

Stock Code : 4576

Hiwin Mikrosystem Corp.

2024 Annual General Shareholders Meeting

Meeting Agenda (Translation)

Time & Date : 9 a.m., Thursday, May 30, 2024

Venue : 4F, No. 129, Anhe Rd., Xitun Dist., Taichung City

(Howard Prince Hotel Taichung, Conference Room)

Type of Meeting : Physical AGM

DISCLAIMER

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2024 ANNUAL GENERAL MEETING (THE “HANDBOOK”) OF HIWIN MIKROSYSTEM CORP. (THE “COMPANY”). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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Hiwin Mikrosystem Corp.

2024 Annual General Shareholders Meeting Procedures

1. Call to Order
2. Chairperson's Message
3. Matters to Report
4. Matters for Ratification
5. Matters for Discussion
6. Election Matters
7. Other Matters
8. Extempore Motions
9. Adjournment

Hiwin Mikrosystem Corp.
**Meeting Agenda of 2024 Annual Shareholders’
Meeting**

1. Type of Meeting: Physical Meeting
2. Time & Date: 9 a.m., Thursday, May 30, 2024
3. Venue: 4F , No. 129, Anhe Rd., Xitun Dist., Taichung City (Howard Prince Hotel Taichung, Conference Room)
4. Chairperson’s Message
5. Matters to Report
 - I. 2023 Business Report
 - II. Audit Committee’s Report on the 2023 Financial Report Reviews
 - III. Report on Distribution of 2023 Employees' and Directors' Remuneration
 - IV. Report on 2023 Earnings Distribution as Cash Dividends
6. Matters for Ratification
 - I. Ratification of the 2023 Business Report and Financial Statements
 - II. Ratification of Proposal for Distribution of 2023 Earnings
7. Matters for Discussion
 - I. Proposal for the Amendment of *Rules of Procedure for Shareholders Meetings*
8. Election Matters
 - Election of Directors
9. Other Matters
 - Proposal of Releasing the Prohibition on Newly-Appointed Directors and Their Representatives from Participation in Competitive Business
10. Extempore Motions
11. Adjournment

Matters to Report

1. Report on business of 2023

Descriptions: For 2023 Business Report of the Company, please refer to **【Annex I】** on page 7.

2. Audit Committee's review report on 2023 financial statements

Descriptions: For Audit Committee's Review Report and Independent Auditors' Reports, please refer to **【Annex II】** on page 8 and **【Annex III~IV】** on page 9~28.

3. Report on distribution of 2023 employees' and directors' compensation:

Unit: NT\$

| Item | Amount as Board Resolution | Form of Distribution |
|-------------------------|----------------------------|----------------------|
| Employees' Compensation | 1,000,000 | Cash |
| Directors' Compensation | 0 | |

4. Report on 2023 earnings distribution as cash dividends

- Descriptions:
1. Conducted in accordance with Article 31-1 and Article 32 of the Articles of Incorporation.
 2. It is proposed that The Company distributes NT\$0.10 per share as shareholders' dividends which amounts to NT\$11,980,185, distributed in the form of cash dividends at NT\$0.10 per share. The cash dividends paid to every shareholder shall be rounded down to the nearest dollar . Any dividend less than one dollar shall be accounted for as other income of the Company.
 3. The Chairperson is authorized to determine the ex-dividend date and other relevant matters. If the number of the outstanding shares and the dividend payout ratio are affected by external factors, the Chairperson is fully authorized to make decisions and announcements.

Matters for Ratification

1. Proposal : Adoption of 2023 Business Report and Financial Statements (Proposed by the Board of Directors)

- Descriptions :
1. The 2023 Individual and Consolidated Financial Statements of the Company were audited and given unqualified opinion by independent auditors, Tseng, Done-Yuin and Yen, Hsiao-Fang of Deloitte & Touche. The above-mentioned Financial Statements were reviewed by the Audit Committee along with the Business Report. Please approve.
 2. For 2023 Business Report and Financial Statements, please refer to 【Annex I】 on page 7 and 【Annex III~IV】 on page 9~28.

Resolution :

2. Proposal : Adoption of 2023 Earnings Distribution (Proposed by the Board of Directors)

- Descriptions :
1. For 2023 Earnings Distribution Table, please refer to 【Annex V】 on page 29.
 2. Conducted in accordance with Article 31-1 and Article 32 of the Articles of Incorporation.
 3. It is proposed that the Company distributes NT\$0.10 per share as shareholders' dividends which amounts to NT\$11,980,185, distributed in the form of cash dividends at NT\$0.10 per share. The cash dividends paid to every shareholder shall be rounded down to the nearest dollar. Any dividend less than one dollar shall be accounted for as other income of the Company.
 4. The Chairperson is authorized to determine the ex-dividend date and other relevant matters. If the number of the outstanding shares and the dividend payout ratio are affected by external factors, the Chairperson is fully authorized to make decisions and announcements.

Resolution :

Matters for Discussion

1. Proposal: Amendment of *Rules of Procedure for Shareholders Meetings* (Proposed by the Board of Directors)

- Descriptions :
1. Amendments to be made in accordance with Announcement No. 1120004167 of the Taiwan Stock Exchange, issued on March 17, 2023.
 2. For The Comparison Table for the Amended *Rules of Procedure for Shareholders Meetings*, please refer to **【Annex VI】** on page 30~32.

Resolution :

Election Matters

Directors Election (Proposed by the Board of Directors)

- Descriptions:
1. In accordance with the Articles of Incorporation, there should be 7 to 11 Directors on the Board. The Board is authorized to determine the number of Directors. The aforesaid Board of Directors must have at least 3 independent directors.
 2. The terms of the 10th Board of Directors will be end on July 21, 2024, the Company proposes to duly elect new Board members at this year's annual shareholders meeting.
 3. 9 directors shall be elected in this shareholders meeting including 3 independent directors. Their three-year term will start from May 30, 2024 and conclude on May 29, 2027.
 4. The directors shall be elected from the nomination list prepared by the company. For the education, qualification and other information of the nominated directors, please refer to **【Annex VII】** on page 33~35.

Result of Election:

Other Matters

Proposal of Release the Prohibition on Newly-Appointed Directors and Their Representatives from Participation in Competitive Business (Proposed by the Board of Directors)

- ptions: Descri 1. In accordance with Article 209, paragraph 1 of the Company Act, a director who conduct business for himself or on behalf of another person that overlaps with the scope of the company's business, shall explain the essential contents of the business in the shareholders meeting and secure its approval.
2. When newly-appointed directors and their representatives who indeed conducts business for himself or on behalf of another person that overlaps with the scope of the company's business, in order to take full advantage of the expertise and relevant experience of the directors and their representatives without prejudice to the interests of the Company, it is proposed, according to Article 209, Paragraph 1 of the Company Act, to release the prohibition on newly-appointed directors and their representatives from participation in competitive businesses at the 2024 annual general meeting.
 3. For the list of proposals of releasing the prohibition on the directors from participation in competitive business, please refer to 【Annex VIII】 on page 36. The list of prohibitions on directors and independent directors will be published on site after the directors and independent directors are elected in the annual shareholders' meeting.

Resolution:

Voting by Poll on Proposals Above

Extempore Motions

Adjournment

HIWIN MIKROSYSTEM CORP.

2023 Business Report

In 2023, we faced multiple external challenges. Persistent global inflation, escalating geopolitical risks, and rising supply chain costs have suppressed demand in the semiconductor and terminal application markets, adversely affecting HIWIN MIKROSYSTEM's profitability. Our consolidated net revenue for 2023 was NT\$2,170,200,000, marking a 32.78% decrease from NT\$3,228,380,000 in 2022. Net profit after tax significantly declined by 90% to NT\$39,279,000 from NT\$392,481,000 in the previous year.

As a leader in the electromechanical manufacturing industry, we faced a challenging global economy and declining customer demand in 2023. Nevertheless, HIWIN MIKROSYSTEM remained committed to its core technologies in drive control and various direct drive motors. We continued to deepen our engagement in sectors such as semiconductors, high-end machine tools, advanced electronic manufacturing equipment, and smart manufacturing. We offered comprehensive industrial application upgrade solutions ranging from components and modules to high-precision nano-positioning platforms, drivers, and controllers.

The "TM2 Water-Cooled Torque Motor" received the 32nd Taiwan Excellence Gold Award from the Ministry of Economic Affairs, featuring a revolutionary patented closed-loop cooling channel design that reduces energy consumption and increases torque by 30% over similar products, reaching speeds up to 5,000 RPM. It is particularly suited for high-precision gear grinding and power skiving machines. To date, HIWIN MIKROSYSTEM has garnered 6 Gold and 5 Silver Taiwan Excellence Awards. Our excellence in quality, service, production time, delivery, cost, and responsiveness has earned us the "Best Supplier Award" from Applied Materials for two consecutive years.

To address diverse customer needs, our E1 drive now integrates the Profinet communication protocol, which dominates the European market, enhancing its compatibility with our popular EtherCAT industrial bus. The new E2 series drives launched in 2023 feature comprehensive industrial bus communications, demonstrating high compatibility and flexibility for customer design. Paired with the newly introduced DMH direct drive motor, it supports ultra-high-speed automated production, processing up to 60,000 electronic components per hour for applications such as sorting, visual inspection, vibration testing, and placement.

In response to the global net-zero carbon trend, we initiated a product carbon footprint assessment for our TM torque motors and E1 series drives in 2023, receiving ISO 14067 certification from TÜV Rheinland, making us the first in Taiwan to achieve this in our product category. Our commitment to environmental sustainability also earned us the "2023 Touch Taiwan Green Decoration Design Gold Award."

As we pursue operational growth, HIWIN MIKROSYSTEM continues to advance corporate ESG sustainability. We support vulnerable groups, local communities, and educational initiatives as part of our corporate social responsibility. Our sustainability efforts have been recognized with the "Excellence in Corporate Social Responsibility Award - Little Giant Award" for three consecutive years.

Looking ahead to 2024, despite the end of the pandemic, the industry outlook remains subdued. We anticipate challenges from the economic climate and ongoing geopolitical risks. HIWIN MIKROSYSTEM will continue to enhance our research and development, quality, service, and customer-centric solutions, providing high-value electromechanical and smart manufacturing solutions. We will also persist in our commitment to green manufacturing and sustainable management.

Lastly, I extend my deepest gratitude to all shareholders, banks, and governmental bodies for your enduring support and trust. As we approach an opportunity-rich 2024, we remain committed to robust growth and sustainability goals, eagerly anticipating continued support and guidance from all stakeholders.

