

Stock Code: 2419



# Hitron Technologies Inc.

## 2025 Annual General Shareholder's Meeting Handbook

May 26, 2025

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# Hitron Technologies Inc.

## 2025 Annual General Shareholder's Meeting Procedure

I. Call the Meeting to Order

II. Chairperson's Remarks

III. Report Items

IV. Proposals and Discussion Items

V. Extraordinary Motions

VI. Meeting Adjourn

# Hitron Technologies Inc.

## 2025 Annual General Shareholder's Meeting Agenda

Meeting type: Physical shareholder's meeting

Time: 9:00 a.m. on Monday, May 26, 2025

Place: No. 1-8, Li-Hsin 1st Rd., Hsinchu Science Park, Hsinchu City

I. Call the Meeting to Order

II. Chairperson's Remarks

III. Report Items

1. To report the business of 2024.
2. Audit Committee's review report

IV. Proposals and Discussion Items

1. To accept the 2024 Business Report and Financial Statements.
2. To accept the proposal for 2024 Deficit Compensation.
3. To approve the amendment to Articles of Incorporation.
4. To lift non-competition restrictions on current directors and their representatives.

V. Extraordinary Motions

VI. Meeting Adjourn

## Report Items

1. To report the business of 2024.

The 2024 Business Report is attached as Attachment 1 (P.5-P.6)

2. Audit Committee's review report

The Board of Directors has prepared the Company's 2024 Business Report, Financial Statements and Resolution for Deficit Compensation. Chun-Yuan Wu and Wei-Ming Shih Certified Public Accountants of KPMG have audited the Financial Statements. The above-mentioned Business Report, Financial Statements and Resolution for Deficit Compensation have been reviewed and determined to be correct and accurate by the Audit Committee of Hitron Technologies Inc. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

2025 Annual General Shareholder's Meeting

Chair of the Audit Committee: Lo-Min Chen

February 26, 2025

## Proposals and Discussion Items

1. **To accept the 2024 Business Report and Financial Statements. ( Proposed by the Board of Directors)**

Explanation:

- (1) The 2024 Financial Statements were audited by the independent auditors, Chun-Yuan Wu and Wei-Ming Shih of KPMG.
- (2) For the 2024 Independent Auditors' Report, and the 2024 Financial Statements, please refer to Attachment 2 (P.7-P.24).

Resolution:

2. **To accept the proposal for 2024 Deficit Compensation. ( Proposed by the Board of Directors)**

Explanation:

The 2024 Deficit Compensation statement please refer to Attachment 3 (P.25).

Resolution:

### **3. To approve the amendment to Articles of Incorporation. ( Proposed by the Board of Directors)**

#### Explanation:

- (1) In compliance with the Presidential Order No. 11300069631 issued on August 7, 2024, which amends Article 14 of the Securities and Exchange Act, the issuing company shall specify in its Articles of Incorporation that a certain percentage of annual profits shall be allocated for salary adjustments or remuneration distribution to grassroots employees. Additionally, based on the company's actual needs, certain articles of its Articles of Incorporation will also be amended.
- (2) In response to Paragraph 6 of Article 14 of the Securities and Exchange Act, the company proposes to amend Article 29 of its Articles of Incorporation. This stipulates that if the company generates a profit annually, 5% to 20% of the profit shall be allocated as employee remuneration, and no more than 1% as director remuneration. Furthermore, the remuneration distributed to grassroots employees shall not be less than 10% of the total employee remuneration.
- (3) The comparison table for the Articles of Incorporation before and after amendment is attached hereto as Attachment 4 (P.26).

#### Resolution:

### **4. To lift non-competition restrictions on current directors and their representatives. ( Proposed by the Board of Directors)**

#### Explanation:

- (1) According to Article 209 of the Company Act, any Director conducting business for himself/herself/itself or on another's behalf, the scope of which business is within the scope of the Company's business, shall explain at the Shareholders' Meeting the essential contents of such conduct, and obtain approval from shareholders in the Meeting.
- (2) It is proposed for the 2025 annual shareholders meeting to approve lifting non-competition restrictions on directors as who may invest or operate a business which is similar to the business scope of the Company.
- (3) The list of non-competition restrictions proposed to be lifted by the Company on each Director is attached hereto as Attachment 5 (P.27).

#### Resolution:

## **Extraordinary Motions**

## **Meeting Adjourn**

## Attachment 1

### Hitron Technologies Inc.

#### 2024 Business Report

In 2024, the market demand had not yet fully recovered, and the inventory liquidation remained insufficient. We experienced a decline in the markets of the United States, Europe, and Central and Latin America. Major operators and service providers continued to liquidate inventory, leading to a slowdown in shipments during the first half of the year. Although network and communication infrastructure projects were still being carried out in North America and Europe, there was no significant growth in the number of end users. Overall demand began to pick up only in Q4. In the Central American market, in addition to the impact of reduced market demand, the Company is also facing price competition from Chinese manufacturers. As a result, the sales revenue in Central and Latin America has shown a decline compared to the previous year. In 2024, Hitron continued to reduce finished goods inventory, showing significant improvement compared to the previous year. The total revenue for 2024 was NTD 9.088 billion, with a gross margin slightly lower than the previous year. From the perspective of each operating region, the North American market remains our largest revenue source, accounting for 76% of income. The Asia-Pacific region follows with an increase this year, contributing approximately 16%. The CALA (Central and Latin America) region accounts for 5.6%, and Europe accounts for 2.4%.

In response to operators beginning to implement fiber-optic network infrastructure and the increasing demand for home broadband networks, we have accelerated our product deployment. As fiber-optic products are widely adopted and deployed by most telecom operators, MSOs have also begun leveraging the advantages of higher bandwidth and lower costs in fiber-optic products for regional network deployment. Hitron continues to develop 10G PON-related product solutions, following the adoption of our 10G fiber-optic ONU products by one of the two largest MSOs in the United States and the start of mass shipments. We have also entered the supply chain of operators in Canada. In addition, Hitron has launched 5G product solutions in the North American and European markets, providing 5G FWA mobile network solutions and combining home gateways to offer telecom operators a complete home broadband network service package. By integrating the latest DOCSIS 4.0 products, we are not only deepening our presence in the existing MSO market but also expanding our product line by incorporating fiber-optic network ONU products, 5G FWA mobile network products, and wireless network gateways. This expansion will lead Hitron into the telecom operator market and create new business opportunities.

Through the integration benefits of the Group, we have gained better operational advantages, more competitive manufacturing costs, and improved manufacturing efficiency. At the same time, our procurement costs have also become more competitive. This year's goals include continuing to reduce inventory while leveraging the synergies of integration and strengthening cost competitiveness. Additionally, through the development of multiple new products, we aim to actively expand the market and accelerate the effectiveness of our transformation. In addition to the cable router DOCSIS-related product line, we are also developing multiple product lines such as fiber-optic and wireless routers, extenders, and more. To increase customer loyalty and market influence, we are actively developing software and cloud platform technologies, providing customers with a more comprehensive network hardware and software integration service and all-encompassing solutions. These solutions help customers integrate cable router DOCSIS, wireless networks, fiber-optic, 5G, and other products, and through the cloud-based home network management solution, offer end-users the best home broadband network services.

#### Financial Performance

Hitron's consolidated revenue for the year 2024 was NTD 9,088.21 million, a decrease of approximately 3% compared to NTD 9,436.6 million in the previous year. The consolidated gross margin for the year was 19.4%, a decrease of approximately 2.2% from 21.6% in the previous year. Operating expenses decreased by 15% compared to the previous year, and consolidated operating profit was NTD 250.50 million, a decrease of 3% from NTD 257.92 million in the previous year. The consolidated net loss attributable to the parent company was NTD 52.14 million, a decrease of NTD 57.02 million compared to a net profit of NTD 4.88 million in the previous year. The basic earnings per share for 2024 was a net loss of NTD 0.16.

#### Technology Development

Hitron has been engaged in the broadband operator industry for the long term, actively collaborating with operator customers on early-stage technical partnerships. Through its excellent software and hardware integration capabilities, the Company can quickly respond to customer demands and proactively participate in the development and planning of various forward-looking broadband technologies. This allows Hitron to continue leveraging its technological leadership in the communications field.

