

**HIWIN® MIKROSYSTEM**

Code : 4576  
<http://mops.twse.com.tw>  
<http://www.hiwinmikro.tw>

# 2024 Annual Report

Notice to readers

For the convenience of readers and for information purpose only, annual report has been translated into English from the original Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

**HIWIN MIKROSYSTEM CORP.**

2025.5.5

### **Spokesperson**

Name: Hung-Yi Tsai

Title: Manager

Tel: 886-4-2355-0110 Ext.9276

E-mail:investor@hiwinmikro.tw

### **Deputy Spokesperson**

Name:Kai-sheng You

Title: Senior Vice President

Tel: 886-4-2355-0110 Ext. 9274

E-mail:investor@hiwinmikro.tw

### **Stock Transfer Agent**

Yuanta Securities Co., Ltd. Registrar and  
Transfer Agency Dept.

Address: B1F., No. 67, Sec. 2, Dunhua S. Rd.,  
Da'an Dist., Taipei City 106.

Tel: 886-2-2586-5859

Website: <http://www.yuanta.com.tw>

### **Headquarters, Branches and Plant**

Headquarters

Address: No.6, Jingke Central Rd.,  
Nantun Dist., Taichung

Tel: 886-4-23550110

Second area

Address: No.7, Jingke 8th Rd., Nantun  
Dist., Taichung

Tel: 886-4-23550110

Yunlin Plant

Address: No. 5, Keban 1st Rd., Douliu  
City, Yunlin

Tel: 886-4-23550110

### **Auditors**

Deloitte & Touche

Auditors: Ting-Chien Su, Hsiao-Fang Yen

Address: 22F, No. 88, Huizhong Rd., Sec. 1,  
Xitun Dist., Taichung

Tel.: 886-4-3705-9988

Website: <http://www.deloitte.com.tw>

### **Overseas Securities Exchange**

None

### **Corporate Website**

<http://www.hiwinmikro.tw>

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# **I. Letter to Shareholders**

Dear Shareholders,

In 2024, HIWIN MIKROSYSTEM was benefited by growing demand for emerging technology applications, and the demand for the semiconductor market to rise as well as the momentum from the inventory recovery, driving the steady increase in the operating performance for the whole year. Despite the fierce price competition from peers in China and the termination of ECFA tariff preference, among other unfavorable factors, we still effectively satisfy customer needs with outstanding electrical and mechanical integration capabilities and smart manufacturing solutions. With the collective efforts of all colleagues, the consolidated financial statements for 2024 show that the net operating revenue reached NTD 2,253,707 thousand, a 4% increase from NTD 2,170,200 thousand in 2023; the net profit after tax was NTD 90,940 thousand, an increase of NTD 51,661 thousand from NTD 39,279 thousand in 2023.

As a leading brand in the electrical and mechanical manufacturing industry, the Company has core driving control and various direct drive technology, and continuously cultivates in industries including semiconductor, high-end tooling machine, advanced electronic manufacturing equipment, and smart manufacturing, providing global customers with complete industrial application upgrade solutions from components, modules, high-precision nano positioning platforms, drives up to controllers. In the face of the strict delivery time requirements to the suppliers of semiconductors and electronic equipment, HIWIN MIKROSYSTEM not only ensures the rapid delivery of motor components, but also the supply of high-precision positioning platforms within a short time. We continue to optimize the supply chain of supporting materials, from the precision design of micro- and nano grade before sales to the after-sales for professional support of the server adaption, to provide the service capability of integrated solution. With its outstanding performance in quality, service, production time, delivery time, cost and fast response, HIWIN MIKROSYSTEM has been awarded the "Best Supplier" by Applied Materials, a global renown major semiconductor equipment manufacturer for two consecutive years.

With the rapid development of semiconductor CoWoS and FOPLP advanced packaging technology, the requirements for wafer transfer, processing process, defect detection, and critical size measurement are becoming increasingly stringent, and mechatronic control technology has become the core element of semiconductor manufacturing equipment. Based on the experience of serving flat panel display and semiconductor global major customers, HIWIN MIKROSYSTEM was able to quickly expand its existing precision positioning platform to new advanced packaging equipment applications to meet the changing market demand. The high-performance direct-drive motors with high-response drives can effectively ensure the yield of the chip in each process, and at the same time improve the production efficiency and stability of the equipment. In addition, in the most critical AOI automatic inspection equipment in the 3C electronics industry, the signal handshaking between the precision drive and the camera is very important, and HIWIN MIKROSYSTEM E-series drives are favored for solving labor shortage and improving production efficiency for customers with high resolution and high speed response bandwidth, with a variety of advanced control algorithms, and at the same time to achieve the stability of low-speed operation and fast tuning. In order to further meet the multi-level control solutions of intelligent automation customers, the E-series drivers are equipped with the Profinet communication protocol, the industrial fieldbus with the highest market share in Europe, which complements the EtherCAT industrial fieldbus, which is the most popular in the world. As to the recently launched version of the EtherNet/IP communication protocol, it provides customers around the world with a more comprehensive choice.

In 2024, HIWIN MIKROSYSTEM was awarded the "Outstanding Business Entities for Using Electronic Uniform Invoice," demonstrating our achievement in promoting digitization and sustainable development. Through the promotion of electronic invoice system, we actively conduct trainings for internal staff and supply chain partners, while negotiating with the National Taxation Bureau to upgrade the system functions to fully incorporate the "HIWIN MIKROSYSTEM Sustainable Supply Chain

Management Platform (eSCM)" and electronic operations in all aspects. This measure not only improves the operating efficiency of the supply chain, but also effectively reduces the use of paper, reduces environmental burden and carbon emissions, and implements the sustainable value of green procurement, to fulfill its contribution to the future of the earth.

HIWIN MIKROSYSTEM core is always the technology innovation, and the Company continuously seeks breakthrough, and focus on R&D of products and total solutions that are eco-friendly, energy saving, stable and highly efficient. We are committed to helping customers realize the transformation and upgrade of equipment, and to perfectly integrate the core capabilities of the enterprise and the concept of sustainable development. We have been awarded the Taiwan Excellence Award for 23 consecutive years, and the "Golden Award" from 2022 to 2024. In order to achieve the goal of net zero carbon emissions by 2050, we have completed the scope 1 and scope 2 carbon emissions verification for 2023 in 2024, which is 17% lower than the base year. In addition, we have been awarded the "Common Wealth Sustainable Citizen Award - Little Giant Award" for four consecutive years, and obtained the ISO 14067 carbon footprint certifications for two main products, drives and torque motors.

In terms of internal management, we actively build a friendly workplace, establish a comprehensive talent cultivation system, encourage employees to continue to learn and grow, while formulating complete training programs to enable employees to exploit their full potential at the position adequate talent-wise and place-wise. We also provide a healthy and safe working environment, and promise to protect the work rights and wellbeing and wellness of all employees. Meanwhile, HIWIN MIKROSYSTEM has always been keeping the social responsibilities in mind and actively participated in public welfare activities. We donated energy management equipment to Asia University to support the promotion of sustainable education on campus. We also organized the parent-kid event, "Hand in Hand by Adults and Children for the Happiness" in local communities, to enhance family emotional cohesion by sharing of children's education concepts and skills. In addition, we also donate supplies and continue to care for institutions for disadvantaged, demonstrating corporate social responsibility and mission.

Looking to 2025, the uncertainties in global economics and geopolitics will continue. The policy adjustment by the new U.S. President, the different monetary policies of central banks in various countries, the rise of trade protectionism and the military conflicts are the most critical, among all challenges. In the face of these uncontrolled risks, HIWIN MIKROSYSTEM will insist on a forward-looking mindset, continuously strengthen its R&D capabilities, improve product quality and service standards, and provide electromechanical integrated and smart manufacturing solutions to meet customer needs in order to create higher value for customers. Meanwhile, we'll continue to promote green manufacturing and implement the development vision of low-carbon and sustainable operations.

We would like to hereby express our sincere gratitude to all shareholders, customers, partners and banks for their long-term support and trust. In the face of the challenges and opportunities in 2025, we will insist on rigorous corporate governance standards, uphold the core values of ethics, commitment, innovation and sustainability, and promote the steady growth of the Company with a positive attitude. We will also work with all employees to create the best value for shareholders, customers, and partners, and achieve the goal of becoming a benchmark enterprise for sustainable development.

The implementation results of the 2024 business plan are as follows:

## **1.1 2024 annual operating report**

### **(1) The business plan implementation results**

The consolidated financial statements for 2024 show revenue of NT\$2,253,707 thousand, an increase of 4% compared to NT\$2,170,200 thousand in 2023; operating profit was NT\$51,203 thousand, a 96% increase compared to NT\$26,082 thousand in 2023; net profit after tax was NT\$90,940 thousand, a 132% increase compared to NT\$39,279 thousand in 2023; profit attributable to owners of the parent company was NT\$60,652 thousand, an increase of NT\$55,551

thousand compared to profit of NT\$5,101 thousand in 2023, with earnings per share of NT\$0.51, an increase of NT\$0.47 compared to NT\$0.04 in 2023.

(2) Analysis of financial income and expenditure and profitability:

1. Financial income and expenditure

Unit: NT\$1,000

Item	Year	Finance Audited in 2024	
		Amount	%
Operating revenue		2,253,707	100%
Operating cost		1,554,283	69%
Operating gross profit		699,424	31%
Operating expenses		648,221	29%
Net operating profit		51,203	2%
Non-operating income and expenses		63,485	3%
Net profit for the year		90,940	4%
Net profit after tax attributable to the owner of the parent company		60,652	3%

Note: This table is based on the consolidated financial statement. The Company has not disclosed its financial forecast for 2024, so there is no budgetary disclosure.

2. Profitability analysis

Item	Year	2024
Return on Assets (%)		1.62
Return on shareholders' equity (%)		2.22
Ratio of operating profit to paid-in capital (%)		4.27
Ratio of pre-tax net profit to paid-in capital (%)		9.57
Net Profit rate (%)		4.04
Earnings per share (NT\$)		0.51

(3) Research development

1. In 2024, the research and development expenditure accounted for 12.45% of the turnover. A total of 17 domestic and foreign patent applications were filed, and 17 patent certificates were issued. By the end of 2024, a total of 249 patents had been obtained and were still valid.

2. The R&D product "Absolute Position Measurement System – APM" was honored with the 33rd Taiwan Excellence Award by the Ministry of Economic Affairs, reflecting national recognition of our technological capabilities.

3. Research and development results:

(1) Energy-saving and carbon-reducing Linear Motor

(2) High precision Absolute Direct-drive Motor

(3) High performance E2 400V Drive

(4) High-dynamic performance Semiconductor Precision Positioning Platform

## 1.2 Summary of the 2025 business plan

(1) Operation policy:

A. With the goal of "energy saving, environmental protection, and high efficiency," provide green products with high added value.

B. Use product integration services to provide customers with all-round solutions in terms of organization, electronic control, and software.

C. Strengthen high-end smart manufacturing solutions and promote key motor components to create high added value to the customers.

D. Continue to develop new applications and new markets for products, expand business scale and increase market share.

E. Focus on innovating core product technologies, refine total quality management, and enhance core competitiveness.

(2) Expected sales volume and its basis:

A. The Company's expected sales in 2025 are as follows:

Unit: PCS

Product category	Sales Volume
Precision motion and control components	276,570
Micro and Nano Positioning Systems	2,623
Total	279,193

B. Based on global economic trends, the business environment of each industry, market supply and demand, and competition, as well as analysis of business development with existing customers and the progress of potential customers, while considering various factors such as balance between production and sales, the Company estimates its sales volume for 2025.

(3) Important production and sales policies:

- A. Examine the development trend of product strategies, regularly cross-compare with market trends, and optimize product innovation and development and production process.
- B. Continue to invest in self-made automation equipment and increase the proportion of intelligent production to increase component production capacity and improve quality yield.
- C. Strengthen localized management of suppliers, and promote green procurement through review, assessment, audit, coaching and training.
- D. Adopt MRP/MDS system, coupled with market demand forecast and order system correction to reduce inventory management risk.
- E. Through the customer relationship management system, technical center and customer service center information management system, we can quickly provide customer service and customer complaint handling to improve customer satisfaction.

(4) Future company development strategy

- A. Deeply cultivate the sustainable operation of smart manufacturing, develop high-efficiency and energy-saving green products, create value for customers, and implement environmental sustainability.
- B. Through the integration of global resources, continue to develop innovative technologies and technical cooperation, and provide customers with comprehensive system integration solutions.
- C. Integrate group resources, develop high-value-added products, and move towards an international leading position as experts in high-speed drive and drive control.
- D. Become a leading brand in high-end direct drive technology, actively expand market layout and cooperation, and expand global market share.

(5) Impact of external competitive environment, regulatory environment, and overall business environment

The global economy continues to face multiple challenges, with political and economic volatility, the threat of war, and climate change impacting industries worldwide. In this uncertain environment, HIWIN MIKROSYSTEM actively responds to these challenges by focusing on forward-looking sectors such as Industry 4.0, semiconductors, high-end machine tools, advanced electronic manufacturing equipment, and smart manufacturing, aiming to enhance our market competitiveness.