**HIWIN MIKROSYSTEM CORP.
Audit Committee's Review Report**

The Board of Directors has issued the Company's 2023 business report, financial statements and proposal for appropriation of earnings, among which the financial statements have been audited by Deloitte Taiwan and an audit report has been issued. The Audit Committee has reviewed the above-mentioned business report, financial statements and proposal for appropriation of earnings and concluded that they are not inconsistent and are in compliance with the relevant provisions of the Securities and Exchange Act and the Company Act.

Very truly yours

HIWIN MIKROSYSTEM CORP.
Audit Committee Convener: Chen Chung-jen

February 27, 2024

**勤業眾信**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hiwin Mikrosystem Corporation

Opinion

We have audited the accompanying consolidated financial statements of Hiwin Mikrosystem Corporation (the “Corporation”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 for our opinion.

Key Audit Matters

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

The key audit matter of the Group’s consolidated financial statements for the year ended December 31, 2023 is described as follows:

Valuation and Impairment Assessment of Inventory

As of December 31, 2023, the carrying amount of inventory was \$1,056,306 thousand, accounting for 17% of

consolidated total assets and is material to the consolidated financial statements. Such carrying amount of inventory is measured at the lower of cost or net realizable value, which is subject to the management's judgment and estimation uncertainty. Therefore, valuation and impairment assessment of inventory was identified as a key audit matter. The accounting policy and material accounting estimation on the valuation and impairment assessment of inventory and the details of inventory are disclosed in Notes 4, 5 and 11 to the consolidated financial statements.

Our key audit procedures performed with respect to the valuation and impairment assessment included the following:

1. We obtained an understanding of and assessed the related internal controls, procedures and policy on the valuation of inventory.
2. We assessed the reasonableness of allowance for impairment of inventory by reference to the aging of inventories and the level of inventory consumed and sold.
3. We tested the net realizable value of sample inventory items, and checked the accuracy of the net realizable value.
4. We compared the net realizable value of sample inventory items with the carrying amount and confirmed that the carrying amount of inventory did not exceed its net realizable value.
5. We evaluated the adequacy of provision for obsolete, sluggish, and damaged inventories during our observation of inventory counts.

Other Matter

We have also audited the parent corporation only financial statements of Hiwin Mikrosystem Corporation as of and for the years ended December 31, 2023 and 2022 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 IFRS, IAS, IFRIC, and 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Done-Yuin Tseng and Hsiao-Fang Yen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

HIWIN MIKROSYSTEM CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| ASSETS | December 31, 2023 | | December 31, 2022 | |
|---|---------------------|------------|---------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 405,473 | 6 | \$ 747,049 | 13 |
| Financial assets at amortized cost - current (Notes 4 and 9) | 240,702 | 4 | - | - |
| Notes receivable, net (Notes 4, 10 and 26) | 3,150 | - | 7,059 | - |
| Trade receivables from unrelated parties, net (Notes 4, 10) | 313,186 | 5 | 213,324 | 4 |
| Trade receivables from related parties, net (Notes 4, 10 and 26) | 127,186 | 2 | 282,006 | 5 |
| Other receivables (Notes 4 and 26) | 43,208 | 1 | 17,481 | - |
| Inventories (Notes 4, 5 and 11) | 1,056,306 | 17 | 1,149,422 | 20 |
| Other current assets (Note 26) | <u>50,302</u> | <u>1</u> | <u>31,528</u> | <u>-</u> |
| Total current assets | <u>2,239,513</u> | <u>36</u> | <u>2,447,869</u> | <u>42</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 34,352 | 1 | 26,678 | - |
| Financial assets at amortized cost - non-current (Notes 4 and 9) | 154,474 | 3 | 953 | - |
| Property, plant and equipment (Notes 4, 13, 26 and 27) | 3,510,907 | 57 | 3,153,905 | 54 |
| Right-of-use assets (Notes 4 and 14) | 47,364 | 1 | 49,622 | 1 |
| Intangible assets (Notes 4, 15 and 26) | 18,899 | - | 25,642 | - |
| Goodwill (Note 4) | 49,218 | 1 | 49,218 | 1 |
| Deferred tax assets (Notes 4 and 21) | 83,509 | 1 | 61,780 | 1 |
| Prepayments for machinery and equipment (Note 26) | 16,584 | - | 44,553 | 1 |
| Refundable deposits (Note 4) | <u>3,681</u> | <u>-</u> | <u>4,025</u> | <u>-</u> |
| Total non-current assets | <u>3,918,988</u> | <u>64</u> | <u>3,416,376</u> | <u>58</u> |
| TOTAL | <u>\$ 6,158,501</u> | <u>100</u> | <u>\$ 5,864,245</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term loans (Note 16) | \$ 100,000 | 2 | \$ 80,000 | 1 |
| Financial liabilities at fair value through profit or loss - current (Notes 4 and 7) | - | - | 763 | - |
| Contract liabilities (Note 4) | 23,913 | - | 17,275 | - |
| Notes payable | 1,117 | - | 1,305 | - |
| Trade payables (Note 26) | 297,489 | 5 | 366,982 | 6 |
| Other payables (Notes 17 and 26) | 607,095 | 10 | 447,963 | 8 |
| Current tax liabilities (Notes 4 and 21) | 10,498 | - | 22,542 | 1 |
| Lease liabilities - current (Notes 4 and 14) | - | - | 1,184 | - |
| Current portion of long-term loans (Notes 16 and 27) | 143,184 | 3 | 87,081 | 2 |
| Other current liabilities (Note 4) | <u>18,272</u> | <u>-</u> | <u>2,292</u> | <u>-</u> |
| Total current liabilities | <u>1,201,568</u> | <u>20</u> | <u>1,027,387</u> | <u>18</u> |
| NON-CURRENT LIABILITIES | | | | |
| Long-term loans (Notes 16 and 27) | 818,461 | 13 | 607,346 | 10 |
| Deferred tax liabilities (Notes 4 and 21) | 69,244 | 1 | 61,094 | 1 |
| Lease liabilities - non-current (Notes 4 and 14) | 30,932 | 1 | 42,896 | 1 |
| Net defined benefit liabilities - non-current (Notes 4 and 18) | 9,886 | - | 11,716 | - |
| Other non-current liabilities (Note 26) | <u>3,696</u> | <u>-</u> | <u>3,247</u> | <u>-</u> |
| Total non-current liabilities | <u>932,219</u> | <u>15</u> | <u>726,299</u> | <u>12</u> |
| Total liabilities | <u>2,133,787</u> | <u>35</u> | <u>1,753,686</u> | <u>30</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION | | | | |
| Ordinary shares | 1,198,018 | 19 | 1,198,018 | 20 |
| Capital surplus | 1,578,181 | 26 | 1,578,181 | 27 |
| Retained earnings | | | | |
| Legal capital reserve | 156,748 | 2 | 124,021 | 2 |
| Special capital reserve | 3,867 | - | - | - |
| Unappropriated earnings | 852,695 | 14 | 1,002,977 | 17 |
| Other equity | <u>(3,834)</u> | <u>-</u> | <u>(3,867)</u> | <u>-</u> |
| Total equity attributable to owners of the Corporation | 3,785,675 | 61 | 3,899,330 | 66 |
| NON-CONTROLLING INTERESTS | <u>239,039</u> | <u>4</u> | <u>211,229</u> | <u>4</u> |
| Total equity | <u>4,024,714</u> | <u>65</u> | <u>4,110,559</u> | <u>70</u> |
| TOTAL | <u>\$ 6,158,501</u> | <u>100</u> | <u>\$ 5,864,245</u> | <u>100</u> |

The accompanying notes are an integral part of the consolidated financial statements.

HIWIN MIKROSYSTEM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2023 | | 2022 | |
|--|------------------|------------|------------------|-----------|
| | Amount | % | Amount | % |
| SALES (Notes 4 and 26) | \$ 2,170,200 | 100 | \$ 3,228,380 | 100 |
| COST OF GOODS SOLD (Notes 11, 20 and 26) | <u>1,501,768</u> | <u>69</u> | <u>2,111,993</u> | <u>65</u> |
| GROSS PROFIT | <u>668,432</u> | <u>31</u> | <u>1,116,387</u> | <u>35</u> |
| OPERATING EXPENSES (Notes 20 and 26) | | | | |
| Selling and marketing expenses | 136,630 | 6 | 149,909 | 5 |
| General and administrative expenses | 225,422 | 11 | 276,500 | 8 |
| Research and development expenses | <u>280,298</u> | <u>13</u> | <u>311,422</u> | <u>10</u> |
| Total operating expenses | <u>642,350</u> | <u>30</u> | <u>737,831</u> | <u>23</u> |
| INCOME FROM OPERATIONS | <u>26,082</u> | <u>1</u> | <u>378,556</u> | <u>12</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Subsidy revenue (Note 4) | 1,311 | - | 4,701 | - |
| Finance costs (Notes 4 and 20) | (13,072) | (1) | (12,588) | - |
| Interest income (Note 4) | 4,107 | - | 1,166 | - |
| Other income (Note 26) | 31,972 | 2 | 38,355 | 1 |
| Net foreign exchange gain (Notes 4 and 29) | 10,600 | 1 | 77,202 | 2 |
| Valuation gain (loss) on financial assets (liabilities) at fair value through profit or loss | 699 | - | (1,081) | - |
| Other expenses (Notes 20 and 26) | <u>(18,405)</u> | <u>(1)</u> | <u>(15,063)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>17,212</u> | <u>1</u> | <u>92,692</u> | <u>3</u> |
| INCOME BEFORE INCOME TAX | 43,294 | 2 | 471,248 | 15 |
| INCOME TAX EXPENSE (Notes 4 and 21) | <u>4,015</u> | <u>-</u> | <u>78,767</u> | <u>3</u> |
| NET INCOME FOR THE YEAR | <u>39,279</u> | <u>2</u> | <u>392,481</u> | <u>12</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) (Note 4) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Note 18) | 1,266 | - | 408 | - |
| Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | 7,674 | 1 | (7,297) | - |
| Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21) | <u>(253)</u> | <u>-</u> | <u>(82)</u> | <u>-</u> |
| | <u>8,687</u> | <u>1</u> | <u>(6,971)</u> | <u>-</u> |

(Continued)