In addition to its expertise in cable data transmission technology, Hitron is also actively deploying integrated product technologies, such as WiFi 6/6E/7 and 5G Small Cell. Using the most advanced data communication technologies, the Company has developed a range of high-end gateway devices that not only support wireless network standards like WiFi 7 but also integrate high-power SOC and IP voice technologies. These products are designed to meet all applications for broadband home services. As a result, the technology roadmap we must consider needs to be broader and deeper, almost covering all new technologies. Additionally, we are actively investing in the development of products such as DOCSIS 4.0, WiFi 7, 5G mobile solutions, and 25G PON. At the SCTE Cable Tech EXPO in October 2024 and CES 2025, we will showcase advanced cable modem products like DOCSIS 4.0. We expect that the launch of these new products in 2025 will accelerate our business expansion in North America and Europe.

In 2023, Hitron's global market share for Cable CPE shipments was approximately 12%. DOCSIS 3.1 CPE became the market mainstream in 2024, with its share of the overall Cable market continuing to increase. In Central and Latin America, there has been a transition from DOCSIS 3.0 to DOCSIS 3.1, with the replacement of DOCSIS 3.0 CPE accelerating. Simultaneously, the demand for wireless networks has shifted from WiFi 5 to WiFi 6, and integrated WiFi 6 DOCSIS 3.1 cable data gateways will become the main product in Central and Latin America in the future. In addition, we have developed a Wi-Fi extender that supports Mesh functionality for Wi-Fi 6/6E/7, which can be integrated into Hitron's cloud service platform to provide users with a complete home broadband service. This also indirectly helps operators increase broadband subscription revenue per household, allowing Hitron's operator customers to add more value-added software services to their existing business models and network structures, thereby generating more revenue and profit.

In 2024, Hitron continued to see growth in the development of fiber-optic products, developing more 10G PON CPE (ONU). In the operator market, we also gained adoption from Canadian operators. Strategically, we are expanding our successful products from North America to Europe, the Asia-Pacific region (Taiwan MSO), and Central and Latin America, while also extending into the telecom operator market.

In product development, Hitron focuses on providing network hardware and software integration services, as well as comprehensive solution strategies, to offer customers a wider range of differentiated products. We continue to invest more resources in software R&D to develop cloud management systems (Hitron Cloud). In addition to strengthening the support for human-machine interface apps, we are also enhancing the cloud-based GUI interface. In recent years, we have continued to collaborate with several world-renowned software service providers to launch more diversified services, and have introduced these services to operators in North America and Taiwan MSO. This allows more household users to utilize these services in various ways, thereby increasing operators' ARPU. We are able to integrate different WiFi products into our Hitron Cloud platform, allowing service providers to manage through the platform and view real-time online user data at any time. This enables operators to manage and serve customers more effectively. Additionally, user feedback in real time allows us to continuously improve the quality of our software services and offer better value-added services. Currently, over 800,000 users are using the Hitron Cloud solution every day.

## **Future Outlook**

Looking back at 2024, although global demand for terminal devices slowed and network communication products continued inventory adjustments, with improvements in inventory and a gradual recovery in demand, it is expected that in 2025, the demand for network terminal devices will gradually increase. In addition, the rapid development of various smart applications, combined with the surge in AI application demand, has made network connectivity applications inevitable. These include integration of DOCSIS 3.1, DOCSIS 4.0, and WiFi 7 with WiFi Mesh functionality, RDK-B software platforms, home network security protection, and the integration of AI and IoT applications, all of which have a pressing need for faster network speeds. This will drive the upgrade of network communication equipment and also promote the replacement and upgrading of terminal devices, including fiber access equipment, DOCSIS 3.x Cable and DOCSIS 4.0 products, and commercial network communication equipment.

Looking ahead to 2025, the operational outlook for Hitron is expected to continue the trend of market demand recovery observed in Q4 of 2024. We anticipate a return to growth in 2025. Based on current estimates, overall order visibility for next year has exceeded 80%, with customer demand for broadband terminal equipment in all regions remaining stable compared to last year. In addition to continuously developing new products to enhance our market share in the MSO market with a comprehensive and rich product portfolio, we are also actively developing the telecom operator market. At the same time, by leveraging the integration synergies within the group, we aim to expand our broadband market share through more optimized cost efficiency.

Chairman: April Huang

President: David Chou

Chief Accounting: Allen Hsu

## [Attachment 2]



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### Independent Auditors' Report

To the Board of Directors of Hitron Technologies Inc.:

#### Opinion

We have audited the parent-company-only financial statements of Hitron Technologies Inc. (“the Company”), which comprise the balance sheets as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its 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 in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.



## 1. Revenue recognition

Please refer to note 4(14) and note 6(20) for accounting policy and detailed disclosure of revenue, respectively.

Description of key audit matter:

The Company is mainly engaged in the research, development, manufacturing and sale of network communication equipment, with its main products are cable modems and cable routers. When network communication products, such as modems and cable routers, depart from the shipping points, the customer has the right to use and price the goods. In addition to the primary responsibility for resale, the customer also assumes the risk of obsolescence of the goods. The Company's recognizes revenue and accounts receivable upon departure of the goods. Since the trading volume of operating revenue is high and is arising from global operating locations. Therefore, we considered the appropriateness of the timing of revenue recognition to be one of the key audit matters.

How the matter was addressed in our audit:

- understanding the Company's accounting policies on revenue recognition and comparing them with both the terms of sales and the criteria for revenue recognition, so as to assess the appropriateness of the policies adopted;
- field observation of the design of the internal control system for sales revenue, as well as test of the effectiveness of execution on a sample basis;
- sampling individual revenue transaction and comparing them with customer orders, as well as vouchers for delivery, payment, installation and acceptance; and
- sampling sales transactions during a period before and after the reporting date to review the sales terms, delivery documents and customer confirmation documents, so as to assess sales transactions at year end.

## 2. Inventory valuation

Please refer to the note 4(7) for the accounting policy, note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and note 6(5) for summary of inventory.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. The net realizable value of the inventory is determined by the Company based on the assumptions of the estimated selling price of the products. The rapid development of technology and introduction of new products may significantly change the market demand and cause market price fluctuation, which may lead to product obsolescence and the cost of inventory to be higher than the net realizable value. Therefore, the valuation of inventory is one of our key audit matters.



How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and inventory aging report prepared by the Company; evaluating whether the valuation of inventories was accounted for in accordance with the Company's accounting policies; and assessing the historical reasonableness of the management's estimates on inventory provisions.

### **Responsibilities of Management and Those Charged with Governance for the Parent-company-only Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements of the current period 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.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Yuan Wu and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)  
February 26, 2025

#### **Notes to Readers**

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)  
Hitron Technologies Inc.