In response to climate change, we have launched and continuously strengthened the mission of our Climate Response Task Force, dedicating efforts to risk management and supply chain resilience to ensure the company's long-term, stable development in the face of various risks.

At this critical juncture, we remain customer-centric and committed to innovation to strengthen our core technologies and prepare for future challenges. Our mission is to achieve sustainable corporate operations and pursue long-term, stable profit growth.

We sincerely thank you for your continued support and trust. HIWIN MIKROSYSTEM will continue to forge ahead, proactively embracing future opportunities and challenges, and working together to create a brighter future.

HIWIN MIKROSYSTEM CORP.  
Chairman Chou Shou-yeu

## II. Corporate Governance Report

### 2.1 Information on directors and senior managers

#### (1) Information of Directors

March 28, 2025

Title	Nationality / Place of Incorporation	Name	Gender Age	Date First Elected	Date Elected	Term	Shareholding when Elected		Current Shareholding		Spouse & Minor child Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Concurrently holding positions in the Company and other companies	Executives, Directors or Supervisors Who are Spouses or within the Second Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	ROC	Hsiu-Yu Chuo	Female, 51-60yo	2008.06.24	2024.5.30	3 years	22,395,630	18.69%	22,150,630	18.49%	928,689	0.78%	—	—	Master of Financial Management, Baruch College, USA, Sino Bank, Secretary to Chief Financial Officer, HIWIN MIKROSYSTEM CORP. Vice Chairman	HIWIN MIKROSYSTEM CORP. Deputy CEO Matrix Precision Co., Ltd. Vice Chairman/Co-CEO  Holds the position of Director: -HIWIN TECHNOLOGIES CORP. -HIWIN INVESTMENT AND HOLDING CORP. -HIWIN Business Management Co., Ltd. -Hiwin Corporation, USA -Hiwin Singapore Pte Ltd. -Hiwin GmbH HIWIN CORPORATION, Japan, Director Supervisor, Yong-Yin Investment and Holding Corp	Vice Chairman	Eric Y. T. Chuo	Father and Daughter	-
		HIWIN INVESTMENT AND HOLDING CORP.	—				6,592,991	5.50%	6,592,991	5.50%	—	—	—	—	—	—	—	—	—	-
Director	ROC	Representative Eric Y. T. Chuo	Male, 81-85yo	2018.12.12	2024.5.30	3 years	1,476,145	1.23%	1,476,145	1.23%	1,224,083	1.02%	—	—	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 Engineering, National Taiwan University, Hon. Doctor of Science, Matrix Precision Co., Ltd. Chairman, HIWIN MIKROSYSTEM CORP. Legal Representative Chairman, Taiwan Automation Intelligence	HIWIN MIKROSYSTEM CORP. CO-CEO HIWIN TECHNOLOGIES CORP. CEO Holds the Director position: -HIWIN TECHNOLOGIES CORP. -Matrix Precision Co., Ltd. Legal Representative Director & Co-CEO -HIWIN INVESTMENT AND HOLDING CORP. -HIWIN Education Foundation -Asia University	Chairman	Hsiu-Yu Chuo	Father and Daughter	-
																Executive President	Kai-sheng You	Son-in-law	-	

Title	Nationality / Place of Incorporation	Name	Gender Age	Date First Elected	Date Elected	Term	Shareholding when Elected		Current Shareholding		Spouse & Minor child Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Concurrently holding positions in the Company and other companies	Executives, Directors or Supervisors Who are Spouses or within the Second Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
														and Robotics Association (TAIROA) Founding Chairman, Taiwan Machine Tool & Accessory Builders' Association (TMBA), Honorary Chairman						
Director	ROC	Kou-I Szu	Male, 61-70yo	2003.06.27	2024.5.30	3 years	623,986	0.52%	623,986	0.52%	145,630	0.12%	—	—	Universität Paderborn, Germany. Doctor of Engineering, Taiwan Electronic Equipment Industry Association (TEEIA) Director, Taiwan Automation Intelligence and Robotics Association (TAIROA) Chairman	HIWIN MIKROSYSTEM CORP. President Mega-Fabs Motion Systems Ltd. Chairman	—	—	—	-
Director	ROC	Yongchiang Investment Co., Ltd.	—	2018.12.12	2024.5.30	3 years	2,067,881	1.73%	2,067,881	1.73%	—	—	—	—	—	—	—	—	—	-
		Representative Shun-Chin Lee	Male, 71-80yo				266,523	0.22%	266,523	0.22%	389,206	0.32%	—	—	University of California-Berkeley, MBA, Feng Chia University, MBA	Holds the position of Chairman: -Market Finder Corporation -Naiqiang, Ltd. -Jen Yong Ltd. -Yongchiang Investment Co., Ltd.(Legal Representative) Holds the position of Director: -HIWIN TECHNOLOGIES CORP.	—	—	—	-
Director	ROC	Liang-Chi Chang	Male, 81-85yo	2018.05.08	2024.5.30	3 years	327,185	0.27%	327,185	0.27%	438,793	0.37%	—	—	Chinese Culture University, B.A., HIWIN TECHNOLOGIES CORP. Supervisor, Long Life Nutraceutical Intl. Co., Ltd. Chairman, Taiwan Cooperative Bank., Specialist	—	—	—	-	
Director	ROC	HIWIN TECHNOLOGIES CORP.	—	2024.05.30	2024.5.30	3 years	9,525,676	7.95%	9,525,676	7.95%	—	—	—	—	—	—	—	—	-	

Title	Nationality / Place of Incorporation	Name	Gender Age	Date First Elected	Date Elected	Term	Shareholding when Elected		Current Shareholding		Spouse & Minor child Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Concurrently holding positions in the Company and other companies	Executives, Directors or Supervisors Who are Spouses or within the Second Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
		Representative Yan-Qi Peng	Female, 61-70yo				172,057	0.14%	168,057	0.14%	—	—	—	—	Master of Computer Information Engineering from the University of Southern California, Vice President of Hiwin Technology Co., Ltd.	Chairperson of Hiwin China Director of Hiwin USA Senior Vice President of Marketing Division, Hiwin Technology Corporation	—	—	—	-
Independent Director	ROC	Hsueh-Pin Chang	Male, 71-80yo	2018.12.12	2024.5.30	3 years	—	—	—	—	—	—	—	Ph.D., Institute of Mechanics and Aeronautics, Cornell University, USA, Chair Professor and Acting Chancellor of Kao Yuan University, Vice Chancellor Chief Reviewer of the Board of Science and Technology (BOST) of the Executive Yuan, Director of Hsi-Chun Hua Air Force Foundation, Chairman of Innovings Investment & Consulting Corporation, Director of Air Asia Company Limited, Supervisor of China Engine Corporation, 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	HIWIN MIKROSYSTEM CORP. Member of Audit Committee, Remuneration Committee and Nomination Committee Convener China Steel Corp. Independent Director Advanced International MultiTech Co., Ltd. Independent Director	—	—	—	-	
Independent Director	ROC	Chung-Jen Chen	Male, 51-60yo	2018.12.12	2024.5.30	3 years	—	—	—	—	—	—	—	Bachelor of Accounting, National Cheng Kung University, Specialist, Accounting Office, Bank of Taiwan, Manager of the Audit Office of Taiwan Financial Holdings Co., Ltd., Director of Accounting, Accounting Office, Chung Yuan University,	HIWIN MIKROSYSTEM CORP. Audit Committee Convener, Member of Remuneration Committee and Nomination Committee	—	—	—	-	

Title	Nationality / Place of Incorporation	Name	Gender Age	Date First Elected	Date Elected	Term	Shareholding when Elected		Current Shareholding		Spouse & Minor child Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Concurrently holding positions in the Company and other companies	Executives, Directors or Supervisors Who are Spouses or within the Second Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	ROC	Chien-Yu Lo	Female, 51-60y/o	2024.5.30	2024.5.30	3 years	-	-	-	-	-	-	-	-	Middlebury Institute of International Studies at Monterey, Master of Arts in Translation and Interpretation National Taiwan University, Bachelor of Arts Gogoro Taiwan Ltd. Department of Public Affairs Senior Manager Liberty Times Ltd. Division of Industrial Economy Convener	HIWIN MIKROSYSTEM CORP. Member of Audit Committee, Remuneration Committee and Nomination Committee Taiwan Excellent Brand Association Secretary-General	-	-	-	-

Note : Where the Chairman of the Board of Directors and the President or a person with equivalent position (top-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship: None

1. Major shareholders of institutional shareholders:

March 28, 2025

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders	
	Name	Holding %
HIWIN TECHNOLOGIES CORP. (Note 1)	HIWIN INVESTMENT AND HOLDING CORP. Representative: Wen Hen Chuo	8.14%
	Fubon Life Insurance Co., Ltd. Representative: Fuxing Lin	4.34%
	Cathay Life Insurance Co., Ltd. Representative: Minghe Xiong	3.76%
	Nanshan Life Insurance Co., Ltd. Representative: Chong yao Yin	3.46%
	Eric Y. T. Chuo	3.10%
	Labor Pension Fund (The New Fund)	2.98%
	Shun-Chin Lee	2.53%
	HSBC Bank(Taiwan) Limited entrusted with custody of Fidelity Advisor Series VIII:Fidelity Advisor focuses on Emerging Markets Fund Investment Account	2.04%
	Wen Hen Chuo	1.93%
	First Commercial Bank - Shun-Chin Lee Trust Account	1.69%
	HIWIN INVESTMENT AND HOLDING CORP. (Note 2)	You-ying Chuo
You-song Chuo		19.70%
You-po Chuo		19.70%
Wen-Hen Chuo		18.82%
Hsiu-Yu Chuo		9.50%
Hui-ching Tsai		5.76%
Shiu-min Chuo		2.69%
Yu-fang Chiu		0.39%
Yu-jen Chiu		0.39%
Shirong Qiu		0.04%
Ziqin Pan	0.04%	
Yongchiang Investment Co., Ltd.(Note 3)	Jen Yong Ltd.	50%
	Nai qiang, Ltd.	50%

Note 1: According to HIWIN TECHNOLOGIES CORP., the information on major shareholders as of March 31, 2024 was disclosed in the 2023 annual report.

Note 2: Based on the shareholder register of HIWIN INVESTMENT AND HOLDING CORP.

Note 3: Based on the shareholder register of Yongchiang Investment Co., Ltd., as at March 28, 2025

2. Major shareholders of institutional shareholders

March 28, 2025

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders	
	Name	Holding %
Jen Yong Ltd. (Note )	Shun-Chin Lee	5.71%
	Mei-yue Chen	5.71%
	Cheng-lun Li	5.71%
	Ai-lun Li	5.71%
	Wei-lun Li	5.71%
	Nai qiang, Ltd.	71.43%
Nai Qiang, Ltd.(Note )	Shun-Chin Lee	5.71%
	Mei-yue Chen	5.71%
	Cheng-lun Li	5.71%
	Ai-lun Li	5.71%
	Wei-lun Li	5.71%
	Jen Yong Ltd.	71.43%

Note: Based on the shareholder register of Jen Yong Ltd. and Nai Qiang, Ltd., as at March 28, 2025

### 3. Information on professional qualifications of Directors and on independence of Independent Directors

Name	Criteria	Professional qualifications and experience	Independence	Number of other public companies where the person is concurrently serving as an independent director
Hsiu-Yu Chuo, Chairman		For the Directors' professional qualifications and experience, please refer to the "Director Member Information" in this annual report (pages 5-8)	Not applicable	0
HIWIN INVESTMENT AND HOLDING CORP. Representative: Eric Y. T. Chuo, Director				0
Kou-I Szu, Director				0
Yongchiang Investment Co., Ltd. Representative: Shun-Chin Lee, Director				0
Liang-Chi Chang, Director				0
HIWIN TECHNOLOGIES CORP. Representative: Yan-Qi Peng				0
Hsueh-Pin Chang, Independent Director		None of the directors are classified under Article 30 of the Companies Act. (Note 1)	All Independent Directors meet the following conditions: 1. Comply with Article 14-2 of the Securities Exchange Law promulgated by the Financial Regulatory Commission and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) 2. Director (or in the name of others), spouse and minor children hold no shares in the Company. 3. Remuneration received by the Company or its affiliated companies for business, legal, financial, accounting and other services has not been provided in the last two years.	2
Chung-Jen Chen, Independent Director				0
Chien-Yu Lo Independent Director				0

Note 1: Those who fall under the following conditions shall not be appointed as managers. Those who have already been appointed shall be dismissed accordingly:

1. Have committed a crime specified in the Organized Crime Prevention Act, post-conviction, have not started serving the sentence or have not completed serving the sentence; the probation has expired, or the pardon has not exceeded five years
2. Have committed fraud, breach of trust or embezzlement and have a determinate prison sentence of more than one year, and have not started serving the sentence or have not completed serving the sentence; the probation has expired, or the pardon has not exceeded two years
3. Have committed a crime under the Anti-Corruption Act and have been convicted of the crime and have not started serving the sentence or have not completed serving the sentence; the probation has expired, or the pardon has not exceeded two years
4. Have declared bankruptcy or have started liquidation procedures as determined by the court, but without reinstatement of rights
5. A bill of exchange is dishonored and the term of such sanction has not expired.
6. Have no capacity to make juridical acts or have a limited capacity to make juridical acts
7. A commencement of guardianship has not been revoked.