HIWIN MIKROSYSTEM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2023 | | 2022 | |
|--|------------------|------------|-------------------|-----------|
| | Amount | % | Amount | % |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating foreign operations | \$ (15,919) | (1) | \$ (10,070) | - |
| Income tax relating to items that may be reclassified subsequently to profit or loss (Note 21) | <u>1,910</u> | <u>-</u> | <u>1,208</u> | <u>-</u> |
| | <u>(14,009)</u> | <u>(1)</u> | <u>(8,862)</u> | <u>-</u> |
| Other comprehensive income (loss), net of income tax | <u>(5,322)</u> | <u>-</u> | <u>(15,833)</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME | <u>\$ 33,957</u> | <u>2</u> | <u>\$ 376,648</u> | <u>12</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Corporation | \$ 5,101 | - | \$ 326,942 | 10 |
| Non-controlling interests | <u>34,178</u> | <u>2</u> | <u>65,539</u> | <u>2</u> |
| | <u>\$ 39,279</u> | <u>2</u> | <u>\$ 392,481</u> | <u>12</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Corporation | \$ 6,147 | 1 | \$ 315,137 | 10 |
| Non-controlling interests | <u>27,810</u> | <u>1</u> | <u>61,511</u> | <u>2</u> |
| | <u>\$ 33,957</u> | <u>2</u> | <u>\$ 376,648</u> | <u>12</u> |
| EARNINGS PER SHARE (Note 22) | | | | |
| Basic | <u>\$ 0.04</u> | | <u>\$ 2.73</u> | |
| Diluted | <u>\$ 0.04</u> | | <u>\$ 2.72</u> | |

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

HIWIN MIKROSYSTEM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of the Corporation (Note 19) | | | | | | | | | | |
|---|--|--------------------|------------------------|-----------------------|-------------------------|-------------------------|--|---|--------------|---------------------------|--------------|
| | Ordinary Shares | Capital Surplus | | Legal Capital Reserve | Retained Earnings | | Other Equity | | Total | Non-controlling Interests | Total Equity |
| | | Issuance of Shares | Employee Share Options | | Special Capital Reserve | Unappropriated Earnings | Exchange Differences on Translating the Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | | | |
| BALANCE, JANUARY 1, 2022 | \$ 1,198,018 | \$ 1,576,813 | \$ 1,368 | \$ 94,378 | \$ - | \$ 825,154 | \$ 8,264 | \$ - | \$ 3,703,995 | \$ 149,718 | \$ 3,853,713 |
| Appropriation of 2021 earnings | - | - | - | 29,643 | - | (29,643) | - | - | - | - | - |
| Legal capital reserve | - | - | - | 29,643 | - | (29,643) | - | - | (119,802) | - | (119,802) |
| Cash dividends | - | - | - | - | - | (119,802) | - | - | - | - | (119,802) |
| | - | - | - | 29,643 | - | (149,445) | - | - | (119,802) | - | (119,802) |
| Net profit for the year ended December 31, 2022 | - | - | - | - | - | 326,942 | - | - | 326,942 | 65,539 | 392,481 |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax | - | - | - | - | - | 326 | (4,834) | (7,297) | (11,805) | (4,028) | (15,833) |
| Total comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | - | - | 327,268 | (4,834) | (7,297) | 315,137 | 61,511 | 376,648 |
| BALANCE, DECEMBER 31, 2022 | 1,198,018 | 1,576,813 | 1,368 | 124,021 | - | 1,002,977 | 3,430 | (7,297) | 3,899,330 | 211,229 | 4,110,559 |
| Appropriation of 2022 earnings | - | - | - | 32,727 | - | (32,727) | - | - | - | - | - |
| Legal capital reserve | - | - | - | 32,727 | - | (32,727) | - | - | - | - | - |
| Special capital reserve | - | - | - | - | 3,867 | (3,867) | - | - | - | - | - |
| Cash dividends | - | - | - | - | - | (119,802) | - | - | (119,802) | - | (119,802) |
| | - | - | - | 32,727 | 3,867 | (156,396) | - | - | (119,802) | - | (119,802) |
| Net profit for the year ended December 31, 2023 | - | - | - | - | - | 5,101 | - | - | 5,101 | 34,178 | 39,279 |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax | - | - | - | - | - | 1,013 | (7,641) | 7,674 | 1,046 | (6,368) | (5,322) |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | - | 6,114 | (7,641) | 7,674 | 6,147 | 27,810 | 33,957 |
| BALANCE, DECEMBER 31, 2023 | \$ 1,198,018 | \$ 1,576,813 | \$ 1,368 | \$ 156,748 | \$ 3,867 | \$ 852,695 | \$ (4,211) | \$ 377 | \$ 3,785,675 | \$ 239,039 | \$ 4,024,714 |

The accompanying notes are an integral part of the consolidated financial statements.

HIWIN MIKROSYSTEM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|---|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 43,294 | \$ 471,248 |
| Adjustments for: | | |
| Depreciation expenses | 171,899 | 167,148 |
| Amortization expenses | 9,584 | 10,816 |
| Expected credit loss recognized (reversed) on trade receivables | - | (113) |
| Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss | - | 763 |
| Finance costs | 13,072 | 12,588 |
| Interest income | (4,107) | (1,166) |
| Dividend income | (804) | (617) |
| Loss on disposal of property, plant and equipment | 110 | 582 |
| Write-down of inventories | 26,668 | 23,488 |
| Unrealized foreign currency exchange loss (gain), net | 7,492 | (6,740) |
| Others | (612) | 78 |
| Changes in operating assets and liabilities | | |
| Financial liabilities mandatorily classified as at fair value through profit or loss | (763) | - |
| Notes receivable | 3,909 | 3,568 |
| Trade receivables | 44,897 | 73,744 |
| Other receivables | (25,727) | (2,355) |
| Inventories | 53,612 | (126,821) |
| Other current assets | (18,814) | 2,894 |
| Contract liabilities | 6,638 | (18,169) |
| Notes payable | (177) | (3,446) |
| Trade payables | (67,614) | (194,509) |
| Other payables | (21,718) | 104,509 |
| Other current liabilities | 15,980 | (5,103) |
| Net defined benefit liabilities | (564) | (778) |
| Cash generated from operations | 256,255 | 511,609 |
| Interest received | 4,107 | 1,166 |
| Dividends received | 804 | 617 |
| Interest paid | (11,557) | (11,216) |
| Income taxes paid | (28,394) | (92,261) |
| Net cash generated from operating activities | <u>221,215</u> | <u>409,915</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through other comprehensive income | - | (33,975) |
| Purchase of financial assets at amortized cost | (393,739) | - |
| Payments for property, plant and equipment | (298,736) | (49,596) |
| Proceeds from disposal of property, plant and equipment | 985 | 645 |
| Decrease (increase) in refundable deposits | 344 | (3,141) |

(Continued)

HIWIN MIKROSYSTEM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Payments for intangible assets | \$ (2,841) | \$ (9,828) |
| Increase in prepayments for machinery and equipment | <u>(1,284)</u> | <u>(10,542)</u> |
| Net cash used in investing activities | <u>(695,271)</u> | <u>(106,437)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net proceeds from short-term loans | 20,000 | 80,000 |
| Proceeds from long-term loans | 365,440 | 45,000 |
| Repayments of long-term loans | (97,981) | (282,704) |
| Proceeds from guarantee deposits received | - | 1,022 |
| Repayment of the principal portion of lease liabilities | (18,973) | - |
| Dividends paid | <u>(119,802)</u> | <u>(119,802)</u> |
| Net cash generated from (used in) financing activities | <u>148,684</u> | <u>(276,484)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | | |
| | <u>(16,204)</u> | <u>(9,769)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (341,576) | 17,225 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>747,049</u> | <u>729,824</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 405,473</u> | <u>\$ 747,049</u> |

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)



【Annex IV】

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hiwin Mikrosystem Corporation

Opinion

We have audited the accompanying parent corporation only financial statements of Hiwin Mikrosystem Corporation (the "Corporation"), which comprise the parent corporation only balance sheets as of December 31, 2023 and 2022, and the parent corporation only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent corporation only financial statements, including material accounting policy information (collectively referred to as the "parent corporation only financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Corporation Only Financial Statements section of our report. We are independent of the Corporation 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 for our opinion.

Key Audit Matters

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

The key audit matter of the parent corporation only financial statements for the year ended December 31, 2023 is described as follows:

Valuation and Impairment Assessment of Inventory

As of December 31, 2023, the carrying amount of inventory was \$907,193 thousand, accounting for 16% of consolidated total assets and is material to the parent corporation only financial statements. Such carrying amount of inventory is measured at the lower of cost or net realizable value, which is subject to the management's judgment and estimation uncertainty. Therefore, valuation and impairment assessment of inventory was identified as a key audit matter. The accounting policy and material accounting estimation on the valuation and impairment assessment of inventory and the details of inventory are disclosed in Notes 4, 5 and 11 to the parent corporation only financial statements.

Our key audit procedures performed with respect to the valuation and impairment assessment included the following:

1. We obtained an understanding of and assessed the related internal controls, procedures and policy on the valuation of inventory.
2. We assessed the reasonableness of allowance for impairment of inventory by reference to the aging of inventories and the level of inventory consumed and sold.
3. We tested the net realizable value of sample inventory items, and we checked the accuracy of the net realizable value.
4. We compared the net realizable value of the sample inventory items with the carrying amount and confirmed that the carrying amount of inventory did not exceed its net realizable value.
5. We evaluated the adequacy of provision for obsolete, sluggish and damaged inventories during our observation of inventory counts.

Responsibilities of Management and Those Charged with Governance for the Parent Corporation Only Financial Statements

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

In preparing the parent corporation only financial statements, management is responsible for assessing the Corporation'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 Corporation 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 Corporation's financial reporting process.

Auditors' Responsibilities for the Parent Corporation Only Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent corporation only 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent corporation only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent corporation only financial statements, including the disclosures, and whether the parent corporation only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the parent corporation only 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 parent corporation only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Done-Yuin Tseng and Hsiao-Fang Yen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

The accompanying parent corporation only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with 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 corporation only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent corporation only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent corporation only financial statements shall prevail.