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
1100 Cash and cash equivalents (note 6(1))	\$ 928,768	11	823,718	10
1110 Current financial assets at fair value through profit or loss (note 6(2))	4,902	-	6,111	-
1170 Accounts receivable, net (note 6(4))	280,714	3	463,204	6
1180 Accounts receivable from related parties, net (notes 6(4) and 7)	2,278,533	28	1,590,236	19
1200 Other receivables	451,924	6	326,870	4
1210 Other receivables from related parties (note 7)	8,129	-	131,798	2
1220 Current tax assets (note 6(17))	3,164	-	3,094	-
130x Inventories (note 6(5))	504,450	6	172,429	2
1470 Other current assets (notes 6(10) and 8)	100,717	1	61,540	1
	<u>4,561,301</u>	<u>55</u>	<u>3,579,000</u>	<u>44</u>
<b>Non-current assets:</b>				
1517 Non-current financial assets at fair value through other comprehensive income (note 6(3))	34,142	-	51,152	1
1550 Investments accounted for using equity method (note 6(6))	3,350,078	41	3,989,271	49
1600 Property, plant and equipment (notes 6(7) and 7)	153,172	2	184,199	2
1755 Right-of use assets (note 6(8))	20,528	-	21,872	-
1780 Intangible assets (notes 6(9) and 7)	58,774	1	86,787	1
1840 Deferred tax assets (note 6(17))	48,981	1	246,891	3
1900 Other non-current assets (notes 6(10) and 8)	18,363	-	5,271	-
	<u>3,664,038</u>	<u>45</u>	<u>4,585,443</u>	<u>56</u>
<b>Total assets</b>	<u>\$ 8,225,339</u>	<u>100</u>	<u>\$ 8,164,443</u>	<u>100</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities:</b>				
Short-term borrowings (note 6(11))	\$ 346,581	4	184,500	2
Accounts payable	124,659	2	256,038	3
Accounts payable to related parties (note 7)	2,152,077	26	1,723,698	21
Other payables (notes 6(12) and (16))	65,676	1	96,640	1
Other payables to related parties (note 7)	103,208	1	41,137	1
Current provisions (note 6(15))	8,090	-	24,676	1
Current lease liabilities (note 6(14))	1,556	-	1,884	-
Other current liabilities (note 7)	2,232	-	3,410	-
Current portion of long-term borrowings (note 6(13))	80,000	1	-	-
	<u>2,884,079</u>	<u>35</u>	<u>2,331,983</u>	<u>29</u>
<b>Non-current liabilities:</b>				
Long-term borrowings (note 6(13))	350,000	5	700,000	9
Deferred tax liabilities (note 6(17))	10,881	-	192,322	2
Non-current lease liabilities (note 6(14))	19,482	-	20,358	-
Other non-current liabilities	944	-	278	-
	<u>381,307</u>	<u>5</u>	<u>912,958</u>	<u>11</u>
<b>Total liabilities</b>	<u>3,265,386</u>	<u>40</u>	<u>3,244,941</u>	<u>40</u>
<b>Equity (note 6(18)):</b>				
Ordinary share	3,213,172	39	3,213,172	39
Capital surplus	1,153,005	14	1,185,304	15
Retained earnings:				
Legal reserve	340,989	4	340,501	4
Unappropriated retained earnings (accumulated deficits)	(50,946)	-	38,936	-
	<u>290,043</u>	<u>4</u>	<u>379,437</u>	<u>4</u>
Other equity interest	303,733	3	141,589	2
	<u>4,959,953</u>	<u>60</u>	<u>4,919,502</u>	<u>60</u>
<b>Total liabilities and equity</b>	<u>\$ 8,225,339</u>	<u>100</u>	<u>\$ 8,164,443</u>	<u>100</u>

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

**Hitron Technologies Inc.**

**Statements of Comprehensive Income**

**For the years ended December 31, 2024 and 2023**

(Expressed in Thousands of New Taiwan Dollars, except for Earnings per share)

		<b>For the years ended December 31,</b>			
		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenues</b> (notes 6(20) and 7)	\$ 5,942,928	100	6,214,423	100
5000	<b>Operating costs</b> (notes 6(5), (16), (21) and 7)	<u>5,404,983</u>	<u>91</u>	<u>5,943,315</u>	<u>96</u>
	<b>Gross profit</b>	537,945	9	271,108	4
5920	Add: Net changes in unrealized profit on sales to subsidiaries and associates (note 7)	<u>93,095</u>	<u>2</u>	<u>66,674</u>	<u>1</u>
5900	<b>Realized gross profit</b>	<u>631,040</u>	<u>11</u>	<u>337,782</u>	<u>5</u>
	<b>Operating expenses</b> (notes 6(16), (21) and 7):				
6100	Selling expenses	114,918	2	132,846	2
6200	Administrative expenses	156,327	3	200,289	3
6300	Research and development expenses	363,167	6	445,698	7
6450	Expected credit loss (reversal gain) (note 6(4))	<u>2,857</u>	<u>-</u>	<u>(16,929)</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>637,269</u>	<u>11</u>	<u>761,904</u>	<u>12</u>
	<b>Net operating income (loss)</b>	<u>(6,229)</u>	<u>-</u>	<u>(424,122)</u>	<u>(7)</u>
	<b>Non-operating income and expenses:</b>				
7010	Other income (note 6(23))	10,696	-	13,086	-
7020	Other gains and losses, net (note 6(24))	10,231	-	(25,781)	-
7050	Finance costs (note 6(25))	(60,030)	(1)	(49,547)	(1)
7070	Share of profit (loss) of subsidiaries (note 6(6))	(6,314)	-	486,861	8
7100	Interest income (notes 6(22) and 7)	<u>16,654</u>	<u>-</u>	<u>17,607</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>(28,763)</u>	<u>(1)</u>	<u>442,226</u>	<u>7</u>
7900	<b>Profit (loss) before income tax</b>	(34,992)	(1)	18,104	-
7950	Less: income tax expenses (note 6(17))	<u>17,147</u>	<u>-</u>	<u>13,225</u>	<u>-</u>
	<b>Profit (loss)</b>	<u>(52,139)</u>	<u>(1)</u>	<u>4,879</u>	<u>-</u>
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss:</b>				
8311	Remeasurements of defined benefit plans	810	-	-	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(17,010)	-	19,337	-
8349	Less : income tax related to components of other comprehensive income (loss) that may not be reclassified to profit or loss (note 6(20))	<u>162</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss</b>	<u>(16,362)</u>	<u>-</u>	<u>19,337</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign financial statements	<u>179,154</u>	<u>3</u>	<u>13,160</u>	<u>-</u>
	<b>Components components of other comprehensive income that may be reclassified subsequently to profit or loss</b>	<u>179,154</u>	<u>3</u>	<u>13,160</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>162,792</u>	<u>3</u>	<u>32,497</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 110,653</u>	<u>2</u>	<u>37,376</u>	<u>-</u>
	<b>Earnings (Loss) per share</b> (New Taiwan dollars) (note 6(19))				
	<b>Basic earnings (loss) per share</b>	<u>\$ (0.16)</u>		<u>0.02</u>	
	<b>Diluted earnings (loss) per share</b>	<u>\$ (0.16)</u>		<u>0.02</u>	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Hitron Technologies Inc.

Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Unappropriated retained earnings		Total retained earnings		Total other equity interest	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	(Accumulated deficits)	Total retained earnings	Exchanged differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
<b>Balance at January 1, 2023</b>	\$ 3,213,172	1,114,994	283,224	145,512	427,798	856,534	93,125	15,967	109,092	5,293,792
Profit	-	-	-	-	4,879	4,879	-	-	-	4,879
Other comprehensive income	-	-	-	-	-	-	13,160	19,337	32,497	32,497
Total comprehensive income	-	-	-	-	4,879	4,879	13,160	19,337	32,497	32,497
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	57,277	-	(57,277)	-	-	-	-	-
Special reserve	-	-	-	(145,512)	145,512	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(481,976)	(481,976)	-	-	-	(481,976)
Subsidiary issued convertible bonds	-	26,396	-	-	-	-	-	-	-	26,396
Changes in conversion of convertible bonds in subsidiaries	-	43,914	-	-	-	-	-	-	-	43,914
<b>Balance at December 31, 2023</b>	\$ 3,213,172	1,185,304	340,501	-	38,936	379,437	106,285	35,304	141,589	4,919,502
Loss	-	-	-	-	(52,139)	(52,139)	-	-	-	(52,139)
Other comprehensive income (loss)	-	-	-	-	648	648	179,154	(17,010)	162,144	162,792
Total comprehensive income (loss)	-	-	-	-	(51,491)	(51,491)	179,154	(17,010)	162,144	110,653
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	488	-	(488)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(37,903)	(37,903)	-	-	-	(37,903)
Cash dividends from capital surplus	-	(58,492)	-	-	-	-	-	-	-	(58,492)
Changes in conversion of convertible bonds in subsidiaries	-	25,777	-	-	-	-	-	-	-	25,777
Changes in equity of associates accounted for using the equity method	-	416	-	-	-	-	-	-	-	416
<b>Balance at December 31, 2024</b>	\$ 3,213,172	1,153,005	340,989	-	(50,946)	290,043	285,439	18,294	303,733	4,959,953

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

**Hitron Technologies Inc.**

**Statements of Cash Flows**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>(Loss) profit before tax</b>	\$ (34,992)	18,104
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	32,744	47,086
Amortization expense	31,782	30,430
Net gain on financial assets or liabilities at fair value through profit or loss	(1,087)	(4,475)
Finance costs	60,030	49,547
Expected credit loss (reversal gain)	2,857	(16,929)
Interest income	(16,654)	(17,607)
Dividend income	(1,306)	(2,005)
Share of loss (profit) of associates accounted for using equity method	6,314	(486,861)
Loss on disposal of property, plant and equipment	11	-
Unrealized gain from sales	(93,095)	(66,674)
Provisions for inventory obsolescence and devaluation (reversed) loss	4,696	(4,046)
Lease modification benefit	(10)	-
Adjustment for other non-cash-related losses, net	13,259	(7,752)
Total adjustments to reconcile profit	<u>39,541</u>	<u>(479,286)</u>
Changes in operating assets and liabilities:		
Accounts receivable	179,633	646,613
Accounts receivable from related parties	(688,297)	971,862
Other receivables	(124,627)	133,753
Other receivables from related parties	123,669	431,036
Inventories	(336,717)	(64,318)
Other operating assets	(37,141)	(2,302)
Contract liabilities	-	(6,792)
Accounts payable	(131,379)	(5,723)
Accounts payable to related parties	428,379	(1,397,834)
Other payables	(31,970)	(102,990)
Other payables to related parties	62,071	4,168
Provisions	(16,586)	(18,975)
Other current liabilities	(1,178)	(2,369)
Total changes in operating assets and liabilities	<u>(574,143)</u>	<u>586,129</u>
Total adjustments	<u>(534,602)</u>	<u>106,843</u>