Note 2: Two years prior to being elected and during the term of office, the following independence assessment criteria have been met:

1. Not a government entity, legal person or its representative as stipulated in Article 27 of the Company Act
2. Concurrently serving as an Independent Director of other three or less public companies
3. Not classified under any of the following in two years before the election and during the term of office:
  - (1) An employee of the Company or its affiliated companies
  - (2) A director or supervisor of the Company or its affiliated companies
  - (3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1 percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
  - (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
  - (5) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act
  - (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
  - (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
  - (8) A director, supervisor, officer, or shareholder holding 5 percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company

- (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

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4. Diversification and independence of Board of Directors:

(1) Board of Directors Diversification

In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company's "Code of Practice on Corporate Governance" stipulates that the composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that Directors to possess the two but not be limited to, perspectives of standards, basic requirements and values, professional knowledge and skills. The Company's current Board consists of 9 Directors, including 3 natural-person Directors, 3 legal-person Directors and 3 Independent Directors. All Independent Directors have not served for more than 3 consecutive terms of office. The composition of Directors is diversified, with different core competencies, in addition to Independent Directors with different professional backgrounds.

(2) Specific management objectives

The Company's Board of Directors shall set the Company's strategies, supervise top-level management, and are accountable to the Company and shareholders. The operations and organization of its corporate governance policies shall ensure that the Board of Directors exercises its powers in accordance with laws and regulations, the "Articles of Association" or shareholder resolutions. In order to strengthen the functions of the Board of Directors in achieving the goals of corporate governance, Article 20 of the Company's "Code of Practice on Corporate Governance" stipulates that the Board of Directors should have overall capabilities (i.e., operational judgment, accounting and financial analysis, business management, crisis management, industrial knowledge, international market perspective, leadership, and decision-making) and at least 3 directors with expertise in each of the fields. In addition, the Board of Directors shall include at least three female members. Directors who also serve as managers of the Company shall not exceed one-third of the total number of Directors. No more than two directors shall be spouse or within the second degree of kinship.

(3) Achievements

There are 9 members serving on the 11th Board of Directors, including 3 Independent Directors. Each term of office is 3 years and directors are eligible for re-election. There are three female directors (accounting for 33%); three directors are managers of the Company (accounting for 33%); two directors are within the second degree of kinship (accounting for 22%). Independent Directors account for 33% of the board, who have been on the board for 1 to 6 years. There are at least 3 directors with expertise in each field, aligning with the Board's diversity goals. The implementation of the diversification policy of the Board of Directors is illustrated as follows.

Director's Name	Nationality	Gender	Concurrently serving as an employee of the Company	Age (y/o)	Independent Director Term (Seniority)	Industry experience		Professional ability		
						Banking	Assets Management	Accounting	Technology	Risk Management
Hsiu-Yu Chuo	ROC	Female	V	below 60	-	V	V	V		V
HIWIN INVESTMENT AND HOLDING CORP., Representative: Eric Y. T. Chuo	ROC	Male	V	over 71	-	V	V	V	V	V
Yongchiang Investment Co., Ltd. Representative: Shun-Chin Lee	ROC	Male		over 71	-		V			V
Liang-Chi Chang	ROC	Male		over 71	-	V	V	V		V
HIWIN TECHNOLOGIES CORP. Representative: Yan-Qi Peng	ROC	Female		61-70	-		V		V	V
Kou-I Szu	ROC	Male	V	61-70	-		V		V	V
Hsueh-Pin Chang	ROC	Male		over 71	4-6 years		V		V	V
Chung-Jen Chen	ROC	Male		below 60	4-6 years	V		V		V
Chien-Yu Lo	ROC	Female		below 60	1-3 years				V	V

Director's Name	Business judgment	Accounting and Financial Analysis	Operational Management	Crisis Management	Industry Knowledge	International Market Perspective	Leadership	Decision Making
Hsiu-Yu Chuo	V	V	V	V	V	V	V	V
HIWIN INVESTMENT AND HOLDING CORP. Representative: Eric Y. T. Chuo	V	V	V	V	V	V	V	V
Yongchiang Investment Co., Ltd. Representative: Shun-Chin Lee	V		V	V	V	V	V	V
Liang-Chi Chang	V	V	V	V	V	V	V	V
HIWIN TECHNOLOGIES CORP. Representative: Yan-Qi Peng	V		V	V	V	V	V	V
Kou-I Szu	V		V	V	V	V	V	V
Hsueh-Pin Chang			V		V	V	V	V
Chung-Jen Chen		V			V	V	V	V
Chien-Yu Lo				V	V	V	V	V
Target No. of Directors	3	3	3	3	3	3	3	3
No. of Directors Achieved	6	4	7	7	9	9	9	9
Achievement Rate	100%	100%	100%	100%	100%	100%	100%	100%

(2) President, Vice President, heads of various departments and branches

March 28, 2025

Title	Nationality	Name	Gender	Date Effected	Shareholding		Spouse & Minor child Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman CEO	ROC	Hsiu-Yu Chuo	Female	2024.08.13	22,150,630	18.49%	928,689	0.78%	-	-	Master of Financial Management, Baruch College, USA, Sino Bank, Secretary to Chief Financial Officer, HIWIN MIKROSYSTEM CORP. Vice Chairman	Matrix Precision Co., Ltd. Vice Chairman/Co-CEO  Holds the position of Director: -HIWIN TECHNOLOGIES CORP. -HIWIN INVESTMENT AND HOLDING CORP. -HIWIN Business Management Co., Ltd. -Hiwin Corporation, USA -Hiwin Singapore Pte Ltd. -Hiwin GmbH HIWIN CORPORATION, Japan. Director Supervisor, Yong-Yin Investment and Holding Corp	CEO  Executive Vice President	Eric Y. T. Chuo  Kai-sheng You	Father and Daughter  Spouse	-
CEO	ROC	Eric Y. T. Chuo	Male	2024.08.13	1,476,145	1.23%	1,224,083	1.02%	-	-	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 Engineering, National Taiwan University, Hon. Doctor of Science, Matrix Precision Co., Ltd. Chairman, HIWIN MIKROSYSTEM CORP. Legal Representative Chairman, Taiwan Automation Intelligence and Robotics Association (TAIROA) Founding Chairman, Machine Tool & Accessory Builders' Association (TMBA), Honorary Chairman	HIWIN TECHNOLOGIES CORP.CEO Holds the position of Director: -HIWIN TECHNOLOGIES CORP. -Matrix Precision Co., Ltd. Legal Representative Director, and Co-CEO -HIWIN INVESTMENT AND HOLDING CORP. -HIWIN Education Foundation -Asia University	Deputy CEO  Executive Vice President	Hsiu-Yu Chuo  Kai-sheng You	Father and Daughter  Son-in-law	-
President	ROC	Kou-I Szu	Male	2017.06.01	623,986	0.52%	145,630	0.12%	-	-	Universität Paderborn, Germany. Doctor of Engineering, Taiwan Electronic Equipment Industry Association (TEEIA) Director, Taiwan Automation Intelligence and Robotics Association (TAIROA) Chairman	Mega-Fabs Motion Systems Ltd. Chairman	-	-	-	-

Title	Nationality	Name	Gender	Date Effected	Shareholding		Spouse & Minor child Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Positions	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Executive VP	ROC	Kai-sheng You	Male	2017.06.01	928,689	0.78%	22,150,630	18.49%	—	—	Pace University, Master of Financial Management Cathay Life Securities Investment Researcher, HIWIN Technologies Assistant Manager, Taiwan Electronic Equipment Industry Association (TEEIA) Executive Director	Holds the position of Director: -Mega-Fabs Motion Systems Ltd. -HIWIN Technologies, Korea -HIWIN Singapore Pte Ltd. -HIWIN Technologies, China HIWIN Business Management Co., Ltd. Supervisor	CEO	Eric Y. T. Chuo	Son-in-law	
Finance director Head of Accounting Head of Corporate Governance	ROC	Hung-Yi Tsai	Male	2024.08.13	88	—	—	—	—	—	Master of Finance and Banking from National Chung Cheng University, Manager of Hiwin Microsystems Co., Ltd.	—	—	—	—	

Note 1: Date of appointment under current title

Note 2: The President or equivalent position (top manager) and the Chairman are the same person, each other's spouse, or within first degree of kinship: None

Note 3: Refers to incumbents as of the date of publication of the annual report.

**(3) Remuneration paid to directors and senior managers in the most recent year**

**1. Remuneration of Directors and Independent Directors**

Unit: NTS1000

Title	Name	Director Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%) (Note 1)		Remuneration from ventures other than subsidiaries or from the parent company						
		Base Remuneration (A)		Severance Pay (B)		Directors Remuneration(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Remuneration (G) (Note 2)										
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock		The Company	All companies in the consolidated financial statements				
Director	Hsiu-Yu Chuo																									
	HIWIN INVESTMENT AND HOLDING CORP. Representative: Eric Y. T. Chuo																									
	Kou-I Szu																									
	Yongchiang Investment Co., Ltd. Representative: Shun-Chin Lee	—	—	—	—	1,917	1,917	1,300	1,300	3,217	3,217	5.29%	5.29%	27,103	27,103	534	534	207	0	207	0	31,061	31,061	51.21%	51.21%	None
	Liang-Chi Chang																									
Independent Director	HIWIN TECHNOLOGIES CORP. Representative: Yan-Qi Peng																									
	Hsueh-Pin Chang																									
	Chung-Jen Chen	6,000	6,000	—	—	—	—	—	—	6,000	6,000	9.90%	9.90%	-	-	-	-	-	-	-	-	6,000	6,000	9.90%	9.90%	None
	Jia-heng Gu																									
	Chien-Yu Lo																									

1. Please specify the Independent Director's remuneration distribution policy, system, standards, and structure, as well as their correlation with the amount of remuneration paid according to the responsibilities, risks, investment time and other factors:  
 The remuneration of the Company's Independent Directors, in accordance of the "Director Performance Appraisal and Remuneration Policy", is a fixed monthly sum. Independent Directors do not participate in the annual distribution for Directors.

2. Except as disclosed in the table above, the remuneration received by the Company director for services provided in the most recent year (such as serving as a consultant for non-employees of the parent company/all companies investment undertakings in the financial report, etc.): None.

Note 1: The after-tax surplus is based on the financial statements approved by the CPA in 2024.

Note 2: As of the date of publication of the annual report, the list of employee remuneration allotments has not yet been determined, so the proposed allotment for this year is calculated based on the actual allotment ratio of previous years

Note 3: The directors of the board were elected unitarily on 2024/5/30

## Remuneration Range

Remuneration range of Company Directors	Director's Name			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Less than NT\$ 1,000,000	HIWIN INVESTMENT AND HOLDING CORP. (Representative Eric Y. T. Chuo), HIWIN TECHNOLOGIES CORP. (Representative Yan-Qi Peng ), Kou-I Szu, Yongchiang Investment Co., Ltd. (Representative Shun-Chin Lee), Liang-Chi Chang, Jia-heng Gu	HIWIN INVESTMENT AND HOLDING CORP. (Representative Eric Y. T. Chuo), HIWIN TECHNOLOGIES CORP. (Representative Yan-Qi Peng), Kou-I Szu, Yongchiang Investment Co., Ltd. (Representative Shun-Chin Lee), Liang-Chi Chang, Jia-heng Gu	HIWIN TECHNOLOGIES CORP. (Representative Yan-Qi Peng), Yongchiang Investment Co., Ltd. (Representative Shun-Chin Lee), Liang-Chi Chang, Jia-heng Gu	HIWIN TECHNOLOGIES CORP. (Representative Yan-Qi Peng), Investment Co., Ltd. (Representative Shun-Chin Lee), Liang-Chi Chang, Jia-heng Gu
NT\$1,000,000 - NT\$1,999,999	Hsiu-Yu Chuo , Hsueh-Pin Chang, Chien-Yu Lo	Hsiu-Yu Chuo , Hsueh-Pin Chang, Chien-Yu Lo	Hsueh-Pin Chang, Chien-Yu Lo	Hsueh-Pin Chang, Chien-Yu Lo
NT\$2,000,000 - NT\$3,499,999	Chung-Jen Chen	Chung-Jen Chen	Chung-Jen Chen	Chung-Jen Chen
NT\$3,500,000 - NT\$4,999,999	—	—	—	—
NT\$5,000,000 - NT\$9,999,999	—	—	Kou-I Szu	Kou-I Szu
NT\$10,000,000 - NT\$14,999,999	—	—	Hsiu-Yu Chuo, HIWIN INVESTMENT AND HOLDING CORP. (Representative Eric Y. T. Chuo),	Hsiu-Yu Chuo, HIWIN INVESTMENT AND HOLDING CORP. (Representative Eric Y. T. Chuo),
NT\$15,000,000 - NT\$29,999,999	—	—	—	—
NT\$30,000,000 - NT\$49,999,999	—	—	—	—
NT\$50,000,000 - NT\$99,999,999	—	—	—	—
Greater than or equal to NT\$100,000,000	—	—	—	—
Total	10 People	10 People	10 People	10 People

## 2. Remuneration of CEO, President, and Vice Presidents

Unit: NT\$1000

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Remuneration (D) (Note 1)				Ratio of total remuneration (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO	Hsiu-Yu Chuo	25,560	25,560	642	642	8,834	8,834	287	0	287	0	35,323 58.23%	35,323 58.23%	None
CO-CEO	Eric Y. T. Chuo													
President	Kou-I Szu													
Executive Vice President	Kai-sheng You													

Note : The allocated employee remuneration in 2024 was NT\$3,833 thousand. As of the publication date of the annual report, the employee remuneration distribution list has not yet been determined, so the proposed distribution amount for this year is calculated based on the actual distribution ratio in previous years.