HIWIN MIKROSYSTEM CORPORATION

PARENT CORPORATION ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

| ASSETS | December 31, 2023 | | December 31, 2022 | |
|---|---------------------|------------|---------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 187,462 | 3 | \$ 217,887 | 4 |
| Notes receivable, net (Notes 4, 10 and 25) | 3,150 | - | 7,059 | - |
| Trade receivables from unrelated parties, net (Notes 4 and 10) | 284,706 | 5 | 162,060 | 3 |
| Trade receivables from related parties, net (Notes 4, 10 and 25) | 127,186 | 2 | 282,006 | 5 |
| Other receivables (Notes 4 and 25) | 43,208 | 1 | 17,481 | - |
| Inventories (Notes 4, 5 and 11) | 907,193 | 16 | 993,473 | 19 |
| Other current assets (Note 25) | 48,649 | 1 | 30,171 | 1 |
| Total current assets | <u>1,601,554</u> | <u>28</u> | <u>1,710,137</u> | <u>32</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 34,352 | 1 | 26,678 | 1 |
| Financial assets at amortized cost - non-current (Notes 4 and 9) | 948 | - | 953 | - |
| Investments accounted for using the equity method (Notes 4 and 12) | 407,778 | 7 | 366,062 | 7 |
| Property, plant and equipment (Notes 4, 13, 25 and 26) | 3,491,705 | 62 | 3,131,133 | 58 |
| Intangible assets (Notes 4, 14 and 25) | 18,899 | - | 25,642 | - |
| Deferred tax assets (Notes 4 and 20) | 68,082 | 1 | 47,892 | 1 |
| Prepayments for machinery and equipment (Note 25) | 16,584 | 1 | 44,553 | 1 |
| Refundable deposits (Note 4) | 3,681 | - | 4,025 | - |
| Total non-current assets | <u>4,042,029</u> | <u>72</u> | <u>3,646,938</u> | <u>68</u> |
| TOTAL | <u>\$ 5,643,583</u> | <u>100</u> | <u>\$ 5,357,075</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term loans (Note 15) | \$ 100,000 | 2 | \$ 80,000 | 2 |
| Financial liabilities at fair value through profit or loss - current (Notes 4 and 7) | - | - | 763 | - |
| Contract liabilities (Note 4) | 23,913 | - | 17,275 | - |
| Notes payable | 875 | - | 953 | - |
| Trade payables (Note 25) | 293,054 | 5 | 340,408 | 6 |
| Other payables (Notes 16 and 25) | 366,825 | 7 | 223,028 | 4 |
| Current tax liabilities (Notes 4 and 20) | 10,498 | - | 22,542 | - |
| Current portion of long-term loans (Notes 15 and 26) | 143,184 | 3 | 87,081 | 2 |
| Other current liabilities (Note 4) | 18,272 | - | 2,292 | - |
| Total current liabilities | <u>956,621</u> | <u>17</u> | <u>774,342</u> | <u>14</u> |
| NON-CURRENT LIABILITIES | | | | |
| Long-term loans (Notes 15 and 26) | 818,461 | 15 | 607,346 | 12 |
| Deferred tax liabilities (Notes 4 and 20) | 69,244 | 1 | 61,094 | 1 |
| Net defined benefit liabilities - non-current (Notes 4 and 17) | 9,886 | - | 11,716 | - |
| Other non-current liabilities (Note 25) | 3,696 | - | 3,247 | - |
| Total non-current liabilities | <u>901,287</u> | <u>16</u> | <u>683,403</u> | <u>13</u> |
| Total liabilities | <u>1,857,908</u> | <u>33</u> | <u>1,457,745</u> | <u>27</u> |
| EQUITY | | | | |
| Ordinary shares | 1,198,018 | 21 | 1,198,018 | 22 |
| Capital surplus | 1,578,181 | 28 | 1,578,181 | 30 |
| Retained earnings | | | | |
| Legal capital reserve | 156,748 | 3 | 124,021 | 2 |
| Special reserve | 3,867 | - | - | - |
| Unappropriated earnings | 852,695 | 15 | 1,002,977 | 19 |
| Other equity | (3,834) | - | (3,867) | - |
| Total equity | <u>3,785,675</u> | <u>67</u> | <u>3,899,330</u> | <u>73</u> |
| TOTAL | <u>\$ 5,643,583</u> | <u>100</u> | <u>\$ 5,357,075</u> | <u>100</u> |

The accompanying notes are an integral part of the parent corporation only financial statements.

HIWIN MIKROSYSTEM CORPORATION

PARENT CORPORATION ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2023 | | 2022 | |
|--|------------------|------------|------------------|------------|
| | Amount | % | Amount | % |
| SALES (Notes 4 and 25) | \$ 1,874,134 | 100 | \$ 2,767,944 | 100 |
| COST OF GOODS SOLD (Notes 11, 19 and 25) | <u>1,382,944</u> | <u>74</u> | <u>1,917,698</u> | <u>69</u> |
| GROSS PROFIT | <u>491,190</u> | <u>26</u> | <u>850,246</u> | <u>31</u> |
| OPERATING EXPENSES (Notes 19 and 25) | | | | |
| Selling and marketing expenses | 136,630 | 7 | 149,909 | 5 |
| General and administrative expenses | 184,484 | 10 | 223,491 | 8 |
| Research and development expenses | <u>225,540</u> | <u>12</u> | <u>242,341</u> | <u>9</u> |
| Total operating expenses | <u>546,654</u> | <u>29</u> | <u>615,741</u> | <u>22</u> |
| INCOME (LOSS) FROM OPERATIONS | <u>(55,464)</u> | <u>(3)</u> | <u>234,505</u> | <u>9</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Subsidy revenue (Note 4) | 1,311 | - | 4,701 | - |
| Finance costs (Notes 4 and 19) | (12,568) | (1) | (11,872) | - |
| Share of profit of subsidiaries accounted for using the equity method (Note 4) | 51,267 | 3 | 98,308 | 4 |
| Interest income (Note 4) | 1,266 | - | 1,159 | - |
| Other income (Note 25) | 31,972 | 2 | 38,355 | 1 |
| Net foreign exchange gain (loss) (Notes 4 and 28) | 1,908 | - | 42,817 | 1 |
| Valuation gain (loss) on financial assets (liabilities) at fair value through profit or loss (Note 4) | 699 | - | (1,081) | - |
| Other expenses (Notes 19 and 25) | <u>(18,276)</u> | <u>(1)</u> | <u>(14,865)</u> | <u>(1)</u> |
| Total non-operating income and expenses | <u>57,579</u> | <u>3</u> | <u>157,522</u> | <u>5</u> |
| INCOME BEFORE INCOME TAX | 2,115 | - | 392,027 | 14 |
| INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 20) | <u>(2,986)</u> | <u>-</u> | <u>65,085</u> | <u>2</u> |
| NET INCOME FOR THE YEAR | <u>5,101</u> | <u>-</u> | <u>326,942</u> | <u>12</u> |

(Continued)

HIWIN MIKROSYSTEM CORPORATION

PARENT CORPORATION ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2023 | | 2022 | |
|---|-----------------|----------|-------------------|------------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| (Note 4) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Note 17) | \$ 1,266 | - | \$ 408 | - |
| Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income | 7,674 | - | (7,297) | (1) |
| Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20) | (253) | - | (82) | - |
| | <u>8,687</u> | <u>-</u> | <u>(6,971)</u> | <u>(1)</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating foreign operations | (9,551) | - | (6,042) | - |
| Income tax relating to items that may be reclassified subsequently to profit or loss (Note 20) | 1,910 | - | 1,208 | - |
| | <u>(7,641)</u> | <u>-</u> | <u>(4,834)</u> | <u>-</u> |
| Other comprehensive income (loss), net of income tax | <u>1,046</u> | <u>-</u> | <u>(11,805)</u> | <u>(1)</u> |
| TOTAL COMPREHENSIVE INCOME | <u>\$ 6,147</u> | <u>-</u> | <u>\$ 315,137</u> | <u>11</u> |
| EARNINGS PER SHARE (Note 21) | | | | |
| Basic | <u>\$ 0.04</u> | | <u>\$ 2.73</u> | |
| Diluted | <u>\$ 0.04</u> | | <u>\$ 2.72</u> | |

The accompanying notes are an integral part of the parent corporation only financial statements. (Concluded)

HIWIN MIKROSYSTEM CORPORATION

PARENT CORPORATION ONLY STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| | Ordinary Shares (Note 18) | Capital Surplus | | Retained Earnings (Note 18) | | | Other Equity | | Total Equity |
|---|---------------------------------|------------------------------------|---|-----------------------------|----------------------------|----------------------------|---|---|--------------|
| | | Issuance of Shares (Note 18) | Employee Share Options (Notes 4 and 18) | Legal Capital Reserve | Special Capital Reserve | Unappropriated Earnings | Exchange Differences on Translating the Financial Statements of Foreign Operation (Note 4) | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 4) | |
| BALANCE, JANUARY 1, 2022 | \$ 1,198,018 | \$ 1,576,813 | \$ 1,368 | \$ 94,378 | \$ - | \$ 825,154 | \$ 8,264 | \$ - | \$ 3,703,995 |
| Appropriation of 2021 earnings | | | | | | | | | |
| Legal capital reserve | - | - | - | 29,643 | - | (29,643) | - | - | - |
| Cash dividends | - | - | - | - | - | (119,802) | - | - | (119,802) |
| | - | - | - | 29,643 | - | (149,445) | - | - | (119,802) |
| Net profit for the year ended December 31, 2022 | - | - | - | - | - | 326,942 | - | - | 326,942 |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax | - | - | - | - | - | 326 | (4,834) | (7,297) | (11,805) |
| Total comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | - | - | 327,268 | (4,834) | (7,297) | 315,137 |
| BALANCE, DECEMBER 31, 2022 | 1,198,018 | 1,576,813 | 1,368 | 124,021 | - | 1,002,977 | 3,430 | (7,297) | 3,899,330 |
| Appropriation of 2022 earnings | | | | | | | | | |
| Legal capital reserve | - | - | - | 32,727 | - | (32,727) | - | - | - |
| Special Capital reserve | - | - | - | - | 3,867 | (3,867) | - | - | - |
| Cash dividends | - | - | - | - | - | (119,802) | - | - | (119,802) |
| | - | - | - | 32,727 | 3,867 | (156,396) | - | - | (119,802) |
| Net profit for the year ended December 31, 2023 | - | - | - | - | - | 5,101 | - | - | 5,101 |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax | - | - | - | - | - | 1,013 | (7,641) | 7,674 | 1,046 |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | - | 6,114 | (7,641) | 7,674 | 6,147 |
| BALANCE, DECEMBER 31, 2023 | \$ 1,198,018 | \$ 1,576,813 | \$ 1,368 | \$ 156,748 | \$ 3,867 | \$ 852,695 | \$ (4,211) | \$ 377 | \$ 3,785,675 |

The accompanying notes are an integral part of the parent corporation only financial statements.

