gear scraping machine, chamfering machine, gear meshing machine, compressor, various types of automation equipment, and system integration.
- (9) Differential assembly.
- (10) Planetary gear set of transmission.
- (11) Heavy locomotive gearbox and transmission components.

(12) Gearbox parts for large agricultural machinery.

## 2. Major topics for future Research and Development

In recent years, the Company has worked hard towards product differentiation and market segmentation, committed to the development of high value-added products, and continued to invest in the design, research and development of green energy vehicle-related components to maintain its competitive advantage in the market and stabilize customers' relationships and their orders. In response to industrial upgrade and business expansion, the Company has successively purchased high-precision machinery and inspection equipment, cultivated R&D and design talents, invested in new product research and development, introduced smart manufacturing technology, and shortened research and development time to meet customer needs.

This year's R&D focus is on continuing the past R&D achievements, developing various vehicle transmission systems, and precision gears and transmission shafts required for electric vehicle gearboxes.

### d. Business Plan outline of the Year 2023:

#### 1. Management Guideline:

##### (1) Improve quality system and strengthen quality management:

Major automobile manufacturers are constantly improving in terms of precision and quality requirements. Therefore, in the Quality system and management, the Company not only reinforces the training of quality control personnel but also prosecutes the management of suppliers, to assure product quality. Reducing the occurrence of internal defect and complaints from the external customers, it shall stabilize existing customers and establish a long-term good relationship with them.

##### (2) Improve technical capabilities to meet customer requirements:

Main customers of the Company have been European and American automobile factories, and first-tier system factories for a long time, especially in the parts of electric vehicles, and the precision requirements have been continuously improved. Therefore, the Company continuously investing in frontline manufacturing and improved the equipment for production and inspection but also reinforced the development training of operators on the assembly lines and of supervisors' capabilities for management to continue the excellence of technical research and development and meet the needs of customers.

##### (3) Actively strive for cooperation opportunities with well-known foreign car manufacturers

The company continues to pursue more long-term cooperation opportunities with foreign automobile component manufacturers, automotive manufacturers, and potential new electric vehicle ventures. The Company seeks strategic alliances and technical cooperation opportunities with automotive manufacturers and emerging electric vehicle ventures through excellent quality and professional R&D technology.

##### (4) Promote Productivity 4.0:

The new Dapumei factory in Chiayi County first promotes the smart manufacturing production model. In addition to purchasing automated machines and advanced inspection equipment, the successful implementation of smart automated production and inspection, which will assure

quality, reduce labor costs, and improve production efficiency, furthermore optimizing its competitive edge in the industry and technical transformation.

## 2. Production and Marketing policy

- (1)The Company is strengthening its R&D capabilities and providing customers with collaborative design services. The Company is implementing IATF16949, promoting smart manufacturing, MES, and BI management reports. At the same time, the Company reinforces mechanisms for rapid response such as Lean Production (TPS, Toyota Production System) and Quality System Basics (QSB). The Company emphasize close communication with customers to enhance customer satisfaction.
- (2)Implement corporate social responsibility, demonstrate the spirit of corporate ESG sustainable business operations, continue to follow the ISO 14001 and ISO 45001 environmental safety and health certification systems, improve workplace environmental safety and health, and respond to environmental protection and Net Zero carbon emission initiatives, energy conservation and carbon reduction issues, and strengthen the implementation of ISO 14064 greenhouse gas inventory review, ISO 14067 carbon footprint certification.
- (3)Actively pursue opportunities with major global automotive manufacturers in the development of electric vehicles and smart driving technology. With abundant experience and technology, actively develop partnerships with European and American automotive customers. Also, design and develop collaboratively with them to expand the market of reducer components for electric vehicles.
- (4)Facing global market competition, the Company continuously optimizes processes, improves quality, and reduces costs to enhance the Company's competitiveness, and then strives existing customers' orders from different regions in the world to expand the global market.

## 3. Future development strategy:

- (1)With global demand for electric and fuel vehicles exceeding 80 million units annually, the Company continues to actively expand into European, American, and Emerging markets. In response to energy conservation and carbon reduction issues, smart vehicles and electric vehicles will be the focus of future vehicle development. Therefore, the Company must actively strive for major potential electric vehicle customers of related nature for collaborative development and cooperation to create new business opportunities.
- (2)Actively strive to cooperate and synchronize research and development with major international automobile manufacturers, transform for producing all-around systematic component assembly, thereby reducing the vicious competition of single-piece parts with simple manufacturing processes, to enhance profitability. It should be helpful for the Company's revenues and profits.
- (3)In line with the government's "Our aircrafts manufactured by our own" policy, the Company has passed the AS 9100 aerospace system certification which officially obtained the entry ticket to participate in the aerospace industry. It is hoped that the Company's core technology of automotive precision manufacturing can also be applied to the aerospace technology field, and adds new elements to the Company's product diversification.

4. Impacts by the external competition, the legal environment and the overall economics:
- (1)As countries are paying close attention to policies on achieving net-zero carbon emissions by 2050, greenhouse gas inventories, and issues related to extreme climate change, automobile manufacturers worldwide are actively investing in the green energy vehicle market. They aim to produce green energy vehicles that are not only more affordable but also of higher quality. Hota industrial manufacturing is a professional manufacturer of transmission parts. In addition to providing technical services closer to customer needs, the Company enhances its competitiveness in the global energy-saving vehicle market and contributes to the automotive industry and the Net Zero carbon emission.
- (2)post-pandemic era, along with the impact of geopolitical tensions such as the Russia-Ukraine conflict, Middle East crises, and reductions in canal transportation, there have been significant effects on the global economy, raw materials, shipping, and currency inflation. The Company remains vigilant in closely monitoring rapid changes in customer and market dynamics. For the global auto parts, related industries intelligence, and domestic and foreign laws and regulations must be continuously collected to cope with various operational risks in the future.

In the end, I would like to express my sincere gratitude to all shareholders for their long-term support and encouragement. Wish all shareholders healthy and everything as your heart wishes.

Chairman of the Board:  
SHEN, GUO-RONG

General Manager:  
CHEN, JUN-ZHI

Accounting Supervisor  
LI, YUAN-JI

Audit Committee's Review Report

The board of directors has prepared and submitted the Company's Business Report, Financial Statements, and Proposal for Earnings Distribution of the Company for the year 2023. Ernst & Young Taiwan has also audited the financial statements and issued the auditors' report. The Business Report, Financial Statements, and Proposal for Earnings Distribution of the Company for the year 2023 have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to the Securities and Exchange Act and the Company Act, we hereby submit the report for ratification.

Hota Industrial MFG. Co., Ltd.

Convener of the Audit Committee: ZHUANG, BO-NIAN

March 14, 2024



(Appendix 3) fund loan and endorsement guarantee

a. As of December 31, 2023, endorsement guarantee are as follows:

b. Unit:NTD (thousand)

| Endorser/<br>Guarantor                                 | Company<br>name   | Limit on<br>endorsements/<br>guarantees<br>provided for a<br>single party | Maximum<br>outstanding<br>endorsement/<br>guarantee<br>amount as of<br>December 31,<br>2022 | Outstanding<br>endorsement/<br>guarantee<br>amount at<br>December 31,<br>2022 | Actual<br>amount<br>drawn<br>down | Ceiling on total<br>amount of<br>endorsements/<br>guarantees<br>provided |
|--|---|---|---|---|-----------------------------------|--|
| Hota Industrial<br>Manufacturing<br>Company<br>Limited | Howon(Whaia)<br>Automobile<br>Components<br>Company Limited | 1,763,261   | 307,050   | 249,325   | 249,325                           | 3,526,522  |
| Hota Industrial<br>Manufacturing<br>Company<br>Limited | Howon(Whaia)<br>Automobile<br>Components<br>Company Limited | 1,763,261   | 239,499   | 239,499   | 239,499                           | 3,526,522  |
| Hota Industrial<br>Manufacturing<br>Company<br>Limited | Howon(Whaia)<br>Automobile<br>Components<br>Company Limited | 1,763,261   | 92,115  | 92,115  | 92,115                            | 3,526,522  |
| Hota Industrial<br>Manufacturing<br>Company<br>Limited | Howon(Whaia)<br>Automobile<br>Components<br>Company Limited | 1,763,261   | 237,985   | 237,985   | 237,985                           | 3,526,522  |
| Hota Industrial<br>Manufacturing<br>Company<br>Limited | Hefu Construction<br>Co., Ltd.                              | 1,763,261   | 156,000   | 156,000   | 148,000                           | 3,526,522  |

c. Note: The guarantees and endorsements for a single party should not exceed 20% of the Company's net assets, The ceiling on total amount of endorsements/guarantees provided to others by the Company is 40% of the Company's net assets.

d. As of December 31, 2023, fund loan are as follows:

e. Unit:NTD (thousand)

| Creditor  | Borrower  | Reason for<br>short-term<br>financing | Maximum<br>outstanding<br>balance during<br>the year ended<br>2022/12/31 | Balance at<br>December<br>31, 2022 | Actual<br>amount<br>drawn<br>down | Limit on<br>loans<br>granted to a<br>single party | Ceiling on<br>total loans<br>granted |
|---|---|---------------------------------------|--|------------------------------------|-----------------------------------|---|--------------------------------------|
| Hota Industrial<br>Manufacturing<br>Company Limited | YUNG-CHIN<br>DEVELOP<br>FORGING CO.,<br>LTD.                | Purchase of<br>equipment              | 12,000   | 9,600                              | 7,200                             | 1,763,261   | 3,526,522                            |
| Hota Industrial<br>Manufacturing<br>Company Limited | CHIEN LI<br>INDUSTRIAL<br>CO., LTD.                         | Purchase of<br>equipment              | 6,000  | 6,000                              | 6,000                             | 1,763,261   | 3,526,522                            |
| Hota Industrial<br>Manufacturing<br>Company Limited | Howon(Whaia)<br>Automobile<br>Components<br>Company Limited | Purchase of<br>equipment              | 122,820  | 0                                  | 0                                 | 1,763,261   | 3,526,522                            |

f. Note: Limit on loans granted for a single party is 20% of the net assets of the Company. The ceiling on total loans to others is the Company net assets, the limit is 40% of the Company net assets.