**(Continued)**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

**Hitron Technologies Inc.**

**Statements of Cash Flows (Continued)**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash flows generated from (used in) operations	(569,594)	124,947
Interest received	16,227	17,428
Dividends received	1,306	2,005
Interest paid	(59,024)	(47,348)
Income taxes paid	(910)	(1,053)
<b>Net cash flows (used in) from operating activities</b>	<b>(611,995)</b>	<b>95,979</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of financial assets at fair value through profit or loss	-	32,259
Cash dividends from investments accounted for using equity method	951,321	85,721
Proceeds from capital reduction of investments accounted for using equity method	-	470,518
Acquisition of property, plant and equipment	(19,271)	(24,570)
Proceeds from disposal of property, plant and equipment	19,937	-
Acquisition of intangible assets	(3,029)	(21,077)
Increase in other non-current assets	(12,762)	-
<b>Net cash flows from investing activities</b>	<b>936,196</b>	<b>542,851</b>
<b>Cash flows used in financing activities:</b>		
Increase in short-term borrowings	148,822	-
Repayments of short-term borrowings	-	(977,748)
Proceeds from long-term borrowings	-	700,000
Repayments of long-term borrowings	(270,000)	-
Increase in guarantee deposits received	666	-
Payments of lease liabilities	(2,244)	(2,643)
Cash dividends paid	(96,395)	(481,976)
<b>Net cash flows used in financing activities</b>	<b>(219,151)</b>	<b>(762,367)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>105,050</b>	<b>(123,537)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>823,718</b>	<b>947,255</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 928,768</b>	<b>823,718</b>

See accompanying notes to parent-company-only financial statements.



安侯建業聯合會計師事務所

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## Independent Auditors' Report

To the Board of Directors of Hitron Technologies Inc.:

### Opinion

We have audited the consolidated financial statements of Hitron Technologies Inc. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, 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 material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the the Group as of December 31, 2024 and 2023, 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 and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.



## 1. Revenue recognition

Please refer to note 4(15) and note 6(23) for accounting policy and detailed disclosure of revenue, respectively.

Description of key audit matter:

The Group is mainly engaged in the research, development, manufacturing and sale of network communication equipment, with its main products are cable modems and cable routers. When network communication products, such as modems and cable routers, depart from the shipping points, the customer has the right to use and price the goods. In addition to the primary responsibility for resale, the customer also assumes the risk of obsolescence of the goods. The Group's recognizes revenue and accounts receivable upon departure of the goods. Additionally, the Group's major subsidiaries are providers of system integration services in the fields of telecommunications, broadband networking, wireless transmission, digital media, cloud information, and geographic information. Revenue recognition often requires management's assessment on an individual basis, so as to determine an appropriate timing for each recognition. Therefore, we considered the appropriateness of the timing of revenue recognition to be one of the key audit matters.

How the matter was addressed in our audit:

- understanding the Group's accounting policies on revenue recognition and comparing them with both the terms of sales and the criteria for revenue recognition, so as to assess the appropriateness of the policies adopted;
- field observation of the design of the internal control system for sales revenue, as well as test of the effectiveness of execution on a sample basis;
- sampling individual revenue transaction and comparing them with sales contracts, customer orders, as well as vouchers for delivery, payment, installation and acceptance; and
- sampling sales transactions during a period before and after the reporting date to review the sales terms, delivery documents and customer confirmation documents, so as to assess sales transactions at year end or to identify whether the transfer of control of goods or services for the fulfillment of performance obligations was recognized in the appropriate period.

## 2. Inventory valuation

Please refer to the note 4(8) for the accounting policy, note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and note 6(6) for summary of inventory.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. The net realizable value of the inventory is determined by the Group based on the assumptions of the estimated selling price of the products. The rapid development of technology and introduction of new products may significantly change the market demand and cause market price fluctuation, which may lead to product obsolescence and the cost of inventory to be higher than the net realizable value. Therefore, the valuation of inventory is one of our key audit matters.



How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and inventory aging report prepared by the Group; evaluating whether the valuation of inventories was accounted for in accordance with the Group's accounting policies; and assessing the historical reasonableness of the management's estimates on inventory provisions.

### **Other Matter**

Hitron Technologies Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

### **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 with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to 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 Group or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's 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 auditor's 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 professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated 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 of the current period 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.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Yuan Wu and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)  
February 26, 2025

#### Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Hitron Technologies Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2024 and 2023**  
(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
1100 Cash and cash equivalents (note 6(1))	\$ 2,352,742	23	1,980,637	19
1110 Current financial assets at fair value through profit or loss (note 6(2))	4,902	-	6,129	-
1136 Current financial assets at amortised cost (note 6(4))	3,372	-	20,000	1
1170 Notes and accounts receivable, net (note 6(5))	2,081,705	21	1,857,299	18
1180 Accounts receivable from related parties, net (notes 6(5) and 7)	118,096	1	3,540	-
1200 Other receivables	454,644	5	328,066	3
1210 Other receivables from related parties (note 7)	34,578	-	31,551	-
1220 Current tax assets (note 6(20))	47,998	-	87,879	1
130x Inventories (note 6(6))	2,456,281	25	3,291,171	31
1470 Other current assets (notes 6(12), 7 and 8)	150,140	2	109,631	1
	<u>7,704,458</u>	<u>77</u>	<u>7,715,903</u>	<u>74</u>
<b>Non-current assets:</b>				
1517 Non-current financial assets at fair value through other comprehensive income (note 6(3))	34,142	-	51,152	-
1550 Investments accounted for using equity method (note 6(7))	95,818	1	-	-
1535 Non-current financial assets at amortised cost (note 6(4))	-	-	21,000	-
1600 Property, plant and equipment (notes 6(9) and 7)	1,533,531	15	1,855,821	18
1755 Right-of-use assets (note 6(10))	254,278	2	267,113	3
1780 Intangible assets (notes 6(11) and 7)	66,710	1	101,119	1
1840 Deferred tax assets (note 6(20))	170,642	2	366,052	3
1900 Other non-current assets (notes 6(12) and 8)	183,271	2	130,534	1
	<u>2,338,392</u>	<u>23</u>	<u>2,792,791</u>	<u>26</u>
<b>Total assets</b>	<b>\$ 10,042,850</b>	<b>100</b>	<b>10,508,694</b>	<b>100</b>
<b>Liabilities and Equity</b>				
<b>Current liabilities:</b>				
2100 Short-term borrowings (note 6(13))	\$ 365,695	4	396,227	4
2120 Current financial liabilities at fair value through profit or loss (note 6(2))	1,436	-	-	-
2130 Current contract liabilities (notes 6(23) and 7)	479,844	5	562,840	5
2170 Accounts payable	655,768	7	1,544,021	15
2180 Accounts payable to related parties (note 7)	1,019,418	10	31,647	-
2200 Other payables (note 6(14))	372,772	4	404,262	4
2220 Other payables to related parties (note 7)	22,424	-	934	-
2230 Current tax liabilities (note 6(20))	83,084	1	82,885	1
2250 Current provisions (note 6(18))	52,767	-	104,626	1
2280 Current lease liabilities (note 6(17))	21,116	-	18,673	-
2300 Other current liabilities (note 7)	2,809	-	5,528	-
2320 Current portion of long-term borrowings (note 6(15))	80,000	1	-	-
	<u>3,157,133</u>	<u>32</u>	<u>3,151,643</u>	<u>30</u>
<b>Non-Current liabilities:</b>				
2530 Bonds payable (note 6(16))	-	-	264,612	3
2540 Long-term borrowings (note 6(15))	375,000	4	700,000	7
2550 Non-current provisions (note 6(18))	45,541	-	34,641	-
2570 Deferred tax liabilities (note 6(20))	33,306	-	218,696	2
2600 Non-current lease liabilities (note 6(17))	104,723	1	116,516	1
Other non-current liabilities	906	-	409	-
	<u>559,476</u>	<u>5</u>	<u>1,334,874</u>	<u>13</u>
	<u>3,716,609</u>	<u>37</u>	<u>4,486,517</u>	<u>43</u>
<b>Total liabilities</b>	<b>3,213,172</b>	<b>32</b>	<b>3,213,172</b>	<b>31</b>
<b>Equity (note 6(21)):</b>				
Equity attributable to owners of parent:				
Ordinary share	1,155,005	11	1,185,304	11
Capital surplus	340,989	3	340,501	3
Retained earnings:	(50,946)	-	38,936	-
Legal reserve	290,043	3	379,437	3
Unappropriated retained earnings (Accumulated deficits)	303,733	3	141,589	2
Other equity interest	4,959,953	49	4,919,502	47
<b>Total equity attributable to owners of parent</b>	<b>1,366,288</b>	<b>14</b>	<b>1,102,675</b>	<b>10</b>
Non-controlling interest	6,326,241	63	6,022,177	57
<b>Total equity</b>	<b>10,042,850</b>	<b>100</b>	<b>10,508,694</b>	<b>100</b>
<b>Total liabilities and equity</b>	<b>\$ 10,042,850</b>	<b>100</b>	<b>10,508,694</b>	<b>100</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Hitron Technologies Inc. and Subsidiaries**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars, except for Earnings per share)**

