

Hota Industrial Mfg. Co., Ltd.

2026 Annual General Shareholders' Meeting - Minutes

Time: 09:30am, Friday, May 29, 2026

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 170,498,145 shares, which is 61.11% of the company's total outstanding shares, 278,959,513 shares.

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

Attendees: Crowe (TW) CPAs (CPA Shao, Chao-Pin)

Chairman: Sheng, Chien-Chih

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 2025, please refer to Appendix 1.
 - (ii) 、 Review Report for the financial final accounts of the Year 2025 by the Audit Committee, please refer to Appendix 2.
 - (iii) 、 Report on Remuneration Distribution for Employees and Directors of the Year 2025.
 1. According to the Company Act and the Articles of Incorporation, if the Company makes a profit, a certain percentage shall be allocated for remuneration to directors and employees (including entry-level employees). As the Company incurred no profit in 2025, no allocation is made.
 2. This proposal was passed by the board of directors on March 12, 2026.
 - (iv) 、 Report on remuneration of individual directors in 2025, please refer to Appendix 3.
 - (v) 、 Report on the Distribution of Cash Dividends for Fiscal Year 2025.
 1. According to Articles of Incorporation, the board of directors was authorized to make a resolution for cash dividend distribution after the end of each half-year period. For the fiscal year 2025, the company incurred a net loss after income tax amounting to NT\$763,292,856.
 2. The Board of Directors, on March 12, 2026, approved a resolution not to declare any dividends for the fiscal year 2025.
 - (vi) 、 Report on fund loan and endorsement guarantee, please refer to Appendix 4.
 - (vii) 、 The status of the common stocks transferred from the 4th Domestic Unsecured Convertible Bond, please refer to Appendix 5.

IV 、 Matters for Ratification

Proposal 1

(Proposed by the board of directors)

Proceedings: Ratification for the financial final accounts of the Year 2025.

Explanation: The Company's consolidated financial statements, individual financial statements, and business reports of the Year 2025 have been prepared, approved by the Company's board of directors, and completely verified by accountants Huang, Jing-Ya and Huang Zi-Ping of Ernst & Young Taiwan, reviewed by the Audit Committee, and submitted for ratification. Please refer to Appendix 6.

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

Shares represented at the time of voting: 170,498,266.

	Votes in favor	Votes against	Votes abstained
Cumulative votes (incl. electronic votes)	166,745,344 (30,453,874)	87,036 (87,036)	3,665,886 (3,621,761)
% of the total represented share present	97.80%	0.05%	2.15%

1. Shareholder No. 149768, Da Yuan Magazine Co., Ltd., appointed representative Jiang OO (first statement) Summary:
The individual financial statements show a cost of goods sold ratio reaching 97%, and the reason for this was inquired. It was also pointed out that the Company's borrowing interest rates in FY2024 and FY2025 were higher than in previous years, and that the debt ratio increased from 60% to 63%. In addition, the order status and low operating gross margin were mentioned, and the Company's future operating plans and the specific meaning of the so-called "steady operation" were inquired. It was further stated that the stock price performance reflects the Company's operating condition, and questions were raised regarding financial and operational improvement directions.

Chairperson's response summary:
The increase in the cost of goods sold ratio from 88% to 97% was mainly due to rising raw material and energy prices, as well as the impact of exchange rate fluctuations, which led to an increase in the cost ratio. Regarding the higher borrowing interest rates, the Chairperson stated that the Company currently understands that they are not significantly higher than market levels, and the finance unit will be asked to further review and evaluate this. As for the stock price issue, the Chairperson explained that stock prices are affected by overall economic conditions, capital markets, and industry cycles, and are not the sole indicator of the Company's operating results. The Company will continue to focus on strengthening competitiveness and sustainable operation as its primary goal.
2. Shareholder No. 149768, Da Yuan Magazine Co., Ltd., appointed representative Jiang OO (second statement) Summary:
While agreeing that stock price is not the sole indicator of the Company's operating performance, it was stated that stock price reflects reality; the Company's stock price has fallen from approximately NT\$160 to the 50 range. In addition, regarding the cost of goods sold ratio reaching 97%, the composition of cost of goods sold in the financial statements was inquired.

Chairperson's response summary:

Most procurement within cost of goods sold is denominated in New Taiwan dollars, and part of it is conducted in foreign currencies. It was also explained that the previously mentioned exchange rate impact refers to revenue; revenue may increase or decrease due to exchange rate fluctuations, and under the same operating scale, related ratios may also change accordingly.

3. Shareholder No. 23481, Liu OO (first statement) Summary:

Regarding Item vii of the report matters, it was noted that for the Company's domestic fourth unsecured convertible corporate bonds, bondholders will be able to exercise their put option during the put option exercise period, and it was asked whether the Company has already made funding plans and preparations. It was also mentioned that the current market price of convertible corporate bonds is below par value, and it was asked whether this reflects the market's view on the Company's creditworthiness. It was further suggested that the Company evaluate repurchasing convertible corporate bonds from the market in order to reduce funding costs and protect shareholders' interests.

Chairperson's response summary:

The Chairperson stated that the finance unit will be asked to further study and evaluate the relevant suggestions, and will continue to pay attention to and safeguard shareholders' interests. If the evaluation deems it feasible, further deliberation and implementation will be considered.

Proposal 2

(Proposed by the board of directors)

Proceedings: Ratification of the Proposal of Earnings Distribution for the Year 2025.

Explanation:

1. The Company's earnings distribution statement for 2025 has been reviewed by the Audit Committee and approved by the Board of Directors.
2. The earnings distribution statement for 2025, please refer to Appendix 7.

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

Shares represented at the time of voting: 170,498,266.

	Votes in favor	Votes against	Votes abstained
Cumulative votes (incl. electronic votes)	166,669,392 (30,377,922)	224,443 (224,443)	3,604,431 (3,560,306)
% of the total represented share present	97.76%	0.13%	2.11%

V、Matters for Discussion

Proposal 1

(Proposed by the board of directors)

Proposal: Amendment of certain clauses of the "Ethical Corporate Management Best Practice Principles."

Explanations: In accordance with the relevant provisions of Letter No. 1080008378 issued by the Taiwan Stock Exchange, the Company intends to amend certain provisions of the "Ethical Corporate Management Best Practice Principles", please refer to Appendix 8.

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

Shares represented at the time of voting: 170,498,266.

	Votes in favor	Votes against	Votes abstained
Cumulative votes (incl. electronic votes)	166,699,300 (30,407,830)	214,728 (214,728)	3,584,238 (3,540,113)
% of the total represented share present	97.77%	0.13%	2.10%

Proposal 2

(Proposed by the board of directors)

Proposal: Establishment of the “Policy on the Allocation of Remuneration for Rank-and-File Employees.”

Explanations: To clearly regulate the procedures and standards for the allocation of remuneration for rank-and-file employees, the Company intends to establish the “Policy on the Allocation of Remuneration for Rank-and-File Employees”, please refer to Appendix 9.

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

Shares represented at the time of voting: 170,498,266.

	Votes in favor	Votes against	Votes abstained
Cumulative votes (incl. electronic votes)	166,805,769 (30,514,299)	97,732 (97,732)	3,594,765 (3,550,640)
% of the total represented share present	97.83%	0.06%	2.11%

VI、 Election matters

Proposal: 13th term Board of Directors election of 13 seats (including 4 seats of Independent Directors).

Explanations:

1. The tenure of the current board of directors of the company will expire on June 12, 2026. In accordance with Article 13 of the company’s Articles of Association, it is proposed to fully re-elect thirteen directors (including four independent directors) at the 2026 Annual General Meeting.
2. The term of the newly elected directors (including independent directors) will commence on the date of their election at the 2026 Annual General Meeting and will end three years later (from May 29, 2026, to May 28, 2029). The incumbent directors will step down on the day the new directors are elected.
3. In accordance with Article 13-1 of the company’s Articles of Association, the election of the company’s directors shall adopt the nominee system pursuant to Article 192-1 of the Company Act, with shareholders electing from the list of candidates. For details on their education, experience, and other related information, please refer to Appendix 10.

Resolution:

Elected List :

Title	Number of Nominee	Name	votes in favor
Corporate Director	29210	Qianzuan Co., Ltd. (Designated representative: Sheng, Chien-Chih)	399,647,421
Director	4	Sheng, Kuo-Jung	381,850,989
Director	6	Lin, Yen-Huey	150,023,253
Director	5	Lin, Mei-Yu	150,088,615
Director	10669	Huang, Feng-Yih	150,017,508
Corporate Director	32030	Central Investment Co., Ltd. (Designated representative: Chang, Yu-Jeng)	150,081,034
Corporate Director	32030	Central Investment Co., Ltd. (Designated representative: Lin, Yue-Hong)	150,001,381
Corporate Director	15005	Hao-Qing Investment Ltd. (Designated representative: Sun, Yong-Lu)	150,003,167
Corporate Director	21403	Kao Fong Machinery Co., Ltd. (Designated representative: Chen, Jun-Zhi)	155,764,366
Independent Director	M1018xxxxxx	Liu, Zheng-Huai	62,879,127
Independent Director	B1010 xxxxxx	Zhuang, Bo-Nian	62,868,036
Independent Director	M1209 xxxxxx	Huang, Guo-Shu	63,070,114
Independent Director	L1214 xxxxxx	Ho, Yung-Chuan	64,627,539

VII、Matters for Discussion II

Proposal 1 (Proposed by the board of directors)

Proposal: Discussion on lifting director's non-compete clause in the Company.

Explanations:

1. According to Article 209 of the Company Act, any director who engages in activities either for themselves or on behalf of others that fall within the business scope of the company must disclose the significant aspects of such activities to the shareholders' meeting and obtain its approval.
2. The newly appointed directors and their representatives may concurrently engage in business activities similar to those of the company. To accommodate actual business needs and under the premise of not harming the company's interests, it is proposed that the shareholders' meeting approve lifting the non-compete restrictions for these directors.
3. For details of the other important positions held by the newly appointed directors and their representatives, please refer to Appendix 11.