(Appendix 4) Details of Remuneration of Individual Directors for 2023.

| Role                 | Name                              | Directors' Remuneration   |  |              |  |                                      |  |   |   | Sum of A+B+C+D and ratio to net income (Note 10) |  | Relevant Remuneration Claimed by Concurrent Employees |  |             |  |                                    |               |  |               | Sum of A+B+C+D+E+F+G and ratio to net income (Note 10) |  | Remuneration Claimed from Re-Invested Business of Subsidiary or Parent Company (Note 11) |
|----------------------|-----------------------------------|---------------------------|--|--------------|--|--------------------------------------|--|---|---|--|--|---|--|-------------|--|------------------------------------|---------------|--|---------------|--|--|--|
|                      |                                   | Compensation (A) (Note 2) |  | Pension (B)  |  | Directors' Compensation (C) (Note 3) |  | Fees for Professional Practice (D) (Note 4) |   |  |  | Salary, Bonus and Special Allowance, etc.(E) (Note5)  |  | Pension(F)  |  | Employees' Compensation(G) (Note6) |               |  |               |  |  |  |
|                      |                                   | The Comp any              | All Comp anies includ ed in Financ ial Report (Note7 ) | The Comp any | All Comp anies includ ed in Financ ial Report (Note7 ) | The Comp any                         | All Comp anies includ ed in Financ ial Report (Note7 ) | The Comp any                                | All Compani es includ ed in Financ ial Report (Note7) | The Company                                      | All Compani es includ ed in Financial Report (Note7) | The Comp any  | All Compani es includ ed in Financial Report (Note7) | The Company | All Comp anies includ ed in Financ ial Report (Note7 ) | The Company                        |               | All Companies included in Financial Report (Note7) |               | The Company  | All Compani es includ ed in Financial Report (Note7) |  |
|                      |                                   |                           |  |              |  |                                      |  |   |   |  |  |   |  |             |  | Cash Amou nt                       | Stock Amou nt | Cash Amou nt                                       | Stock Amou nt |  |  |  |
| Director             | Sheng, Kuo-Jung                   | 0                         | 0  | 0            | 0  | 515                                  | 599  | 120   | 126   | 635 (0.19)                                       | 725 (0.22)   | 8,671   | 11,169   | 454         | 454  | 700                                | —             | 760  | 0             | 10,460 (3.20)  | 13,108 (4.01)  | None   |
| Director             | Lin, Yen-Huey                     | 0                         | 0  | 0            | 0  | 515                                  | 557  | 120   | 126   | 635 (0.19)                                       | 683 (0.21)   | 7,171   | 8,853  | 373         | 373  | 550                                | —             | 590  | 0             | 8,729 (2.67)   | 10,499 (3.21)  | None   |
| Director             | Lin, Mei-Yu                       | 0                         | 0  | 0            | 0  | 257                                  | 257  | 120   | 120   | 377 (0.12)                                       | 377 (0.12)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 377 (0.12)   | 377 (0.12)   | None   |
| Director             | Huang, Feng-Yih                   | 0                         | 0  | 0            | 0  | 257                                  | 257  | 120   | 120   | 377 (0.12)                                       | 377 (0.12)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 377 (0.12)   | 377 (0.12)   | None   |
| Director             | Wang, Hui-O                       | 0                         | 0  | 0            | 0  | 257                                  | 257  | 120   | 120   | 377 (0.12)                                       | 377 (0.12)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 377 (0.12)   | 377 (0.12)   | None   |
| Director             | Tsai, Yu-Kung                     | 0                         | 0  | 0            | 0  | 116                                  | 116  | 70  | 70  | 186 (0.06)                                       | 186 (0.06)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 186 (0.06)   | 186 (0.06)   | None   |
| Director             | Hao-Qing Investment               | 0                         | 0  | 0            | 0  | 257                                  | 257  | 0   | 0   | 257 (0.08)                                       | 257 (0.08)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 257 (0.08)   | 257 (0.08)   | None   |
|                      | Representative: Sun, Yong-Lu      | 0                         | 0  | 0            | 0  | 0                                    | 0  | 120   | 120   | 120 (0.04)                                       | 120 (0.04)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 120 (0.04)   | 120 (0.04)   | None   |
| Director             | Central Investment                | 0                         | 0  | 0            | 0  | 515                                  | 515  | 0   | 0   | 515 (0.16)                                       | 515 (0.16)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 515 (0.16)   | 515 (0.16)   | None   |
|                      | Representative: Chang, Yu-Jeng    | 0                         | 0  | 0            | 0  | 0                                    | 0  | 120   | 120   | 120 (0.04)                                       | 120 (0.04)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 120 (0.04)   | 120 (0.04)   | None   |
|                      | Representative: Lin, Yue-Hong     | 0                         | 0  | 0            | 0  | 0                                    | 0  | 120   | 120   | 120 (0.04)                                       | 120 (0.04)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 120 (0.04)   | 120 (0.04)   | None   |
| Director             | Kao Fong Machinery                | 0                         | 0  | 0            | 0  | 257                                  | 257  | 0   | 0   | 257 (0.08)                                       | 257 (0.08)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 257 (0.08)   | 257 (0.08)   | None   |
|                      | Representative: Sheng, Chien-Chih | 0                         | 0  | 0            | 0  | 0                                    | 0  | 120   | 120   | 120 (0.04)                                       | 120 (0.04)   | 4,069   | 4,069  | 224         | 224  | 360                                | 0             | 360  | 0             | 4,773 (1.46)   | 4,773 (1.46)   | None   |
| Independent Director | Chueh, Ming-Fu                    | 420                       | 420  | 0            | 0  | 0                                    | 0  | 60  | 60  | 480 (0.15)                                       | 480 (0.15)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 480 (0.15)   | 480 (0.15)   | None   |
| Independent Director | Cheng, Wen-Zheng                  | 420                       | 420  | 0            | 0  | 0                                    | 0  | 60  | 60  | 480 (0.15)                                       | 480 (0.15)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 480 (0.15)   | 480 (0.15)   | None   |
| Independent Director | Liu, Zheng-Huai                   | 420                       | 420  | 0            | 0  | 0                                    | 0  | 60  | 60  | 480 (0.15)                                       | 480 (0.15)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 480 (0.15)   | 480 (0.15)   | None   |
| Independent Director | Zhuang, Bo-Nian                   | 210                       | 210  | 0            | 0  | 0                                    | 0  | 30  | 30  | 240 (0.07)                                       | 240 (0.07)   | 0   | 0  | 0           | 0  | 0                                  | 0             | 0  | 0             | 240 (0.07)   | 240 (0.07)   | None   |

Table of Remuneration Tiers

| Tiers for Payments of Remuneration to Each Director of the Company | Director Name  |  |  |  |
|--|--|--|--|--|
|  | Total Amount of Remuneration For the First Four Items (A+B+C+D)  |  | Total of Remuneration for the First <u>Seven</u> Items (A+B+C+D+E+F+G)   |  |
|  | The Company (Note 8)   | All Companies included in Financial Report (Note 9) H  | The Company (Note 8)   | All Companies included in Financial Report (Note9) I   |
| Under NTD 1,000,000  | Sheng, Kuo-Jung, Lin, Yen-Huey, Lin, Mei-Yu<br>Wang, Hui-O, Huang, Feng-Yih, Tsai, Yu-Kung<br>Central Investment Co., Ltd.<br>(Representative: Chang, Yu-Jeng, Lin, Yue-Hong)<br>Kao Fong Machinery Co., Ltd.<br>(Representative: Sheng, Chien-Chih)<br>Hao-Qing Investment Ltd.<br>(Representative: Sun, Yong-Lu)<br>Independent Director-Chueh, Ming-Fu, Cheng, Wen-Zheng, Liu, Zheng-Huai, Huang, Zhuang, Bo-Nian | Sheng, Kuo-Jung, Lin, Yen-Huey, Lin, Mei-Yu<br>Wang, Hui-O, Huang, Feng-Yih, Tsai, Yu-Kung<br>Central Investment Co., Ltd.<br>(Representative: Chang, Yu-Jeng, Lin, Yue-Hong)<br>Kao Fong Machinery Co., Ltd.<br>(Representative: Sheng, Chien-Chih)<br>Hao-Qing Investment Ltd.<br>(Representative: Sun, Yong-Lu)<br>Independent Director-Chueh, Ming-Fu, Cheng, Wen-Zheng, Liu, Zheng-Huai, Huang, Zhuang, Bo-Nian | Lin, Mei-Yu, Wang, Hui-O<br>Huang, Feng-Yih, Tsai, Yu-Kung<br>Central Investment Co., Ltd.<br>(Representative: Chang, Yu-Jeng, Lin, Yue-Hong)<br>Hao-Qing Investment Ltd.<br>(Representative: Sun, Yong-Lu)<br>Independent Director-Chueh, Ming-Fu, Cheng, Wen-Zheng, Liu, Zheng-Huai, Zhuang, Bo-Nian | Lin, Mei-Yu, Wang, Hui-O<br>Huang, Feng-Yih, Tsai, Yu-Kung<br>Central Investment Co., Ltd.<br>(Representative: Chang, Yu-Jeng, Lin, Yue-Hong)<br>Hao-Qing Investment Ltd.<br>(Representative: Sun, Yong-Lu)<br>Independent Director-Chueh, Ming-Fu, Cheng, Wen-Zheng, Liu, Zheng-Huai, Zhuang, Bo-Nian |
| NTD 1,000,000 (incl.) ~ NTD 2,000,000 (under)                      | —  | —  | —  | —  |
| NTD 2,000,000 (incl.) ~ NTD 3,500,000 (under)                      | —  | —  | —  | —  |
| NTD 3,500,000 (incl.) ~ NTD 5,000,000(under)                       | —  | —  | Kao Fong Machinery Co., Ltd.<br>(Representative: Sheng, Chien-Chih)  | Kao Fong Machinery Co., Ltd.<br>(Representative: Sheng, Chien-Chih)  |
| NTD 5,000,000(incl.) ~ NTD 10,000,000(under)                       | —  | —  | Lin, Yen-Huey  |  |
| NTD 10,000,000 (incl.) ~ NTD 15,000,000 (under)                    | —  | —  | Sheng, Kuo-Jung  | Sheng, Kuo-Jung, Lin, Yen-Huey   |
| NTD 15,000,000 (incl.) ~ NTD 30,000,000 (under)                    | —  | —  | —  | —  |
| NTD 30,000,000 (incl.) ~ NTD 50,000,000 (under)                    | —  | —  | —  | —  |
| NTD 50,000,000 (incl.) ~ NTD 100,000,000 (under)                   | —  | —  | —  | —  |
| Over NTD 100,000,000   | —  | —  | —  | —  |
| Total  | 14   | 14   | 14   | 14   |

## Hota Industrial Manufacturing Company Limited

### **REPRESENTATION LETTER**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the years ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements.” 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. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Hota Industrial Manufacturing Company Limited

Chairman : Shen, Kuo-Rong

March 14, 2024

These financial statements are translated from the traditional Chinese version and are unaudited by a CPA.