HIWIN MIKROSYSTEM CORPORATION

PARENT CORPORATION ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|---|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 2,115 | \$ 392,027 |
| Adjustments for: | | |
| Depreciation expenses | 159,951 | 155,004 |
| Amortization expenses | 9,584 | 10,816 |
| Expected credit loss recognized (reversed) on trade receivables | - | (113) |
| Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss | - | 763 |
| Finance costs | 12,568 | 11,872 |
| Interest income | (1,266) | (1,159) |
| Dividend income | (804) | (617) |
| Share of profit of subsidiaries | (51,267) | (98,308) |
| Loss on disposal of property, plant and equipment | 110 | 582 |
| Write-down of inventories | 25,964 | 22,978 |
| Unrealized foreign currency exchange loss (gain), net | 7,492 | (6,740) |
| Others | (611) | 78 |
| Changes in operating assets and liabilities | | |
| Financial liabilities mandatorily classified as at fair value through profit or loss | (763) | - |
| Notes receivable | 3,909 | 3,568 |
| Trade receivables | 23,848 | 85,031 |
| Other receivables | (25,727) | (2,355) |
| Inventories | 52,370 | (97,949) |
| Other current assets | (18,478) | 2,320 |
| Contract liabilities | 6,638 | (18,169) |
| Notes payable | (78) | (1,391) |
| Trade payables | (46,442) | (183,305) |
| Other payables | (43,787) | 552 |
| Other current liabilities | 15,980 | (5,103) |
| Net defined benefit liabilities | (564) | (778) |
| Cash generated from operations | <u>130,742</u> | <u>269,604</u> |
| Interest received | 1,266 | 1,159 |
| Dividends received | 804 | 617 |
| Interest paid | (11,557) | (11,216) |
| Income taxes paid | <u>(19,441)</u> | <u>(71,645)</u> |
| Net cash generated from operating activities | <u>101,814</u> | <u>188,519</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through other comprehensive income | - | (33,975) |
| Payments for property, plant and equipment | (297,100) | (48,579) |
| Proceeds from disposal of property, plant and equipment | 985 | 645 |
| Decrease (increase) in refundable deposits | 344 | (3,141) |

(Continued)

HIWIN MIKROSYSTEM CORPORATION

PARENT CORPORATION ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Payments for intangible assets | \$ (2,841) | \$ (9,828) |
| Increase in prepayments for machinery and equipment | <u>(1,284)</u> | <u>(10,542)</u> |
| Net cash used in investing activities | <u>(299,896)</u> | <u>(105,420)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net proceeds from short-term loans | 20,000 | 80,000 |
| Proceeds from long-term loans | 365,440 | 45,000 |
| Repayments of long-term loans | (97,981) | (282,704) |
| Increase in guarantee deposits received | - | 1,022 |
| Dividends paid | <u>(119,802)</u> | <u>(119,802)</u> |
| Net cash generated from (used in) financing activities | <u>167,657</u> | <u>(276,484)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (30,425) | (193,385) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>217,887</u> | <u>411,272</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 187,462</u> | <u>\$ 217,887</u> |

The accompanying notes are an integral part of the parent corporation only financial statements. (Concluded)

Hiwin Mikrosystem Corp. 2023 Earnings Distribution Table

Unit: NT\$

| | |
|---|--------------|
| Beginning Unappropriated Retained Earnings | 846,580,104 |
| Remeasurement of Defined Benefit Plans | 1,013,260 |
| Adjusted Beginning Unappropriated Retained Earnings | 847,593,364 |
| Current Net Profit | 5,100,875 |
| Legal Reserve (10%) | (611,414) |
| Reversal of Special Reserve | 33,093 |
| Current Earnings Available for Distribution | 852,115,918 |
| Distribution Items | |
| Shareholders' Dividends (1%) | (11,980,185) |
| Shareholders' Bonus (0%) | 0 |
| Ending Unappropriated Retained Earnings | 840,135,733 |

Chairperson: CHUO, Shou-Yeu

President: SZU, Kou-I

Accounting Supervisor: CHEN, Mei-Yan

Hiwin Mikrosystem Corp.
**Comparison Table for the Amended “Rules of
 Procedure for Shareholders Meetings”**

| Article after Amendment | Article before Amendment | Reason for Amendment |
|---|---|---|
| <p><u>Article 2</u> Unless otherwise provided by law or regulation, the Company’s shareholders’ meetings shall be convened by the Board of Directors.</p> <p><u>Unless otherwise provided by Regulations Governing the Administration of Shareholder Services of Public Companies, the Company’s virtual shareholders’ meetings shall be expressly provided in its Articles of Incorporation and obtained a resolution of Board of Directors. Furthermore, convening of a virtual-only shareholders’ meeting shall require a resolution adopted by the Board of Directors attended by at least two-thirds of the total number of directors.</u></p> <p>(The following is omitted.)</p> | <p><u>Article 2</u> Unless otherwise provided by law or regulation, the Company’s shareholders’ meetings shall be convened by the Board of Directors.</p> <p>(The following is omitted.)</p> | <p>Amended in accordance with Announcement No. 1120004167 of the Taiwan Stock Exchange, issued on March 17, 2023.</p> |

| Article after Amendment | Article before Amendment | Reason for Amendment |
|---|--|---|
| <p><u>Article 5-1</u> To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice: Subsection 1 and 2 are omitted. 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. <u>Except in the circumstances set out in Article 44-9, paragraph 6 of Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall at least provide the shareholders with connection facilities and necessary assistance, and specify the period during which shareholders may apply to the company and other related matters requiring attention.</u></p> | <p><u>Article 5-1</u> To convene a virtual shareholders' meeting, the Company shall include the follow particulars in the shareholders' meeting notice: Subsection 1 and 2 are omitted. 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.</p> | <p>Amended in accordance with Announcement No. 1120004167 of the Taiwan Stock Exchange, issued on March 17, 2023.</p> |
| <p><u>Article 8</u> The Chairperson shall call to order when scheduled for the session. However, when the attending shareholders do not represent amajority of the total number of issued shares, the Chairperson may announce a postponement, provided that no more than two such postponements, for a</p> | <p><u>Article 8</u> The Chairperson shall call to order when scheduled for the session. However, when the attending shareholders do not represent amajority of the total number of issued shares, the Chairperson may announce a postponement, provided that no more than two such postponements, for a</p> | <p>Text modification</p> |

| Article after Amendment | Article before Amendment | Reason for Amendment |
|---|--|-------------------------------------|
| <p>combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the Chairperson shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform. (The following is omitted.)</p> | <p>combined total of no more than one hour, may be made. If the quorum is not met after two postponements <u>with</u> the attending shareholders <u>at least</u> one third of the total number of issued shares, the Chairperson shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform. (The following is omitted.)</p> | |
| <p><u>Article 20</u> The Rules and Procedures were adopted on June 28, 2002. The first amendment was made on June 26, 2006. The second amendment was made on May 3, 2011. The third amendment was made on June 25, 2013. The fourth amendment was made on June 30, 2014. The fifth amendment was made on June 24, 2015. The sixth amendment was made on May 8, 2018. The seventh amendment was made on December 12, 2018. The eighth amendment was made on May 30, 2023. <u>The ninth amendment was made on May 30, 2024.</u></p> | <p><u>Article 20</u> The Rules and Procedures were adopted on June 28, 2002. The first amendment was made on June 26, 2006. The second amendment was made on May 3, 2011. The third amendment was made on June 25, 2013. The fourth amendment was made on June 30, 2014. The fifth amendment was made on June 24, 2015. The sixth amendment was made on May 8, 2018. The seventh amendment was made on December 12, 2018. The eighth amendment was made on May 30, 2023.</p> | <p>To add the date of amendment</p> |

Hiwin Mikrosystem Corp. List of Director and Independent Director Candidates

| Title | Name | Education | Experience | Incumbent | Shareholding (Shares) |
|----------|---|---|--|--|-----------------------|
| Director | CHUO, Shou-Yeu | Master of Financial Management, Baruch College, USA | Sino Bank, Secretary to Chief Financial Officer HIWIN MIKROSYSTEM CORP. Vice Chairman | Hiwin Mikrosystem Corp. Chairman & Deputy CEO Matrix Precision Co., Ltd. Vice Chairman & Co-CEO Hiwin Technologies Corporation Director Hiwin Investment & Holding Corp. Director Hiwin Business Management Co., Ltd. Director Hiwin Corporation, Japan. Director Hiwin Corporation, U.S.A Director Hiwin Singapore Pte. Ltd. Director Hiwin GmbH Director | 22,395,630 |
| Director | Hiwin Investment & Holding Corp. : Eric Y.T. Chuo | University of San Francisco, Master of Public Administration National Kaohsiung University of Science and Technology (NKUST), Hon PhD of Engineering National Chung Cheng University, Hon PhD of Management National Taiwan University of Science and Technology, Hon PhD of Engineering National Tsing Hua University, Hon. Doctor of Philosophy China Medical University, Hon. Doctor of Science National Taiwan University, Hon PhD of Engineering | Hiwin Technologies Corporation Chairman Matrix Precision Co., Ltd. Chairman HIWIN MIKROSYSTEM CORP. Legal Representative Chairman Bank of Communications Co., Ltd. Credit Review Committee Executive Secretary Executive Yuan Committee of Global Economic & Trade Strategy Advisor Executive Yuan Productivity 4.0 Steering Group Member Ministry of Economic Affairs Industry Advisory Committee Member Ministry of Economic Affairs Intelligent Machinery Steering Committee Member Ministry of Education Higher Education Review Committee Member National Science and Technology Council | Hiwin Mikrosystem Corp. Vice Chairman & CEO Hiwin Technologies Corporation Director & CEO Matrix Precision Co., Ltd. Legal Representative Director & Co-CEO Hiwin Investment & Holding Corp. Director Hiwin Education Foundation Director | 6,592,991 |

| Title | Name | Education | Experience | Incumbent | Shareholding (Shares) |
|----------------------|--------------------------|---|--|---|-----------------------|
| | | | University-Industry Cooperation Consultative Committee Member Chinese National Federation of Industries (CNFI) Director Chinese National Association of Industry and Commerce (CNAIC) Executive Director Taiwan Automation Intelligence and Robotics Association (TAIROA) Founding Chairman Taiwan Machine Tool & Accessory Builders' Association (TMBA) Chairman | | |
| Director | D&J COMPANY LIMITED | N/A | Hiwin Mikrosystem Corp. Director | Hiwin Mikrosystem Corp. Director | 2,067,881 |
| Director | CHANG, Liang-Chi | Chinese Culture University, B.A. | Taiwan Cooperative Bank., Specialist V M T ENTERPRISES CO., LTD. Chairman Hiwin Technologies Corporation Supervisor | Hiwin Mikrosystem Corp. Director | 327,185 |
| Director | SZU, Kou-I | Universität Paderborn, Germany. Doctor of Engineering Technische Universität Berlin, Germany. Master of Mechanical Engineering National Taiwan University, Bachelor of Mechanical Engineering | Hiwin Mikrosystem Corp. Department of Project Development Senior Manager Hiwin Mikrosystem Corp. Senior Vice President Taiwan Automation Intelligence and Robotics Association (TAIROA) Chairman | Hiwin Mikrosystem Corp. Director Hiwin Mikrosystem Corp. President Mega-Fabs Motion Systems Ltd. Chairman | 623,986 |
| Director | Hiwin Technologies Corp. | N/A | Hiwin Mikrosystem Corp. Director | Hiwin Mikrosystem Corp. Director | 9,525,676 |
| Independent Director | CHANG, Hsueh-Pin | Ph.D., Institute of Mechanics and Aeronautics, Cornell University, USA Master of Aeronautics and Astronautics, Stanford University, USA | Director of Hua's Aero Industry Development Foundation Chair Professor and Vice Chancellor of Kao Yuan University | Hiwin Mikrosystem Corp. Independent Director China Steel Corp. Independent Director | 0 |