### Remuneration Range

Remuneration range of Company CEO, President, and Deputy President	Names of CEO, President, and Vice President	
	The Company	Companies in the consolidated financial statements
Less than\$ 1,000,000		
NT\$1,000,000 - NT\$1,999,999		
NT\$2,000,000 - NT\$3,499,999		
NT\$3,500,000 - NT\$4,999,999		
NT\$5,000,000 - NT\$9,999,999	Hsiu-Yu Chuo, Kou-I Szu, Kai-sheng You	Hsiu-Yu Chuo, Kou-I Szu, Kai-sheng You
NT\$10,000,000 - NT\$14,999,999	Eric Y. T. Chuo	Eric Y. T. Chuo
NT\$15,000,000 - NT\$29,999,999		
NT\$30,000,000 - NT\$49,999,999		
NT\$50,000,000 - NT\$99,999,999		
Greater than or equal to NT\$100,000,000		
Total	4 People	4 People

#### 4. Names of managers in charge of employee remuneration and distribution:

December 31, 2024

Unit: NT\$1000

Managers	Title	Name	Stock	Cash	Total	Proportion of total amount to net profit after tax
	CEO	Hsiu-Yu Chuo	0	310	310	0.51%
	CO-CEO	Eric Y. T. Chuo				
	President	Kou-I Szu				
	Executive Vice President	Kai-sheng You				
	Head of finance, head of accounting, head of corporate governance	Hung-Yi Tsai				

Note 1: The employee remuneration allocated for 2024 was NT\$3,833,000. As of the date of publication of the annual report, the list of employee remuneration distribution has not yet been determined. Therefore, the proposed distribution for this year is calculated based on the actual distribution ratio in previous years.

Note 2: Refers to incumbents as of the publication date of this annual report.

#### (4) Analysis of the ratio of the total remuneration (to the after-tax net profit) paid to Directors, Presidents, and Vice Presidents in the last two years by the Company and all companies in the consolidated statements; explanation of the policy, standard and combination of remuneration distribution, the formula for setting remuneration and operating performance and future risks

1. Analysis of the ratio of the total amount of remuneration (to the after-tax net profit) paid to Directors, Presidents, and Vice Presidents in the last two years by the Company and all companies in the consolidated statement:

Title	Item	Ratio of total remuneration to net profit after tax			
		2024		2023	
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director		61.11%	61.11%	667.00%	667.00%
CEO, President, and Vice President		58.23%	58.23%	642.58%	642.58%

Note 1. The after-tax net profit attributable to the parent company in 2024 was NT\$60,652 thousand .

2. The after-tax net profit attributable to the parent company in 2023 was NT\$5,101 thousand.

3. On February 26, 2025, the Company's board of directors approved the appropriation of NT\$3,833 thousand for employee remuneration and NT\$1,917 thousand for directors', accounting for 6.32% and 3.16% of the 2024 after-tax profit, respectively. As of the publication of the annual report, the employee remuneration distribution list has not yet been determined, and this is a tentative estimate of the proposed distribution.

4. The total remuneration of directors includes relevant compensation received by part-time employees, so there is an overlap with regard to the calculation of the total remuneration of the CEO, Presidents, and Vice Presidents.

2. The policy, standard and combination of remuneration distribution, procedures for determining remuneration, the correlation between business performance and future risks

(1) Article 31 of the Company's Articles of Association stipulates that if the Company generates profit in a year, it should allocate no less than 1% for employee remuneration and no more than 4% for directors' remuneration. The appropriation amount shall be released only after the Remuneration Committee's review; after which, it will be submitted to the Board of Directors for discussion and to be reported during the Shareholders' Meeting.

(2) The Company's procedures for determining the remuneration of Directors, the President, and Vice Presidents are guided by the "Director Performance Appraisal and Compensation Policy," "Director Performance Evaluation Method," and "Manager Performance Appraisal and Bonus Policy." Director compensation is not only influenced by the Company's overall operational performance, future industry risks, and development trends, but also by internal assessments conducted through self-assessment questionnaires. Assessment criteria include understanding of company goals and missions, awareness of director responsibilities, level of participation in company operations, management and communication of internal relationships, professionalism, ongoing learning (such as corporate governance courses), internal controls, and contribution to the Company. The compensation of the President and Vice Presidents follows the Company's "Policy for Employee Salaries and Managers' Benefits", considering both the manager's individual performance and the Company's overall operational performance and future risks. Recommendations are presented to the Remuneration Committee and then to the Board of

Directors for resolution. This allows for periodic reviews of the remuneration system based on actual operating conditions and relevant laws and regulations, ensuring a balance between the Company's sustainable operations and risk management.

- (3) The performance evaluation and compensation rationality of the Company's directors and managers both have undergone a thorough review by the Remuneration Committee, and have been examined by the Board's annual appraisal and audit. Key factors considered include the attainment rates of performance by each responsibility unit, progress of ESG project implementation, profitability, and contribution to the Company. Moreover, the Company's overall operational performance, future industry risks, and development trends are also factored in. The prevailing trends in corporate governance is also considered, to determine the appropriate remuneration level.

## 2.2 Implementation of Corporate Governance

### (1) Board Operations

There were 6 (A) board meetings in 2024. The actual attendance rate of all directors was 54/54 = 100%. The attendance of individual directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Hsiu-Yu Chuo	6	0	100%	
Director	HIWIN INVESTMENT AND HOLDING CORP. Representative: Eric Y. T. Chuo	6	0	100%	
Director	Yongchiang Investment Co., Ltd. Representative: Shun-Chin Lee	6	0	100%	
Director	Kou-I Szu	6	0	100%	
Director	Liang-Chi Chang	6	0	100%	
Director	HIWIN TECHNOLOGIES CORP. Representative: Ke-huang Liao	3	0	100%	Served till 2024/5/30
Director	HIWIN TECHNOLOGIES CORP. Representative: Yan-Qi Peng	3	0	100%	Elected on 2024/5/30
Independent Director	Chung-Jen Chen	6	0	100%	
Independent Director	Hsueh-Pin Chang	6	0	100%	
Independent Director	Jia-heng Gu	3	0	100%	Served till 2024/5/30
Independent Director	Chien-Yu Lo	3	0	100%	Elected on 2024/5/30

Other supplementary notes :

- Shall any of the following events occur during a board meeting, the date, period, content of the proposal, opinions of all independent directors, and the Company's handling of independent directors' opinions are to be disclosed:
  - Items listed in Article 14-3 of the Securities Exchange Act: Not applicable. The Company has Audit Committee. For further information please refer to the Operation of the Audit Committee in this report.
  - Except for the above-mentioned matters, other resolutions of the Board of Directors that have been opposed or reserved by independent directors with records or written statements: None.
- For the implementation of directors' recusal from involvement in proposals with potential conflict of interest, the director's name, content of proposal, and reasons for recusal and abstention from voting should be disclosed.
  - Board Meeting on May 30, 2024  
 Proposal Content:  
 Appointment of members to the 3rd Audit Committee; appointment of members to the 4th Remuneration Committee, and appointment of members to the 2nd Nomination Committee.  
 Reasons for recusal and abstention from voting: Pursuant to Article 206 of the Company Act,

independent directors Hsueh-Pin Chang, Chung-Jen Chen and Chien-Yu Lo, due to their vested interest in this proposal, were required to abstain from participating in the meeting and exercising their voting rights. The remaining directors present, after consultation with the chairman, found no detriment to the company's interests, thus had no objections to the proposal and subsequently passed it.

(2) Board Meeting on August 13, 2024

Proposal content:

Position adjustment: To appoint the Chairman to concurrently serve as the CEO, and to appoint Director Eric Y.T. Chou to concurrently serve as the Co-CEO

Reasons for recusal and abstention from voting: Pursuant to Article 206 of the Company Act, Chairman Chou Shou-yeu, and Director Eric Y.T. Chuo, due to their vested interest in this proposal, were required to abstain from participating in the meeting and exercising their voting rights. The remaining directors present, after consultation with the acting chairman, found no detriment to the company's interests, thus had no objections to the proposal and subsequently passed it.

3. Evaluation aspects of implementation status such as evaluation cycle and period, evaluation scope, method, and evaluation content of the board of directors' self (or peer) evaluation

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items	Evaluation results
Once a year	2024.01.01 ~ 2024.12.31	Board of Directors	Director's self-assessment	1. Level of involvement in Company operations 2. Enhancement of the quality of decision-making within the board 3. Composition and structure of the board 4. Election of directors and continuing education 5. Internal control	Exceeding the benchmark
Once a year	2024.01.01 ~ 2024.12.31	Individual Director	Director's self-assessment	1. Understanding Company goals and tasks 2. Understanding directors' responsibilities 3. Level of involvement in Company operations 4. Internal relationship management and communication 5. Professional and continuing education of directors 6. Internal control	Exceeding the benchmark
Once a year	2024.01.01 ~ 2024.12.31	Audit Committee	Self-assessment by Committee Members	1. Level of involvement in Company operations 2. Understanding of the Audit Committee's responsibilities 3. Enhancement of decision-making quality within the Audit Committee 4. Composition and member selection of the audit committee 5. Internal control	Exceeding the benchmark
Once a year	2024.01.01 ~ 2024.12.31	Remuneration Committee	Self-assessment by Committee Members	1. Level of involvement in Company operations 2. Understanding the responsibilities of the remuneration committee 3. Enhancement of the quality of decision-making within remuneration committees 4. Composition of remuneration committees and selection of members 5. Internal control	Exceeding the benchmark
Once a year	2024.01.01 ~ 2024.12.31	Nomination Committee	Self-assessment by Committee Members	1. Level of involvement in Company operations 2. Understanding the responsibilities of the Nomination Committee 3. Enhancing the quality of decision-making within the nomination Committee 4. Composition of the Nomination Committee and selection of members 5. Internal Control	Exceeding the benchmark

4. Results of strengthening the functions of the board in the current year and the most recent year (e.g.,

establishment of audit committee, improving information transparency, etc.) :

- (1) To improve information transparency, important resolutions were announced on the MOPS.TWSE on the same day in both Mandarin and English. Briefings are to be held when necessary to explain and answer questions in detail for the benefit of investors and reporters. Videos are also disclosed simultaneously to ensure that investors who cannot attend the briefing will receive the same information, for equal opportunities for all investors.
- (2) In addition to disclosing relevant information on the MOPS.TWSE in line with the regulation, a Sustainability area, an Investor area and a Corporate Governance area were also setup on the Company's website to disclose information in detail and in real time concerned by various stakeholders.
- (3) To continuously enhance directors' understanding of corporate governance trends, external speakers are invited to give lectures to the board members to keep abreast of global trends.
- (4) In order to promote corporate governance and effectively perform the functions of the board, the Company has appointed a head of corporate governance in accordance with "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".
- (5) The Company has obtained indemnity insurance for directors and important officers to protect against legal liability risks and enhance corporate governance capabilities.
- (6) The board of the Company is composed of nine directors, each with diverse professional backgrounds. This includes three independent directors, who hold one-third of the seats. There are three female directors serving on the board, upholding the principle of equality .

## (2) Audit Committee Operations

### 1. Professional qualifications and experiences of Audit Committee members

The Company sets up an audit committee, which is composed of all independent directors in accordance with the provisions of Article 14-4 of the Securities and Exchange Act. The committee follows the Company's "Audit Committee Organizational Regulations". The Company's Audit Committee is composed of three independent directors whose professional qualifications and experience are as follows.