Resolution: The proposal be and hereby was approved as seen below:
Shares represented at the time of voting: 170,498,266.

	Votes in favor	Votes against	Votes abstained
Cumulative votes (incl. electronic votes)	160,821,365 (24,529,895)	5,771,010 (5,771,010)	3,905,891 (3,861,766)
% of the total represented share present	94.33%	3.38%	2.29%

VIII 、 Extempore motion

IX 、 Adjournment: meeting ended at 10:13 am, May 29, 2026.

(Appendix 1)

A. Operation Report of the Year 2025

a. Execution Results of the Business Plan:

Unit: New Taiwan Dollar, thousand

Item	Year 2025		Year 2024	
	Amount	%	Amount	%
Operation Revenue	4,807,719	100	5,265,851	100
Operation Costs	(4,674,739)	(97)	(4,646,157)	(88)
Operation Margin	132,980	3	619,694	12
Operation Expenses	(639,418)	(14)	(795,706)	(14)
Operation Net Profit	(506,438)	(11)	(176,012)	(3)
Non-operating income and expenses	(255,899)	(5)	346,443	7
Net profit before tax	(762,337)	(16)	170,431	4
Income Tax Expense	(9,344)	—	(38,470)	(1)
Net Income after tax	(771,681)	(16)	131,961	3
Net income attributable to stockholders of the parent company	(763,293)	—	131,063	—
Net income attributable to non-controlling interests	(8,388)	—	898	—

b. Analysis of Profitability:

Item		Year 2025	Year 2024
Return on Assets (%)		(2.54)	1.25
Return on Equity of Shareholders (%)		(9.39)	1.50
Ratio to Paid-in Capital (%)	Operation Net Profit	(18.15)	(6.30)
	Net Income after tax	(27.33)	6.10
Net Profit Ratio (%)		(16.05)	2.51
Earnings per share(Not been retrospective adjusted)		(2.74)	0.47

c. Status of Research and Development:

- The development results of Research & Development department are as follows:
 - Electric vehicle gearbox components.
 - Hybrid transmission components.
 - Heavy-duty electric truck reduction gearbox components.
 - Transfer case components.
 - Precision mechanical reducer.
 - Aerospace parts.
 - Reduction gear sets, electronic control, and system integration for E-bikes.
 - Robot joint components.
 - Gear hobbing machine, gear scraping machine, chamfering machine, gear meshing machine, compressor, various types of automation equipment, and system integration.
 - Semiconductor related inspection equipment.
 - Differential assembly.

- (12) Planetary gear set of transmission.
- (13) Heavy motorcycle gearbox and transmission components.
- (14) 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 2026:

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 Indigenous Aircraft Program, the Company has passed the AS 9100 aerospace system certification, officially gaining eligibility to participate in the aerospace industry. It is hoped that the Company's core automotive precision manufacturing technology can also be applied to the aerospace field, adding new elements to the Company's product diversification.
 - (4) The Company is committed to diversification and will leverage its core competencies to develop new products for applications in industries other than the automotive industry.
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, Chien-Chih

General Manager:
Chen, Jun-Zhi

Accounting Supervisor
Li, Yuan-Ji

(Appendix 2) Review Report for the Financial Statements of the Year 2025 by the Audit Committee.

Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's corrected 2025 Business Report, corrected Financial Statements, and Deficit Compensation Proposal. The corrected Financial Statements have been audited by Ernst & Young Taiwan and an independent auditors' report has been re-issued accordingly. The aforementioned corrected Business Report, corrected Financial Statements, and Deficit Compensation Proposal have been reviewed by the Audit Committee, which found no inconsistency. Accordingly, this report is submitted in compliance with the Securities and Exchange Act and the Company Act for your review.

Hota Industrial MFG. Co., Ltd.

Convener of the Audit Committee: Zhuang, Bo-Nian

March 12, 2026

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	Kao Fong Machinery Co., Ltd. (Representative: Sheng, Chien-Chih) Sheng, Kuo-Jung, Lin, Yen-Huey, Wang, Hui-O, Lin, Mei-Yu, Huang, Feng-Yih Central Investment Co., Ltd. (Representative: Chang, Yu-Jeng, Lin, Yue-Hong) Hao-Qing Investment Ltd. (Representative: Sun, Yong-Lu) Independent Director-Chueh, Ming-Fu, Liu, Zheng-Huai, Zhuang, Bo-Nian, Huang, Guo-Shu	Kao Fong Machinery Co., Ltd. (Representative: Sheng, Chien-Chih) Sheng, Kuo-Jung, Lin, Yen-Huey, Wang, Hui-O, Lin, Mei-Yu, Huang, Feng-Yih Central Investment Co., Ltd. (Representative: Chang, Yu-Jeng, Lin, Yue-Hong) Hao-Qing Investment Ltd. (Representative: Sun, Yong-Lu) Independent Director-Chueh, Ming-Fu, Liu, Zheng-Huai, Zhuang, Bo-Nian, Huang, Guo-Shu	Wang, Hui-O, Lin, Mei-Yu, Huang, Feng-Yih Central Investment Co., Ltd. (Representative: Chang, Yu-Jeng, Lin, Yue-Hong) Hao-Qing Investment Ltd. (Representative: Sun, Yong-Lu) Independent Director-Chueh, Ming-Fu, Liu, Zheng-Huai, Zhuang, Bo-Nian, Huang, Guo-Shu	Wang, Hui-O, Lin, Mei-Yu, Huang, Feng-Yih Central Investment Co., Ltd. (Representative: Chang, Yu-Jeng, Lin, Yue-Hong) Hao-Qing Investment Ltd. (Representative: Sun, Yong-Lu) Independent Director-Chueh, Ming-Fu, Liu, Zheng-Huai, Zhuang, Bo-Nian, Huang, Guo-Shu
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)	-	-	-	-
NTD 5,000,000(incl.) ~ NTD 10,000,000(under)	-	-	Kao Fong Machinery Co., Ltd. (Representative: Sheng, Chien-Chih) Sheng, Kuo-Jung, Lin, Yen-Huey,	Kao Fong Machinery Co., Ltd. (Representative: Sheng, Chien-Chih) Sheng, Kuo-Jung, Lin, Yen-Huey,
NTD 10,000,000 (incl.) ~ NTD 15,000,000 (under)	-	-	-	-
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	13	13	13	13

(Appendix 4) fund loan and endorsement guarantee

a. As of December 31, 2025, endorsement guarantee are as follows:

Unit:NTD (thousand)

Endorser/ Guarantor	Company name	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2024	Outstanding endorsement/ guarantee amount at December 31, 2024	Actual amount drawn down	Ceiling on total amount of endorsements/ guarantees provided
Hota Industrial Manufacturing Company Limited	Howon(Whaian) Automobile Components Company Limited	1,535,711	255,212	255,212	212,184	3,071,422
Hota Industrial Manufacturing Company Limited	Howon(Whaian) Automobile Components Company Limited	1,535,711	88,004	88,004	88,004	3,071,422
Hota Industrial Manufacturing Company Limited	Howon(Whaian) Automobile Components Company Limited	1,535,711	157,150	157,150	157,150	3,071,422
Hota Industrial Manufacturing Company Limited	Howon(Whaian) Automobile Components Company Limited	1,535,711	94,290	94,290	94,290	3,071,422
Hota Industrial Manufacturing Company Limited	Howon(Whaian) Automobile Components Company Limited	1,535,711	247,280	247,280	170,848	3,071,422

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.

b. As of December 31, 2025, fund loan are as follows:

Unit:NTD (thousand)

Creditor	Borrower	Reason for short-term financing	Maximum outstanding balance during the year ended 2024/12/31	Balance at December 31, 2024	Actual amount drawn down	Limit on loans granted to a single party	Ceiling on total loans granted
Hota Industrial Manufacturing Company Limited	YUNG-CHIN DEVELOP FORGINGCO., LTD.	Purchase of equipment	7,200	4,800	2,400	1,535,711	3,071,422
Hota Industrial Manufacturing Company Limited	Howon(Whaian) Automobile Components Company Limited	Purchase of equipment	274,698	274,698	257,726	1,535,711	3,071,422

c. 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 5) Report on the execution of the 4th domestic unsecured convertible corporate bonds.

Categories of corporate bonds	The Fourth Domestic Unsecured Convertible Corporate Bonds	
Date of issuance	August 12, 2024	
Denomination	NT\$100,000 per bond	
Venues of issuance and transaction	Taipei Exchange	
Price of issue	100% of the face value	
Total amount	NT\$1.5 billion	
Interest rate	Coupon 0%	
Duration	Three years due on August 12, 2027	
Guarantee agency	N/A	
Trustor	Land Bank of Taiwan Co., Ltd.	
Underwriter	Taichung Bank Securities Co., Ltd.	
Certifying Attorney-at-Law	Hanchen Law Firm Lawyer Peng, Yi-Cheng	
CPA	Ernst & Young Taiwan CPA Huang, Zi-Ping, CPA Huang, Jing-Ya	
Means of repayment	Conversion by the bondholder to the Company's ordinary shares according to Article 10 of the Regulations Governing the Issuance and Conversion, or exercise of the sell-back right by the bondholder according to Article 19, or the Company's call back according to Article 18 of the Company Act, or the Company's buyback from the securities company's venue and cancelation. Bond repayment to bondholders in cash at full face value when due.	
Outstanding principal	NT\$1.5 billion	
Terms regarding redemption or payback prior to expiry	Please refer to the Company's Regulations Governing the Issuance and Conversion of fourth Tranche of Unsecured Convertible Corporate Bonds in Taiwan	
Restrictive terms	Nil	
Title of the credit rating institution, rating date, results of corporate bonds rating	Nil	
Affiliated with other rights	Amount of ordinary shares converted as of the date of printing of annual report	Nil
	Terms on issuance and conversion	Please refer to the Company's Regulations Governing the Issuance and Conversion of fourth Tranche of Unsecured Convertible Corporate Bonds in Taiwan
Issuance and conversion, exchange or subscription terms; terms on issuance toward the potential effect of dilution of equity and the impact upon the current shareholders' interests.	<p>The convertible corporate bonds do not have the dilution effect on the equity before the creditors demand the exercise of the conversion right.</p> <p>The creditors can choose to convert at a more favorable time point during the convertible period, so the dilution has the effect of deferred dispersion.</p> <p>Effective from April 16, 2025, the conversion price is \$47.6.</p> <p>If the outstanding corporate bonds are fully converted at the current conversion price, the equity expansion rate is expected to be about 10.13%, with limited impact on shareholders' equity.</p>	
Title of the institution commissioned into custody of the target of exchange	N/A	

Hota Industrial Manufacturing Company Limited

REPRESENTATION LETTER

The companies required to be included in the consolidated financial statements of affiliated enterprises in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are the same as those required to be included in the consolidated financial statements of parent and subsidiary companies in accordance with International Financial Reporting Standard 10, “Consolidated Financial Statements.” Relevant information required to be disclosed in the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. Accordingly, no separate consolidated financial statements of affiliated enterprises have been prepared.