| Title | Name | Education | Experience | Incumbent | Shareholding (Shares) |
|----------------------|-----------------|---|---|--|-----------------------|
| | | Bachelor of Aeronautical Engineering, Chung Cheng Institute of Technology | <p>Director of Air Asia Company Limited Supervisor of China Engine Corporation Chief Reviewer of the Board of Science and Technology (BOST) of the Executive Yuan Executive Yuan Self-Reliant Defense Technology Industry Development Review Committee Member Tech. Consultant to the Department of Industrial Technology (DoIT) of the Ministry of Economic Affairs Senior Vice President of International Turbine Engine Company LLC Chief Engineer of Aerospace Technology Research And Development Center of ROCAF/Aerospace Industrial Development Corporation</p> | Advanced International MultiTech Co., Ltd. Independent Director | |
| Independent Director | CHEN, Chung-Jen | Bachelor of Accounting, National Cheng Kung University CPA CIA | <p>Director of Accounting, Accounting Office, Chung Yuan University, Manager of the Audit Office of the Board of Directors of Taiwan Financial Holdings Co., Ltd., Specialist, Accounting Office, Bank of Taiwan</p> | Hiwin Mikrosystem Corp. Independent Director | 0 |
| Independent Director | LO, Chien-Yu | Middlebury Institute of International Studies at Monterey, Master of Arts in Translation and Interpretation National Taiwan University, Bachelor of Arts | <p>Gogoro Taiwan Ltd. Department of Public Affairs Senior Manager Liberty Times Ltd. Division of Industrial Economy Convener</p> | Taiwan Excellent Brand Association Secretary-General | 0 |

Hiwin Mikrosystem Corp.

List of the Proposals for Release of Directors and Their Representatives from Non-Compete Clauses

| Name of Directors | Company and Title Released from Non-Compete Clauses |
|---|---|
| Chuo Shou-yeu | 1、Matrix Precision Co., Ltd. Vice Chairman & Co-CEO |
| | 2、Hiwin Technologies Corporation Director |
| | 3、Hiwin Investment & Holding Corp. Director |
| | 4、Hiwin Business Management Co., Ltd. Director |
| | 5、Hiwin Corporation, Japan Director |
| | 6、Hiwin Corporation, U.S.A Director |
| | 7、Hiwin Singapore Pte. Ltd. Director |
| | 8、Hiwin GmbH Director |
| HIWIN INVESTMENT & HOLDING CORP. | 1、Hiwin Investment & Holding Corp. |
| | 2、Matrix Precision Co., Ltd. Director |
| HIWIN INVESTMENT & HOLDING CORP. Eric Y.T. Chuo | 1、Hiwin Technologies Corporation Director & CEO |
| | 2、Matrix Precision Co., Ltd. Legal Representative Director & Co-CEO |
| | 3、Hiwin Investment & Holding Corp. Director |
| | 4、Hiwin Education Foundation Director |
| Szu Kou-I | 1、Mega-Fabs Motion Systems Ltd. Chairman |
| HIWIN TECHNOLOGIES CORP. | 1、Hiwin Technologies Corporation |
| | 2、Matrix Precision Co., Ltd. Director |
| Chang Hsueh-Pin | 1、China Steel Corp. Independent Director |
| | 2、Advanced International MultiTech Co., Ltd. Independent Director |

Articles of Incorporation of Hiwin Mikrosystem Corp.

Chapter 1 General Provisions

- Article 1 The Company shall be incorporated under the provisions of the Company Act (the "Company Act") as a company limited by shares, and its name shall be 大銀微系統股份有限公司 (the "Company") and HIWIN MIKROSYSTEM CORP. in English.
- Article 2 The Company's scope of business is as follows:
1.CB01010 Mechanical Equipment Manufacturing
2.CB01990 Other Machinery Manufacturing
3.CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
4.CC01080 Electronics Components Manufacturing
5.CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
6.CD01020 Tramway Cars Manufacturing
7.CD01030 Motor Vehicles and Parts Manufacturing
8.CD01060 Aircraft and Parts Manufacturing
9.CD01990 Other Transport Equipment and Parts Manufacturing
10.CE01010 General Instrument Manufacturing
11.CE01030 Optical Instruments Manufacturing
12.E603050 Automatic Control Equipment Engineering
13.F401010 International Trade
14.I501010 Product Designing
15.ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval
- Article 3 The total amount of the Company's reinvestment shall not be subject to the restriction of 40% of the Company's paid-in capital.
- Article 4 The Company may provide guarantees that are necessary for its business operation.
- Article 5 Revocation of public issue of the Company's shares shall be submitted to the shareholders for resolution, and this provision shall remain unchanged for emerging stock, exchange-listed and OTC-listed.
- Article 6 The Company has set up its head office in Taichung City and may establish branch offices within or outside the territory of the Republic of China as it deems necessary.
- Article 7 Public announcements of the Company shall be made according to Article 28 of the Company Act.

Chapter 2 Capital Stock

- Article 8 The authorized capital of the Company shall be in the amount of NT\$3,000,000,000 and divided into 300,000,000 shares at NT\$10 each. The Board of directors is authorized to issue the unissued shares in installments as required.
The Company may issue employee stock option certificates; 3,600,000 shares out of the aforementioned total share capital shall be reserved for the issue of

employee stock option certificates.

If the exercise price in relation to employee stock option certificates issued by the Company is lower than the average actual share repurchase price or the closing price of the Company's common shares as of the issue date, it shall be approved by two-third of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the company.

Treasury stock, stock warrants, employee stock option certificates and employee restricted stock can be issued or transferred to employees of subsidiaries of the Company who meet specific conditions.

Article 9 The Company may issue shares without printing share certificate(s), but shares issued shall be registered with a securities depository enterprise. The share certificates of the Company shall all be name-bearing share certificates, and issued in accordance with the Company Act and relevant rules and regulations of the Republic of China.

Article 10 All transfer of stocks, pledge of rights, loss, succession, gift, loss or amendment of seal, change of address or similar stock transaction carried out by shareholders of the Company shall follow the "Guidelines for Stock Operations for Public Companies" unless specified otherwise by law and securities regulations.

Article 11 Registration for transfer of shares shall be immediately suspended within 60 days before the date of the regular shareholders' meeting, or within 30 days before the date of any special shareholders' meeting, or within 5 days before the target date fixed by the issuing company for distribution of dividends, bonus, or any other benefit.

Chapter 3 Shareholders' Meeting

Article 12 Shareholders' meeting shall be of the following two kinds: (1) regular meetings and (2) special meetings.

Regular meetings shall be held by the Board of Directors at least once a year within 6 months after close of each fiscal year. Special meetings may be held when necessary, in accordance with applicable laws and regulations.

The Company's shareholders' meetings may be held via remote video conference or other form to the extent permitted by relevant government authorities.

Article 13 Written notices shall be sent to all shareholders at their last known place of residence registered with the Company for the purpose of convening shareholders' meetings. Notices shall be sent at least 30 days in advance for regular meetings and at least 15 days in advance for special meetings. The purpose(s) for convening such meetings shall be clearly stated in the written notice(s) sent out to shareholders.

Article 14 Except as provided in applicable laws, a shareholder resolution shall be adopted by a majority of shareholders attending such meeting in person or by proxy representation; attending shareholders shall represent a majority of the total number of voting shares.

Article 15 Except as provided in applicable laws, each share of stock shall be entitled to one vote.

Article 16 If a shareholders is unable to attend a meeting, he/she may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy.. Shareholder attendance by proxy shall be subject to Article 177 of the Company Act and the "Regulations Governing the Use of Proxies for

Attendance at Shareholders' Meetings of Public Companies" issued by a competent authority.

Article 17 Shareholder resolutions shall be recorded in the minutes and comply with Article 183 of the Company Act.

Chapter 4 Directors and Managerial Officers

Article 18 The Company shall have 7 to 11 Directors. The Board of Directors is authorized to determine the number of Directors. The aforesaid Board of Directors must have at least 3 independent directors, who shall represent more than one-fifth of the Board of Directors. The term of office shall comply with Article 195 of the Company Act. Unless all Company directors are re-elected, the term of newly elected directors shall be limited to the remaining term of the original directors.

Article 19 Election of Company directors shall be conducted based on a candidate nomination system and the procedures set out in Article 192-1 of the Company Act. Shareholders shall elect directors among the nominees listed in the roster of candidates. Election of succeeding directors to fill vacancies shall be conducted in accordance with Article 201 of the Company Act.

Article 20 Power of the Board of Directors shall be exercised in accordance with Article 202 of the Company Act.

Article 21 The Board of Directors' meeting shall be convened in accordance with Article 203 and Article 203-1 of the Company Act. The notice of meeting subject to Article 204 of the Company Act, may be sent through electronic transmission or facsimile.

Article 22 Directors shall attend the Board of Directors' meeting in person. If unable to do so for any reason, Directors may be represented by another director in accordance with Article 205 of the Company Act.

Article 23 Election, exercise of power and authority of the chairperson and vice chairperson of the Board shall be subject to Article 208 of the Company Act. The Chairperson of the Board of Directors shall preside over all board meetings. In addition, the Chairperson shall have the right to execute documents and act in the name and on behalf of the Company in accordance with Board resolutions.

Article 24 In compliance with Article 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee, composed of all Independent Directors. The number of members, term, authority, rules of procedure and so forth shall be conducted and ordered separate in the Audit Committee Charter in accordance with relevant provisions of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies. The Company may establish various committees with different functions if necessary for its business. The establishment and authority of committees shall be conducted in accordance with regulations implemented by a competent authority.

Article 25 The Board of Directors is authorized to determine the salary of the Chairperson, The Board of Directors is authorized to determine the remuneration of Chairperson, Vice Chairperson and Directors, which takes into account the extent and value of service provided for the management of the Corporation as well as local and international industry standards.

In addition, shareholders or directors of the Company serving as managerial personnel or employees are deemed as ordinary employees with additional salary. Bonuses, compensation and benefits are paid depending on the operations and profit status of the Company.

The Company shall purchase liability insurance for Directors according to the

scope of their business management responsibilities in their term of office.