Member	Professional qualifications and experience
Hsueh-Pin Chang	<ul style="list-style-type: none"> <li>• Ph.D. from the Institute of Mechanics and Aeronautics, Cornell University, former Vice Chancellor and Dean of the School of Information of Kao Yuan University of Science and Technology, qualified lecturer in public and private colleges and universities in departments relevant to the Company's businesses</li> <li>• Former chief reviewer of the Board of Science and Technology (BOST) of the Executive Yuan, currently an independent director of China Steel Corporation, has more than five years work experience in the fields of business, legal affairs, finance, and accounting, as well as the Company's businesses</li> </ul>
Chung-Jen Chen	<ul style="list-style-type: none"> <li>• Bachelor of Accounting from National Cheng Kung University, Certified Public Accountant and Internal Auditor, a certified professional and technical personnel who passed the national examination</li> <li>• Worked as Manager of the Audit Department of the Board of Directors of Taiwan Financial Holdings Co., Ltd. and Director of Accounting, Chung Yuan University, has more than five years work experience in the fields of business, legal affairs, finance, and accounting, as well as the Company's businesses</li> </ul>
Chien-Yu Lo	<ul style="list-style-type: none"> <li>• Middlebury Institute of International Studies at Monterey, Master of Arts in Translation and Interpretation National Taiwan University, Bachelor of Arts Gogoro Taiwan Ltd. Department of Public Affairs Senior Manager Liberty Times Ltd. Division of Industrial Economy Convener</li> <li>• Currently serving as the Secretary General of the Taiwan Boutique Brand Association, with more than five years of work experience in business, legal affairs, finance, accounting or corporate business</li> </ul>

### 2. Main functions and powers are as follows:

- (1) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) The adoption or amendment, pursuant to Article 36-1 of the Securities Exchange Act, of procedures for handling financial and business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.

- (4) Matters in which a director is and interested party.
- (5) Asset transactions or derivative trading of a material nature.
- (6) Loans of funds, endorsements or provision of guarantees of a material nature.
- (7) The offering, issuance, or private placement of equity-type securities.
- (8) The appointment or dismissal of CPAs, or their compensation.
- (9) The appointment or discharge of a financial, accounting, or internal audit officer.
- (10) Annual financial reports signed or sealed by the chairman, a manager or an accounting chief, and the second quarter financial report to be audited and attested by a CPA.
- (11) Other material matters as may be required by the Company or by the competent authority.

3. Matters under consideration in 2024 included the following:

- (1) Financial statement audit and accounting policies and procedures
- (2) Assessment of the effectiveness of the internal control system
- (3) Directors' personal interests
- (4) Endorsements and Guarantees
- (5) Qualifications, independence, and suitability of CPAs
- (6) Appointment and remuneration of CPAs
- (7) Compliance with laws and regulations
- (8) Revision of the Company's internal control policies
- (9) Enterprise risk management

4. A total of 5 (A) Audit Committee meetings were held in 2024. The attendance of the independent directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Independent Director	Chung-Jen Chen	5	0	100%	
Independent Director	Hsueh-Pin Chang	5	0	100%	
Independent Director	Jia-Heng Gu	3	0	100%	Served till 2024/5/30
Independent Director	Chien-Yu Lo	2	0	100%	Elected on 2024/5/30

Other supplementary notes:

1. If any of the following occurs, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be disclosed:

(1) Matters referred to in Article 14-5 of the Securities and Exchange

Act.Meeting Date ( Session )	Content of the proposal	Resolution result	Company's handling of Audit Committee's opinions
2024.02.27 15 <sup>th</sup> meeting of the 2 <sup>nd</sup> Committee	<ul style="list-style-type: none"> <li>• The Company's 2023 "Internal Control System Declaration"</li> <li>• The Company's 2023 annual business report and financial statements</li> <li>• The Company's 2023 earning distribution plan</li> <li>• The independence and suitability of the Company's CPAs and their appointment &amp; remuneration</li> </ul>	After the chairman consulted all members present, the proposals were approved without objection and were	The proposals were approved by the board
2024.04.02 16 <sup>th</sup> meeting of the 2 <sup>nd</sup> Committee	<ul style="list-style-type: none"> <li>• Lifting of restrictions on the non-competition for the directors and their representatives</li> </ul>		
2024.05.09 17 <sup>th</sup> meeting of the 2 <sup>nd</sup> Committee	<ul style="list-style-type: none"> <li>• The Company's consolidated financial report for the first quarter of 2024</li> </ul>		
2024.08.13 1 <sup>st</sup> meeting of the 3 <sup>rd</sup> Committee	<ul style="list-style-type: none"> <li>• The Company's consolidated financial report for the second quarter of 2024</li> <li>• Changes in the Head of Finance and Head Corporate Governance</li> </ul>		

	<ul style="list-style-type: none"> <li>Amendment to the Internal Control System: "Procedures for the Management of Financial and Non-Financial Information"</li> </ul>	submitted to the board for discussion	
2024.11.08 2 <sup>nd</sup> meeting of the 3 <sup>rd</sup> Committee	<ul style="list-style-type: none"> <li>The Company's consolidated financial report for the third quarter of 2024</li> <li>Approved the 2025 audit plan</li> <li>Amendment to the "Rules of Procedure for Board of Directors Meetings"</li> <li>Amendment to the "Audit Committee Charter"</li> </ul>		

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds of directors or more: None.

2. Incidence for any independent directors who recused themselves due to conflict of interest, the directors' names, content of motion, reason for recusal and voting should be specified: None

3. Communication between the independent directors, the Company's chief internal auditor and CPAs.

(1) Independent Directors and the internal auditor:

The head of internal audit has held a close-door discussion with the independent directors at least every six months to explain the internal audits, audit results and progress of ramifications. The communication between the independent directors and the head of internal audit went well. The communication as of the date of publication of the annual report is as follows.

Date	Communication key point	Communication results
2024.02.27	Issuance of the Company's Statement of Internal Control System for 2023	Contents of the statement was considered and approved by the Board, and was announced to the public and reported to the regulatory authority
2024.05.10 (The head of internal audit reported privately to the independent directors)	Overview on the Internal Audit Engagements for the first half of 2024	After discussion and communication, the Independent Directors had no objection to the report on the audit results.
2024.11.08 (The head of internal audit reported privately to the independent directors)	Overview on the Internal Audit Engagements for the Second Half of 2024	After discussion and communication, the Independent Directors had no objection to the report on the audit results.
2025.02.26	Issuance of the Company's Statement on Internal Control System for the year 2024	Contents of the statement was considered and approved by the Board , and was announced to the public and reported to the regulatory authority.

(2) Independent Directors and CPAs of the Company

The Company's CPAs has held close-door discussions with the independent directors at least every six months. The communication between the independent directors and the CPAs went well. The communication as of the date of publication of the annual report is as follows.

Date	Communication key point	Communication results
2024.02.27 (The CPA reported privately to the independent directors)	<ul style="list-style-type: none"> <li>The Company's 2023 Annual Financial Report and discussion of audit findings</li> <li>Finding on Critical Audit topics</li> <li>New legislations and standards applicable</li> </ul>	The annual financial statements were approved by the Audit Committee and the Board , and were announced to the public and reported to the regulatory authority.
2024.11.08 (The CPA reported privately to the independent directors)	<ul style="list-style-type: none"> <li>Audit Plan for 2024 financial reports (including communication of Critical Audit Topics)</li> <li>Report on Significant Risks and Key Audit Matters</li> <li>New legislations and standards applicable</li> </ul>	After discussion and communication, no objection was raised.
2025.02.26 (The CPA reported privately to the independent directors)	<ul style="list-style-type: none"> <li>The Company's 2024 Annual Financial Report and discussion of audit findings</li> <li>Report on Significant Risks and Key Audit Matters</li> </ul>	The annual financial statements were approved by the Audit Committee and the Board, and were announced to the public and reported to the regulatory authority.

independent directors)

● New legislations and standards applicable

4. The Company shall convene the Audit Committee on a regular basis and invite the accountant, the head of audit, and relevant officers to attend the meetings as deemed necessary.