## Independent Auditors' Report

To: Hota Industrial Manufacturing Company

### Opinion

We have audited accompanying consolidated financial statements of Hota Industrial Manufacturing Company and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for opinion

We conducted our audits entrusted by the Group in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing 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 the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Cut-off of revenue from exporting sales

The operating revenue of Hota Industrial Manufacturing Company and subsidiaries for the year ended December 31, 2023 amounted to NT\$6,599,230 thousand. Hota Industrial Manufacturing Company and subsidiaries primarily acquire operating revenue from the manufacturing and trading of related products for vehicle transmission parts. Sales contracts include various terms and conditions. However, the Hota Industrial Manufacturing Company and subsidiaries recognize sales revenue immediately after shipment, and reverse the sales revenue at the end of each period for the portion that ownership of the products has not been transferred to the buyer due to the failure of fulfilling the agreed trading conditions which resulting in control of the product not yet being transferred to the buyer. As the data collection for the portion that does not meet the sales revenue recognition conditions involves a high degree of manual judgment and operation, we have included the cut-off of revenue from exporting sales as a key audit matter.

Our audit procedures include (but are not limited to) obtaining an understanding and assessing the operational procedures and internal control of sales transactions of Hota Industrial Manufacturing Company and subsidiaries, and testing the control; implementing cut-off test to the sales transactions during a certain period before and after the end of the reporting date, and randomly inspecting significant transactions, checking the

transaction conditions in the contracts and verifying with relevant documents, to judge and determine the contractual obligation and the time point of fulfilling it and confirm whether revenue is recognized in the appropriate period.

We also consider the appropriateness of the disclosure of sales revenue in Note 5 and Note 6 in the consolidated financial statements.

#### Evaluation of allowances for inventory valuation and obsolescence losses

The net inventories of Hota Industrial Manufacturing Company and subsidiaries as of December 31, 2023 amounted to NT\$3,337,134 thousand, accounting for 15% of total consolidated assets. Hota Industrial Manufacturing Company and subsidiaries are primarily engaged in the manufacturing and trading of related products for vehicle transmission parts. Due to the fierce competition in the automotive transmission parts market, there is a higher risk of inventory valuation and obsolescence losses. Therefore, allowances for inventory valuation and obsolescence losses are provided based on the level of destocking for inventories with ages exceeding a specific period, and inventories individually identified obsolescent. As the determination of obsolescent inventories and the net realizable value adopted in valuation usually involve subjective judgement, there is high estimate uncertainty. In consideration of inventories and allowances for inventory valuation and obsolescence losses being material to the financial statements, we identified this is a key audit matter.

Our audit procedures include (but are not limited to) obtaining an understanding and assessing the operational procedures and internal control of evaluation and provision of allowances for inventory valuation and obsolescence losses, and testing the control; obtaining inventory aging report, randomly inspect inventory items and testing the correctness of the calculating logic of inventory aging and information; discussing with the management and obtaining supporting documents about net realizable values evaluated for inventory items, and evaluating the rationality of the provision of allowances for inventory valuation and obsolescence losses; obtaining the data of inventory quantity at the end of the period, and comparing with annual physical inventory list, to verify the existence and completeness of inventories at the end of the period; observing annual inventory count and obtaining an understanding to the status of inventories, to evaluate the appropriateness of loss allowances for obsolescent and damaged inventories.

We also consider the appropriateness of the disclosure of inventories in Note 5 and Note 6 in the consolidated financial statements.

#### **Other Matter—the Financial Statements of the Period Prior Have Been Audited by Other Auditors**

The consolidated financial statements of Hota Industrial Manufacturing Company and subsidiaries for the year ended December 31, 2022 were audited by other auditors, on which they have issued an unqualified opinion with other matter paragraph on March 16, 2023.

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

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

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

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

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and 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 group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Others**

We and other auditors have audited the parent company only financial statements of Hota Industrial Manufacturing Company and subsidiaries as of and for the years ended December 31, 2023 and 2022 on which we and other auditors have issued an unqualified opinion with other matter paragraph, for your reference.

Ernst & Young

Audit and attestation to the financial reports of public companies have been approved by the competent authorities

Reference Number of the Audit and Attestation: No. Financial-Supervisory-Securities-Auditing -1030025503

No. Financial-Supervisory-Securities-Auditing -1080326041

Huang, Zi-Ping

CPA :

Huang, Yu-Ting

March 14, 2024



## Hota Industrial Manufacturing Company Limited and Subsidiaries

## Consolidated balance sheets

December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

| Assets |   |              | December 31, 2023 |     | December 31, 2022 |     |
|--------|---|--------------|-------------------|-----|-------------------|-----|
| Code   | Accounting items  | Note         | Amount            | %   | Amount            | %   |
|        | Current assets  |              |                   |     |                   |     |
| 1100   | Cash and cash equivalents   | 4 and 6.1    | \$784,936         | 4   | \$1,072,452       | 5   |
| 1110   | Financial assets at fair value through profit or loss—current             | 4 and 6.2    | 14,325            | -   | 10,562            | -   |
| 1120   | Financial assets at fair value through other comprehensive income—current | 4 and 6.3    | 90,290            | -   | 83,735            | -   |
| 1136   | Financial assets at a amortized cost—current                              | 4 and 6.4    | 46,640            | -   | 204,848           | 1   |
| 1150   | Notes receivables, net  | 4            | 18,973            | -   | 968               | -   |
| 1170   | Accounts receivables, net   | 4 and 6.5    | 2,624,734         | 12  | 2,949,521         | 13  |
| 1200   | Other receivables   |              | 96,711            | -   | 197,690           | 1   |
| 130x   | Inventories   | 4 and 6.6    | 3,337,134         | 15  | 3,454,922         | 15  |
| 1470   | Other current assets  |              | 136,429           | 1   | 254,443           | 1   |
| 11xx   | Total current assets  |              | 7,150,172         | 32  | 8,229,141         | 36  |
|        | Non-current assets  |              |                   |     |                   |     |
| 1517   | Financial assets at fair value through other comprehensive income—non-    | 4 and 6.3    | 140,640           | 1   | 65,040            | -   |
| 1535   | Financial assets at a amortized cost—non-current                          | 4, 6.4 and 8 | -                 | -   | 32                | -   |
| 1550   | Investments accounted for using equity method                             | 4, 6.7 and 8 | 305,866           | 2   | 298,839           | 1   |
| 1600   | Property, plant and equipment   | 4, 6.8 and 8 | 14,044,490        | 63  | 13,759,127        | 60  |
| 1755   | Right-of-use assets   | 4 and 6.21   | 332,430           | 1   | 316,790           | 2   |
| 1760   | Investment properties, net  | 4 and 6.9    | 30,387            | -   | 30,387            | -   |
| 1780   | Intangible assets   | 4            | 7,950             | -   | 7,552             | -   |
| 1840   | Deferred tax assets   | 4 and 6.25   | 48,391            | -   | 48,296            | -   |
| 1900   | Other non-current assets  | 6.1          | 266,945           | 1   | 171,107           | 1   |
| 15xx   | Total non-current assets  |              | 15,177,099        | 68  | 14,697,170        | 64  |
| 1xxx   | Total assets  |              | \$22,327,271      | 100 | \$22,926,311      | 100 |

(Please refer to the notes to the consolidated financial statements.)