We hereby declare.

Hota Industrial Manufacturing Company Limited

Chairman : Sheng, Chien-Chih

March 12, 2026

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, 2025 and 2024, 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, based on our audit results and other auditors' report (Please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, 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. 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 consolidated financial statements for the year ended December 31, 2025. 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, 2025 amounted to NT\$4,762,746 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, 2025 amounted to NT\$2,564,599 thousand, accounting for 12% 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 – Making Reference to the Audit(s) of Other Auditors

Part of the financial statements of the investees included in the consolidated financial statements were not audited by us, but by other auditors. Therefore, in the opinion we provided for the consolidated financial statements, the amounts associated with those investees were based on other auditors' audit report. As of December 31, 2025, investments accounted for using equity method of those investees amounted to NT\$244,770 thousand, accounting for 1.13% of total assets. For the year ended December 31, 2025, relevant share of profit or loss of associates and joint ventures amounted to NT\$(17,815) thousand, accounting for 2.36% of consolidated loss before tax, and share of other comprehensive income of associates and joint ventures accounted for using equity method amounted to NT\$(13,193) thousand, accounting for 16.20% of total consolidated other comprehensive income.

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, 2025 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, 2025 and 2024 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 - 1120349153

No. Financial-Supervisory-Securities-Auditing - 1030025503

Huang, Jing-Ya

CPA :

Huang, Zi-Ping

March 12, 2026

Hota Industrial Manufacturing Company Limited and Subsidiaries

Consolidated balance sheets

December 31, 2025 and 2024

Expressed in thousands of New Taiwan Dollars

Code	Assets		December 31, 2025		December 31, 2024	
	Accounting items	Note	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4 and 6.1	\$724,847	3	\$773,323	3
1110	Financial assets at fair value through profit or loss – current	4 and 6.2	3,217	-	11,342	-
1120	Financial assets at fair value through other comprehensive income –	4 and 6.3	99,231	-	113,955	1
1136	Financial assets at amortized cost – current	4 and 6.4	48,994	-	263,370	1
1150	Notes receivables, net	4	3,079	-	26,423	-
1170	Accounts receivables, net	4 and 6.5	1,806,124	9	2,210,101	10
1200	Other receivables		23,319	-	26,497	-
130x	Inventories	4 and 6.6	2,960,275	14	3,314,320	15
1470	Other current assets		188,076	1	401,153	2
11xx	Total current assets		<u>5,857,162</u>	<u>27</u>	<u>7,140,484</u>	<u>32</u>
	Non-current assets					
1510	Financial assets at fair value through profit or loss – non-current	4, 6.2, and 15	-	-	600	-
1517	Financial assets at fair value through other comprehensive income – non-	4 and 6.3	139,026	1	175,543	1
1535	Financial assets at amortized cost – non-current	4, 6.4 and 8	313,106	1	-	-
1550	Investments accounted for using equity method	4, 6.7 and 8	291,757	1	320,634	1
1600	Property, plant and equipment	4, 6.8 and 8	13,965,359	66	13,831,099	62
1755	Right-of-use assets	4 and 6.25	286,145	1	305,356	1
1760	Investment properties, net	4 and 6.9	359,769	2	193,673	1
1780	Intangible assets	4	15,786	-	5,502	-
1840	Deferred tax assets	4 and 6.27	58,435	-	47,987	-
1900	Other non-current assets	6.10	213,488	1	357,622	2
15xx	Total non-current assets		<u>15,642,871</u>	<u>73</u>	<u>15,238,016</u>	<u>68</u>
1xxx	Total assets		<u>\$21,500,033</u>	<u>100</u>	<u>\$22,378,500</u>	<u>100</u>

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

Chairman : Sheng, Chien-Chih

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

Hota Industrial Manufacturing Company Limited and Subsidiaries

Consolidated balance sheets (cont.)

December 31, 2025 and 2024

Expressed in thousands of New Taiwan Dollars

Code	Liabilities and equity		December 31, 2025		December 31, 2024	
	Accounting items	Note	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	4 and 6.11	\$2,970,200	14	\$2,834,642	13
2110	Short-term notes payables	4 and 6.12	1,100,000	5	900,000	4
2150	Notes payables		404,531	2	453,720	2
2170	Accounts payables	4	365,894	2	289,099	1
2200	Other payables	6.13	315,035	2	296,579	1
2230	Current income tax liabilities		2	-	2,891	-
2280	Lease liabilities – current	4 and 6.23	13,539	-	13,031	-
2322	Long-term borrowings, current portion	4 and 6.16	1,383,659	6	1,544,738	7
2399	Other current liabilities		38,369	-	85,179	1
21xx	Total current liabilities		6,591,229	31	6,419,879	29
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss - non-current	4, 6.14 and 6.15	6,150	-	8,250	-
2530	Bond payables	4 and 6.15	1,446,672	7	1,414,657	6
2540	Long-term borrowings	4 and 6.16	5,209,887	24	5,242,253	23
2570	Deferred tax liabilities	4 and 6.27	86,168	-	59,889	-
2580	Lease liabilities – non-current	4 and 6.23	222,452	1	236,056	1
2600	Other non-current liabilities		98,967	-	113,246	1
25xx	Total non-current liabilities		7,070,296	32	7,074,351	31
2xxx	Total liabilities		13,661,525	63	13,494,230	60
	Equity attributable to shareholders of the parent					
31xx	Equity attributable to shareholders of the parent					
3100	Capital stock					
3110	Common stock	6.19				
3200	Capital surplus	6.19	2,789,595	13	2,795,175	12
3300	Retained earnings	6.19	3,896,011	18	3,908,804	17
3310	Legal reserve					
3320	Special reserve		842,781	4	836,334	4
3350	Unappropriated earnings		799	-	112,608	1
	Total retained earnings		237,904	1	1,111,301	5
3400	Other equity		1,081,484	5	2,060,243	10
31xx	Total equity attributable to shareholders of the parent		(88,534)	-	(798)	-
36xx	Non-controlling interests	6.20	7,678,556	36	8,763,424	39
3xxx	Total equity		159,952	1	120,846	1
3x2x	Total liabilities and equity		7,838,508	37	8,884,270	40
			\$21,500,033	100	\$22,378,500	100

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

Chairman : Sheng, Chien-Chih

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, 2025 and 2024

Expressed in thousands of New Taiwan Dollars

Code	Accounting items	Note	For the year ended December 31, 2025		For the year ended December 31, 2024	
			Amount	%	Amount	%
4000	Operating revenue	4 and 6.21	\$4,807,719	100	\$5,265,851	100
5000	Operating costs	6.6 and 6.24	(4,674,739)	(97)	(4,646,157)	(88)
5900	Gross profit		132,980	3	619,694	12
6000	Operating expenses					
6100	Sales and marketing expenses	6.24	(371,877)	(8)	(546,258)	(10)
6200	General and administrative expenses	6.24	(165,255)	(4)	(153,978)	(3)
6300	Research and development expenses	6.24	(99,430)	(2)	(95,449)	(2)
6450	Expected credit impairment losses	4 and 6.22	(2,856)	-	(21)	-
	Total operating expenses		(639,418)	(14)	(795,706)	(15)
6900	Net loss from operations		(506,438)	(11)	(176,012)	(3)
7000	Non-operating income and expenses					
7100	Interest income	4 and 6.25	18,252	-	13,176	-
7010	Other income	4 and 6.25	76,345	2	99,187	2
7020	Other gains and losses	6.25	(65,419)	(1)	397,524	8
7050	Finance costs	6.25	(269,314)	(6)	(183,527)	(3)
7060	Share of profit or loss of associates and joint ventures accounted for using equity method	6.7	(15,763)	-	20,083	-
	Total non-operating income and expenses		(255,899)	(5)	346,443	7
7900	Net Income (loss) before tax		(762,337)	(16)	170,431	4
7950	Income tax expense	4 and 6.27	(9,344)	-	(38,470)	(1)
8200	Net income (loss)		(771,681)	(16)	131,961	3
8300	Other comprehensive income					
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit plans	4 and 6.26	9,323	-	2,279	-
8316	Unrealized valuation gains or losses on investments in equity instruments at fair value through other	4, 6.3, and 6.26	(49,952)	(1)	29,737	1
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity	4 and 6.26	(13,454)	-	8,095	-
8349	Income tax related to items that will not be reclassified subsequently	4, 6.26, and 6.27	(1,791)	-	(473)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences arising on translation of foreign operations	4 and 6.26	(25,537)	(1)	30,275	1
8367	Unrealized valuation gains or losses on investments in debt instruments at fair value through other	4 and 6.26	-	-	44,986	1
8370	Share of other comprehensive income of associates accounted for using equity method	4, 6.7, and 6.26	(6)	-	51	-
8399	Income tax related to items that will be reclassified subsequently	6.26 and 6.27	-	-	-	-
	Other comprehensive income (net of tax)		(81,417)	(2)	114,950	3
8500	Total comprehensive income		\$(853,098)	(18)	\$246,911	6
8600	Net income (loss) attributable to :					
8610	Shareholders of the parent		\$(763,293)		\$131,063	
8620	Non-controlling interests		(8,388)		898	
			\$(771,681)		\$131,961	
8700	Total comprehensive income attributable to :					
8710	Shareholders of the parent		\$(842,881)		\$244,468	
8720	Non-controlling interests		(10,217)		2,443	
			\$(853,098)		\$246,911	
	Earnings per share(NT\$)	4 and 6.28				
9750	Basic earnings per share		\$(2.74)		\$0.47	
9850	Diluted earnings per share		\$(2.74)		\$0.47	