		For the years ended December 31,			
		2024		2023	
		Amount	%	Amount	%
4000	<b>Operating revenues</b> (notes 6(23) and 7)	\$ 9,088,215	100	9,403,662	100
5000	<b>Operating costs</b> (notes 6(6), (19), (24) and 7)	<u>7,323,415</u>	80	<u>7,375,511</u>	78
	<b>Gross profit from operations</b>	<u>1,764,800</u>	20	<u>2,028,151</u>	22
	<b>Operating expenses</b> (notes 6(18), (23) and 7):				
6100	Selling expenses	633,510	7	768,746	8
6200	Administrative expenses	436,536	5	514,344	5
6300	Research and development expenses	442,793	5	510,404	5
6450	Expected credit loss (gain) (note 6(5))	<u>1,458</u>	-	<u>(23,265)</u>	-
	<b>Total operating expenses</b>	<u>1,514,297</u>	17	<u>1,770,229</u>	18
	<b>Net operating income</b>	<u>250,503</u>	3	<u>257,922</u>	4
	<b>Non-operating income and expenses:</b>				
7010	Other income (note 6(26))	22,557	-	23,419	-
7020	Other gains and losses, net (note 6(27))	(12,778)	-	(24,698)	-
7050	Finance costs (note 6(28))	(75,622)	(1)	(96,552)	(1)
7060	Share of profit of associates accounted for using equity method (note 6(7))	1,588	-	-	-
7100	Interest income (note 6(25))	<u>34,187</u>	-	<u>28,623</u>	-
	<b>Total non-operating income and expenses</b>	<u>(30,068)</u>	(1)	<u>(69,208)</u>	(1)
7900	<b>Profit before tax</b>	220,435	2	188,714	3
7950	Less: income tax expenses (note 6(20))	<u>83,250</u>	1	<u>24,900</u>	-
	<b>Profit</b>	<u>137,185</u>	1	<u>163,814</u>	3
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss:</b>				
8311	Remeasurements of defined benefit plans	810	-	-	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(17,010)	-	19,337	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>162</u>	-	<u>-</u>	-
	<b>Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss</b>	<u>(16,362)</u>	-	<u>19,337</u>	-
8360	<b>Components of other comprehensive income that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign financial statements	<u>179,449</u>	2	<u>13,160</u>	-
	<b>Components of other comprehensive income that may be reclassified subsequently to profit or loss</b>	<u>179,449</u>	2	<u>13,160</u>	-
8300	<b>Other comprehensive income</b>	<u>163,087</u>	2	<u>32,497</u>	-
8500	<b>Total comprehensive income</b>	<u>\$ 300,272</u>	<u>3</u>	<u>\$ 196,311</u>	<u>3</u>
	<b>Profit (loss) attributable to:</b>				
8610	Owners of parent	\$ (52,139)	(1)	4,879	1
8620	Non-controlling interests	<u>189,324</u>	2	<u>158,935</u>	2
		<u>\$ 137,185</u>	<u>1</u>	<u>\$ 163,814</u>	<u>3</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 110,653	1	37,376	1
8720	Non-controlling interests	<u>189,619</u>	2	<u>158,935</u>	2
		<u>\$ 300,272</u>	<u>3</u>	<u>\$ 196,311</u>	<u>3</u>
	<b>Earnings (Loss) per share</b> (New Taiwan Dollars) (note 6(22))				
	<b>Basic earnings (loss) per share</b>	<u>\$ (0.16)</u>		<u>\$ 0.02</u>	
	<b>Diluted earnings (loss) per share</b>	<u>\$ (0.16)</u>		<u>\$ 0.02</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Hitron Technologies Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Total other equity interest							Total equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (Accumulated deficits)	Total retained earnings	Exchange differences on translation of foreign financial statements		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity attributable to owners of parent company	Non-controlling interests
<b>Balance at January 1, 2023</b>	\$ 3,213,172	1,114,994	283,224	145,512	427,798	856,534	93,125	15,967	109,092	5,293,792	766,085	6,059,877
Profit	-	-	-	-	4,879	4,879	-	-	-	4,879	158,935	163,814
Other comprehensive income	-	-	-	-	-	-	-	19,337	32,497	32,497	-	32,497
Total comprehensive income	-	-	-	-	4,879	4,879	-	19,337	32,497	37,376	158,935	196,311
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	57,277	-	(57,277)	-	-	-	-	-	-	-
Special reserve	-	-	-	(145,512)	145,512	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(481,976)	(481,976)	-	-	-	(481,976)	-	(481,976)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Subsidiary issued convertible bonds	-	26,396	-	-	-	-	-	-	-	26,396	(127,622)	(127,622)
Changes in conversion of convertible bonds in subsidiaries	-	43,914	-	-	-	-	-	-	-	43,914	37,225	63,621
<b>Balance at December 31, 2023</b>	3,213,172	1,185,304	340,501	-	38,936	379,437	106,285	35,304	141,589	4,919,502	1,102,675	6,022,177
Profit (Loss)	-	-	-	-	(52,139)	(52,139)	-	-	-	(52,139)	189,324	137,185
Other comprehensive income	-	-	-	-	648	648	179,154	(17,010)	162,144	162,792	295	163,087
Total comprehensive income	-	-	-	-	648	648	179,154	(17,010)	162,144	110,653	189,619	300,272
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	488	-	(488)	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(37,903)	(37,903)	-	-	-	(37,903)	-	(37,903)
Cash dividends from capital surplus	-	(58,492)	-	-	-	-	-	-	-	(58,492)	-	(58,492)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(175,179)	(175,179)
Changes in conversion of convertible bonds in subsidiaries	-	25,777	-	-	-	-	-	-	-	25,777	241,031	266,808
Changes in non-controlling interests	-	416	-	-	-	-	-	-	-	416	8,142	8,558
<b>Balance at December 31, 2024</b>	\$ 3,213,172	1,153,005	340,989	-	(50,946)	290,043	285,439	18,294	303,733	4,959,953	1,366,288	6,326,241

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Hitron Technologies Inc. and Subsidiaries**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 220,435	188,714
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	200,829	255,695
Amortization expense	39,075	37,940
Expected credit loss (reversal gain)	1,458	(23,265)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,120	(6,324)
Finance costs	75,622	96,552
Interest income	(34,187)	(28,623)
Dividend income	(1,306)	(2,005)
Share of profit of associates accounted for using equity method	(1,588)	-
Loss (gain) on disposal of property, plant and equipment	3,578	(2,114)
Provisions for inventory obsolescence and devaluation (reversed) loss	(24,342)	13,483
Lease modification benefit	(15)	-
Total adjustments to reconcile profit	<u>260,244</u>	<u>341,339</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable, net	(141,861)	693,049
Accounts receivables from related parties	(114,556)	(2,775)
Other receivables	(124,549)	133,717
Other receivables from related parties	(3,027)	(31,551)
Inventories	1,073,839	570,658
Other operating assets	(40,662)	75,713
Contract liabilities	(82,996)	31,365
Accounts payable	(927,208)	(1,014,741)
Accounts payable to related parties	987,771	(81,337)
Other payables	(30,037)	(181,544)
Other payables to related parties	21,490	(4,231)
Provisions	(40,959)	(64,044)
Other current liabilities	(1,283)	(223)
Total changes in operating assets and liabilities	<u>575,962</u>	<u>124,056</u>
Total adjustments	<u>836,206</u>	<u>465,395</u>