Chairman: Shen, Guo-Rong

Manager: Chen, Jun-Zhi

Chief accountant: Li, Yuan-Ji

## Hota Industrial Manufacturing Company Limited and Subsidiaries

## Consolidated balance sheets (cont.)

December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

| Liabilities and equity |   |            | December 31, 2023 |     | December 31, 2022 |     |
|------------------------|---|------------|-------------------|-----|-------------------|-----|
| Code                   | Accounting items  | Note       | Amount            | %   | Amount            | %   |
|                        | Current liabilities                                     |            |                   |     |                   |     |
| 2100                   | Short-term borrowings                                   | 4 and 6.11 | \$2,169,484       | 10  | \$2,060,484       | 9   |
| 2110                   | Short-term notes payables                               | 4 and 6.12 | 1,000,000         | 5   | 1,060,000         | 5   |
| 2150                   | Notes payables  |            | 423,851           | 2   | 524,871           | 2   |
| 2170                   | Accounts payables                                       | 4          | 508,130           | 2   | 899,474           | 4   |
| 2200                   | Other payables  | 6.13       | 492,177           | 2   | 749,478           | 3   |
| 2230                   | Current income tax liabilities                          | 4 and 6.25 | 98,328            | -   | 138,043           | 1   |
| 2280                   | Lease liabilities—current                               | 4 and 6.21 | 22,613            | -   | 22,952            | -   |
| 2322                   | Long-term borrowings, current portion                   | 4 and 6.14 | 1,390,203         | 6   | 1,243,405         | 6   |
| 2399                   | Other current liabilities                               |            | 146,742           | 1   | 64,952            | -   |
| 21xx                   | Total current liabilities                               |            | 6,251,528         | 28  | 6,763,659         | 30  |
|                        | Non-current liabilities                                 |            |                   |     |                   |     |
| 2540                   | Long-term borrowings                                    | 4 and 6.14 | 6,808,631         | 30  | 6,744,180         | 29  |
| 2570                   | Deferred tax liabilities                                | 4 and 6.25 | 22,953            | -   | 46,654            | -   |
| 2580                   | Lease liabilities—non-current                           | 4 and 6.21 | 274,435           | 1   | 258,391           | 1   |
| 2600                   | Other non-current liabilities                           |            | 127,848           | 1   | 137,767           | 1   |
| 25xx                   | Total non-current liabilities                           |            | 7,233,867         | 32  | 7,186,992         | 31  |
| 2xxx                   | Total liabilities                                       |            | 13,485,395        | 60  | 13,950,651        | 61  |
|                        | Equity attributable to shareholders of the parent       |            |                   |     |                   |     |
| 31xx                   | Capital stock   |            |                   |     |                   |     |
| 3100                   | Common stock  | 6.17       | 2,795,175         | 13  | 2,795,175         | 12  |
| 3200                   | Capital surplus   | 6.17       | 3,833,804         | 17  | 3,833,804         | 17  |
| 3300                   | Retained earnings                                       | 6.17       |                   |     |                   |     |
| 3310                   | Legal reserve   |            | 789,267           | 4   | 724,977           | 3   |
| 3320                   | Special reserve   |            | 95,158            | -   | 60,354            | -   |
| 3350                   | Unappropriated earnings                                 |            | 1,322,676         | 6   | 1,530,514         | 7   |
|                        | Total retained earnings                                 |            | 2,207,101         | 10  | 2,315,845         | 10  |
| 3400                   | Other equity  |            | (112,607)         | (1) | (95,158)          | -   |
| 31xx                   | Total equity attributable to shareholders of the parent |            | 8,723,473         | 39  | 8,849,666         | 39  |
| 36xx                   | Non-controlling interests                               | 6.18       | 118,403           | 1   | 125,994           | -   |
| 3xxx                   | Total equity  |            | 8,841,876         | 40  | 8,975,660         | 39  |
| 3x2x                   | Total liabilities and equity                            |            | \$22,327,271      | 100 | \$22,926,311      | 100 |

(Please refer to the notes to the consolidated financial statements.)

Chairman : Shen, Guo-Rong

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

## Hota Industrial Manufacturing Company Limited and Subsidiaries

## Consolidated statements of comprehensive income

For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

| Code | Accounting items  | Note       | For the year ended December 31, 2023 |      | For the year ended December 31, 2022 |      |
|------|---|------------|--------------------------------------|------|--------------------------------------|------|
|      |   |            | Amount                               | %    | Amount                               | %    |
| 4000 | Operating revenue   | 4 and 6.19 | \$6,599,230                          | 100  | \$7,339,165                          | 100  |
| 5000 | Operating costs   | 6.6 and 22 | (5,458,129)                          | (83) | (5,643,604)                          | (77) |
| 5900 | Gross profit  |            | 1,141,101                            | 17   | 1,695,561                            | 23   |
| 6000 | Operating expenses  |            |                                      |      |                                      |      |
| 6100 | Sales and marketing expenses  | 6.22       | (440,548)                            | (7)  | (874,684)                            | (12) |
| 6200 | General and administrative expenses   | 6.22       | (155,274)                            | (2)  | (161,118)                            | (2)  |
| 6300 | Research and development expenses   | 4 and 6.20 | (101,390)                            | (2)  | (105,803)                            | (2)  |
| 6450 | Expected credit impairment losses   | 4 and 6.20 | (28,298)                             | -    | (15,020)                             | -    |
|      | Total operating expenses  |            | (725,510)                            | (11) | (1,156,625)                          | (16) |
| 6900 | Income from operations  |            | 415,591                              | 6    | 538,936                              | 7    |
| 7000 | Non-operating income and expenses   |            |                                      |      |                                      |      |
| 7100 | Interest income   | 4 and 6.23 | 10,034                               | -    | 3,078                                | -    |
| 7010 | Other income  | 4 and 6.23 | 86,051                               | 1    | 77,355                               | 1    |
| 7020 | Other gains and losses  | 6.23       | 17,462                               | 1    | 266,880                              | 4    |
| 7050 | Finance costs   | 6.23       | (186,861)                            | (3)  | (125,587)                            | (2)  |
| 7060 | Share of profit or loss of associates and joint ventures income accounted for using equity method     | 5.7        | 20,323                               | -    | 7,836                                | -    |
|      | Total non-operating income and expenses   |            | (52,991)                             | (1)  | 229,562                              | 3    |
| 7900 | Income before income tax  |            | 362,600                              | 5    | 768,498                              | 10   |
| 7950 | Income tax expense  | 4 and 6.25 | (37,937)                             | - 1  | (139,425)                            | (2)  |
| 8200 | Net income  |            | 324,663                              | 4    | 629,073                              | 8    |
| 8300 | Other comprehensive income  |            |                                      |      |                                      |      |
| 8310 | Items that will not be reclassified subsequently to profit or loss                                    |            |                                      |      |                                      |      |
| 8311 | Remeasurement of defined benefit plans  | 4 and 6.24 | \$5,525                              | -    | \$15,289                             | -    |
| 8316 | Unrealized valuation gains or losses on investments in equity instruments at fair value through other | 4 and 6.24 | 4,287                                | -    | (7,451)                              | -    |
| 8320 | Share of other comprehensive income of associates and joint ventures accounted for using equity       | 4 and 6.24 | (2,746)                              | -    | (27,084)                             | -    |
| 8349 | Income tax related to items that will not be reclassified subsequently                                | 4 and 6.24 | (1,140)                              | -    | (2,923)                              | -    |
| 8360 | Items that may be reclassified subsequently to profit or loss   |            |                                      |      |                                      |      |
| 8361 | Exchange differences arising on translation of foreign operations                                     | 4 and 6.24 | (3,131)                              | -    | 33,418                               | -    |
| 8367 | Unrealized valuation gains or losses on investments in debt instruments at fair value through other   | 4 and 6.24 | (4,127)                              | -    | (31,814)                             | -    |
| 8370 | Share of other comprehensive income of associates accounted for using equity method                   | 4 and 6.24 | (1,454)                              | -    | 2,552                                | -    |
| 8399 | Income tax related to items that will be reclassified subsequently                                    | 6.25       | (3,306)                              | -    | 2,013                                | -    |
|      | Other comprehensive income (net of tax)   |            | (6,092)                              | -    | (16,000)                             | -    |
| 8500 | Total comprehensive income  |            | \$318,571                            | 4    | \$613,073                            | 8    |
| 8600 | Net income (loss) attributable to:  |            |                                      |      |                                      |      |
| 8610 | Shareholders of the parent  |            | \$327,211                            |      | \$623,958                            |      |
| 8620 | Non-controlling interests   |            | (2,548)                              |      | 5,115                                |      |
|      |   |            | \$324,663                            |      | \$629,073                            |      |
| 8700 | Total comprehensive income attributable to:   |            |                                      |      |                                      |      |
| 8710 | Shareholders of the parent  |            | \$321,035                            |      | \$608,102                            |      |
| 8720 | Non-controlling interests   |            | (2,464)                              |      | 4,971                                |      |
|      |   |            | \$318,571                            |      | \$613,073                            |      |
|      | Earnings per share (NT \$)  | 4 and 6.26 |                                      |      |                                      |      |
| 9750 | Basic earnings per share  |            | \$1.17                               |      | \$2.23                               |      |
| 9850 | Diluted earnings per share  |            | \$1.17                               |      | \$2.23                               |      |

(Please refer to the notes to the consolidated financial statements.)