**(3) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies”**

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies” and Reasons
	Yes	No	Summary Description	
1. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on the “Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies”?	V		The Company has established its "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies" and as the basis for implementation of relevant regulations and handling of various disclosures, which are available for download in the Investors webpage of the Company's website.	None
2. Shareholding structure & shareholders' rights				
(1) Has the Company established internal operating procedures to deal with shareholders' suggestions, queries, disputes, and litigations, and managed these based on the procedures?	V		(1) The Company has established internal procedures that assign relevant units to deal with shareholders' suggestions, queries or disputes, and has appointed a spokesperson, proxy spokesperson and investor contact window which can be found on the Company's website, providing immediate information and services to shareholders.	None
(2) Does the Company have a list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company keeps track of the shareholdings of Directors, Managers and the top ten shareholders, and to abide by regulations to report relevant information.	None
(3) Has the Company established and executed a risk management and firewall system within its conglomerate structure?	V		(3) The Company has formulated "Administrative Measures for Group Enterprises, Specific Companies and Related Party Transactions", "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" "Operating Procedures for Endorsement" and "Procedures for Lending Funds to Other Parties" in accordance with relevant laws and regulations, and has established a firewall mechanism. It has also setup guidelines for "Supervision and Management of Subsidiaries" to implement the risk control mechanism for subsidiaries in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" issued by the Financial Supervisory Commission.	None
(4) Has the Company established internal rules against using inside information for insider trading	V		(4) The Company has formulated "Procedures for Handling Material Inside Information and Prevention of Insider Trading ", which expressly prohibits company insiders and other persons who are privy to the Company's internal material information given their status, occupation or control from using unpublished information on the market to buy and sell securities. Relevant company personnel are required to strictly comply so as to protect investors and safeguard the rights and interests of the Company. This method is also disclosed on the Company's website	None
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversity policy with regard to the composition of its members?	V		(1) The Company implements a board diversity policy set forth in the "Corporate Governance Best Practice Principles," including but not limited to the following standards: (1) Basic conditions and values: gender, age, nationality, race and culture; (2) Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing or technology), and industry experience. For management objectives and	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies" and Reasons
	Yes	No	Summary Description	
(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and Audit Committee?	V		implementation, please refer to the "Diversity and Independence of the Board of Directors" in this annual report. (2) The Company has set up a remuneration committee and audit committee in accordance with the law. In addition to these committees, a "Nomination Committee" has also been set up, consisting of three independent directors. Its purpose is to enhance the functionality of our Company's board of directors and strengthen management mechanisms.	None
(3) Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for re-election?	V		(3) In order to implement corporate governance and enhance the functions of the Company's board of directors, and to establish performance goals to strengthen the operational efficiency of the board, the Company formulated the Company's "Rules for Performance Evaluation of Board of Directors" in accordance with the Taiwan Securities Regulatory Letter No. 1070025395 dated December 27, 2018, which were approved by the board on November 13, 2019. Before the end of the first quarter of the following year, the deliberative units of the Company's board of directors distributed the "Self-evaluation Questionnaire for Performance Appraisal of the Board of Directors", "Self-assessment Questionnaire for Performance Appraisal of Directors", "Self-assessment Questionnaire for Audit Committees" and "Self-assessment Questionnaire for Performance Appraisal of Remuneration Committees". The assessment results were recorded and sent to the board. The overall performance evaluation results of the board, individual board members, the Audit committee, Remuneration committee and the Nomination committee in 2024, were all "exceeding the benchmark" and were noted in the motion of the board of directors on February 26, 2025. The evaluation results were properly recorded and will be used as a reference for future directors' remuneration and election.	None
(4) Does the Company regularly evaluate the independence of CPAs?	V		(4) In accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Audit Committee assesses annually the independence and appropriateness of the CPA. In addition to requesting the "Statement of Extraordinary Independence" and "Audit Quality Indicators (AQIs)" from the CPA, the Audit Committee also conducts the assessment in accordance with the criteria set out in (Note) and the 13 indicators in the AQIs. It is ratified that the CPA has no direct, or material indirect, financial interests with the Company other than the fees from audits of financial statements and income tax, and does not serve as a director or independent director of the Company, and is not a shareholder of the Company and is not paid by the Company, being at an adequate situation. It is also verified that the audit experience and training hours of the CPA and the firm were better than the industry average, referring to the Audit Quality Indicators (AQIs). The auditing firm has been utilizing digital audit tools in the past three years to improve audit quality. The results of the latest annual appraisal were discussed and approved by the Audit Committee on February 26, 2025, and submitted to the Board of Directors for approval on February 26, 2025.	None
4. Has the Company appointed a suitable number of competent personnel and supervisor responsible	V		To implement corporate governance, the Company has designated appropriate number of corporate governance personnel and, with the approval of the Board of Directors on 13 August 2024, appointed Mr. Hung-Yi Tsai, Head of	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies" and Reasons
	Yes	No	Summary Description	
for corporate governance matters (including but not limited to providing information on the functions of directors and supervisors, assisting directors and supervisors with regard to compliance, handling board shareholder meetings, and recording minutes of board meetings and shareholders' meetings)?			<p>Finance, as the Head of Corporate Governance. Mr. Tsai, who has more than three years of relevant management experience in public companies, is in charge of the following duties:</p> <ol style="list-style-type: none"> <li>(1) provides information necessary for directors to carry out their functions, handles matters relating to board and shareholder meetings in accordance with the law, handle the registration of companies and amendments, records minutes of board and shareholder meetings as well as other corporate governance-related matters</li> <li>(2) consults relevant Board members prior to the Board meeting to enable functional committees to plan and prepare the agenda, as well as sends the notice of meetings and related meeting information in accordance with statutory deadlines in order to provide sufficient time for Directors to go over the agenda; after the meeting, the minutes are compiled and sent out in accordance with regulations</li> <li>(3) prepares for shareholder meetings in accordance with the law and Company procedures, and handles the registration of amendments to the Articles of Association after approval or re-election of directors</li> <li>(4) informs the members of the Board of Directors of the latest amendments to laws and regulations relating to Company operations and corporate governance; arrangements are also made for directors to attend professional development courses on corporate governance, finance and legal affairs to help enhance the professional knowledge and legal literacy of directors for a more effective implementation of corporate governance</li> <li>(5) convenes communication meetings with the CPAs, independent directors, internal auditor, and finance directors from time to time to implement internal audit and control systems</li> <li>(6) informs the Board of Directors regularly about the latest legal and regulatory developments in the Company's business and corporate governance, and provides assistance in the appointment of directors and compliance with the law</li> <li>(7) reports to the Board of Directors on the evaluation results of the qualifications of independent directors meet the relevant laws and regulations during the nomination, appointment, and tenure periods</li> </ol> <p>The business initiatives for the year 2024 are as follows:</p> <ol style="list-style-type: none"> <li>(1) Prepared meeting agendas for the Board of Directors and functional committees as well as information to facilitate meeting proceedings; notified all directors at least seven days prior to the meeting, providing the members with sufficient information to understand the agenda; reminded members in concerning in advance of the need to recuse themselves from certain issues to be discussed in case there were any conflicts of interest. Administered six Board meetings, five Audit Committee meetings ,two Remuneration Committee meetings and five Nomination Committee meetings in 2024.</li> <li>(2) Responsible for announcing material information on important resolutions at the Board and shareholder meetings to ensure the compliance and accuracy of contents made public, and to safeguard the equality of obtaining trading information by investors.</li> <li>(3) Evaluated the performance of the Board of Directors and functional committees annually in accordance with the Company's "Rules for Performance Evaluation of Board of Directors".</li> <li>(4) Provided assistance to directors with regard to appointment and compliance with the Act; organized at least six hours of continuing education courses in 2024 to help directors complete the annual training.</li> <li>(5) Addressed issues relating to ordinary general meetings in accordance with the Act: registered the date of the general meeting each year according to the deadline specified in the</li> </ol>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies” and Reasons
	Yes	No	Summary Description	
			Act, prepared and reported the notice of the meeting, manual and minutes of the meeting before the deadline; registered Company changes after the amendment of the “Articles of Association” or the re-election of directors. The Head of Corporate Governance has completed 12 hours of training in 2024. Please refer to the Annual Report under Head of Corporate Governance and Head of Audit for the complete course information.	
5. Has the Company established a communication channel and built a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as addressed issues related to corporate social responsibility?	V		(1) When necessary, the Company shall instruct relevant departments to assist stakeholders so as to establish good rapport and communication. The Company's website (www.hiwinmikro.tw) has a "Stakeholder" webpage that provides a year-round communication channel for customers, suppliers, employees and the general public, so they can contact the Company in which a dedicated person would respond and address their concerns regarding critical social issues. (2) The Company has a spokesperson system, which will be responsible for responding to corporate and investor-related issues. (3) The Company has also set up an email address, which is a different communication channel for stakeholders. If stakeholders have any suggestions, concerns or complaints, they can use the email address to get in touch with the dedicated point of contact to ensure effective and smooth communication between the Company and its stakeholders.	None
6. Has the Company appointed a professional shareholder services agent to deal with shareholder affairs?	V		The administration of the Company's shareholder meetings is held by professional shareholder service provider. This year, Yuanta Securities Co., Ltd has been appointed as our shareholder service agent .	None
7. Information Disclosure				
(1) Does the Company have a corporate website to disclose both financial information and status of corporate governance?	V		(1) The Company has an official website, which includes a webpage for "Investors" in both English and Chinese to disclose information on financial operations and corporate governance, and reports relevant information on a regular basis through the channels designated by the FSC in accordance with relevant laws and regulations.	None
(2) Does the Company have other information disclosure channels (e.g. English website, designated people to handle information collection and disclosure, spokesman system, webcast of investor conferences)?	V		(2) The Company has set up a website in English and Chinese and has instructed relevant departments to assign dedicated staff to maintain and update the web content and information for the convenience of the public. The Company has also established a spokesperson system, with a spokesperson and acting spokesperson, who are responsible for addressing the concerns of stakeholders on behalf of the Company. The Company's contact information (i.e., telephone and e-mail) can also be found on the website. Information from investor conferences and presentations are posted on the Company website as required.	None
(3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operating results before the prescribed time limit?	V		(3) The Company's consolidated and individual financial statements for the year 2024 were published on February 26, 2025. In addition, the first, second and third quarterly reports and monthly operating results were announced and reported within the prescribed deadlines, as reported on the Market Observation Post System. ( <a href="https://mops.twse.com.tw/">https://mops.twse.com.tw/</a> )	None

8. Is there any other important information that can help shareholders understand the system of corporate governance? Yes. Describe in detail

(1) Operational performance

In order to implement corporate governance, the Company has not only established an effective internal control framework and implemented self-assessment on internal control measures, but also welcomed independent directors whose professional experience can help elevate management wisdom and effectiveness, and strengthen the functions of the Board while protecting shareholder rights and interests as well as enhancing information transparency. In addition, the Company has established a public information reporting mechanism in accordance with relevant laws and regulations to enable shareholders and investors to fully understand the Company's financial and business conditions and corporate governance. In order to strengthen corporate governance, the Company has likewise created a website in both English and Chinese to provide timely information to domestic and international investors. There is also a stakeholder platform that serves as a communication channel wherein stakeholders can inquire any time and the Company can promptly take action.

(2) Information on environmental protection expenses and a description of labor relations (staff rights and employee care)

Please refer to Section 4.4 and 4.5 of this annual report.

(3) Investor relations

The Company appoints a professional shareholder service agent to handle shareholder matters and treats all shareholders fairly and equally. Shareholders are notified to attend shareholder meetings following procedures as stipulated in the regulations. To protect their rights and interests, shareholders are given sufficient opportunity to ask questions or submit proposals. The Company also prescribes rules and regulations for shareholder meetings in accordance with the law, keeps proper records of shareholder meeting minutes and proceedings, and adequately reports and announces relevant information on the designated websites of competent authorities. In order to ensure that shareholders enjoy the right to be fully informed and to participate in and make decisions on important matters, the Company not only publishes all material information in accordance with the law, but also has a spokesperson and acting spokesperson to handle shareholders' suggestions and concerns and to respond immediately to questions from legal entities and investors so that they can better understand the Company's operating results and business conditions

(4) Supplier relations

The Company maintains a good relationship with its suppliers. It has established an evaluation mechanism for previous suppliers and upholds professional integrity. In addition to signing integrity pledges and CSR compliance clauses with suppliers, the Company strictly prohibits any form of bribery and adheres to fair trade principles. It provides guidance to regular suppliers through training courses or on-site visits to achieve mutual growth and benefit.

(5) Respect for the rights of stakeholders

The Company is required by law to disclose company information honestly to protect the basic rights of investors and to maintain smooth communication with bankers, employees, customers and suppliers. In addition to various forms of interaction with stakeholders in its day-to-day business, the Company has set up a "Stakeholder Area" on its website where stakeholders can immediately get in touch. The Company respects and protects legal rights. It has set up internal Suggestion Boxes in the workplace (Office of the Chairman, HR Department, and the internal audit office) to encourage feedback from employees or stakeholders or to report irregularities and strengthen communication with stakeholders.

(6) Training for Directors

All members of the Board of Directors of the Company were required to attend additional training on corporate governance and related laws and regulations in order to enhance their professional knowledge and legal literacy, and enable them to perform their duties as directors. The directors underwent further training and education as described below:

Title	Name	Training Date	Course Name	Training Hours
Chairman	Hsiu-Yu Chuo	2024.05.30	Digital Investigation: The Path to Preventive Auditing	3
		2024.08.13	TCFD & SBTi Development Trends and Directors' Duties	3
Director	HIWIN INVESTMENT AND HOLDING CORP. Legal Rep: Eric Y. T. Chuo	2024.05.30	Digital Investigation: The Path to Preventive Auditing	3
		2024.08.13	TCFD & SBTi Development Trends and Directors' Duties	3
Director	Yongchiang Investment Co., Ltd. Legal Rep.: Shun-Chin Lee	2024.05.30	Digital Investigation: The Path to Preventive Auditing	3
		2024.08.13	TCFD & SBTi Development Trends and Directors' Duties	3
Director	Liang-Chi Chang	2024.05.30	Digital Investigation: The Path to Preventive Auditing	3
		2024.11.04	Corporate Governance - International Trade Money Laundering Prevention and Economic Sanctions Cases	3
Director	HIWIN TECHNOLOGIES CORP. Legal Rep.: Yan-Qi Peng	2024.05.30	Digital Investigation: The Path to Preventive Auditing	3
		2024.08.13	TCFD & SBTi Development Trends and Directors' Duties	3
		2024.10.28	Corporate Governance - Development Trends of the Generative AI Industry	3
		2024.12.16	Corporate Governance - Key Indicators and Trend Analysis for 2025 International Situation Observation	3
Director	Kou-I Szu	2024.05.30	Digital Investigation: The Path to Preventive Auditing	3
		2024.08.13	TCFD & SBTi Development Trends and Directors' Duties	3

Title	Name	Training Date	Course Name	Training Hours
Independent Director	Hsueh-Pin Chang	2024.04.11	Corporate Governance and Business Sustainability Workshop	3
		2024.05.30	Digital Investigation: The Path to Preventive Auditing	3
		2024.08.20	Practice and Management of the Compliance Risk for Trade Secrets and InfoSec	3
Independent Director	Chung-Jen Chen	2024.05.30	Digital Investigation: The Path to Preventive Auditing	3
		2024.08.13	TCFD & SBTi Development Trends and Directors' Duties	3
Independent Director	Chien-Yu Lo	2024.05.30	Digital Investigation: The Path to Preventive Auditing	3
		2024.07.15	Tax Governance and Strategies for Changes in the Latest International Tax Regulations and Environment	3
		2024.08.08	Carbon Risk Management Strategies for Enterprises in the Era of Carbon Pricing	3
		2024.08.13	TCFD & SBTi Development Trends and Directors' Duties	3

(7) Continuing education for the Head of Accounting, Head of Corporate Governance and Head of Audit

Title	Name	Training Date	Course Name	Training Hours
Head of Corporate Governance	Hung-Yi Tsai	2024.10.07 2024.11.15 2025.03.07 2025.03.26	2024 Taishin Net Zero Summit 2014 Insider Trading Legal Compliance Seminar Corporate M&A practices and related labor issues Discussion on matters needing attention and common issues in 2025 Board of Directors and Shareholders Meetings	12
Head of Accounting	Hung-Yi Tsai	2025.03.12~ 2025.03.21	Issuers, Securities Firms, and Stock Exchange Principal Accounting officer Beginner Training Course	30
Head of Audit	Lo-Chia Wang	2024.04.09	AI Trends and Practical Applications of Legal Compliance Technology	6
		2024.12.09	Website Security and Audit Introduction (I)	6

(8) Strengthening corporate governance and protecting investors' interests

The Company has procured indemnity insurance policies for all its directors and key officers in charge of decision-making and management to reduce risks borne by directors and the Company as well as to strengthen corporate governance. Details are as follows.