- Article 26 The Company may, by resolution of the Board of Directors, appoint one or more General Chief Executive Officer(s), Vice General Chief Executive Officer(s), Chief Executive Officer(s), Vice Chief Executive Officer(s), Chief Operating Officer(s), Vice Chief Operating Officer(s), General Manager(s), Vice General Manager(s) or other similar officers to meet the Company's operational or managerial needs, whose appointment, discharge and compensation shall follow Article 29 of the Company Act.
Managerial officers specified in the preceding Paragraph shall report to the Chairperson and Board of Directors, perform duties assigned by the Chairman and the Board of Directors, handle overall operations within their designated scope of authority and in accordance with Company policies, as well as supervise and control daily business operations according to policies set by the Board of Directors led by the Chairperson.
The Finance Vice General Manager or the highest-ranking finance manager is responsible for the Company's finance and accounting, and reporting to the Board of Directors.
- Article 27 The General Chief Executive Officer reports to the Board of Directors and is in charge of overall Company operations and decision-making as well as all affiliated enterprises.
- Article 28 Vice General Chief Executive Officer(s), Chief Executive Officer(s), Vice Chief Executive Officer(s), Chief Operating Officer(s), Vice Chief Operating Officer(s), General Manager(s), Vice General Manager(s) and other similar officers shall perform duties assigned by the General Chief Executive Officer.
- Article 29 Subject to the provisions of the Company Act of the Republic of China and the Articles of Incorporation, all Company employees shall comply with the directions of the Board of Directors.

Chapter 5 Accounting

- Article 30 After the close of each fiscal year, the following reports shall be prepared by the Board of Directors and submitted to the regular shareholders' meeting for ratification:
1. Business Report
 2. Financial Statements
 3. Proposal for Distribution of Earnings or Financial Loss Cover
- Article 31 When allocating profit for each fiscal year, the Company shall set aside: (1) Not less than 1% for employee compensation; (2) Not more than 4% for director compensation. Employee compensation is distributed in the form of shares or cash approved by the Board of Directors; director compensation is distributed in cash. Proposal for distribution of employee compensation and director compensation shall be submitted and reported during the shareholders' meeting. However, the Company should reserve a sufficient amount to offset its accumulated losses before allocating for employee compensation and director compensation as mentioned above.
- Article 31-1 When allocating earnings each fiscal year, the Company shall first reserve an amount to offset losses and set aside a legal reserve of 10% Provided that the amount of accumulated legal reserve has met the paid-in capital of the Company, a special reserve shall be allocated (or reverse) in accordance with relevant rules and regulations; stock dividends to be distributed shall be 6% or less.
The Company may take financial, business and operational factors into consideration, and distribute the partial or full amount of retained earnings after

deduction in accordance with Paragraph 1, plus the Current Earnings Available for Distribution and Previous Ending Balance of Unappropriated Retained Earnings. Company earnings may be distributed in the form of cash dividend and/or stock dividend, provided that the ratio of stock dividend does not exceed two-thirds of the total distribution. Proposal for the Board's Distribution of Earnings shall be submitted for resolution at the shareholders' meeting.

When distributing partial or full cash dividends, the distribution may be resolved by a majority vote at a Board of Directors meeting attended by at least two-thirds of the total number of directors and reported to the shareholders' meeting, instead of being submitted for approval at the shareholders' meeting.

Article 32 The distribution of Shareholders' dividends shall be limited to the list of shareholders on distribution date; the distribution of employee compensation shall be limited to those who are still employed on distribution date.

The distribution of employee compensation includes employees assigned to subsidiaries or affiliated enterprises in accordance with Company requirements. Employee compensation is also distributed to employees from subsidiaries or affiliated enterprises, but each employee receive either one of the compensations.

Chapter 6 Supplementary Provisions

Article 33 The internal organization of the Company and detailed procedures of business operations shall be determined by the Board of Directors.

Article 34 Any matters not provided for in the Articles of Incorporation, the Company Act and relevant rules and regulations shall apply.

Article 35 The Articles of Incorporation was adopted on March 18, 1997. The 1st amendment was made on August 9, 1997. The 2nd amendment was made on September 30, 1997. The 3rd amendment was made on June 30, 2000. The 4th amendment was made on June 28, 2002. The 5th amendment was made on September 12, 2002. The 6th amendment was made on June 30, 2004. The 7th amendment was made on June 30, 2004. The 8th amendment was made on December 28, 2005. The 9th amendment was made on June 26, 2006. The 10th amendment was made on June 25, 2007. The 11th amendment was made on June 24, 2008. The 12th amendment was made on June 8, 2010. The 13th amendment was made on May 3, 2011. The 14th amendment was made on June 25, 2013. The 15th amendment was made on June 30, 2014. The 16th amendment was made on June 24, 2015. The 17th amendment was made on June 30, 2016. The 18th amendment was made on June 22, 2017. The 19th amendment was made on May 8, 2018. The 20th amendment was made on December 12, 2018. The 21st amendment was made on June 27, 2019. The 22nd amendment was made on July 22, 2021. The 23rd amendment was made on May 31, 2022.

Hiwin Mikrosystem Corp.

Rules and Procedures for Shareholders' Meetings

Article 1 The Rules and Procedures for Shareholders' Meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be specified in the said Rules and Procedures.

Article 2 Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.

Changes to how the Company convenes its shareholders' meetings shall be resolved by the Board of Directors, and shall be made no later than the mailing of shareholders' meeting notice.

For convening regular shareholders' meetings, the Company shall prepare the meeting agenda, and give notice within a given period in accordance with Article 172 of the Company Act. Notification for shareholders with less than 1000 name-bearing shares shall be in the form of an announcement uploaded to the Market Observation Post System (the MOPS) during that period. The reasons for convening a shareholders' meeting shall be specified in the meeting notification and announcement.

The Company shall prepare the meeting agenda and supplemental meeting materials as specified in the preceding paragraph and make available to shareholders for review on the date of the shareholders' meeting by means of the following:

1. For physical shareholders' meetings, to be distributed on-site
2. For hybrid shareholders' meetings, to be distributed on-site and shared on the virtual meeting platform
3. For virtual-only shareholders' meetings, electronic files shall be shared on the virtual meeting platform.

Article 3 For every shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

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 5 days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to change the form of attendance to the meeting or exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 days before the meeting date. If the cancellation notice is submitted after that time, votes cast by the proxy at the meeting shall prevail.

Article 4 The venue for shareholders' meetings shall be on Company premises or a place easily accessible to shareholders and suitable for holding a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinion of independent directors with respect to the place and time of the meeting.

Restrictions on meeting venues shall not apply when the Company convenes a virtual-only shareholders' meeting. But both the chairperson and secretary shall be in the same location, and the chairperson shall disclose their address location when the meeting is called to order.

Article 5 Attendance at shareholders' meetings shall be calculated based on the number of shares. Attending shareholders or proxy shall hand in a sign-in card in lieu of signing in. The number of attendance shares shall be calculated according to the shares indicated on the attendance book and sign-in cards presented, plus the number of shares with voting rights exercised through correspondence or electronically. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders who complete registration shall be deemed to have attended the shareholders' meeting in person.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

In the event of a virtual shareholders' meeting, shareholders who wish to attend the meeting online shall register with the Company 2 days before the meeting date. In case of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Shareholders shall attend shareholders' meetings using attendance cards, sign-in cards, or other certificates of attendance; solicitors requesting proxy forms shall also bring identification documents for verification. When the government or a juristic person is a shareholder, it may have more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, only one person may be designated to represent it at the meeting.

Article 5-1 To convene a virtual shareholders' meeting, the Company shall include the following 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 disrupted by natural disasters, accidents or other force majeure events, comprising at least any of the following:
 - A. Time of postponed meeting or time of resumed meeting if the above disruption continues and cannot be addressed, and the date of postponed meeting or resumed meeting
 - B. Shareholders who did not register to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
 - C. In case of a hybrid shareholders' meeting when the virtual meeting cannot continue, if the total number of shares represented at the meeting (after deducting those represented by shareholders present at the virtual shareholders' meeting) meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting shall be deemed to have abstained from voting on all proposals on the meeting agenda of the said shareholders' meeting.
 - D. Actions to be taken if the outcome of all proposals has been announced and the extempore motion has not been carried out.
3. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties attending a virtual shareholders' meeting shall be specified.

Article 6 Unless otherwise provided by the Company Act, the shareholders' meeting shall be headed by the chairperson of the Board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair. In the event that the chairperson does not designate one, the directors shall select one person from among themselves to serve as chair.

It is recommended that the chairperson of the Board personally presides over the shareholders' meetings convened by the board of directors and attended by a majority of the directors (including at least 1 independent director), convener of the audit committee and at least one member of other functional committees. The attendance shall be recorded in the meeting minutes.

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

The Company may appoint counsel, CPA or other related persons to attend the meeting in a non-voting capacity.

Article 7 The Company shall make an uninterrupted audio or video recording of the shareholders' meeting proceedings. The recorded materials shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

If a shareholders' meeting is held online, records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted shall be kept, and continuously audio and video record of virtual meeting proceedings from beginning to end shall be made without interruption.

The information as well as audio and video recording specified in paragraph 2 shall be properly kept during the entire duration of the Company's existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters related to the virtual meeting.

Article 8 The chairperson shall call the meeting to order at the appointed meeting time. However, when attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that it is not more than two postponements, with a combined total of no more than one hour. If there is absence of quorum after two postponements but the attending shareholders represent one third or more of the total number of issued shares, the chairperson shall declare

the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned on the virtual meeting platform.

If there is absence of quorum after two postponements as specified 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 pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register with the Company in accordance with Article 5.

When attending shareholders represent a majority of the total number of issued shares prior to the conclusion of the meeting, the chairperson may resubmit the tentative resolution for a shareholders' vote pursuant to Article 174 of the Company Act.

Article 9 The Board of Directors shall set the agenda if it will convene the Meeting. Unless otherwise resolved by the shareholders' meetings, the Meeting shall proceed according to the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person other than the Board of Directors, who is entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairperson cannot adjourn the Meeting before all the discussion items (including extempore motions) listed on the agenda are resolved.

After the meeting is adjourned, shareholders may not elect a new chair and continue the meeting at the same or other venue. However, in the event that the Chairperson adjourns the Meeting in violation of these Rules and Procedures, the meeting may continue by agreement of a majority of votes represented by attending shareholders.

During the meeting, the chairperson shall allow adequate opportunity for explanation and discussion of proposals as well as amendments or extempore motions put forward by shareholders; when the chairperson is of the opinion that the proposals have been sufficiently discussed so they can be put to a vote, the chairperson may announce the discussion closed and call for a vote.

Article 10 Before speaking, a shareholder in attendance must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak shall be set by the chairperson.

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

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor; the chairperson shall stop any violation.

Unless there is consent of the chairperson, 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 chairperson may call an end to the speech.

When a juristic person-shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the appointed representatives may speak on the same proposal.

After a shareholder in attendance has spoken, the chairperson may personally respond or direct relevant personnel to respond.