Chairman: Shen, Guo-Rong

Manager: Chen, Jun-Zhi

Chief accountant: Li, Yuan-Ji

## Hota Industrial Manufacturing Company Limited and Subsidiaries

## Consolidated statements of changes in equity

For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

Expressed in thousands of New Taiwan Dollars

|      | Items  | Equity attributable to shareholders of the parent |                 |                   |                 |                         |   |   |             | Non-controlling interest | Total equity |
|------|--|---|-----------------|-------------------|-----------------|-------------------------|---|---|-------------|--------------------------|--------------|
|      |  | Capital stock                                     | Capital surplus | Retained earnings |                 |                         | Other equity  |   | Total       |                          |              |
|      |  |   |                 | Legal reserve     | Special reserve | Unappropriated earnings | Exchange differences arising on translation of foreign operations | Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income |             |                          |              |
| Code |  | 3100  | 3200            | 3310              | 3320            | 3350                    | 3410  | 3420  | 31XX        | 36XX                     | 3XXX         |
| A1   | Balance at January 1, 2022                         | \$2,795,175                                       | \$3,833,804     | \$689,651         | \$48,236        | \$1,316,593             | \$(45,136)  | \$(15,218)  | \$8,623,105 | \$121,023                | \$8,744,128  |
| D1   | Net income, 2022                                   |   |                 |                   |                 | 623,958                 |   |   | 623,958     | 5,115                    | 629,073      |
| D3   | Other comprehensive income, 2022                   |   |                 |                   |                 | 13,420                  | 37,978  | (67,254)  | (15,856)    | (144)                    | (16,000)     |
| D5   | Total comprehensive income                         | -   | -               | -                 | -               | 637,378                 | 37,978  | (67,254)  | 608,102     | 4,971                    | 613,073      |
|      | Appropriation and distribution of earnings in 2021 |   |                 |                   |                 |                         |   |   |             |                          |              |
| B1   | Legal reserve                                      |   |                 | 35,326            |                 | (35,326)                |   |   | -           |                          | -            |
| B3   | Special reserve                                    |   |                 |                   | 12,118          | (12,118)                |   |   | -           |                          | -            |
| B5   | Cash dividends of common stock                     |   |                 |                   |                 | (381,541)               |   |   | (381,541)   |                          | (381,541)    |
| Q1   | value through other comprehensive income           |   |                 |                   |                 | 5,528                   |   | (5,528)   | -           | -                        | -            |
| Z1   | Balance at December 31, 2022                       | \$2,795,175                                       | \$3,833,804     | \$724,977         | \$60,354        | \$1,530,514             | \$(7,158)   | \$(88,000)  | \$8,849,666 | \$125,994                | \$8,975,660  |
| A1   | Balance at January 1, 2023                         | \$2,795,175                                       | \$3,833,804     | \$724,977         | \$60,354        | \$1,530,514             | \$(7,158)   | \$(88,000)  | \$8,849,666 | \$125,994                | \$8,975,660  |
| D1   | Net income (loss), 2023                            |   |                 |                   |                 | 327,211                 |   |   | 327,211     | (2,548)                  | 324,663      |
| D3   | Other comprehensive income, 2023                   |   |                 |                   |                 | 4,158                   | (7,432)   | (2,902)   | (6,176)     | 84                       | (6,092)      |
| D5   | Total comprehensive income                         | -   | -               | -                 | -               | 331,369                 | (7,432)   | (2,902)   | 321,035     | (2,464)                  | 318,571      |
|      | Appropriation and distribution of earnings in 2022 |   |                 |                   |                 |                         |   |   |             |                          |              |
| B1   | Legal reserve                                      |   |                 | 64,290            |                 | (64,290)                |   |   | -           |                          | -            |
| B3   | Special reserve                                    |   |                 |                   | 34,804          | (34,804)                |   |   | -           |                          | -            |
| B5   | Cash dividends of common stock                     |   |                 |                   |                 | (447,228)               |   |   | (447,228)   |                          | (447,228)    |
| Q1   | value through other comprehensive income           |   |                 |                   |                 | 7,115                   |   | (7,115)   | -           |                          | -            |
| O1   | Decrease in non-controlling interests              |   |                 |                   |                 |                         |   |   |             | (5,127)                  | (5,127)      |
| Z1   | Balance at December 31, 2023                       | \$2,795,175                                       | \$3,833,804     | \$789,267         | \$95,158        | \$1,322,676             | \$(14,590)  | \$(98,017)  | \$8,723,473 | \$118,403                | \$8,841,876  |

(Please refer to the notes to the consolidated financial statements.)

Chairman : Shen, Guo-Rong

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

## Hota Industrial Manufacturing Company Limited and Subsidiaries

## Consolidated statements of cash flows

For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

| Code   | Item   | For the year ended<br>December 31, 2023 | For the year ended<br>December 31, 2022 |
|--------|--|---|---|
|        | Cash flows from operating activities :   |   |   |
| A10000 | Income before tax  | \$362,600                               | \$768,498                               |
| A20000 | Adjustments for :  |   |   |
| A20010 | Items of income and expenses :   |   |   |
| A20100 | Depreciation expenses  | 711,179                                 | 641,763                                 |
| A20200 | Amortization expenses  | 4,735                                   | 5,328                                   |
| A20300 | Expected credit impairment losses  | 28,298                                  | 15,020                                  |
| A20400 | Net losses on financial assets and liabilities at fair value through profit or loss        | 1,650                                   | 10,939                                  |
| A20900 | Interest expenses  | 186,861                                 | 125,587                                 |
| A21200 | Interest income  | (10,034)                                | (3,078)                                 |
| A22300 | Share of profit or loss of associates and joint ventures accounted for using equity method | (20,323)                                | (7,836)                                 |
| A22500 | Gains on disposals of property, plant and equipment  | (5,471)                                 | (6,823)                                 |
| A24100 | Unrealized exchange gains  | -                                       | (37,065)                                |
| A30000 | Net changes in operating assets and liabilities :  |   |   |
| A31130 | Decrease (increase) in notes receivables   | (18,005)                                | 49,917                                  |
| A31150 | Decrease (increase) in accounts receivables  | 296,489                                 | (348,686)                               |
| A31180 | Decrease (increase) in other receivables   | 100,979                                 | (74,611)                                |
| A31200 | Decrease (increase) in inventories   | 117,788                                 | (393,085)                               |
| A31240 | Decrease in other current assets   | 118,014                                 | 11,257                                  |
| B06700 | Increase in other non-current assets   | (64,140)                                | (40,621)                                |
| A32130 | Decrease in notes payables   | (101,020)                               | (396,629)                               |
| A32150 | Decrease in accounts payables  | (391,344)                               | (211,638)                               |
| A32180 | Decrease in other payables   | (259,024)                               | (111,860)                               |
| A32230 | Increase in other current liabilities  | 81,790                                  | 39,915                                  |
| C04300 | Decrease in other non-current liabilities  | (8,919)                                 | (6,410)                                 |
| A33000 | Cash generated from operations   | 1,132,103                               | 29,882                                  |
| A33100 | Interests received   | 10,034                                  | 2,606                                   |
| A33300 | Interests paid   | (185,138)                               | (128,699)                               |
| A33500 | Income tax paid  | (104,754)                               | (54,694)                                |
| AAAA   | Net cash flows generated from (used in) operating activities                               | 852,245                                 | (150,905)                               |

(Please refer to the notes to the consolidated financial statements.)

Chairman : Shen, Guo-Rong

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

## Hota Industrial Manufacturing Company Limited and Subsidiaries

## Consolidated statements of cash flows (cont.)

For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

| Code   | Item  | For the year ended<br>December 31, 2023 | For the year ended<br>December 31, 2022 |
|--------|---|---|---|
|        | Cash flows from investing activities :  |   |   |
| B00020 | Disposals of financial assets at fair value through other comprehensive income — current        | 8,229                                   | 29,077                                  |
| B00040 | Acquisitions of financial assets at amortized cost  | (3,830)                                 | (169,330)                               |
| B00010 | Acquisitions of financial assets at fair value through other comprehensive income — non-current | (94,963)                                | (4,519)                                 |
| B00050 | Disposals of financial assets at amortized cost   | 162,070                                 | -                                       |
| B00100 | Acquisitions of financial assets at fair value through profit or loss                           | (6,604)                                 | (21,501)                                |
| B00200 | Disposals of financial assets at fair value through profit or loss                              | 1,191                                   | -                                       |
| B01800 | Acquisitions of investments accounted for using equity method                                   | -                                       | (5,000)                                 |
| B01900 | Disposals of investments accounted for using equity method                                      | 983                                     | -                                       |
| B02700 | Acquisitions of property, plant and equipment   | (874,435)                               | (1,394,627)                             |
| B02800 | Disposals of property, plant and equipment  | 10,973                                  | 8,015                                   |
| B03700 | Increase in guaranteed deposits paid  | (12,075)                                | (1,178)                                 |
| B04500 | Acquisitions of intangible assets   | (5,133)                                 | (6,177)                                 |
| B07100 | Increase in prepayments for equipment   | (129,337)                               | -                                       |
| B07600 | Dividends received  | 6,069                                   | 2,441                                   |
| B09900 | Other investing activities  | (4,831)                                 | -                                       |
| BBBB   | Net cash flows used in investing activities   | (941,693)                               | (1,562,799)                             |
|        | Cash flows from financing activities :  |   |   |
| C00100 | Increase in short-term borrowings   | 8,635,738                               | 732,184                                 |
| C00200 | Decrease in short-term borrowings   | (8,525,453)                             | -                                       |
| C00600 | Decrease in short-term notes payables   | (60,000)                                | (200,000)                               |
| C01600 | Increase in long-term borrowings  | 7,531,964                               | 4,272,971                               |
| C01700 | Repayments of long-term borrowings  | (7,304,888)                             | (2,641,889)                             |
| C03100 | Decrease in guaranteed deposits received  | (1,000)                                 | -                                       |
| C04020 | Repayments of principal of lease liabilities  | (23,960)                                | (16,288)                                |
| C04500 | Cash dividends paid   | (447,228)                               | (381,541)                               |
| CCCC   | Net cash flows generated from (used in) financing activities                                    | (194,827)                               | 1,765,437                               |
| DDDD   | Effects of changes in exchange rate on cash   | (3,241)                                 | 72,809                                  |
| EEEE   | Net increase (decrease) in cash and cash equivalents  | (287,516)                               | 124,542                                 |
| E00100 | Cash and cash equivalents at the beginning of period  | 1,072,452                               | 947,910                                 |
| E00200 | Cash and cash equivalents at the end of period  | \$784,936                               | \$1,072,452                             |

(Please refer to the notes to the consolidated financial statements.)

Chairman : Shen, Guo-Rong

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

## (Parent Company Only Financial Statements)

These financial statements are translated from the traditional Chinese version and are unaudited by a CPA.

### Independent Auditors' Report

To: Hota Industrial Manufacturing Company

#### **Opinion**

We have audited accompanying parent company only financial statements of Hota Industrial Manufacturing Company, which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### Cut-off of revenue from exporting sales

The operating revenue of Hota Industrial Manufacturing Company for the year ended December 31, 2023 amounted to NT\$6,096,868 thousand. Hota Industrial Manufacturing Company and subsidiaries primarily acquire operating revenue from the manufacturing and trading of related products for vehicle transmission parts. Sales contracts include various terms and conditions. However, the Hota Industrial Manufacturing Company and subsidiaries recognize sales revenue immediately after shipment, and reverse the sales revenue at the end of each period for the portion that ownership of the products has not been transferred to the buyer due to the failure of fulfilling the agreed trading conditions which resulting in control of the product not yet being transferred to the buyer. As the data collection for the portion that does not meet the sales revenue recognition conditions involves a high degree of manual judgment and operation, we have included the cut-off of revenue from exporting sales as a key audit matter.