Insured	Insurance Company	Insured amount	Insurance Period	Remark
All directors and executives	Shinkong Insurance Co., Ltd.	USD 5,000,000 (Approx. NT\$152,600,000)	2023.4.1~ 2024.4.1	Note 1
All directors and executives	Shinkong Insurance Co., Ltd.	USD 5,000,000 (Approx. NT\$159,900,000)	2024.4.1~ 2025.4.1	Note 2

Note 1: Calculated based on the average exchange rate of the Bank of Taiwan of 30.52 on April 6, 2023

Note 2: Calculated based on the average exchange rate of the Bank of Taiwan of 31.98 on April 1, 2024

(9) Succession planning for members of the Board and key management personnel

1. Succession Planning for Board Members

In accordance with the "Corporate Governance Best Practice Principles", the Company has implemented a board diversity policy. Currently, there are nine directors (including three independent directors) with diverse and complementary industry experience, as well as academic, finance, and finance & accounting expertise. Three of the directors are senior managers of the Company. The composition and background of the Board of Directors shall remain the same going forward, and the Board members shall be evaluated annually based on their performance. The 11th session of the board directors were elected on 30 May 2024 for a three-year term (from 30 May 2024 to 29 May 2027) and the first board meeting of the 11th session was held on the same day to elect Ms. Hsiu-Yu Chuo as Chairman of the Board. With regard to succession planning for the Chairman, the Company nurtures senior managers to join the Board and familiarise themselves with Board operations and increase their industrial experience by expanding involvement in operating units. In addition to their professional background and skills, potential leaders of the Company should also have expertise in business planning and operations. To enhance the professionalism of its board members, the Company shall keep up with emerging trends and organize at least six hours of refresher courses per year for each director, taking into account changes in the Company's internal and external environments and development needs, so as to assist directors in continuously updating their knowledge and maintaining their core values as well as professional strengths and capabilities.

2. Succession planning for key management personnel

In addition to having excellent professional and management skills, the Company's key management staff must have values that are in line with those of the Company, as well as personality traits such as honesty, integrity, innovation and execution. In terms of training for key management personnel, this is reinforced through professional courses. Through management training and job experience, candidates are able to enhance their management skills and mindset, so that they are prepared to take over the responsibilities ahead of the schedule.

(10) Intellectual property management plan and implementation

1. Intellectual Property Strategy

In order to strengthen its leading position in the industry and safeguard its hard-earned R&D technology achievements, the Company has set up an intellectual property management plan that is integrated with its operational strategies. The Company was TIPS-certified, and a comprehensive management system for patents, trademarks and trade secrets has been established to strengthen the use and management of intellectual property, implement corporate governance and compliance, and enhance the Company's competitive advantage in the industry.

2. Intellectual property(IP) management plan, risks and mitigation strategies

The Company's competitiveness relies heavily on the proprietary technologies and know-how. In order to protect its intellectual property, the Company actively manages the flow of information in and out of the organization through a three-line framework of internal control. Company's IP department also cooperates with the R&D and information security team to further protect commercially valuable technologies not only through patent applications or trade secrets, but also through the establishment of R&D procedures and knowledge protection systems to strictly monitor the process of IP incubation and originality of creation. At the same time preventing daily operations from infringing the intellectual property rights of others. Following the Company's development blueprint, the Company sets product and technology development goals and implements talent nurturing programme and IP layout plans to ensure the sustainability of the Company's R&D capacity and competitive advantage.

The risk assessment and management of the Company's intellectual property are regularly reviewed and evaluated by the Risk Management Committee and the Intellectual Property Management Committee. In the face of an increasingly competitive and uncertain environment, the Company has allocated its human and material resources superior to the industry standard for intellectual property management. In addition to the investment in information security equipment and management structure in recent years, the renewal of internal control systems and regulations, the completion of global strategic trademark registration and product image integration, and regular training of the team on intellectual property and legal knowledge have contributed to the growth and development of the Company's intellectual property management structure. Through a multi-faceted control and audit mechanism, the Company has achieved an R&D culture that is both protective and innovative.

3. Intellectual property list inventory/results: The following items were accrued by the end of December 2024

Intellectual property rights	License Held	Application Pending Approval
Patent	642	14 applications
Trademark	127	6 applications

4. Implementation status: The Company has reported intellectual property-related matters during the 6th Board Meeting on 11 November, 2024 and below is the implementation status:

Year	Implementation Status
2017	<ul style="list-style-type: none"> <li>Established a classification system for important company documents</li> <li>Obtained the Taiwan Intellectual Property Management Standards (TIPS) certification and incorporated the TIPS system into the ISO system</li> </ul>
2018	<ul style="list-style-type: none"> <li>Established the Ethical Corporate Management Best Practice Principles to ensure employee compliance with the Company's various confidentiality regulations</li> </ul>
2020	<ul style="list-style-type: none"> <li>Established the Intellectual Property Management Committee, chaired by the President himself, to manage and supervise intellectual property-related issues and risks, and to plan the application and layout of intellectual properties</li> <li>Comprehensively revised the ISO manuals and procedures on IP management in accordance with the guidelines on intellectual property management structure published by the Intellectual Property Bureau of the Ministry of Economic Affairs and added the "Policies on Management of Trade Secret " to strengthen employee awareness of intellectual property protection</li> </ul>
2021	<ul style="list-style-type: none"> <li>Invited renowned experts to give lectures to board members and senior managers, conducting practical discussions on issues related to intellectual property rights and enhancing the Company's ability to create, protect and utilize intellectual property</li> <li>The first "Risk Management Meeting" was held and led by the Chairman of the Board of Directors. The conference included topics such as intellectual property risk management and was organized to enhance intellectual property risk management capability</li> <li>Continuous education and training on the protection of corporate trade secrets and intellectual property rights to raise and strengthen employee awareness and knowledge of intellectual property protection</li> </ul>
2022	<ul style="list-style-type: none"> <li>The IP department organized 15 training sessions totaling 19.5 hours with 132 participants.</li> </ul>
2023	<ul style="list-style-type: none"> <li>Completed the introduction of "Policies on open-source codes management"</li> <li>Introduced the intellectual property management software for managing patents and trademarks</li> <li>Completed the global stocktaking of effective trademarks and formulated trademark application guidelines</li> <li>Organized 4 training sessions, totaling 12.5 hours, with 134 participants</li> </ul>
2024	<ul style="list-style-type: none"> <li>Completed the implementation of the iPMS (Intellectual Property Management System)</li> <li>Organized 4 IP-training sessions, totaling 23.5 hours, with 178 participants</li> </ul>

## (11) Criteria for assessing the independence and suitability of CPAs

No.	Evaluation Item	Evaluation Result	Independent
1	Does the accountant have a direct or significant indirect financial interest in the Company?	No	Yes
2	Is there any financing or guarantee between the accountant and the Company or its directors?	No	Yes
3	Does the accountant have a close business relationship with the Company?	No	Yes
4	Does the accountant have a potential employment relationship with the Company?	No	Yes
5	Is there any contingent audit fee related to the audit of the case?	No	Yes
6	Does the accountant currently serve or has served in the last two years as a director, manager or any position in the Company that has significant impact on the audit case?	No	Yes
7	Promote or broker stocks or other securities issued by the Company	No	Yes
8	Will non-audit services provided to the Company directly affect important aspects of the audit case?	No	Yes
9	Does the accountant act as the Company's defender or settle disputes with other third parties on behalf of the Company?	No	Yes
10	Does the accountant have a kinship relationship with the Company's directors, managers, or persons who have a significant influence on the audit case?	No	Yes
11	A co-certified public accountant who has resigned within one year and shall serve as a director, manager of the Company or a position that has a significant impact on the audit case.	No	Yes
12	Does the accountant accept gifts with great value from the Company or its directors or managers?	No	Yes
13	Does the accountant provide the services of directors, managers or equivalent positions for colleagues of the Company?	No	Yes
14	Does the accountant provide the following non-audit services (with exceptions stipulated in the Professional Code of Ethics for Certified Public Accountants No. 10)? (1) Accounting services (2) Evaluation services (3) Tax services (4) Internal audit services (5) Short-term personnel dispatch service (6) Recruitment of senior management personnel (7) Company financial services	No	Yes
15	Does the accountant regularly participate in Company shareholder meetings and attend the audit committee and the board meetings when necessary?	Yes	Not applicable
16	Does the accountant provide relevant education and training for the Company?	Yes	Not applicable
17	The Company's financial statements have not been corrected by the competent authority	Yes	Not applicable

Evaluation conclusion: Accountants Ting-Chien Su and Hsiao-Fang Yen of Deloitte Touche Tohmatsu CPA LLP meet the Company's independence and suitability evaluation standards, qualified to serve as our company's certifying accountant.

9. Please provide information on improvements made based on the corporate governance assessment results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, and propose priorities and measures to enhance those that have not yet been improved: The results of the 11th annual (2024) corporate governance assessment of the Company, which ranked 21% to 35% among listed companies, are described below based on the following unscored items:

1. Report on the remuneration received by directors at ordinary general meetings: Due to the protection of personal information, the remuneration is not disclosed for the time being and degree of disclosure will be assessed in the future.
2. Performance evaluation of the Board of Directors: In order to implement corporate governance and enhance the functions of the Board of Directors of the Company, and to establish performance targets to strengthen the efficiency of the operation of the Board of Directors, the Company has formulated the "Performance Evaluation of the Board of Directors" in accordance with the letter No. 1070025395 dated December 27, 2018, which was approved by the Board of Directors on November 13, 2019. Before the end of the first quarter of the following year, the Board of Directors of the Company distributed the "Performance Evaluation Self-Assessment Questionnaire for the Board of Directors", "Performance Evaluation Self-Assessment Questionnaire for Board Members", "Performance Evaluation Self-Assessment Questionnaire for the Audit Committee", "Performance Evaluation Self-Assessment Questionnaire for the Remuneration Committee" and "Performance Evaluation Self-Assessment Questionnaire for the Nomination Committee" to conduct the performance evaluation of the Board of Directors for that year, and the performance evaluation results were submitted to the Board of Directors for review and improvement. In general, the results of the 2024 performance evaluation of the Board including individual Board members and functional committees all exceed the benchmark, with no major deficiencies. These were included in the Board meeting on February 26, 2025. The Company is also actively considering whether to engage an external party to evaluate the performance of Directors.
3. Disclosure of English Interim Financial Reports:  
The Company has disclosed the Chinese version of its interim financial reports in accordance with regulatory requirements and is actively evaluating the feasibility of disclosing the English version.

#### (4) Composition and Operation of the Remuneration Committee and Nomination Committee

##### A. Remuneration Committee

##### (a) Information on members of the Remuneration Committee

Title	Criteria Name	Professional qualification and experience	Independence	Number of other public companies in which the individual is concurrently serving as a remuneration committee member
Independent Director (Convener)	Hsueh-Pin Chang	Please refer to this Annual Report, Corporate Governance Report, Information on directors and senior managers, (1) Director information, 3. "Disclosure of Professional Qualifications of Directors and Independent Directors' Independence Information"	All members of the Remuneration Committee meet the following conditions: 1. Comply with Article 14-6 of the Securities and Exchange Act and "Regulations on the Establishment and Exercise of Powers and Functions of Remuneration Committees of Publicly Listed or Traded Companies" (Note) issued by the Financial Supervisory Commission 2. A person (or using the name of another person), whose spouse and minor children do not hold any shares of the Company 3. No remuneration received from the Company or its affiliates in the last two years for business, legal, financial or accounting services	2
Independent Director	Chung-Jen Chen			0
Independent Director	Chien-Yu Lo			0

Note: Two years prior to and during the term of office, none of the following conditions exist:

- (1) A person employed by the Company or its affiliated companies
- (2) A director or supervisor of the Company or its affiliates
- (3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company or ranking in the top ten in holdings
- (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager under subparagraph (1) or any of the persons in the preceding two subparagraphs
- (5) A director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act or staff
- (6) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor or employee of that other Company
- (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor or employee of that other company or institution.
- (8) A director, officer, supervisor, or shareholder holding 5% or more of the shares, of a specified company or institution that has financial or business relationship with the company.
- (9) A professional individual who, or an owner, partners, directors, supervisor, or officer of a sole proprietorship, partnership, company or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a members of the Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(2) Responsibilities of Remuneration Committee members

- A. Establish and regularly review policies, systems, standards, and structures for the evaluation of the performance standards and remuneration of directors and managers
- B. Regularly evaluate and determine the remuneration of directors and managers of the Company
- C. Regularly review the organizational procedures of the Remuneration Committee and evaluate whether to propose any amendments

(3) Information on the operation of the Remuneration Committee

- A. There are three members in the Company's Remuneration Committee.
- B. The term of office of current members are from May 30, 2024 to May 29, 2027.  
There were two Remuneration Committee (A) meetings in 2024.