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

Chairman : Sheng, Chuen-Chih

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, 2025 and 2024

Expressed in thousands of New Taiwan Dollars

Code	Item	Equity attributable to owners of the parent company									Non-controlling interests	Total equity
		Capital stock	Capital surplus	Retained earnings			Other equity		Treasury stocks	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				
		3100	3200	3310	3320	3350	3410	3420	3500	31XX	36XX	3XXX
A1	Balance at January 1, 2024	\$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
D1	Net income, 2024					131,063				131,063	898	131,961
D3	Other comprehensive income, 2024					1,596	30,347	81,462		113,405	1,545	114,950
D5	Total comprehensive income	-	-	-	-	132,659	30,347	81,462	-	244,468	2,443	246,911
	Appropriation and distribution of earnings in 2023											
B1	Legal reserve			47,067		(47,067)				-		-
B3	Special reserve				17,450	(17,450)				-		-
B5	Cash dividends of common stock					(279,517)				(279,517)		(279,517)
	Other changes in capital surplus											
C5	Equity components - stock options recognized for issue of convertible bonds		75,000							75,000		75,000
Z1	Balance at December 31, 2024	<u>\$2,795,175</u>	<u>\$3,908,804</u>	<u>\$836,334</u>	<u>\$112,608</u>	<u>\$1,111,301</u>	<u>\$15,757</u>	<u>\$(16,555)</u>	<u>\$ -</u>	<u>\$8,763,424</u>	<u>\$120,846</u>	<u>\$8,884,270</u>
A1	Balance at January 1, 2025	\$2,795,175	\$3,908,804	\$836,334	\$112,608	\$1,111,301	\$15,757	\$(16,555)	\$ -	\$8,763,424	\$120,846	\$8,884,270
D1	Net loss, 2025					(763,293)				(763,293)	(8,388)	(771,681)
D3	Other comprehensive income, 2025					8,148	(25,543)	(62,193)		(79,588)	(1,829)	(81,417)
D5	Total comprehensive income	-	-	-	-	(755,145)	(25,543)	(62,193)	-	(842,881)	(10,217)	(853,098)
	Appropriation and distribution of earnings in 2024											
B1	Legal reserve			6,447		(6,447)				-		-
B3	Reversal of special reserve				(111,809)	111,809				-		-
B5	Cash dividends of common stock					(223,614)				(223,614)	(1,633)	(225,247)
L1	Treasury stocks repurchase								(32,447)	(32,447)		(32,447)
L3	Cancellation of treasury stocks	(5,580)	(26,867)						32,447	-		-
	Other changes in capital surplus									-		-
C7	Changes in ownership interests in subsidiaries		14,074							14,074	50,956	65,030
Z1	Balance at December 31, 2025	<u>\$2,789,595</u>	<u>\$3,896,011</u>	<u>\$842,781</u>	<u>\$799</u>	<u>\$237,904</u>	<u>\$(9,786)</u>	<u>\$(78,748)</u>	<u>\$ -</u>	<u>\$7,678,556</u>	<u>\$159,952</u>	

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

Chairman : Sheng, Chien-Chih

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, 2025 and 2024

Expressed in thousands of New Taiwan Dollars

Code	Item	For the year ended December 31, 2025	For the year ended December 31, 2024
	Cash flows from operating activities :		
A10000	Income before tax	\$(762,337)	\$170,431
A20000	Adjustments for :		
A20010	Items of income and expenses :		
A20100	Depreciation expenses	726,525	711,426
A20200	Amortization expenses	4,729	5,089
A20300	Expected credit impairment losses	2,856	21
A20400	Net gains on financial assets and liabilities at fair value through profit or loss	(2,264)	(1,832)
A20900	Interest expenses	269,314	183,527
A21200	Interest income	(18,252)	(13,176)
A22300	Share of profit or loss of associates and joint ventures accounted for using equity method	15,763	(20,083)
A22500	Losses (gains) on disposals of property, plant and equipment	95	(172,414)
A22700	Gains on disposals of investment properties	-	(46,906)
A23100	Losses (gains) on disposals of investments	(1,735)	2,485
A30000	Net changes in operating assets and liabilities:		
A31130	Notes receivables	23,344	(7,450)
A31150	Accounts receivables	401,121	414,612
A31180	Other receivables	3,178	70,214
A31200	Inventories	354,045	22,814
A31240	Other current assets	215,575	(264,724)
B06700	Other non-current assets	(35,760)	(190,947)
A32130	Notes payables	(49,189)	29,869
A32150	Accounts payables	76,795	(219,031)
A32180	Other payables	(10,529)	(164,749)
A32230	Other current liabilities	(43,131)	(62,395)
C04300	Other non-current liabilities	(8,801)	(14,722)
A33000	Cash generated from operations	1,161,342	432,059
A33100	Interests received	18,252	13,176
A33300	Interests paid	(229,864)	(161,380)
A33500	Income tax paid	(8,910)	(96,567)
AAAA	Net cash flows generated from operating activities	940,820	187,288

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

Chairman: Sheng, Chien-Chih

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, 2025 and 2024

Expressed in thousands of New Taiwan Dollars

Code	Item	For the year ended December 31, 2025	For the year ended December 31, 2024
	Cash flows from investing activities:		
B00010	Acquisitions of financial assets at fair value through other comprehensive income – non-current	(659)	(35,769)
B00030	Refund of payment for shares from financial assets at fair value through profit or loss	1,948	6,939
B00040	Acquisitions of financial assets at amortized cost	(166,627)	(242,600)
B00050	Disposals of financial assets at amortized cost	32,870	28,318
B00100	Acquisitions of financial assets at fair value through profit or loss	(8,146)	(21,448)
B00200	Disposals of financial assets at fair value through profit or loss	18,322	23,143
B01800	Acquisition of investments accounted for using equity method	(2,485)	-
B01900	Disposals of investments accounted for using equity method	-	959
B02700	Acquisitions of property, plant and equipment	(625,831)	(377,157)
B02800	Disposals of property, plant and equipment	499	266,852
B03700	Decrease in guaranteed deposits paid	37,904	45,054
B04500	Acquisitions of intangible assets	(15,013)	(2,345)
B05400	Acquisitions of investment properties	(166,096)	(193,673)
B05500	Disposals of investment properties	-	77,293
B07100	Increase in prepayments for equipment	(17,555)	(149,017)
B07600	Dividends received	16,306	14,717
BBBB	Net cash flows used in investing activities	<u>(894,563)</u>	<u>(558,734)</u>
	Cash flows from financing activities :		
C00100	Increase in short-term borrowings	13,593,022	12,536,452
C00200	Decrease in short-term borrowings	(13,470,130)	(11,876,743)
C00500	Increase in short-term bills payables	9,000,000	4,800,000
C00600	Decrease in short-term bills payables	(8,800,000)	(4,900,000)
C01200	Issue of corporate bonds	-	1,485,452
C01600	Increase in long-term borrowings	8,159,037	3,905,989
C01700	Repayments of long-term borrowings	(8,346,752)	(5,365,673)
C03100	Increase (decrease) in guaranteed deposits received	3,478	120
C04020	Repayments of principal of lease liabilities	(15,316)	(22,578)
C04500	Cash dividends paid	(225,247)	(279,517)
C04900	Cost of treasury stocks repurchase	(32,447)	-
CCCC	Net cash flows generated from (used in) financing activities	<u>(134,355)</u>	<u>283,502</u>
DDDD	Effects of changes in exchange rate on cash	<u>39,622</u>	<u>76,331</u>
EEEE	Net decrease in cash and cash equivalents	<u>(48,476)</u>	<u>(11,613)</u>
E00100	Cash and cash equivalents at the beginning of period	<u>773,323</u>	<u>784,936</u>
E00200	Cash and cash equivalents at the end of period	<u>\$724,847</u>	<u>\$773,323</u>

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

Chairman: Sheng, Chien-Chih

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, 2025 and 2024, 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, based on our audit results and other auditors' report (Please refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, 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, 2025. 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, 2025 amounted to NT\$4,390,387 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, 2025 amounted to NT\$2,162,105 thousand, accounting for 11% 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 – Making Reference to the Audit(s) of Other Auditors

Part of the financial statements of the investees included in the parent company only financial statements were not audited by us, but by other auditors. Therefore, in the opinion we provided for the consolidated financial statements, the amounts associated with those investees were based on other auditors' audit report. As of December 31, 2025, investments accounted for using equity method of those investees amounted to NT\$13,785 thousand, accounting for 0.07% of total assets. For the year ended December 31, 2025, relevant share of profit or loss of subsidiaries, associates and joint ventures amounted to NT\$(861) thousand, accounting for 0.11% of net loss before tax, and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method

amounted to NT\$(637) thousand, accounting for 0.80% of other comprehensive income.