**(Continued)**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Hitron Technologies Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows (Continued)**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash flows generated from operations	1,056,641	654,109
Interest received	34,101	27,458
Dividends received	4,006	2,005
Interest paid	(74,879)	(84,941)
Income taxes paid	(24,276)	(97,206)
<b>Net cash flows from operating activities</b>	<u>995,593</u>	<u>501,425</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortized cost	-	(41,000)
Proceeds from disposal of financial assets at amortised cost	37,628	-
Acquisition of investments accounted for using equity method	(96,930)	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	56,025
Acquisition of property, plant and equipment	(33,297)	(70,852)
Proceeds from disposal of property, plant and equipment	232,545	51,097
Increase in refundable deposits	(41,841)	(11,508)
Acquisition of intangible assets	(3,192)	(24,021)
Disposal of intangible assets	34	-
Increase in other non-current assets	(8,471)	(19,051)
<b>Net cash flows from (used in) investing activities</b>	<u>86,476</u>	<u>(59,310)</u>
<b>Cash flows used in financing activities:</b>		
Decrease in of short-term borrowings	(50,297)	(1,548,502)
Proceeds from long-term borrowings	-	700,000
Repayment of long-term borrowings	(245,000)	-
Increase in guarantee deposits received	497	-
Proceeds from bonds payable	-	631,884
Payments of lease liabilities	(21,293)	(15,707)
Cash dividends paid	(96,395)	(481,976)
Cash dividends paid to non-controlling interests	(175,179)	(127,622)
Change in non-controlling interests	8,558	-
<b>Net cash flows used in financing activities</b>	<u>(579,109)</u>	<u>(841,923)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(130,855)</u>	<u>(5,231)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	372,105	(405,039)
<b>Cash and cash equivalents at beginning of period</b>	<u>1,980,637</u>	<u>2,385,676</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 2,352,742</u>	<u>1,980,637</u>

See accompanying notes to consolidated financial statements.

### Attachment 3

**Hitron Technologies Inc.**  
**Deficit Compensation Statement**  
**Year 2024**

	Unit:NT\$
<b>Net loss of 2024</b>	<b>(52,139,182)</b>
Add: Unappropriated retained earnings from previous years	1
Add: Change in remeasurement of defined benefit plan	1,192,254
<b>Accumulated Deficit as of 2024</b>	<b>(50,946,927)</b>
Items to be Recovered	
Legal reserve used to compensate deficits	50,946,927
<b>Unappropriated retained earnings after earnings distribution</b>	<b>0</b>

## Attachment 4

Comparison table for the Articles of Incorporation before and after amendment

Article No.	After Amendment	Before Amendment	Reason of Amendment
Article 25	The Company may <u>appoint a multiple number of managerial officers.</u> The appointment, discharge and the remuneration thereof shall be handled in accordance with the provision of the Company Act.	The Company may <u>have one President, and several Vice Presidents, Chief Executive Officer, Deputy Chief Executive Officer and several managerial officers may also be established according to the resolution of the Board of Directors.</u> The appointment, discharge and the remuneration thereof shall be handled in accordance with the provision of <del>Article 29</del> of the Company Act.	Amendment made in accordance with the laws
Article 29	The Company, if profitable in the year, shall set aside 5~20% of the profit as compensation for the employees <u>and no higher than 1% as remuneration for the directors. However, the Company, when accumulated losses remain on the account, shall reserve a portion of its earnings to offset the losses first.</u> <u>The remuneration distributed to grassroots employees shall not be less than 10% of the total employee remuneration.</u> <u>The Company may allocate employees' remuneration prescribed in the first item in the form of stock or cash to employees of an affiliated company meeting certain conditions.</u> <u>The Board or the person duly designated by the Board is authorized to decide the conditions and allocation method.</u>	When the Company has a profit at the end of each fiscal year, an amount between 5% and 20% of the profit shall be appropriated as the remuneration of employees, <u>which is to be distributed and issued in the form of shares or cash according to the resolution of the Board of Director, and the recipients thereof may include employees of affiliates satisfying certain criteria, and such criteria are to be specified by the Chairman.</u> <u>The Company may appropriate the aforementioned profit as the remuneration to directors, in which the appropriation ratio shall not exceed 1% of the profit of the current year.</u> <u>If there are previous accumulated losses, the losses shall first be offset before allocating compensation and remuneration to employees and directors. The remaining profits may be allocated as aforementioned. <del>The proposal of compensation to employees and remuneration to Directors must be approved by the Board Meeting. Two thirds of the Directors have attended and the majority has concurred with the proposal.</del></u>	Amendment made in accordance with the laws
Article 36	These Articles of Incorporation Directors were duly enacted on March 10, 1986. (Omitted) The thirtieth amendment was made on July 28, 2021. The thirty-first amendment was made on May 30, 2022. <u>The thirty-second amendment was made on May 26, 2025.</u>	These Articles of Incorporation Directors were duly enacted on March 10, 1986. (Omitted) The thirtieth amendment was made on July 28, 2021. The thirty-first amendment was made on May 30, 2022.	Newly added the date of the amendment

## Attachment 5

### List of non-competition restrictions on current directors and their representatives

Director	Released restriction items
Peter Chen Representative of Alpha Network Inc.	Director, Representative of PhoenixVI Innovation Investment Corporation. Director, Representative of Dunpin No.1 Innovation Investment Co., Ltd. Director, Representative of Dunpin No.2 Innovation Investment Co., Ltd. Director, Representative of InnoFund V Co., Ltd. Director, Industrial Technology Research Institute.
Amy Liu	Chairman, Representative of Transnet Corporation Director, Representative of FIBER LOGIC COMMUNICATIONS, INC.

# Appendix 1

## **Hitron Technologies Inc. Articles of Incorporation (Before the amendment)**

Amended on May 30, 2022

### Chapter 1 General Rules

Article 1: The Company shall be incorporated under the Company Act and its Chinese name shall be Hitron Technologies Inc. (English name: Hitron Technologies Inc.)

Article 2: The scope of business of the Company shall be as follows:

1. CB01010 Mechanical Equipment Manufacturing.
  2. CB01020 Affairs Machine Manufacturing.
  3. CC01060 Wired Communication Mechanical Equipment Manufacturing.
  4. CC01070 Wireless Communication Mechanical Equipment Manufacturing.
  5. CC01080 Electronics Components Manufacturing.
  6. CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.
  7. CC01110 Computer and Peripheral Equipment Manufacturing.
  8. CC01120 Data Storage Media Manufacturing and Duplicating.
  9. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
  10. F399040 Retail Sale No Storefront.
  11. F401010 International Trade.
  12. I301010 Information Software Services.
  13. I301020 Data Processing Services.
  14. I301030 Electronic Information Supply Services.
  15. I501010 Product Designing.
  16. IZ13010 Internet Certificates Service.
- I. Research, development, production, manufacturing and sale of the following products
1. Wireless communication equipment
  2. Synchronous sequential system.
  3. Synchronous fiber communication equipment
  4. Digital modem equipment
  5. Fiber (automatic) monitoring system
  6. Splice box for central surveillance system
  7. Broadband gateway
  8. Set-top box

II. Export and import businesses of the aforementioned products.

Article 3: The Company may provide endorsements and guarantees to the external for business and investment needs.

Article 4: The Company shall have its head office in Hsinchu Science Park. Depending upon the business needs, after the resolution of the Board of Directors, branch offices or factories may be established domestically or overseas.

### Chapter 2 Shares

Article 5: The total capital of the Company shall be NTD 4,000,000,000, divided into 400,000,000 shares, at a par value of NTD 10 per share, and the Board of Directors is authorized to perform share issuance at discrete times. Preferred shares may be issued from the aforementioned total number of shares.