Our audit procedures include (but are not limited to) obtaining an understanding and assessing the operational procedures and internal control of sales transactions of Hota Industrial Manufacturing Company and subsidiaries, and testing the control; implementing cut-off test to the sales transactions during a certain period before and after the end of the reporting date, and randomly inspecting significant transactions, checking the transaction conditions in the contracts and verifying with relevant documents, to judge and determine the contractual obligation and the time point of fulfilling it and confirm whether revenue is recognized in the appropriate period.

We also consider the appropriateness of the disclosure of sales revenue in Note 5 and Note 6 in the parent company only



financial statements.

#### Evaluation of allowances for inventory valuation and obsolescence losses

The net inventories of Hota Industrial Manufacturing Company and subsidiaries as of December 31, 2023 amounted to NT\$2,603,518 thousand, accounting for 13% of total assets. Hota Industrial Manufacturing Company and subsidiaries are primarily engaged in the manufacturing and trading of related products for vehicle transmission parts. Due to the fierce competition in the automotive transmission parts market, there is a higher risk of inventory valuation and obsolescence losses. Therefore, allowances for inventory valuation and obsolescence losses are provided based on the level of destocking for inventories with ages exceeding a specific period, and inventories individually identified obsolescent. As the determination of obsolescent inventories and the net realizable value adopted in valuation usually involve subjective judgement, there is high estimate uncertainty. In consideration of inventories and allowances for inventory valuation and obsolescence losses being material to the financial statements, we identified this is a key audit matter.

Our audit procedures include (but are not limited to) obtaining an understanding and assessing the operational procedures and internal control of evaluation and provision of allowances for inventory valuation and obsolescence losses, and testing the control; obtaining inventory aging report, randomly inspect inventory items and testing the correctness of the calculating logic of inventory aging and information; discussing with the management and obtaining supporting documents about net realizable values evaluated for inventory items, and evaluating the rationality of the provision of allowances for inventory valuation and obsolescence losses; obtaining the data of inventory quantity at the end of the period, and comparing with annual physical inventory list, to verify the existence and completeness of inventories at the end of the period; observing annual inventory count and obtaining an understanding to the status of inventories, to evaluate the appropriateness of loss allowances for obsolescent and damaged inventories.

We also consider the appropriateness of the disclosure of inventories in Note 5 and Note 6 in the parent company only financial statements.

#### **Other Matter—the Financial statements of the Period Prior Have Been Audited by Other Auditors**

The parent company only financial statements of Hota Industrial Manufacturing Company for the year ended December 31, 2022 were audited by other auditors, on which they have issued an unqualified opinion with other matter paragraph on March 16, 2023.

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Parent company only financial statements**

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



As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Audit and attestation to the financial reports of public companies have been approved by the competent authorities

Reference Number of the Audit and Attestation: No. Financial-Supervisory-Securities-Auditing -1030025503

No. Financial-Supervisory-Securities-Auditing -1080326041

Huang, Zi-Ping

CPA :

Huang, Yu-Ting

March 14, 2024

Hota Industrial Manufacturing Company Limited  
Parent company only balance sheets  
December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

| Code | Assets  |              | December 31, 2023 |     | December 31, 2022 |     |
|------|---|--------------|-------------------|-----|-------------------|-----|
|      | Accounting items  | Note         | Amount            | %   | Amount            | %   |
|      | Current assets  |              |                   |     |                   |     |
| 1100 | Cash and cash equivalents   | 4 and 6.1    | \$644,495         | 3   | \$993,490         | 4   |
| 1120 | Financial assets at fair value through other comprehensive income | 4 and 6.2    | 47,785            | -   | 41,808            | -   |
| 1136 | Financial assets at amortized cost — current                      | 4 and 6.3    | 7,991             | -   | 155,930           | 1   |
| 1150 | Notes receivables, net  | 4            | 10,104            | -   | -                 | -   |
| 1170 | Accounts receivables, net   | 4 and 6.4    | 2,497,323         | 13  | 2,919,013         | 14  |
| 1180 | Accounts receivables from related parties, net                    | 4 and 7      | 36,505            | -   | 55,538            | -   |
| 1200 | Other receivables   |              | 84,507            | -   | 173,888           | 1   |
| 130x | Inventories   | 4 and 6.5    | 2,603,518         | 13  | 2,955,201         | 14  |
| 1470 | Other current assets  |              | 75,352            | -   | 163,811           | 1   |
| 11xx | Total current assets  |              | 6,007,580         | 29  | 7,458,679         | 35  |
|      | Non-current assets  |              |                   |     |                   |     |
|      | Financial assets at fair value through other comprehensive income |              |                   |     |                   |     |
| 1517 | — non-current   | 4 and 6.2    | 134,882           | 1   | 60,111            | -   |
| 1550 | Investments accounted for using equity method                     | 4 and 6.6    | 1,097,613         | 6   | 935,875           | 5   |
| 1600 | Property, plant and equipment                                     | 4, 6.4 and 8 | 12,752,638        | 63  | 12,434,251        | 59  |
| 1755 | Right-of-use assets   | 4 and 6.18   | 243,185           | 1   | 251,211           | 1   |
| 1760 | Investment properties, net  | 4 and 6.8    | 30,387            | -   | 30,387            | -   |
| 1780 | Intangible assets   | 4            | 7,578             | -   | 7,402             | -   |
| 1840 | Deferred tax assets   | 4 and 6.22   | 44,723            | -   | 45,427            | -   |
| 1900 | Other non-current assets  | 8            | 93,017            | -   | 55,394            | -   |
| 15xx | Total non-current assets  |              | 14,404,023        | 71  | 13,820,058        | 65  |
| 1xxx | Total assets  |              | \$20,411,603      | 100 | \$21,278,737      | 100 |

(Please refer to the notes to the parent company only financial statements.)

Chairman : Shen, Guo-Rong

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

Hota Industrial Manufacturing Company Limited  
Parent company only balance sheets (cont.)  
December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

| Code | Liabilities and equity                |            | December 31, 2023 |     | December 31, 2022 |     |
|------|---------------------------------------|------------|-------------------|-----|-------------------|-----|
|      | Accounting items                      | Note       | Amount            | %   | Amount            | %   |
|      | Current liabilities                   |            |                   |     |                   |     |
| 2100 | Short-term borrowings                 | 4 and 6.9  | \$1,876,337       | 9   | \$1,747,359       | 8   |
| 2110 | Short-term notes payables             | 4 and 6.10 | 1,000,000         | 5   | 1,060,000         | 5   |
| 2150 | Notes payables                        |            | 423,851           | 2   | 524,871           | 2   |
| 2170 | Accounts payables                     | 4 and 7    | 471,915           | 2   | 819,121           | 4   |
| 2200 | Other payables                        | 6.11 and 7 | 483,005           | 2   | 691,583           | 3   |
| 2230 | Current income tax liabilities        | 4 and 6.22 | 97,392            | -   | 137,139           | 1   |
| 2280 | Lease liabilities — current           | 4 and 6.18 | 11,740            | -   | 16,401            | -   |
| 2322 | Long-term borrowings, current portion | 4 and 6.12 | 1,051,669         | 5   | 604,845           | 3   |
| 2399 | Other current liabilities             |            | 11,048            | -   | 7,056             | -   |
| 21xx | Total current liabilities             |            | 5,426,957         | 25  | 5,608,375         | 26  |
|      | Non-current liabilities               |            |                   |     |                   |     |
| 2540 | Long-term borrowings                  | 4 and 6.12 | 5,891,818         | 29  | 6,415,691         | 30  |
| 2570 | Deferred tax liabilities              | 4 and 6.22 | 22,280            | -   | 46,654            | -   |
| 2580 | Lease liabilities — non-current       | 4 and 6.18 | 239,775           | 1   | 241,620           | 1   |
| 2600 | Other non-current liabilities         | 4 and 6.14 | 107,300           | 1   | 116,731           | 1   |
| 25xx | Total non-current liabilities         |            | 6,261,173         | 31  | 6,820,696         | 32  |
| 2xxx | Total liabilities                     |            | 11,688,130        | 56  | 12,429,071        | 58  |
|      | Equity                                |            |                   |     |                   |     |
| 31xx | Capital stock                         |            |                   |     |                   |     |
| 3100 | Common stock                          | 6.15       | 2,795,175         | 14  | 2,795,175         | 13  |
| 3200 | Capital surplus                       | 6.15       | 3,833,804         | 19  | 3,833,804         | 18  |
| 3300 | Retained earnings                     | 6.15       |                   |     |                   |     |
| 3310 | Legal reserve                         |            | 789,267           | 4   | 724,977           | 4   |
| 3320 | Special reserve                       |            | 95,158            | -   | 60,354            | -   |
| 3350 | Unappropriated earnings               |            | 1,322,676         | 7   | 1,530,514         | 7   |
|      | Total retained earnings               |            | 2,207,101         | 11  | 2,315,845         | 11  |
| 3400 | Other equity                          |            | (112,607)         | -   | (95,158)          | -   |
| 3xxx | Total equity                          |            | 8,723,473         | 44  | 8,849,666         | 42  |
| 3x2x | Total liabilities and equity          |            | \$20,411,603      | 100 | \$21,278,737      | 100 |

(Please refer to the notes to the parent company only financial statements.)