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, 2025 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 - 1120349153

No. Financial-Supervisory-Securities-Auditing - 1030025503

Huang, Jing-Ya

CPA :

Huang, Zi-Ping

March 12, 2026

Hota Industrial Manufacturing Company Limited

Parent Company Only Balance Sheets

December 31, 2025 and 2024

Expressed in thousands of New Taiwan Dollars

Assets			December 31, 2025		December 31, 2024	
Code	Accounting items	Note	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4 and 6.1	\$423,883	2	\$580,730	3
1120	Financial assets at fair value through other comprehensive income - current	4 and 6.3	44,449	-	50,041	-
1136	Net gains on financial assets and liabilities at fair value through profit or	4 and 6.4	1,857	-	178,383	1
1150	Notes receivables, net	4	2,843	-	4,696	-
1170	Accounts receivables, net	4 and 6.5	1,705,863	9	2,124,039	11
1180	Accounts receivables - related parties, net	4 and 7	6,540	-	11,322	-
1200	Other receivables		274,626	1	18,678	-
130x	Inventories	4 and 6.6	2,557,781	13	2,879,201	14
1470	Other current assets		170,047	1	121,716	-
11xx	Total current assets		<u>5,187,889</u>	<u>26</u>	<u>5,968,806</u>	<u>29</u>
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	4, 6.2, and 6.15	-	-	600	-
1517	Financial assets at fair value through other comprehensive income - non-	4 and 6.3	133,149	1	167,881	1
1550	Financial assets at amortized cost - non-current	4 and 6.4	313,106	2	-	-
1600	Investment accounted for using equity method	4, 6.7 and 8	1,241,292	6	1,417,073	7
1755	Property, plant and equipment	4, 6.8, and 8	12,291,702	62	12,603,183	61
1760	Right-of-use assets	4 and 6.21	208,016	1	218,446	1
1780	Investment properties, net	4 and 6.9	359,769	2	193,673	1
1840	Intangible assets	4	13,692	-	5,019	-
1900	Deferred tax assets	4 and 6.25	53,643	-	43,754	-
15xx	Other non-current assets	8	42,462	-	53,728	-
	Total non-current assets		<u>14,656,831</u>	<u>74</u>	<u>14,703,357</u>	<u>71</u>
1xxx	Total assets		<u>\$19,844,720</u>	<u>100</u>	<u>\$20,672,163</u>	<u>100</u>

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

Chairman : Sheng, Chien-Chih

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

Hota Industrial Manufacturing Company Limited

Parent Company Only Balance Sheets (Cont.)

December 31, 2025 and 2024

Expressed in thousands of New Taiwan Dollars

Liabilities and equity			December 31, 2025		December 31, 2024	
Code	Accounting item	Note	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	4 and 6.10	\$2,650,000	13	\$2,519,500	12
2110	Short-term notes payables	4 and 6.11	1,100,000	6	900,000	5
2150	Notes payables		404,531	2	453,720	2
2170	Accounts payables	4 and 7	331,605	2	227,040	1
2200	Other payables	6.12 and 7	286,476	1	268,972	1
2230	Current tax liabilities	4 and 6.25	-	-	-	-
2280	Lease liabilities - current	4 and 6.21	8,755	-	8,753	-
2322	Long-term borrowings, current portion	4 and 6.13	918,963	5	1,061,665	5
2399	Other current liabilities		13,061	-	10,441	-
21xx	Total current liabilities		<u>5,713,391</u>	<u>29</u>	<u>5,450,091</u>	<u>26</u>
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss - non-current	4, 6.14, and 6.15	6,150	-	8,250	-
2530	Bond payables	4 and 6.15	1,446,672	7	1,414,657	7
2540	Long-term borrowings	4 and 6.13	4,679,394	24	4,669,466	23
2570	Deferred tax liabilities	4 and 6.25	32,945	-	49,783	-
2580	Lease liabilities - non-current	4 and 6.21	210,892	1	219,827	1
2600	Other non-current liabilities	4	76,720	-	96,665	-
25xx	Total non-current liabilities		<u>6,452,773</u>	<u>32</u>	<u>6,458,648</u>	<u>31</u>
2xxx	Total liabilities		<u>12,166,164</u>	<u>61</u>	<u>11,908,739</u>	<u>57</u>
	Equity					
31xx	Capital stock					
3100	Common stock	6.18	2,789,595	14	2,795,175	13
3200	Capital surplus	6.18	3,896,011	19	3,908,804	19
3300	Retained earnings	6.18				
3310	Legal reserve		842,781	4	836,334	4
3320	Special reserve		799	-	112,608	1
3350	Unappropriated earnings		237,904	2	1,111,301	6
	Total retained earnings		<u>1,081,484</u>	<u>6</u>	<u>2,060,243</u>	<u>11</u>
3400	Other equity		(88,534)	-	(798)	-
3xxx	Total equity		<u>7,678,556</u>	<u>39</u>	<u>8,763,424</u>	<u>43</u>
3x2x	Total liabilities and equity		<u>\$19,844,720</u>	<u>100</u>	<u>\$20,672,163</u>	<u>100</u>

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

Chairman : Sheng, Chien-Chih

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, 2025 and 2024□

Expressed in thousands of New Taiwan Dollars

Code	Accounting items	Note	For the year ended December 31, 2025		For the year ended December 31, 2024	
			Amount	%	Amount	%
4000	Operating revenue	4 and 6.19	\$4,435,360	100	\$4,531,992	100
5000	Operating costs	6.5 and 22	(4,284,235)	(97)	(3,987,312)	(88)
5900	Gross profit		151,125	3	544,680	12
5910	Realized gains on sales		1,689	-	4,322	-
5950	Gross profit, net		152,814	3	549,002	12
6000	Operating expenses					
6100	Sales and marketing expenses	6.22	(326,584)	(7)	(492,494)	(10)
6200	General and administrative expenses	6.22	(77,970)	(2)	(86,404)	(2)
6300	Research and development expenses	6.22	(77,817)	(2)	(88,369)	(2)
6450	Expected credit impairment losses	4 and 6.20	-	-	-	-
	Total operating expenses		(482,371)	(11)	(667,267)	(14)
6900	Net loss from operations		(329,557)	(8)	(118,265)	(2)
7000	Non-operating income and expenses					
7100	Interest income	4 and 6.23	12,673	-	8,830	-
7010	Other income	4 and 6.23	29,795	1	44,005	1
7020	Other gains and losses	6.23	(61,913)	(1)	213,704	5
7050	Finance costs	6.23	(193,304)	(5)	(169,461)	(4)
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	6.7	(250,203)	(6)	182,288	4
	Total non-operating income and expenses		(462,952)	(11)	279,366	6
7900	Net income (loss) before income tax		(792,509)	(19)	161,101	4
7950	Income tax benefits (expenses)	4 and 6.25	29,216	1	(30,038)	(1)
8200	Net income (loss)		(763,293)	(18)	131,063	3
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	10,928	-	325	-
8316	Unrealized valuation gains or losses on investments in equity instruments at fair value through other	4 and 6.24	(38,376)	(1)	18,831	-
8330	Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using	4 and 6.24	(24,411)	(1)	18,981	-
8349	Income tax related to items that will not be reclassified subsequently	4 and 6.24	(2,186)	-	(65)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences arising on translation of foreign operations	4 and 6.24	(4,051)	-	23,349	1
8367	Unrealized valuation gains or losses on investments in debt instruments at fair value through other	5 and 6.24	-	-	44,986	2
8380	Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using	6 and 6.24	(21,492)	-	6,998	-
8399	Income tax related to items that will be reclassified subsequently	6.25	-	-	-	-
	Other comprehensive income(net of tax)		(79,588)	(2)	113,405	3
8500	Total comprehensive income		\$(842,881)	(20)	\$244,468	6
	Earnings per share(NT\$)	4 and 6.26				
9750	Basic earnings per share		\$(2.74)		\$0.47	
9850	Diluted earnings per share		\$(2.74)		\$0.47	

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

Chairman : Sheng, Chien-Chih

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

Hota Industrial Manufacturing Company Limited
Parent Company Only Statements of Changes in Equity
For the Year Ended December 31, 2025 and 2024

Expressed in thousands of New Taiwan Dollars

		Capital stock	Capital surplus	Retained earnings			Other equity		Treasury stocks	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		
		3100	3200	3310	3320	3350	3410	3420	3500	3XXX
A1	Balance at January 1, 2024	\$2,795,175	\$3,833,804	\$789,267	\$95,158	\$1,322,676	\$(14,590)	\$(98,017)	\$ -	\$8,723,473
D1	Net income, 2024					131,063				131,063
D3	Other comprehensive income, 2024					1,596	30,347	81,462		113,405
D5	Total comprehensive income	-	-	-	-	132,659	30,347	81,462	-	244,468
	Appropriation and distribution of earnings in 2023									
B1	Legal reserve			47,067		(47,067)				-
B3	Special reserve				17,450	(17,450)				-
B5	Cash dividends of common stock					(279,517)				(279,517)
	Other changes in capital surplus									-
C5	Equity components - stock options recognized for issue of convertible bonds		75,000							75,000
Z1	Balance at December 31, 2024	\$2,795,175	\$3,908,804	\$836,334	\$112,608	\$1,111,301	\$15,757	\$(16,555)	\$ -	\$8,763,424
A1	Balance at January 1, 2025	\$2,795,175	\$3,908,804	\$836,334	\$112,608	\$1,111,301	\$15,757	\$(16,555)	\$ -	\$8,763,424
D1	Net loss, 2025					(763,293)				(763,293)
D3	Other comprehensive income, 2025					8,148	(25,543)	(62,193)		(79,588)
D5	Total comprehensive income	-	-	-	-	(755,145)	(25,543)	(62,193)	-	(842,881)
	Appropriation and distribution of earnings in 2024									
B1	Legal reserve			6,447		(6,447)				-
B3	Reversal of special reserve				(111,809)	111,809				-
B5	Cash dividends of common stock					(223,614)				(223,614)
L1	Treasury stocks repurchase							(32,447)		(32,447)
L3	Cancellation of treasury stocks	(5,580)	(26,867)					32,447		-
	Other changes in capital surplus									
C7	Changes in ownership interests in subsidiaries		14,074							14,074
Z1	Balance at December 31, 2025	\$2,789,595	\$3,896,011	\$842,781	\$799	\$237,904	\$(9,786)	\$(78,748)	\$ -	\$7,678,556