An amount of NTD 300,000,000 of the total capital described in Paragraph 1 shall be reserved for the issuance

of employee share subscription warrants and corporate bonds associated with share subscription warrants, for a total of 30,000,000 shares at a par value of NTD 10 per share, which may be issued in discrete times according to the resolution of the Board of Directors' meeting.

Article 6: The shares of the Company shall be registered, which shall be signed or sealed by at least three Directors and indicated with numbers. The shares shall be certified by the competent authority or a registered institution approved by the competent authority for the issuance thereof.

For the shares issued by the Company, the printing of share certificates may be exempted; however, the shares shall be registered with the Centralized Securities Depository Enterprises.

The printing and issuance of other securities may be handled in accordance with relevant laws and regulations for which the provision of the preceding paragraph is applicable.

Article 7: The administration of the Company's shareholder services shall be handled according to the "Regulations Governing the Administration of Shareholder Services of Public Companies" and relevant laws.

Article 8: When considered necessary, the Company may entrust the shareholder services to a shareholder service agency approved by the competent authority for handling according to the resolution of the Board of Directors' meeting.

Article 9: Any transfer registration of shares shall be prohibited within sixty days prior to the ordinary shareholders' meeting, thirty days prior to the extraordinary shareholders' meeting, or five days prior to the record date for the distribution of dividends and bonuses or other interests by the Company.

### Chapter 3 Shareholders' Meeting

Article 10: The shareholders' meeting is classified into two types: the ordinary shareholders' meeting and the extraordinary shareholders' meeting. (1) The ordinary shareholders' meeting shall be convened within six months after the close of each fiscal year. (2) The extraordinary shareholders' meeting shall be convened whenever necessary according to laws.

The Company's shareholders' meeting may be convened by videoconference or other means announced by the central competent authority.

Article 11: For the convention of an ordinary shareholders' meeting, all shareholders shall be informed thirty days prior to the convention of meeting in advance.

For the convention of an extraordinary shareholders' meeting, all shareholders shall be informed fifteen days prior to the convention of meeting in advance.

Article 12: Resolutions at a shareholders' meeting, unless otherwise specified by the laws, shall be adopted by a majority of the shareholders present in person, who represent more than half of the total number of the Company's outstanding shares, and shall be executed based on the majority of the voting rights of the attending shareholders.

Article 13: When the number of attending shareholders is less than the number specified in the preceding article, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted based on the consents of a majority of the voting rights of the attending shareholders, and all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the meeting of shareholders described in the preceding paragraph, if the tentative resolution is again adopted by a majority of attending shareholders who represent one-third or more of the total number of issued shares, such tentative resolution shall be deemed a resolution under the preceding paragraph.

Article 14: Except for those without voting rights described in the laws, each shareholder of the Company shall have one vote for each share held,

Article 15: Where a shareholder for any reason cannot attend a shareholders' meeting in person, he/she/it may appoint a proxy to attend the shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company and stating therein the scope of power authorized to the proxy. The regulations for authorizing proxies to attend meetings on behalf of shareholders of the Company shall comply with Article 177 of the Company Act and shall also be handled according to the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" announced by the competent authority.

Article 16: Matters relating to the resolutions of a shareholders' meeting shall be recorded in meeting minutes, which shall be signed or sealed by the chairperson of the meeting and shall be distributed to all shareholders within twenty days after the conclusion of the meeting. The distribution of the meeting minutes may be made via an electronic method or public notice.

## Chapter 4 Director and Managerial Personnel

Article 17: The Company shall have seven to thirteen directors. Elections of directors (independent directors) of the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The term of office of directors shall be three years, and directors may be eligible for re-election. The shareholding ratio of all directors of the Company shall comply with the regulations specified by the competent authority of securities.

Article 17-1: In the roster of directors established by the Company, the number of independent directors of the Company shall not be less than three and shall not be less than one-fifth of the total number of directors. Relevant matters of the professional qualification, concurrent job position limitation and other necessary requirements shall comply with relevant regulations specified by the securities competent authority.

Article 17-2: The Company shall establish the Audit Committee composed of all independent directors as members thereof. The exercise of authorities and other matters requiring compliance of the Audit Committee shall be handled in accordance with the regulations of the competent authority.

Article 18: When the number of vacancies of directors reaches one-third of the total number of directors, the Board of Directors shall convene an extraordinary shareholders' meeting within sixty days for election to fill the vacancies or for elections of new directors.

Article 19: The Board of Directors shall be formed by directors. A Chairman shall be elected from among the Directors during a Board meeting attended by more than two-thirds of the directors and with the consent of more than half of all attending directors. In addition, a Deputy Chairman may also be elected from among the directors depending upon the business needs.

The Chairman shall internally preside the shareholders' meeting and the meeting of the Board of Directors, and shall externally represent the Company. In case the Chairman is on leave or absent or cannot exercise his power and authority for any cause, the proxy thereof shall be handled in accordance with the provision of Article 208 of the Company Act. In case a director cannot attend a Board of Directors' meeting due to reasons, he or she may appoint another director to act as his/her proxy for attending the meeting on his or her behalf, provided that the proxy shall only accept the appointment of one director only.

In case a meeting of the Board of Directors is convened via a visual communication network, the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 20: During the convention of a Board of Directors' meeting of the Company, notices indicating the reasons of the convention shall be delivered to all directors seven days in advance; provided that in case of emergencies, such meeting may be convened at any time.

The Board of Directors' convention notices may be made in writing, facsimile or e-mail method, etc.

Article 21: A Board of Directors' meeting shall be attended by a majority of directors to meet the statutory number of attendees. When it is less than the statutory number of attendees, the meeting may be deferred to a later date. Resolutions of a Board of Directors shall be adopted based on the consents of a majority of attending directors. In case a director cannot attend a Board of Directors' meeting, he or she may appoint another director to act as a proxy for attending the meeting on his or her behalf. However, the aforementioned proxy shall be limited to accepting one director's authorization only.

Article 22: Deleted.

Article 23: Deleted.

Article 24: Deleted.

Article 25: The Company may have one President, and several Vice Presidents, Chief Executive Officer, Deputy Chief Executive Officer and several managerial officers may also be established according to the resolution of the Board of Directors. The appointment, discharge and the remuneration thereof shall be handled in accordance with the provision of Article 29 of the Company Act.

Article 26: The President of the Company shall be appointed according to the resolution of the Board of Directors, and shall perform duties of the Company according to the laws and assisted by other managerial officers.

Article 27: For the remunerations of the Chairman and directors, in addition to the appropriation of remuneration to directors from the annual profit according to the provision of Article 29, the Board of Directors is authorized to make determinations based on their participation level and value of contribution to the operation of the Company along with the consideration of the common standard adopted in the same industry. In case a director concurrently assumes another position in the Company, in addition to the aforementioned remuneration determined by the Board of Directors, salary may be paid and collected according to the normal standard.

However, the remuneration to independent directors may be slightly higher than the remuneration to non-independent directors.

Article 27-1: During the term of office of the directors of the Company, the Board of Directors may be authorized to purchase liability insurances for their indemnification liabilities within the scope of their official services according to the laws.

## Chapter 5 Final Accounts

Article 28: At the end of each fiscal year of the Company, the Board of Directors shall prepare the following reports and statements for submission to the ordinary shareholder's meeting for ratification: I. Business report. II. Financial statements. III. Proposal for the distribution of earnings or covering losses.

Article 29: When the Company has a profit at the end of each fiscal year, an amount between 5% and 20% of the profit shall be appropriated as the remuneration of employees, which is to be distributed and issued in the form of shares or cash according to the resolution of the Board of Director, and the recipients thereof may include employees of affiliates satisfying certain criteria, and such criteria are to be specified by the Chairman.

The Company may appropriate the aforementioned profit as the remuneration to directors, in which the appropriation ratio shall not exceed 1% of the profit of the current year.

If there are previous accumulated losses, the losses shall first be offset before allocating compensation and remuneration to employees and directors. The remaining profits may be allocated as aforementioned. The proposal of compensation to employees and remuneration to Directors must be approved by the Board Meeting. Two-thirds of the Directors have attended and the majority has concurred with the proposal.