Where a virtual shareholders' meeting is convened, attending shareholders may raise questions in writing on the virtual meeting platform once the chair declares the meeting open and until it is adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable for the questions be disclosed to the public on the virtual meeting platform.

Article 11 Voting at a shareholders' meeting shall be calculated based on the number of shares. With respect to shareholder resolutions, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. When a shareholder is an interested party in relation to an agenda item, and there is likelihood that such relationship would prejudice the interests of the Company, the said shareholder may not vote on that item and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised according to the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

- Article 12 A shareholder shall be entitled to one vote for each shareholding, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act. Except as otherwise provided in the Company Act and Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of attending shareholders with voting rights. When voting for each proposal, the chairperson or appointed personnel shall first announce the total number of voting rights represented by attending shareholders. The resolution shall be deemed adopted and shall have the same effect as if it was voted on by casting ballots if no objection was voiced after solicitation by the chairperson. If there is any objection, the proposal shall require a vote in accordance with the preceding paragraph. When there is an amendment or an alternative to a proposal, the chairperson shall present it together with the original proposal and decide the order in which the proposals will be put to a vote. When any of them is passed, the other proposals will then be deemed rejected and no further voting shall be required. The vote monitoring and counting personnel responsible for handling voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel are shareholders of the Company. Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the venue of the shareholders' meeting. Immediately after vote counting is completed, the results of the voting, including the statistical tally of votes, shall be announced at the meeting venue and recorded. Shareholders attending the meeting online can cast their votes on proposals and in an election on the virtual meeting platform after the chair declares the meeting open or until the voting session ends; otherwise, they shall be deemed to have abstained from voting. With hybrid shareholders' meetings, if shareholders who have registered to attend the meeting online in accordance with Article 5, decide to attend the physical shareholders' meeting instead, they need to cancel their registration 2 days before the shareholders' meeting in the same manner as they registered. If their registration is not cancelled within the time limit, they may only attend the virtual shareholders' meeting. When shareholders exercise voting rights by correspondence or electronic means, they shall not exercise voting rights on original proposals or make any amendments to these proposals or exercise voting rights on amendments to original proposals unless they have withdrawn the declaration of intent and attended the virtual shareholders' meeting, with the exception of extempore motions. In the event of a virtual shareholders' meeting, the Company shall disclose real-time results of votes and elections immediately after the end of the voting session on the virtual meeting platform according to regulations, and this disclosure shall remain at least 15 minutes after the chair has adjourned the meeting.
- Article 13 The election of directors (including independent directors) at a shareholders' meeting shall be held in accordance with applicable election and appointment rules adopted by the Company, and the voting results shall be announced immediately on-site, as well as the names of elected directors (including independent directors) and the tally of votes with which they were elected.
- Article 14 Matters relating to shareholder resolutions shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the meeting chairperson and a copy shall be distributed to each shareholder within a given period in accordance with Article 183 of the Company Act. The meeting minutes may be produced and distributed in electronic form. The meeting minutes shall also be listed under vital documents of the Company, and retained for the duration of the existence of the Company. The Company may distribute the meeting minutes specified in the preceding paragraph by means of a public announcement made through the MOPS. When a virtual shareholders' meeting is convened, in addition to particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chair and secretary's name, and actions to be taken in case of disruptions to the virtual meeting platform or participation in the virtual meeting due to natural disasters, accidents or other force majeure events, and how issues are dealt with, shall also be included in the minutes. When convening a virtual-only shareholders' meeting, other than compliance with requirements indicated in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending virtual-only shareholders' meetings.
- Article 15 The chairperson may direct security officers (or security personnel) to help maintain order at the meeting venue. While on duty, security officers (or security personnel) shall wear an armband bearing the word "Security." At the venue of a shareholders' meeting, if a shareholder attempts to speak using any device other than the public address system set up by the Company, the chairperson may prevent the shareholder from doing so. When a shareholder violates the Rules and Procedures and defies the chairperson by obstructing proceedings and refusing to heed the order to stop, the chairperson may direct security officers (or

security personnel) to escort the shareholder out.

Article 16 When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may temporarily suspend the meeting and, in view of the circumstances, announce the time when the meeting will resume.

If the meeting venue is no longer available for extended use and not all items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 17 On the day of a shareholders' meeting, the Company shall record a statistical statement of the number of shares obtained by solicitors (through solicitation). The number of shares represented by proxies and the number of shares represented by attending shareholders via correspondence or electronic means shall be disclosed at the shareholders' meeting. For virtual shareholders' meetings, the Company shall upload the above meeting materials onto the virtual meeting platform at least 30 minutes before the meeting starts, and keep the information disclosure until the end of the meeting.

When the Company's virtual shareholders' meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes are released during the meeting.

If matters requiring resolution at a shareholders' meeting constitute material information subject to applicable laws or regulations or the Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 18 Prior to a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders, providing relevant real-time services before and during the meeting to help resolve communication and technical issues, as well as appropriate alternative measures for shareholders with difficulties in attending virtual shareholders' meetings.

When declaring a virtual shareholders' meeting open, the chairperson shall also declare, unless postponement or resumption of meeting is not required under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is disrupted due to natural disasters, accidents or other force majeure events before the meeting is adjourned and the disruption lasts for more than 30 minutes. The meeting shall be postponed to or resume on another date within 5 days, in which case Article 182 of the Company Act shall not apply.

For meeting postponement or resumption as described in the preceding paragraph, shareholders who have not registered to participate in the affected virtual shareholders' meeting shall not attend the postponed or resumed session.

For meeting postponement or resumption as specified in the second paragraph, the number of shares represented by, and voting rights and election rights exercised by shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in for the meeting, but do not attend, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting described in the second paragraph, no further discussion or resolution is required for proposals in which votes have been cast and counted and results or list of elected directors have been announced

When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in the second paragraph, if the total number of shares represented at the meeting still meets the minimum legal requirement for a shareholders' meeting even after deducting those represented by shareholders attending the virtual meeting, then the shareholders' meeting shall continue, with no postponement or resumption required, as specified in the second paragraph.

Under the circumstances where a meeting should continue as specified in the preceding paragraph, the shares represented by shareholders attending the virtual meeting shall be counted towards the total number of shares represented by shareholders present at the meeting, provided that these shareholders shall be deemed to have abstained from voting on all proposals on the meeting agenda of the shareholders' meeting. For meeting postponement or resumption according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the postponed or resumed shareholders' meeting specified in the second paragraph.

Article 19 These Rules and Procedures shall take effect on the date approved by the Shareholders' meeting. The same applies to the revision.

Article 20 The Rules and Procedures were adopted on June 28, 2002. The first amendment was made on June 26, 2006. The second amendment was made on May 3, 2011. The third amendment was made on June 25, 2013. The fourth amendment was made on June 30, 2014. The fifth amendment was made on June 24, 2015. The sixth amendment was made on May 8, 2018. The seventh amendment was made on December 12, 2018. The eighth amendment was made on May 30, 2023.

Hiwin Mikrosystem Corp.

Procedures for Election of Directors

Article 1 Except as otherwise provided by law, regulation and the Company's Articles of Incorporation, elections of directors are conducted in accordance with these Procedures.

Article 2 The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors.

All Board members shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that the board as a whole must possess are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

Article 3 (This provision is repealed)

Article 4 The Company's qualification requirements and appointment of independent directors shall be conducted in accordance with Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and regulations prescribed by the competent authorities.

Article 5 Elections of Company directors shall be conducted in accordance with procedures set out entirely in Article 192-1 of the Company Act.

Article 6 The cumulative voting method shall be used for the election of Company directors. Except as otherwise provided by the Articles of Incorporation, each share will have voting rights equal to the number of directors to be elected. Ballots may be cast for a single candidate or split among multiple candidates.

Article 7 Ballots for joint election of directors and independent directors shall be separately calculated and separately elected. When elected as both director and independent director at the same time serving as either one, causing the number of Board of Directors falls below that required under Article 14-2 of Securities and Exchange Act, a by-election shall be held to fill the vacancies. The identities of directors and independent directors may not be interchanged during the term.

Article 8 The Board of Directors shall prepare nomination ballots that correspond to the number of directors to be elected. The number of voting rights relevant to each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' meeting. Attendance numbers printed on the ballots may be used instead of recording the names of shareholders who will vote.

Article 9 Company directors, shall be elected during the shareholders' meeting from among members with disposing capacity. The number of directors shall be specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest number of voting rights will be elected sequentially according to their respective number of votes. When two or more persons receive the same number of votes, exceeding the specified number of positions, they shall draw lots to determine the winner, with the chairperson drawing lots on behalf of any person not present.

Article 10 Before the election begins, the chairperson shall appoint a number of vote-counting personnel and a number of persons with shareholder status to perform as vote-monitoring personnel, each of them shall perform their respective duties.

Article 11 For the election of directors, the ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote-monitoring personnel before voting commences.

Article 12 A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by a person with the right to convene.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot does not conform to the director candidate list.
5. Other words or marks are entered in addition to the number of voting rights allotted.

Article 13 The voting rights shall be calculated on-site immediately after the end of the poll, and the results of the calculation, including the names of those elected and the tally of votes with which they were elected, shall be announced on-site by the chairperson or appointed personnel.

Article 14 The Company's board of directors shall issue notifications to each person elected as director.

Article 15 These Procedures, and any amendments hereto, shall be implemented after shareholders' approval.

Article 16 These Procedures were adopted on May 3, 2011. The first amendment was made on May 8, 2018. The second amendment was made on December 12, 2018. The third amendment was made on May 30, 2023.

Hiwin Mikrosystem Corp. Shareholdings of All Directors

1. Authorized capital of the Company is NT\$3,000,000,000; paid-in capital of the Company is NT\$1,198,018,480.
2. According to Article 26 of the *Securities and Exchange Act*, the minimum total number of shares to be held by all directors is 8,000,000.
3. As of April 1, 2024, the number of shares held by individual and all directors are shown in the table below:

| Title | Name | Current Shareholding (Shares) |
|----------------------|---|-------------------------------|
| Chairperson | CHUO, Shou-Yeu | 22,395,630 |
| Vice Chairperson | Hiwin Investment & Holding Corp. : Eric Y.T. Chuo | 6,592,991 |
| Director | D&J COMPANY LIMITED : LEE, Shun-Chin | 2,067,881 |
| Director | CHANG, Liang-Chi | 327,185 |
| Director | SZU, Kou-I | 623,986 |
| Director | Hiwin Technologies Corp. : LIAO, Ke-Huang | 9,525,676 |
| Independent Director | KU, Chia-Heng | 0 |
| Independent Director | CHANG, Hsueh-Pin | 0 |
| Independent Director | CHEN, Chung-Jen | 0 |
| Total | | 41,533,349 |