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

Chairman : Sheng, Chien-Chih

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, 2025 and 2024

Expressed in thousands of New Taiwan Dollars

Code	Item	For the year ended December 31, 2025	For the year ended December 31, 2024
	Cash flows from operating activities :		
A10000	Net income (loss) before tax	\$(792,509)	\$161,101
A20000	Adjustments for :		
A20010	Items of income and expenses :		
A20100	Depreciation expenses	660,676	653,879
A20200	Amortization expenses	4,372	4,903
A20400	Net gains on financial assets and liabilities at fair value through profit or loss	(1,500)	(600)
A20900	Interest expenses	193,304	169,461
A21200	Interest income	(12,673)	(8,830)
A21300	Dividend income	(3,449)	(4,205)
A22400	Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using equity method	250,203	(182,288)
A22500	Losses (gains) on disposal of property, plant and equipment	(10)	12,356
A22700	Gains on disposal of investment properties	-	(46,906)
A23900	Realized gains on sales	(1,689)	(4,322)
A30000	Net changes in operating assets and liabilities:		
A31130	Notes receivables	1,853	5,408
A31150	Accounts receivables	422,958	443,453
A31180	Other receivables	(255,961)	65,832
A31200	Inventories	321,420	(275,683)
A31240	Other current assets	(47,692)	5,973
B06700	Other non-current assets	18,086	(16,501)
A32130	Notes payables	(49,189)	29,869
A32150	Accounts payables	104,565	(244,875)
A32180	Other payables	(10,726)	(183,757)
A32230	Other current liabilities	2,620	(607)
C04300	Other non-current liabilities	(7,431)	(9,310)
A33000	Cash generated from operations	797,228	574,351
A33100	Interests received	12,686	8,827
A33300	Interests paid	(149,935)	(141,951)
A33500	Income tax paid	(336)	(151,360)
AAAA	Net cash flows generated from operating activities	659,643	289,867

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

Chairman : Shen, Chien-Tzu

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, 2025 and 2024

Expressed in thousands of New Taiwan Dollars

Code	Item	For the year ended December 31, 2025	For the year ended December 31, 2024
	Cash flows from investing activities:		
B00010	Acquisitions of financial assets at fair value through other comprehensive income—non-current	-	(23,361)
B00030	Refund of payment for shares from financial assets at fair value through profit or loss	1,948	6,939
B00040	Acquisitions of financial assets at amortized cost	(136,580)	(178,383)
B00050	Disposals of financial assets at amortized cost	-	7,991
B01800	Acquisitions of investments accounted for using equity method	(115,552)	(86,657)
B02700	Acquisitions of property, plant and equipment	(275,927)	(375,236)
B02800	Disposals of property, plant and equipment	449	22,262
B03700	Increase in guaranteed deposits paid	(15,605)	(1,660)
B04500	Acquisitions of intangible assets	(13,045)	(2,344)
B05400	Acquisitions of investment properties	(166,096)	(193,673)
B05500	Disposals of investment properties	-	77,293
B07100	Increase in prepayments for equipment	(26,793)	(123,916)
B07600	Dividends received	10,388	7,338
BBBB	Net cash flows used in investing activities	<u>(736,813)</u>	<u>(863,407)</u>
	Cash flows from financing activities :		
C00100	Increase in short-term borrowings	13,415,696	12,329,500
C00200	Decrease in short-term borrowings	(13,285,196)	(11,686,337)
C00500	Increase in short-term bills payables	9,000,000	4,842,836
C00600	Decrease in short-term bills payables	(8,800,000)	(4,942,836)
C01200	Issue of corporate bonds	-	1,485,452
C01600	Increase in long-term borrowings	8,017,506	3,760,032
C01700	Repayments of long-term borrowings	(8,156,429)	(4,982,740)
C03100	Decrease in guaranteed deposits received	(1,586)	(1,000)
C04020	Repayments of principal of lease liabilities	(13,607)	(15,615)
C04500	Cash dividends paid	(223,614)	(279,517)
C04900	Cost of treasury stocks repurchase	(32,447)	-
CCCC	Net cash flows generated from (used in) financing activities	<u>(79,677)</u>	<u>509,775</u>
EEEE	Net decrease in cash and cash equivalents	(156,847)	(63,765)
E00100	Cash and cash equivalents at the beginning of period	<u>580,730</u>	<u>644,495</u>
E00200	Cash and cash equivalents at the end of period	<u>\$423,883</u>	<u>\$580,730</u>

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

Chairman : Sheng, Chien-Chih

Manager : Chen, Jun-Zhi

Chief accountant : Li, Yuan-Ji

(Appendix 7) Earning Distribution statement

Hota Industrial MFG. Co., Ltd.
Earning Distribution statement of the year 2025

Unit: New Taiwan Dollar

Item	Amount	Remark
Unappropriated retained earnings at beginning of period	993,049,019	
Remeasurement of defined benefit plans	8,147,852	
Disposal of equity instruments measured at fair value through other comprehensive income	—	
Net loss for the year 2025	(763,292,856)	
Total unappropriated retained earnings	237,904,015	
Legal reserve (10%)	—	
Special reserve	(87,735,218)	
Earnings available for distribution	150,168,797	
Distribution items		
H1 has distributed shareholder dividends — cash (NTD 0.0 per share)	—	
Cash dividend (NTD 0.0 per share)	—	
Stock dividend (NTD 0.0 per share)	—	
Total distribution	—	
Unappropriated retained earnings at end of period	150,168,797	

Chairman of the Board:
Sheng, Chien-Chih

General Manager:
Chen, Jun-Zhi

Accounting Supervisor
Li, Yuan-Ji

(Appendix 8) Comparison table of the “Ethical Corporate Management Best Practice Principles” before and After version.

After	Before	Explanation
<p>1. Purpose and <u>Scope of Application</u></p> <p>The Principles are adopted to foster a corporate culture of ethical management and sound development and offer a reference framework for establishing good commercial practices.</p> <p>The scope <u>of the Principles</u> is applicable to the business groups and organizations of the Company, which comprise subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company(<u>"business group"</u>).</p>	<p>1. The Principles are adopted to assist the <u>Company</u> to foster a corporate culture of ethical management and sound development and offer a reference framework for establishing good commercial practices.</p> <p>2. Scope</p> <p>The scope is applicable to the business groups and organizations of the Company, which comprise subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company.</p> <p>3. Responsibilities</p> <p>Implement in accordance with these Principles.</p> <p>4. Definition: None.</p> <p>5. Details</p>	<p>Amendment combines the purpose and scope of application into a single article to enhance the clarity and readability of text and remove unnecessary section headings.</p>
<p><u>2. Prohibition of Unethical Conduct:</u></p> <p>When engaging in commercial activities, directors, supervisors, managers, employees, <u>and mandataries</u> of the Company or persons having substantial control over the Company (<u>"substantial controllers"</u>) shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty(<u>"unethical conduct"</u>) for purposes of acquiring or maintaining benefits.</p> <p><u>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and the directors, supervisors, managers, employees or substantial controllers or other stakeholders.</u></p>	<p>5.1 Prohibition of Unethical Conduct:</p> <p>When engaging in commercial activities, directors, supervisors, managers, and employees of the Company or persons having substantial control over the Company shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825. To ensure the regulation’s scope is comprehensive, the term “mandapeopleis added to paragraph 1 of</p>

After	Before	Explanation
		the Article, which include members of the remuneration committee appointed by the Company's board of directors and other people in a mandatary's relationship.
<p><u>3.</u> Forms of Interest: (...Omitted...)</p>	<p>5.2 Forms of Interest: (...Omitted...)</p>	Amendment items
<p><u>4.</u> Compliance: (...Omitted...)</p>	<p>5.3 Compliance: (...Omitted...)</p>	Amendment items
<p><u>5.</u> Policy: The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>5.4 Policy: The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.
<p><u>6.</u> Scope of the Prevention Programs: The Company shall <u>in their own ethical management</u> policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("<u>prevention programs</u>"), including operational procedures, guidelines, and training. (...Omitted...) In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor unions members, <u>important trading counterparties</u>, or other <u>stakeholders</u>.</p>	<p>5.6 Scope of the Prevention Programs: 5.5.1 In accordance with the business philosophy and policy outlined in Principle 5.4, the Company shall clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct, including operational procedures, guidelines, and training. 5.5.2(...Omitted...) 5.5.3 In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor unions members, or other members of the representing body, and relevant interest groups.</p>	Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.
<p><u>7.</u> Scope of the Prevention Programs: The Company <u>shall establish a risk assessment mechanism against unethical</u></p>	<p>5.6 Scope of the Prevention Programs: The Company developing prevention programs shall identify business</p>	Amended in accordance

After	Before	Explanation
<p><u>conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review the adequacy and effectiveness on a regular basis.</u></p> <p><u>It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:</u></p> <ol style="list-style-type: none"> <u>1. Offering and accepting bribes.</u> <u>2. Illegal political donations.</u> <u>3. Improper charitable donations or sponsorship.</u> <u>4. Offering or accepting unreasonable presents or hospitality, or other improper benefits.</u> <u>5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</u> <u>6. Engaging in unfair competitive practices.</u> <u>7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</u> 	<p>activities within its operations that carry higher risks of unethical conduct and strengthen the relevant preventive measures. The prevention programs shall at least include preventive measures against the following: offering and acceptance of bribes, illegal political donations, improper charitable donations or sponsorship, offering or accepting unreasonable presents or hospitality, or other improper benefits.</p>	<p>with Taiwan Stock Exchange Corporation Letter No.103002 2825.</p>
<p><u>8. Commitment and Implementation:</u> <u>The Company shall request the directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u></p> <p>The Company and the respective business group shall clearly specify in the rules and external documents <u>and on the company website</u> the ethical corporate management policies <u>and the commitment</u> by the board of directors and <u>senior</u> management to the rigorous and thorough implementation <u>of such policies</u> and shall carry out the policies in internal management and in commercial activities.</p> <p><u>The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u></p>	<p>5.7 Commitment and Implementation:</p> <p>The Company and the respective business group shall clearly specify in the rules and external documents the ethical corporate management policies by the board of directors and management to the rigorous and shall <u>commit</u> through implementation and shall carry out the policies in internal management and in external commercial activities.</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.</p>