Article 29-1: Earnings after tax should be first utilized to offset losses from previous years, and next, set aside 10% of the remaining profit as a legal reserve. However, if the legal reserve is on par with the authorized capital, the Company is allowed to stop allocation to the legal reserve, and allocate it to a special reserve in accordance with relevant laws and regulations. If there are earnings left, the Board of Directors can devise an earnings distribution proposal using the remaining amount, together with the cumulative unappropriated retained earnings, and submit it to the Shareholders' Meeting to disburse as a cash dividend or retain it.

When the earnings distribution proposal described in the preceding paragraph is made in cash dividends, the Board of Directors is authorized to reach resolution and report to the shareholders' meeting.

Article 29-2: The Company may issue new shares or cash with the statutory legal reserve or capital reserve in accordance with the provisions of Article 241 of the Company Act.

If the issuance described in the preceding paragraph is made in the form of cash, the Board of Directors is authorized to reach resolution and to report to the shareholders' meeting.

Article 30: Deleted

Article 31: The industrial environment of the Company is ever-changing and the Company is presently in a stable growth stage. The dividend policy shall consider the Company's future capital needs and long-term financial planning to pursue sustainable operation. The Company adopts an excessive dividend policy and its issuance terms, timing and amount are handled according to Article 29-1 of the Articles of Incorporation. The Company establishes plans according to the future capital demands. When there is a surplus earning at the final account of a fiscal year and when the distributable earnings of the current year reach 2% of the capital, the dividend distribution shall not be less than 10% of the distributable earnings of the current year, and the cash dividend shall not be less than 10% of the total amount of the cash and share dividends issued in the current year.

## Chapter 6. Supplementary Provisions

Article 32: The reinvestment total amount of the Company may not be restricted by the regulation related to the reinvestment ratio specified in Article 13 of the Company Act.

Article 33: Any matters not specified in these Articles of Incorporation shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 34: The organizational charters and enforcement rules of the Company shall be further established by the Board of Directors through resolution.

Article 35: These Articles of Incorporation shall take effect after being submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 36: These Articles of Incorporation Directors were duly enacted on March 10, 1986.

The first amendment was made on January 15, 1990.

The second amendment was made on July 31, 1990.

The third amendment was made on August 7, 1992.  
The fourth amendment was made on September 20, 1992.  
The fifth amendment was made on November 22, 1992.  
The sixth amendment was made on August 31, 1994.  
The seventh amendment was made on May 10, 1995.  
The eighth amendment was made on March 15, 1996.  
The ninth amendment was made on November 8, 1996.  
The tenth amendment was made on March 28, 1997.  
The eleventh amendment was made on April 18, 1998.  
The twelfth amendment was made on May 29, 1999.  
The thirteenth amendment was made on May 16, 2000.  
The fourteenth amendment was made on May 16, 2000.  
The fifteenth amendment was made on May 14, 2001.  
The sixteenth amendment was made on May 20, 2002.  
The seventeenth amendment was made on June 16, 2003.  
The eighteenth amendment was made on June 15, 2004.  
The nineteenth amendment was made on June 14, 2005.  
The twentieth amendment was made on June 15, 2006.  
The twenty-first amendment was made on June 13, 2008.  
The twenty-second amendment was made on June 16, 2009.  
The twenty-third amendment was made on June 17, 2010.  
The twenty-fourth amendment was made on June 15, 2011.  
The twenty-fifth amendment was made on June 21, 2012.  
The twenty-sixth amendment was made on June 21, 2013.  
The twenty-seventh amendment was made on June 20, 2014.  
The twenty-eighth amendment was made on June 14, 2016.  
The twenty-ninth amendment was made on June 13, 2017.  
The thirtieth amendment was made on July 28, 2021.  
The thirty-one amendment was made on May 30, 2022.

## Appendix 2

### Hitron Technologies Inc. Rules and Procedure for Shareholders' Meeting

Amended on May 25, 2023

Article 1: The procedures for shareholders' meeting of the Company shall comply with these Rules.

Article 2: Where a shareholder of the Company for any reason cannot attend the shareholders' meeting in person, he/she/it may appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.

When one person is concurrently appointed as a proxy by two or more shareholders, with the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail; however, when a declaration is made to cancel the previous proxy appointment, such restriction shall not be applicable.

Article 3: During the sign-in of shareholders or proxies, sign-in cards shall be submitted in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in.

Article 4: The shareholders' meeting should be held at the location of the Company or the place convenient for the shareholders and suitable for the meeting occasion. The meeting should not be earlier than 9am or later than 3pm. The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.

Article 5: Shareholder meetings that are convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is unable to perform duty due to leave of absence or any reasons, the Deputy Chairman shall act as the deputy thereof. If the Deputy Chairman is unavailable or is also on leave or cannot exercise the authority due to any reason, the Chairman will appoint one of the directors to act on their behalf. If no one is appointed, the remaining directors shall appoint one among themselves to perform the Chairman's duties on behalf.

Where a shareholders' meeting is convened by a party with the power to convene but other than the Board of Directors, the convening party shall chair the meeting. Where there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article5-1: To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - (2) Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
  - (3) In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual

meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

(4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.

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

Article 6: The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards.

Article 7: The Company shall record or video tape the entire process of shareholders' meeting. Audio or video records of any shareholders' meeting shall be retained for at least one year. Where a shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end. The information and audio and video recording shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

Article 8: At the appointed meeting time, when the attending shareholders represent a majority of the total number of issued shares, the chair shall call the meeting to order. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted based on a majority of the voting rights presented by the attending shareholders pursuant to Article 175 of the Company Act.

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

For other special resolution matters specified in the Company Act, the resolution method shall be handled according to the laws and regulations.

Article 9: If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding paragraph (including extraordinary motions), except by a resolution of the shareholders' meeting. After the chair declares the meeting adjourned, shareholders shall not further elect a chair to continue the meeting at the original site or at another place.

If the chair declares the meeting adjourned in violation of the rules of procedure, a new chair may be elected based on the agreement of a majority of the votes represented by the attending shareholders in order to continue the meeting.

Article 10: Before speaking, an attending shareholder must specify on a speaker's slip indicating the attendance card number, account name and subject of the speech. The order in which shareholders speak is to be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Article 11: Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. Where a virtual shareholders' meeting is convened, shareholders may raise questions in writing at the virtual meeting platform from the chair declaring the

meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words.

Article 12: After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 13: When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

Article 14: Vote monitoring and counting personnel to vote on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Voting results shall be made known on-site immediately and recorded in writing.

Article 15: Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During voting, if the chair solicits and receives no dissents, the motion is deemed passed, with equivalent force as a resolution by vote.

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

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

Article 16: When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they are to be put to a vote. When anyone among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 17: When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed, or a resolution may be adopted at a shareholders' meeting to inform or announce the resumption of the meeting within five days.

Article 18: The chair may direct the proctors (or security personnel) to help maintain order at the meeting place.

Shareholders shall obey the instructions of the chair and proctors (or security personnel) related to order maintenance. For any personnel interfering with the progress of a shareholders' meeting and refusing to accept correction requested, the chair or proctors (or security personnel) may escort such personnel from the meeting.

Article 19: Any matters not specified in these Rules shall be handled in accordance with the Company Act, Articles of Incorporation, and other relevant laws.

Article 20: These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

## Appendix 3

### Shareholding of Directors

1. The Company has issued capital of the Company is NT\$3,213,172,290 representing 321,317,229 common shares. According to Article 26 of the Securities and Exchange Act, the minimum number of shares that shall be held by all directors of the company is 12,852,689.
2. According to Article II of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratio at Public Companies", if a public company has elected two or more independent directors, the share ownership for all directors and supervisors other than the independent directors shall be decreased to 80%.
3. As of March 28, 2025, the number of shares held by all directors is 200,548,951 shares. The actual collective shareholding of directors was shown as below:

Position	Name	No. of Shareholding	Shareholding%
Chairman	Alpha Networks Inc. Representative April Huang	200,000,000	62.24
Director	Alpha Networks Inc. Representative Peter Chen	200,000,000	62.24
Director	Alpha Networks Inc. Representative David Chou	200,000,000	62.24
Director	Alpha Networks Inc. Representative Patrick Chiu	200,000,000	62.24
Director	Alpha Networks Inc. (shortage)	200,000,000	62.24
Director	Amy Liu	548,951	0.17
Independent Director	Lo-Min Chen	0	0
Independent Director	Mao-Cao Lin	0	0
Independent Director	David Lee	0	0
Total		200,548,951	62.41