Chairman : Shen, Guo-Rong

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

Hota Industrial Manufacturing Company Limited  
Parent company only statements of comprehensive income  
For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

| Code | Accounting items  | Note        | For the year ended<br>December 31, 2023 |      | For the year ended<br>December 31, 2022 |      |
|------|---|-------------|---|------|---|------|
|      |   |             | Amount                                  | %    | Amount                                  | %    |
| 4000 | Operating revenue   | 4 and 6.1.6 | \$6,096,868                             | 100  | \$6,898,232                             | 100  |
| 5000 | Operating costs   | 6.5 and 2.0 | (5,045,906)                             | (83) | (5,313,060)                             | (77) |
| 5900 | Gross profit  |             | 1,050,962                               | 17   | 1,585,172                               | 23   |
| 5910 | Unrealized gains (losses) on sales  |             | 1,338                                   | -    | (42)                                    | -    |
| 5950 | Gross profit, net   |             | 1,052,300                               | 17   | 1,585,130                               | 23   |
| 6000 | Operating expenses  |             |   |      |   |      |
| 6100 | Sales and marketing expenses  | 6.1.9       | (406,533)                               | (7)  | (828,890)                               | (12) |
| 6200 | General and administrative expenses   | 6.1.9       | (85,832)                                | (1)  | (94,797)                                | (1)  |
| 6300 | Research and development expenses   | 6.1.9       | (99,048)                                | (2)  | (105,803)                               | (2)  |
| 6450 | Expected credit impairment losses   | 4 and 6.1.7 | (24,000)                                | -    | (15,148)                                | -    |
|      | Total operating expenses  |             | (615,413)                               | (10) | (1,044,638)                             | (15) |
| 6900 | Income from operations  |             | 436,887                                 | 7    | 540,492                                 | 8    |
| 7000 | Non-operating income and expenses   |             |   |      |   |      |
| 7100 | Interest income   | 4 and 6.2.0 | 6,976                                   | -    | 2,345                                   | -    |
| 7010 | Other income  | 4 and 6.2.0 | 46,824                                  | -    | 36,332                                  | 1    |
| 7020 | Other gains and losses  | 6.2.0       | 20,643                                  | -    | 276,445                                 | 4    |
| 7050 | Finance costs   | 6.2.0       | (161,605)                               | (3)  | (109,622)                               | (2)  |
| 7070 | Share of profit or loss of subsidiaries, associates and joint ventures income accounted for using equity method   | 6.6         | 11,244                                  | -    | 17,090                                  | -    |
|      | Total non-operating income and expenses   |             | (75,918)                                | (3)  | 222,590                                 | 3    |
| 7900 | Income before income tax  |             | 360,969                                 | 4    | 763,082                                 | 11   |
| 7950 | Income tax expense  | 4 and 6.2.2 | (33,758)                                | - 1  | (139,124)                               | (2)  |
| 8200 | Net income  |             | 327,211                                 | 3    | 623,958                                 | 9    |
| 8300 | Other comprehensive income  |             |   |      |   |      |
| 8310 | Items that will not be reclassified subsequently to profit or loss  |             |   |      |   |      |
| 8311 | Remeasurement of defined benefit plans  | 4 and 6.2.1 | \$6,187                                 | -    | \$14,992                                | -    |
| 8316 | Unrealized valuation gains or losses on investments in equity instruments at fair value through other   | 4 and 6.2.1 | 3,338                                   | -    | (529)                                   | -    |
| 8330 | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method—items that will not be reclassified subsequently to profit or loss | 4 and 6.2.1 | (2,906)                                 | -    | (33,485)                                | -    |
| 8349 | Income tax related to items that will not be reclassified subsequently  | 4 and 6.2.1 | (1,237)                                 | -    | (2,998)                                 | -    |
| 8360 | Items that may be reclassified subsequently to profit or loss   |             |   | -    |   | -    |
| 8361 | Exchange differences arising on translation of foreign operations   | 4 and 6.2.1 | (3,131)                                 | -    | 33,413                                  | -    |
| 8367 | Unrealized valuation gains or losses on investments in debt instruments at fair value through other   | 4 and 6.2.1 | (4,126)                                 | -    | (31,814)                                | -    |
| 8380 | Share of other comprehensive income of associates accounted for using equity method—items that may be reclassified subsequently to profit or loss                                       | 4 and 6.2.1 | (995)                                   | -    | 2,552                                   | -    |
| 8399 | Income tax related to items that will be reclassified subsequently  | 6.2.2       | (3,306)                                 | -    | 2,013                                   | -    |
|      | Other comprehensive income (net of tax)   |             | (6,176)                                 | -    | (15,856)                                | -    |
| 8500 | Total comprehensive income  |             | \$321,035                               | 3    | \$608,102                               | 9    |
|      | Earnings per share(NT\$)  | 4 and 6.2.3 |   |      |   |      |
| 9750 | Basic earnings per share  |             | \$1.17                                  |      | \$2.23                                  |      |
| 9850 | Diluted earnings per share  |             | \$1.17                                  |      | \$2.23                                  |      |

(Please refer to the notes to the parent company only financial statements.)

Chairman : Shen, Guo-Rong

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

Hota Industrial Manufacturing Company Limited  
Parent company only statements of changes in equity  
For the years ended December 31, 2023 and 2022

|      |  | Capital stock | Capital surplus | Retained earnings |                 |                         | Other equity  |   | Total equity |
|------|--|---------------|-----------------|-------------------|-----------------|-------------------------|---|---|--------------|
|      |  |               |                 | Legal reserve     | Special reserve | Unappropriated earnings | Exchange differences arising on translation of foreign operations | Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income |              |
| Code |  | 3100          | 3200            | 3310              | 3320            | 3350                    | 3410  | 3420  | 31XX         |
| A1   | Balance at January 1, 2022   | \$2,795,175   | \$3,833,804     | \$689,651         | \$48,236        | \$1,316,593             | \$(45,136)  | \$(15,218)  | \$8,623,105  |
| D1   | Net income, 2022   |               |                 |                   |                 | 623,958                 |   |   | 623,958      |
| D3   | Other comprehensive income, 2022   |               |                 |                   |                 | 13,420                  | 37,978  | (67,254)  | (15,856)     |
| D5   | Total comprehensive income   | -             | -               | -                 | -               | 637,378                 | 37,978  | (67,254)  | 608,102      |
|      | Appropriation and distribution of earnings in 2021                               |               |                 |                   |                 |                         |   |   |              |
| B1   | Legal reserve  |               |                 | 35,326            |                 | (35,326)                |   |   | -            |
| B3   | Special reserve  |               |                 |                   | 12,118          | (12,118)                |   |   | -            |
| B5   | Cash dividends of common stock   |               |                 |                   | 四及六.22          | (381,541)               |   |   | (381,541)    |
| Q1   | Disposals of equity instruments at fair value through other comprehensive income |               |                 |                   |                 | 5,528                   |   | (5,528)   | -            |
| Z1   | Balance at December 31, 2022   | \$2,795,175   | \$3,833,804     | \$724,977         | \$60,354        | \$1,530,514             | \$(7,158)   | \$(88,000)  | \$8,849,666  |
| A1   | Balance at January 1, 2023   | \$2,795,175   | \$3,833,804     | \$724,977         | \$60,354        | \$1,530,514             | \$(7,158)   | \$(88,000)  | \$8,849,666  |
| D1   | Net income (loss), 2023  |               |                 |                   |                 | 327,211                 |   |   | 327,211      |
| D3   | Other comprehensive income, 2023   |               |                 |                   |                 | 4,158                   | (7,432)   | (2,902)   | (6,176)      |
| D5   | Total comprehensive income   | -             | -               | -                 | -               | 331,369                 | (7,432)   | (2,902)   | 321,035      |
|      | Appropriation and distribution of earnings in 2022                               |               |                 |                   |                 |                         |   |   |              |
| B1   | Legal reserve  |               |                 | 64,290            |                 | (64,290)                |   |   | -            |
| B3   | Special reserve  |               |                 |                   | 34,804          | (34,804)                |   |   | -            |
| B5   | Cash dividends of common stock   |               |                 |                   |                 | (447,228)               |   |   | (447,228)    |
| Q1   | Disposals of equity instruments at fair value through other comprehensive income |               |                 |                   |                 | 7,115                   |   | (7,115)   | -            |
| Z1   | Balance at December 31, 2023   | \$2,795,175   | \$3,833,804     | \$789,267         | \$95,158        | \$1,322,676             | \$(14,590)  | \$(98,017)  | \$8,723,473  |

(Please refer to the notes to the parent company only financial statements.)

Chairman : Shen, Guo-Rong

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

Hota Industrial Manufacturing Company Limited  
Parent company only statements of cash flows  
For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

| Code   | Item   | For the year ended<br>December 31, 2023 | For the year ended<br>December 31, 2022 |
|--------|--|---|---|
|        | Cash flows from operating activities :   |   |   |
| A10000 | Income before tax  | \$360,969                               | \$763,082                               |
| A20000 | Adjustments for :  |   |   |
| A20010 | Items of income and expenses :   |   |   |
| A20100 | Depreciation expenses  | 656,505                                 | 610,225                                 |
| A20200 | Amortization expenses  | 4,560                                   | 4,851                                   |
| A20300 | Expected credit impairment losses  | 24,000                                  | 15,148                                  |
| A20900 | Interest expenses  | 161,605                                 | 109,622                                 |
| A21200 | Interest income  | (6,976)                                 | (2,345)                                 |
| A22400 | Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method | (11,244)                                | (17,090)                                |
| A22500 | Losses (gains) on disposals of property, plant and equipment   | 1,737                                   | (7,954)                                 |
| A23900 | Unrealized (realized) gains on sales   | (1,338)                                 | 42                                      |
| A24100 | Unrealized exchange gains  | -                                       | (67,654)                                |
| A30000 | Net changes in operating assets and liabilities :  |   |   |
| A31130 | Decrease (increase) in notes receivables   | (11,390)                                | 25,442                                  |
| A31150 | Decrease (increase) in accounts receivables  | 401,954                                 | (511,146)                               |
| A31180 | Decrease (increase) in other receivables   | 85,927                                  | (105,713)                               |
| A31200 | Decrease (increase) in inventories   | 242,007                                 | (273,285)                               |
| A31240 | Decrease in other current assets   | 88,436                                  | 60,879                                  |
| B06700 | Increase in other non-current assets   | (8,000)                                 | -                                       |
| A32130 | Decrease in notes payables   | (101,020)                               | (396,629)                               |
| A32150 | Decrease in accounts payables  | (338,837)                               | (139,874)                               |
| A32180 | Decrease in other payables   | (216,059)                               | (145,137)                               |
| A32230 | Increase (decrease) in other current liabilities   | 10,306                                  | (8,723)                                 |
| C04300 | Increase in other non-current liabilities  | 5,097                                   | 3,585                                   |
| A33000 | Cash generated from (used in) operations   | 1,348,239                               | (82,674)                                |
| A33100 | Interests received   | 7,440                                   | 1,872                                   |
| A33300 | Interests paid   | (160,086)                               | (108,535)                               |
| A33500 | Income tax paid  | (100,963)                               | (54,833)                                |
| AAAA   | Net cash flows generated from (used in) operating activities   | 1,094,630                               | (244,170)                               |

(Please refer to the notes to the parent company only financial statements.)