After	Before	Explanation
<p><u>9. Integrity in Commercial Activities:</u> The Company shall engage in commercial activities in a fair and transparent manner <u>based on the principle of ethical management.</u> Prior to any commercial transactions, the Company shall take into consideration the legality of the agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct and shall avoid any dealings with <u>people so involved.</u> When entering contracts with <u>the agents, suppliers, clients, or other trading counterparties,</u> the listed companies shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties <u>are</u> involved in unethical conduct, the Company may at any time terminate or rescind the contracts.</p>	<p>5.8 Integrity in Commercial Activities: The Company shall engage in commercial activities in a fair and transparent manner. 5.8.1 Prior to any commercial transactions, the Company shall take into consideration the legality of the agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct <u>records</u> and shall avoid any dealings with. 5.8.2 When entering contracts with, the listed companies shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties involved in unethical conduct, the Company may at any time terminate or rescind the contracts.</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.</p>
<p><u>10. Prohibition on Offering and Accepting Bribes :</u> <u>When conducting business, the Company and their directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.</u> <u>11. Prohibition on Illegal Political Donations:</u> When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and their directors, supervisors, managers, employees, <u>mandataries,</u> and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.</p>	<p>5.9 Prohibition on Offering and Accepting Bribes : When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and their directors, supervisors, managers, employees, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.</p>
<p><u>12. Prohibition on Improper Charitable</u></p>	<p>5.10 Prohibition on Improper Charitable</p>	<p>Amended in</p>

After	Before	Explanation
<p>Donations or Sponsorship: When making or offering donations and sponsorship, the Company and their directors, supervisors, managers, employees, <u>mandataries</u>, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p>	<p>Donations or Sponsorship: When making or offering donations and sponsorship, the Company and their directors, supervisors, managers, employees, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p>	<p>accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.</p>
<p><u>13. Prohibition on Offering or Accepting Unreasonable Presents or Hospitality, or Other Improper Benefits:</u> The Company and the directors, supervisors, managers, employees, <u>mandataries</u>, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.</p>	<p>5.11 Prohibition on Offering or Accepting Unreasonable Presents or Hospitality, or Other Improper Benefits: The Company and the directors, supervisors, managers, employees, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits from suppliers or other stakeholders to establish business relationship or influence commercial transactions.</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.</p>
<p><u>14. Prohibition on Infringement of Intellectual Property Rights:</u> <u>The Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.</u></p>	<p>Newly added article</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.</p>
<p><u>15. Prohibition on Engaging in Unfair Competitive Practices:</u> <u>The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish</u></p>	<p>Newly added article</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Letter</p>

After	Before	Explanation
<p><u>output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</u></p>		<p>No.103002 2825.</p>
<p><u>16. Prevent Damage to Stakeholders During the Sale of Products and Services: During research and development, procurement, manufacture, provision, or sale of products and services, the Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. The Company shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in the operations, with a view to preventing the products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.</u></p>	<p>Newly added article</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.</p>
<p><u>17. Organization and Responsibilities: The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually adjust to ensure thorough implementation of the ethical corporate management policies. To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors and avail itself of adequate resources and staff with competent</u></p>	<p>5.12 Organization and Responsibilities: The board of directors of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, the dedicated unit may be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs and shall report to the board of directors on a regular basis, always review the results of the preventive measures and continually adjust to ensure thorough implementation of the ethical corporate management policies.</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.</p>

After	Before	Explanation
<p><u>personnel</u>, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall oversee the following matters, and shall report to the board of directors on a regular basis (at least once a year):</p> <ol style="list-style-type: none"> <u>1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</u> <u>2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.</u> <u>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</u> <u>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</u> <u>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</u> <u>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</u> 		
<p><u>18. Compliance with Business Operations:</u> <u>The Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.</u></p>	Newly added article	Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.

After	Before	Explanation
<p><u>19. Conflict of Interest:</u> The Company shall adopt policies for preventing conflicts of interest <u>to identify, monitor, and manage risks possibly resulting from unethical conduct</u>, and shall also offer appropriate means for directors, supervisors, managers, <u>and other stakeholders attending or present at board meetings</u> to voluntarily explain whether their interests would potentially conflict with those of the Company.</p> <p>When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, <u>supervisors, managers, and other stakeholders</u> attending or present at board meetings of the Company, the concerned person <u>shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the person concerned</u> may not participate in discussion of or vote on the proposal and shall recuse himself or herself from the discussion or the voting and may not exercise voting rights as proxy for another director. The directors should practice self-discipline and must not support one another in improper dealings.</p> <p>The Company's directors, supervisors, managers, <u>employees, mandataries, and substantial controllers</u> shall not take advantage of their positions <u>or influence</u> in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	<p>5.13 Conflicts of Interest for Directors, Supervisors, and Managers: The Company shall adopt policies for preventing conflicts of interest and shall also offer appropriate means for directors, supervisors <u>and</u> managers to voluntarily explain whether their interests would potentially conflict with those of the Company.</p> <p>5.13.1 The directors shall <u>exercise a high degree of self-discipline</u>. When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, attending or present at board meetings of the Company, the concerned person <u>may present opinions and respond to inquiries</u> but may not participate in discussion of or vote on the proposal and shall recuse himself or herself from the discussion or the voting and may not exercise voting rights as proxy for another director. The directors should practice self-discipline and must not support one another in improper dealings.</p> <p>5.13.2 The Company's directors, supervisors <u>and</u> managers shall not take advantage of their positions in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.</p>
<p><u>20. Accounting and Internal Control:</u> The Company shall establish effective accounting systems and internal control systems for business activities, possibly at a higher risk of being involved in unethical</p>	<p>5.14 Accounting and Internal Control: The Company shall establish effective accounting systems and internal control systems for business activities, possibly at a higher risk of being involved in</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation</p>

After	Before	Explanation
<p>conduct, not having under-the-table accounts or keeping secret accounts, and conduct reviews regularly to ensure that the design and enforcement of the systems show results.</p> <p><u>The internal audit unit of the Company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans? including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit and may engage professionals to assist if necessary.</u></p> <p><u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.</u></p>	<p>unethical conduct, not having under-the-table accounts or keeping secret accounts, and conduct reviews regularly.</p> <p>Internal auditors should periodically review compliance with the system and submit audit reports to the board of directors to ensure that the design and enforcement of the systems show results.</p>	<p>Letter No.103002 2825.</p>
<p><u>21.</u> Operating Procedures and Code of Conduct:</p> <p>The Company shall establish operational procedures and guidelines in accordance with <u>Article 6</u> hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:</p> <ol style="list-style-type: none"> <u>1.</u> Standards for determining whether improper benefits have been offered or accepted. <u>2.</u> Procedures for offering legitimate political donations. <u>3.</u> Procedures and the standard rates for offering charitable donations or sponsorship. <u>4.</u> Rules for avoiding work-related conflicts of interests and how they should be reported and handled. <u>5.</u> Rules for keeping confidential trade 	<p>5.15 Operating Procedures and Code of Conduct:</p> <p>The Company shall establish operational procedures and guidelines in accordance with <u>Principle 5.5</u> hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:</p> <p>5.15.1 Standards for determining whether improper benefits have been offered or accepted.</p> <p>5.15.2 Procedures for offering legitimate political donations.</p> <p>5.15.3 Procedures and the standard rates for offering charitable donations or sponsorship.</p> <p>5.15.4 Rules for avoiding work-related conflicts of interests and how they</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.</p>

After	Before	Explanation
<p>secrets and sensitive business information obtained in the ordinary course of business.</p> <p><u>6.</u> Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.</p> <p><u>7.</u> Handling procedures for violations of these Principles.</p> <p><u>8. Disciplinary measures on offenders.</u></p>	<p>should be reported and handled.</p> <p>5.15.5 Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.</p> <p>5.15.6 Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.</p> <p>5.15.7 Handling procedures for violations of these Principles.</p>	
<p><u>22.</u> Training and Evaluation: <u>The chairperson, general manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.</u></p> <p>The Company <u>shall</u> periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties, so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.</p> <p><u>The Company</u> shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.</p>	<p>5.16 Training and Evaluation:</p> <p>The Company periodically organizes training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties, so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct and shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.</p>
<p><u>23.</u> Whistleblowing <u>System:</u> The Company shall <u>adopt a concrete whistleblowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</u></p> <p><u>1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent</u></p>	<p>5.17 Whistleblowing and Disciplining: The Company shall establish effective channels for reporting violations and ensure strict confidentiality regarding the identity of the whistleblower and the details of the report. Refrain from subsequently dismissing, transferring, or</p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002</p>

After	Before	Explanation
	the ethical corporate management rules and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.	
<p><u>25. Disclosure:</u> The Company <u>shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion</u> on the company websites, annual reports, <u>and prospectuses, and</u> shall disclose the ethical corporate management best practice principles <u>on the Market Observation Post System.</u></p>	<p><u>5.18</u> Disclosure: The Company shall disclose the ethical corporate management best practice principles <u>implementation status</u> on the company websites, and annual reports.</p>	Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.
<p><u>26. Review and Improvement of Ethical Corporate Management Policies and Measures:</u> The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management <u>policies and measures taken</u> will be reviewed and improved with a view to achieving better <u>implementation</u> of ethical management.</p>	<p><u>5.19</u>-Review and Improvement of Ethical Corporate Management <u>Guidelines</u>: The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management <u>guidelines</u> will be reviewed and improved with a view to achieving the Company's ethical management.</p>	Amended in accordance with Taiwan Stock Exchange Corporation Letter No.103002 2825.
<p><u>27. Implementation:</u> The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after the board of directors grants approval and shall be sent to the supervisors and reported at a shareholders'</p>	<p><u>5.20</u>-Implementation: The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after the board of directors grants approval <u>and shall be sent to the audit committee and reported</u></p>	Amended in accordance with Taiwan Stock Exchange Corporation

After	Before	Explanation
<p>meeting. The same procedure shall be followed when the principles have been amended.</p> <p><u>When the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</u></p> <p>The Principles was set up on November 7, 2014. The first amendment was on December 21, 2017, <u>and the second amendment was on November 6, 2025.</u></p>	<p>at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>The Principles was set up on November 7, 2014. The first amendment was on December 21, 2017.</p>	<p>Letter No.103002 2825.</p>

(Appendix 9) Policy on the Allocation of Remuneration for Rank-and-File Employees.

Policy on the Allocation of Remuneration for Rank-and-File Employees.

1. Purpose:

Pursuant to Article 14-6 of the Securities and Exchange Act and relevant FSC regulations, the Company has established the Remuneration Guidelines to appropriately increase the remuneration of frontline employees, share the Company's operational results with them, and facilitate talent retention and recruitment.

2. Scope of Application:

The Guidelines is applicable to the frontline employees, excluding managers and the Remuneration Committee designated managers.

3. Definition of Frontline Employees:

1. Frontline employees refer to personnel who aren't managers and salary levels not lower than the benchmarks set forth in Regulations for Tax Preferences Provided to Small and Medium Enterprise on Wage Payment Raising.
2. The Scope of frontline employees is determined by the Company based on industry characteristics and operational results, and HR department refers to the Survey on Wage by Occupation Manufacturing Salary Amount which the Ministry of Labor announced annually, submit to the board of directors for review and resolution and announce the implementation.

4. Allocation Source and Method:

1. When the Company realizes annual profits, in accordance with the provisions of the amended Articles of Incorporation, shall allocate a specified percentage of its after-tax profits exclusively for the purpose of adjusting the salaries or distributing bonuses to frontline employees.
2. Allocation Ratio: If the Company realizes annual profits, shall allocate no less than 2% for employee bonuses(of which no less than 35% shall be allocated to frontline employees).
3. The Company may, depending on the operational results, determine whether to implement salary adjustments, bonus distributions, or combination of both.

5. Review and Resolution:

1. Proposals regarding the scope of frontline employees and allocation ratios shall be submitted by the Management Department and the Finance Department in accordance with regulations.
2. After the review of the Remuneration Committee (or equivalent body), the proposal shall be submitted to the board of directors for resolution.
3. The resolution shall be incorporated into the Company's Articles of Incorporation and internal system, and implemented on an annual basis.
4. The implementation status shall be included in the annual internal audit and reported to the

board of directors.

6. Applicable Year:

Upon completion of the amendment to the Articles of Incorporation at the 2025 Annual General Meeting, the Company shall, in subsequent years (including 2025), allocate remuneration to frontline employees or adjust their salaries in accordance with the allocation ratios specified in the amended Articles of Incorporation, should any surplus be available.

7. Disclosure:

The Company shall, in accordance with relevant laws and regulations, disclose the allocation and implementation status of frontline employee remuneration in the annual report, Market Observation Post System, or on other information disclosure platforms required by law.

8. Supplementary Provisions:

1. The guidelines shall take effect upon approval by the board of directors and submission to the shareholders meeting for record.
2. Any matters not provided for in the guidelines shall be handled in accordance with relevant laws and regulations and the Company's Articles of Incorporation.

(Appendix 10) The list of candidates

The list of candidates for directors

serial number	Name	Education ackground	Experience	Present job	Shareholding / Shareholding Ratio	Corporate Shareholder Name
1	Sheng, Chien-Chih	Master, Drucker Academy (US)	Director, Hota Industrial Mfg. Co., Ltd. Manager, Dong An Investment Co., Ltd.	Chairman, Hota Industrial Mfg. Co., Ltd. Director, Kao Fong Machinery Co., Ltd. Independent Director, Orange Electronic Co., Ltd. Independent Director, Tan De Tech Co., Ltd. Independent Director, Globe Union Industrial Corp.	12,502,945 4.48%	Qianzuan Co., Ltd.
2	Sheng, Kuo-Jung	Honorary Doctorate in Management, Chaoyang University of Technology	Chairman, Hota Industrial Mfg. Co., Ltd. Chairman, Kao Fong Machinery Co., Ltd. Chairman, Hwa Fong Rubber Ind. Co., Ltd.	President, Hota Industrial Mfg. Co., Ltd. Chairman, Hwa Fong Rubber Ind. Co., Ltd. Director, Kao Fong Machinery Co., Ltd.	3,647,963 1.31%	-
3	Lin, Yen-Huey	Pacific Western University	General Manager, Hota Industrial Mfg. Co., Ltd. Director, Hota Industrial Mfg. Co., Ltd.	Director, Hota Industrial Mfg. Co., Ltd. Vice Chairman, Hota Industrial Mfg. Co., Ltd. Chairman, Kao Fong Machinery Co., Ltd.	3,802,174 1.36%	-
4	Lin, Mei-Yu	Junior High School	Director, Hota Industrial Mfg. Co., Ltd.	Director, Hota Industrial Mfg. Co., Ltd.	3,266,000 1.17%	-
5	Huang, Feng-Yih	Tainan Vocational High School	Director, Hota Industrial Mfg. Co., Ltd. Director, Ying-Hui Machine Co., Ltd.	Director, Hota Industrial Mfg. Co., Ltd. Director, Kao Fong Machinery Co., Ltd.	1,968,000 0.71%	-
6	Chang, Yu-Jeng	Ph.D., University of Texas at Austin (US)	Director, Hota Industrial Mfg. Co., Ltd. Chairman, Central Motor Co., Ltd.	Chairman, Chin Fong Machine Industrial Co., Ltd. Chairman, Central Motor Co., Ltd. Director, Kao Fong Machinery Co., Ltd.	11,985,241 4.30%	Zhong-Bu Investment Co., Ltd.
7	Lin, Yue-Hong	Soochow University	Vice Chairman, Central Motor Co., Ltd. Director, Chin Fong Machine Industrial Co., Ltd.	Vice Chairman, Central Motor Co., Ltd.	11,985,241 4.30%	Zhong-Bu Investment Co., Ltd.
8	Sun, Yong-Lu	Master's Degree in Business Administration, Feng Chia University	Director, Hota Industrial Mfg. Co., Ltd. Manager of Corporate Management, Da-Tun Cable Television Co., Ltd.	Director, Hota Industrial Mfg. Co., Ltd. Chairman, Qingbao Investment Co., Ltd.	86,347 0.03%	Hao-Qing Investment Co., Ltd.
9	Chen, Jun-Zhi	Department of Industrial Engineering, Feng Chia University	Deputy General Manager, Shengdai Industrial Co., Ltd.	General Manager, Hota Industrial Mfg. Co., Ltd.	7,442,239 2.67%	Kao Fong Machinery Co., Ltd.

The list of candidates for independent directors

serial number	Name	Education ackground	Experience	Present job	Shareholding / Shareholding Ratio	Corporate Shareholder Name
1	Liu, Zheng-Huai	Doctor of Business Administration, National Taipei University	Associate Professor. Department of Accounting Information. National Taichung University of Science and Technology Arbitrator, Chinese Arbitration Association, Taipei	Independent Director, Winson Machinery Co., Ltd. Independent Director, Best Precision Industrial Co., Ltd. Independent Director, Engley Holding (Samoa) Ltd. CPA, Hui-Jia CPA Firm,	-	-
2	Zhuang, Bo-Nian	Ph.D. in Industrial Education, National Changhua University of Education	Consultant and Researcher of Board of Science and Technology, Executive Yuan and Director of Science and Technology Division Industrial Technology Research Institute (“ITRI”), Deputy Director of National Measurement Laboratory R.O.C., Manager and Vice CEO of ITRI Southern Region Campus	Independent Director, Apex Dynamics, Inc. Independent Director, Cheng Mei Instrument Technology Co., Ltd.	-	-
3	Huang, Guo-Shu	Master’s degree in International Politics, National Chung Hsing University	Legislator Taichung City Council Member Advisor, Taichung City Medical Association Supervisor, Alumni Association of Taichung First Senior High School	Independent Director, Hota Industrial Mfg. Co., Ltd.	-	-
4	Ho, Yung-Chuan	Ph.D. in Chemistry, University of Leeds, UK	Dean, College of Health Management, Chung Shan Medical University Adjunct Professor, Department of Chemistry, Tunghai University Board Director, WeGo International School, Taichung City Municipal Advisor, Taichung City Government	Professor and Vice President, Chung Shan Medical University	-	-

(Appendix 11) Director Candidates lifting restrictions list of non-compete prohibition

Name	Concurrent company / Position
Sheng, Kuo-Jung	Kao Fong Machinery Co., Ltd./ Honorary Chairman 、 Director Howin Precision Company Limited / Director Hwa Fong Rubber Ind. Co., Ltd./ Chairman Hwa Fong Distribution Co., Ltd. / Chairman Buffalo Machinery Company Limited / Chairman Mediera Corporation/ Chairman
Lin, Yen-Hueyc	Kao Fong Machinery Co., Ltd./ Chairman Kao Fong (Huaian) Machinery Co., Ltd. / Director World Known MFG (Cayman) Ltd. / Director Buffalo Machinery Company Limited / Director Howin Precision Company Limited / Supervisor
Chang, Yu-Jeng	Central Motor Co., Ltd. / Chairman Zhong Yang Motor Co., Ltd./ Chairman Chin Fong Machine Industrial Co., Ltd. / Chairman Calin Technology/ Director Kao Fong Machinery Co., Ltd. / Director Main Drive Corporation / Director
Lin, Yue-Hong	Central Motor Co., Ltd. / Vice Chairman Chin Fong Machine Industrial Co., Ltd. / Director
Huang, Feng-Yih	Kao Fong Machinery Co., Ltd. / Director
Sheng, Chien-Chih	Kao Fong Machinery Co., Ltd. / Director World Known MFG (Cayman) Ltd. / Director Hwa Fong Rubber Ind. Co., Ltd. / Director Orange Electronic Co., Ltd./ Independent Director Tan De Tech Co., Ltd./ Independent Director Globe Union Industrial Corp./ Independent Director
Sun, Yong-Lu	Qingbao Investment Co., Ltd./ Chairman
Liu, Zheng-Huai	Winson Machinery Co., Ltd./ Independent Director Best Precision Industrial Co., Ltd./ Independent Director Engley Holding (Samoa) Ltd./ Independent Director CPA, Hui-Jia CPA Firm,
Zhuang, Bo-Nian	Apex Dynamics, Inc./ Independent Director Cheng Mei Instrument Technology Co., Ltd./ Independent Director