Chairman : Shen, Guo-Rong

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

Hota Industrial Manufacturing Company Limited  
Parent company only statements of cash flows (cont.)  
For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

| Code   | Item  | For the year ended<br>December 31, 2023 | For the year ended<br>December 31, 2022 |
|--------|---|---|---|
|        | Cash flows from investing activities :  |   |   |
| B00020 | Disposals of financial assets at fair value through other comprehensive income — current        | 1,390                                   | 34,605                                  |
| B00040 | Acquisitions of financial assets at amortized cost  | (3,780)                                 | (153,809)                               |
| B00010 | Acquisitions of financial assets at fair value through other comprehensive income — non-current | (74,771)                                | (4,519)                                 |
| B00050 | Disposals of financial assets at amortized cost   | 151,719                                 | -                                       |
| B01800 | Acquisitions of investments accounted for using equity method                                   | (33,515)                                | (5,000)                                 |
| B02700 | Acquisitions of property, plant and equipment   | (835,535)                               | (1,234,042)                             |
| B02800 | Disposals of property, plant and equipment  | 2,027                                   | 8,332                                   |
| B03700 | Increase in guaranteed deposits paid  | (10,000)                                | (999)                                   |
| B04500 | Acquisitions of intangible assets   | (4,736)                                 | (6,111)                                 |
| B05350 | Acquisitions of right-of-use assets   | (5,122)                                 | -                                       |
| B07100 | Increase in prepayments for equipment   | (252,394)                               | -                                       |
| B07600 | Dividends received  | 6,069                                   | 2,441                                   |
| BBBB   | Net cash flows used in investing activities   | (1,058,648)                             | (1,359,102)                             |
|        | Cash flows from financing activities :  |   |   |
| C00100 | Increase in short-term borrowings   | 8,308,491                               | 794,943                                 |
| C00200 | Decrease in short-term borrowings   | (8,180,506)                             | -                                       |
| C00500 | Decrease in short-term notes payables   | (60,000)                                | (200,000)                               |
| C01600 | Increase in long-term borrowings  | 6,857,970                               | 3,512,287                               |
| C01700 | Repayments of long-term borrowings  | (6,948,547)                             | (1,967,998)                             |
| C03100 | Decrease in guaranteed deposits received  | (1,000)                                 | -                                       |
| C04020 | Repayments of principal of lease liabilities  | (6,506)                                 | (10,360)                                |
| C04500 | Cash dividends paid   | (447,228)                               | (381,541)                               |
| CCCC   | Net cash flows generated from (used in) financing activities                                    | (477,326)                               | 1,747,331                               |
| DDDD   | Effects of changes in exchange rate on cash   | 92,349                                  | 72,809                                  |
| EEEE   | Net increase (decrease) in cash and cash equivalents  | (348,995)                               | 216,868                                 |
| E00100 | Cash and cash equivalents at the beginning of period  | 993,490                                 | 776,622                                 |
| E00200 | Cash and cash equivalents at the end of period  | \$644,495                               | \$993,490                               |

(Please refer to the notes to the parent company only financial statements.)

Chairman : Shen, Guo-Rong

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

**Hota Industrial MFG. Co., Ltd.**  
**Earning Distribution statement of the year 2023**

Unit: New Taiwan Dollar

| Item  | Amount        | Remark |
|---|---------------|--------|
| Unappropriated retained earnings at beginning of period                     | 984,191,067   |        |
| Remeasurement of Defined benefit plans                                      | 4,158,930     |        |
| Sale of Equity Instrument at fair value through other comprehensive income. | 7,115,379     |        |
| Net Profit of year 2023   | 327,210,819   |        |
| Unappropriated retained earnings, Total                                     | 1,322,676,195 |        |
| Legal Reserve (10%)   | (33,848,513)  |        |
| Special Reserve   | (17,449,845)  |        |
| Total retained earnings   | 1,271,377,837 |        |
| Current Distribution Items  |               |        |
| Cash Dividend ( NTD 1.0 per share )   | (279,517,513) |        |
| Stock Dividend ( NTD 0.0 per share )  | —             |        |
| Current Distribution  | (279,517,513) |        |
| Unappropriated retained earnings at end of period                           | 991,860,324   |        |
|   |               |        |

Chairman of the Board:  
SHEN, GUO-RONG

General Manager:  
CHEN, JUN-ZHI

Accounting Supervisor  
LI, YUAN-JI



(Appendix 7) Comparison table of the “Articles of association” before and After version.

| Article | After  | Before  | Explanation   |
|---------|--|---|---|
| 23      | The Company may appoint a <u>Chief Executive Officer and</u> manager (including the General Manager) whose appointment, dismissal, and remuneration shall be made by the Board of Directors with a majority of the directors present and a resolution approved by a majority of the directors present. The manager should have a domicile or residence domestically.   | The Company may appoint a manager (including the General Manager) whose appointment, dismissal, and remuneration shall be made by the Board of Directors with a majority of the directors present and a resolution approved by a majority of the directors present. The manager should have a domicile or residence domestically.   | Revised to include the addition of appointing one Chief Executive Officer.  |
| 27      | If the Company makes annual profits, it shall allocate no less than 2% for employee remuneration and no more than 5% for directors' remuneration, the board of directors shall decide to distribute in stocks or in cash, and the distribution targets for employee remuneration include employees of affiliated companies who meet certain conditions. Proposals for distributing employee remuneration and director remuneration shall be <u>decided by the Board of Directors, with a quorum of two-thirds of directors in attendance and the agreement of a majority of those present. This resolution must be reported to the shareholders' meeting.</u> However, when the Company still has accumulated losses, it shall reserve the number of earnings in advance, and then allocate employee remuneration and director remuneration in proportion to the preceding paragraph.  | If the Company makes annual profits, it shall allocate no less than 2% for employee remuneration and no more than 5% for directors' remuneration, the board of directors shall decide to distribute in stocks or in cash, and the distribution targets for employee remuneration include employees of affiliated companies who meet certain conditions. Proposals for distributing employee remuneration and director remuneration shall be <u>reported to the shareholders' meeting.</u> However, when the Company still has accumulated losses, it shall reserve the number of earnings in advance, and then allocate employee remuneration and director remuneration in proportion to the preceding paragraph.       | Revised pursuant to Article 235-1 of the Company Act.   |
| 27-1    | <u>The Company's profit distribution or loss offsetting shall occur at the end of each semi-annual accounting period. The proposal for profit distribution or loss offsetting for the first half of the accounting year shall be submitted to the Board of Directors for resolution, following review by the Audit Committee along with the business report and financial statements.</u><br>If there is a surplus in the Company's annual financial statements, the earning shall by sequence pay taxes, make up for previous losses, withdraw 10% legal reserve, except the legal reserve has reached the paid-in capital. After the special reserve is withdrawn or reversed in accordance with the law, the "dividend of special shares should be distributed in priority in the current year, and the accumulated undistributed dividends in previous years". <u>If there are remaining profits, these, together with undistributed profits from the previous year, constitute accumulated distributable profits. The Company, considering financial, operational, and business factors, may decide by the Board of Directors to distribute all or part of the accumulated distributable profits as dividends for the current year.</u> Cash dividends must not be less than 20% of the | If there is a surplus in the Company's annual financial statements, the earning shall by sequence pay taxes, make up for previous losses, withdraw 10% legal reserve, except the legal reserve has reached the paid-in capital. After the special reserve is withdrawn or reversed in accordance with the law, the "dividend of special shares should be distributed in priority in the current year, and the accumulated undistributed dividends in previous years". If there is still a surplus, the balance will be added to the undistributed retained earnings of the previous year for the Board of Directors to draft an Earning Distribution proposal and submit it to the shareholders meeting for resolution. | To enhance the effectiveness of shareholder investments, Article 228-1 of the Company Act allows companies to distribute profits or offset losses at the end of each semi-annual accounting period, subject to provisions in the articles of incorporation. Therefore, Article 27-1 was revised, pursuant to Article 228-1 of the Company Act, to specify that the Company may distribute profits or offset losses at the end of each semi-annual accounting period. In light of this revision, relevant provisions and textual |

|    |   |   |   |
|----|---|---|---|
|    | total dividend distribution. <u>If dividends are distributed by allocating to statutory reserves or capital reserves, or partly or wholly in cash, a decision must be made by the Board of Directors with the attendance of at least two-thirds of directors and the agreement of a majority of those present, and this decision must be reported to the shareholders' meeting. If distributed by issuing new shares, it shall be done after approval by the shareholders' meeting.</u> |   | adjustments to this article are made accordingly.   |
| 28 | (Deleted)   | <u>The Company's dividend policy shall proceed in the following: the Company considers the capital needs of the industry, improves the financial structure, as well as the business growth. The Company's Board of Directors considers the profitability and the business requirements, and proposes an earnings distribution plan, and submits it to shareholders' meeting for ratification. In the earning distribution plan proposed by the board of directors, the total amount of shareholders' dividends should be between 30% and 80% of the current year's distributable retained earnings, and the dividend paid in cash should not be less than 20% of the total amount of shareholders' dividends.</u> | Merged into Article 27-1, and make necessary adjustments to related provisions and textual wording. |
| 30 | This Article of Incorporation was set up on October 17, 1972. (... <i>Omitted</i> ...); the 44th amendment was made on June 13, 2023; <u>45th amendment was made on June 13, 2024.</u>  | This Article of Incorporation was set up on October 17, 1972. (... <i>Omitted</i> ...); the 44th amendment was made on June 13, 2023.   |   |