Position of each committee members and attendance records are as follows:

Title	Name	Actual Attendance in Person (B)	By Proxy	Actual Attendance Rate (%) 【B/A】	Remarks
Convener	Hsueh-Pin Chang	2	0	100%	
Member	Chung-Jen Chen	2	0	100%	
Member	Chia-Heng Gu	1	0	100%	Served till 2024/5/30
Member	Chien-Yu Lo	1	0	100%	Elected on 2024/5/30

Other supplementary notes:
1. If the Board of Directors fails to adopt or amends the recommendations of the Remuneration Committee, the date and period of the Boards' meeting, the content of the motion, the result of the Boards' resolution and the Company's handling of the Remuneration Committee's recommendations should be disclosed (If the remuneration approved by the Board is better than that recommended by the Remuneration Committee, the difference and reasons for such difference should be stated.): None.
2. If members of the Remuneration Committee have any objections or reservations to resolutions, and if such objections or reservations are recorded or stated in writing, the date and period of the Remuneration Committee meeting, the content of the resolutions, the opinions of all members and treatment of members' opinions shall be stated: None

(4) The outcome of discussions and resolutions of the Remuneration Committee, and the Company's handling of members' opinions

Meeting Date (Session)	Content of proposal	Resolution result	Company's handling of Remuneration Committee members' opinions
2024.02.27 6 <sup>th</sup> meeting of the 3 <sup>rd</sup> Committee	2023 Employee Remuneration and Director Remuneration Distribution	Approved by the Committee	Approved by the Board with the consent of all Directors present
2024.11.08 1 <sup>st</sup> meeting of the 4 <sup>th</sup> Committee	Reporting on the result of self-assessment of manager's salary	Approved by the Committee	-
2025.02.26 2 <sup>nd</sup> meeting of the 4 <sup>th</sup> Committee	2024 Employee Remuneration and Director Remuneration Distribution	Approved by the Committee	Approved by the Board with the consent of all Directors present

2. Nomination Committee

(1) The members of the Company's Nomination Committee are composed of at least three directors proposed by the Board of Directors, among which a majority should be independent directors. Their responsibilities are as follows:

- A. Establish selection criteria for the composition and qualifications required for board members and senior executives, select and review candidates for directors and senior executives.
- B. Plan and execute performance evaluations of the board, various functional committees, directors, and senior executives.
- C. Plan and execute director training programs.
- D. Review the policies regarding the committee and corporate governance best practice principles.

(2) Professional qualifications and experience of Nomination Committee members and their operations are as follows:

- A. The Company's Nomination Committee consists of 3 members.
- B. The term of office for the committee is from May 30, 2024 to May 29, 2027.
- C. The professional qualifications and experience of the committee members, attendance record, and discussion matters are as follows:

Title	Name	Professional qualifications and experience	Actual Attendance in Person	By Proxy	Actual Attendance Rate (%)	Remarks
Convener	Hsueh-Pin Chang	Please refer to this Annual Report, 2. Corporate Governance Report, 1. Information on directors and senior managers, (1) Director	5	0	100%	
Member	Chung-Jen Chen		5	0	100%	

Member	Chia-Heng Gu	information, 3. "Disclosure of Professional Qualifications of Directors and Independent Directors' Independence Information"	3	0	100%	Served till 2024/5/30
Member	Chien-Yu Lo		2	0	100%	Elected on 2024/5/30

(3) The outcome of discussions and resolutions of the Nomination Committee, and the Company's handling of members' opinions

Meeting Date (Session)	Content of proposal	Resolution result	Company's handling of Remuneration Committee members' opinions
2024.02.27 1 <sup>st</sup> meeting of the 1 <sup>st</sup> Committee	<ul style="list-style-type: none"> <li>Report on the Results of the Board and Functional Committees' Performance Evaluation</li> </ul>	Approved by the Committee	-
2024.04.02 2 <sup>nd</sup> meeting of the 1 <sup>st</sup> Committee	<ul style="list-style-type: none"> <li>Performance Evaluation Report of Senior Management</li> <li>Nominee List and Qualification Review of the 11th Term Directors and Independent Directors – for discussion</li> </ul>	Approved by the Committee	Approved by the Board with the consent of all Directors present
2024.05.09 3 <sup>rd</sup> meeting of the 1 <sup>st</sup> Committee	<ul style="list-style-type: none"> <li>2024 Annual Director Training Plan</li> </ul>	Approved by the Committee	-
2024.08.13 1 <sup>st</sup> meeting of the 2 <sup>nd</sup> Committee	<ul style="list-style-type: none"> <li>Position Adjustment – Appoint the Chairperson to Concurrently Serve as Chief Executive Officer (CEO)</li> <li>Position Adjustment – Proposal to Appoint Director Eric Y.T. Chuo to Concurrently Serve as Co-CEO, for discussion</li> <li>Proposal to Amend the “Corporate Governance Best Practice Principles,” for discussion</li> </ul>	Approved by the Committee	Approved by the Board with the consent of all Directors present
2024.11.08 2 <sup>nd</sup> meeting of the 2 <sup>nd</sup> Committee	<ul style="list-style-type: none"> <li>Progress Report on the Execution of the 2024 Annual Director Training Plan</li> <li>Proposal to Amend the “Corporate Governance Best Practice Principles”</li> </ul>	Approved by the Committee	Approved by the Board with the consent of all Directors present

(5) Fulfilment of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies"

Item	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies” and Reasons
	Yes	No.	Summary Description	
1. Has the Company exclusively (or concurrently) established dedicated first-line managers authorized by the board, to be in charge of proposing corporate social responsibility policies and reporting to the board?	V		In 2020, directed by the chairman, the Company established a CSR Committee under the leadership of President as the highest decision-making body for sustainable development governance, the Committee was in charge of planning and implementing sustainable development-related initiatives in accordance with the "Sustainable Development Best Practice Principles" approved by the Board. In 2023 the CSR Committee was renamed the Sustainability Development Committee. The Chairman appointed the Executive Vice President of the Company to serve as the Chairperson of the committee, responsible for implementing the Company's sustainable development vision and policies formulated by the Board of Directors, and planning and implementing the Company's	None

Item	Implementation Status			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies" and Reasons														
	Yes	No.	Summary Description															
			<p>sustainable development strategies.</p> <p>The committee is composed by Company's executives based on their expertise of the fields, responsible for implementing the Company's four major sustainability aspects. It convenes regular meetings at least once a year to identify sustainability issues of concern to stakeholders according to the GRI guidelines, formulates strategies and guidelines, and reports to the Board of Directors at least once a year. The Board of Directors supervised and provided guidance on the effectiveness of sustainability efforts in accordance with the "Sustainable Development Best Practice Principles". In addition to reviewing the progress of the strategy, and makes timely recommendations, it urges the committee adjusts when necessary.</p>															
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		<p>The Company's Sustainable Development Committee regularly conducts risk analysis and assessment procedures on guidelines or development strategies proposed by regulatory agencies, governments, and international sustainability advocacy organizations, as well as other issues related to sustainability, to assess their impact on the Company's operations. It aims to identify challenges and opportunities for the Company based on risk factors listed from the perspectives of environmental, social, and corporate governance. By employing the concepts and techniques of risk management, the committee comprehensively devises a set of management strategies to facilitate the Company's sustainable operation.</p> <p>The main categories of risks and corresponding measures of the Company are as follows:</p> <table border="1"> <thead> <tr> <th>Major issues</th> <th>Assessment Content</th> <th>Management Strategies</th> </tr> </thead> <tbody> <tr> <td>Environmental</td> <td>Energy consumption and management</td> <td> <ul style="list-style-type: none"> <li>Comply with government energy management regulations, support the implementation of sustainable energy products and services, set and implement energy management targets</li> <li>Reduce the consumption of raw materials in manufacturing processes, develop and extend the life cycle of production waste</li> </ul> </td> </tr> <tr> <td rowspan="2">Social</td> <td>Friendly and diverse workplace</td> <td> <ul style="list-style-type: none"> <li>Provide a variety of channels for workplace communication, promote positive communication between employers and employees</li> <li>Protect the rights and interests of employees in accordance with international standards and local laws of locations where the Company operates</li> <li>Continuously organize a variety of health care and promotion activities and encourage employee participation</li> </ul> </td> </tr> <tr> <td>Talent Development</td> <td> <ul style="list-style-type: none"> <li>Establish a structured talent development system to encourage continuous learning.</li> <li>Review the implementation of the talent development system on a quarterly basis</li> <li>Develop training plans based on performance appraisals to ensure that the right people are fit for purpose</li> </ul> </td> </tr> <tr> <td>Corporate governance</td> <td>Business Performance</td> <td> <ul style="list-style-type: none"> <li>Make operational decisions based on the premise of sustainable growth of the business in compliance with legislation</li> <li>Frequently adjust operational strategies to address the high uncertainties caused by changing global economic and political conditions</li> </ul> </td> </tr> </tbody> </table> <p>This report discloses information on the Company's 2024 sustainability performance, including the scope of risk analysis for its consolidated entities.</p>	Major issues	Assessment Content	Management Strategies	Environmental	Energy consumption and management	<ul style="list-style-type: none"> <li>Comply with government energy management regulations, support the implementation of sustainable energy products and services, set and implement energy management targets</li> <li>Reduce the consumption of raw materials in manufacturing processes, develop and extend the life cycle of production waste</li> </ul>	Social	Friendly and diverse workplace	<ul style="list-style-type: none"> <li>Provide a variety of channels for workplace communication, promote positive communication between employers and employees</li> <li>Protect the rights and interests of employees in accordance with international standards and local laws of locations where the Company operates</li> <li>Continuously organize a variety of health care and promotion activities and encourage employee participation</li> </ul>	Talent Development	<ul style="list-style-type: none"> <li>Establish a structured talent development system to encourage continuous learning.</li> <li>Review the implementation of the talent development system on a quarterly basis</li> <li>Develop training plans based on performance appraisals to ensure that the right people are fit for purpose</li> </ul>	Corporate governance	Business Performance	<ul style="list-style-type: none"> <li>Make operational decisions based on the premise of sustainable growth of the business in compliance with legislation</li> <li>Frequently adjust operational strategies to address the high uncertainties caused by changing global economic and political conditions</li> </ul>	None
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Item	Implementation Status			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies" and Reasons
	Yes	No.	Summary Description	
			For detailed risk analysis, please refer to the chapter on "Risk Assessment and Crisis Management" in the Company's Sustainability report.	
3. Environmental issues				
(1) Has the Company established proper environmental management systems based on the characteristics of its industries?	V		(1) As a member of the global community, the Company has been certified with ISO 14001 and ISO 45001 for its environmental management system since 2002, aiming at effectively preventing and controlling environmental pollution. Additionally, in 2022, the Company obtained ISO 50001 Energy Management System certification. The latest validation date for ISO 14001 and ISO 45001 was on December 19, 2024, and the certificates are valid until January 4, 2027. The ISO 50001 certification was issued on September 13, 2024, and is valid until September 22, 2027. In 2023, the Company was also certified for ISO 14064-1 s Greenhouse Gas (GHG) Inventory Management System and ISO 14067 Carbon Footprint of drives and torque motors, demonstrating proactive adoption of management practices that surpass industry standards, thus advancing towards the path of net-zero sustainability.	None
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(2) The company has set 2022 as the base year for its net-zero initiative, and has since engaged in various energy-saving activities, such as updating old equipment and monitoring the energy consumption level of its facilities to ensure its adequacy.  The carbon reduction goal was to reduce emissions by 12% from the 2022 certified base year level. The certified 2024 Scope 1& Scope 2 emission were 4,014.14 tons CO <sub>2</sub> e, a reduction of 25.0% from the base year, surpassing the target. In addition to technological innovation, our company prioritizes environmental protection, energy-saving, and function safety in product design, considering key human factors such as safety, user friendly, and environmental compatibility. Whether its metal, plastics, or electronic components, our products are 100% compliant with RoHS and REACH regulations and certifications. Furthermore, we are dedicated to implementing energy-saving and environmentally friendly practices in product research and development. By focusing on energy efficiency, carbon reduction, and recyclability, we aim to gradually reduce the environmental impact of our products and contribute to the preservation of the planet.	None
(3) Does the Company evaluate potential climate change risks and opportunities in connection with the present and future of its business, and take appropriate action to counter climate change issues?	V		(3) The Company utilizes the framework outlined in the TCFD proposal published by the Financial Stability Board (FSB) to identify climate-related risks and opportunities. Based on the identification results, we establish measurement indicators and implement targeted measures for risk management. For detailed information, please refer to Chapter 6 "Execution Status of Climate-related Information" of this report and the Company's 2024 Sustainability report.	None
(4) Has the Company taken inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implemented policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water conservation, or waste management?	V		(4) 1. Greenhouse gas emissions. • Please refer to Chapter 6 "Execution Status of Climate-related Information," Table 1-1 "Company Greenhouse Gas Emission and Certification Status for the Last Two Years" for the greenhouse gas emissions of the Company in the past two years.	None

Item	Implementation Status			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies" and Reasons
	Yes	No.	Summary Description	
			<ul style="list-style-type: none"> <li>• Management Goal: Building upon the emissions in 2022 as the base, the aim is to decrease the greenhouse gas emission (Scopes 1 &amp; Scope 2) by 6% annually. The target is to achieve a 54% reduction in greenhouse gas emissions by 2031 compared to the baseline year, and to reach Net-Zero by 2050</li> <li>• Measures to achieve the target: Implementing a systematic energy and resource management mechanism, replacing outdated equipment with energy-efficient alternatives, introducing energy-saving production processes for short-to midter. In the long run by change of product design and the production methods, as well as by rationalizing production line configurations.</li> <li>• Results: In 2024, the GHG emission were reduced by 25.0%, surpassing the target value by 13 basis points. For detailed information on the emission volume of each category, including the Scope 3 categories, as well as the carbon reduction initiatives and their implementation status in 2024, please consult the Company's Sustainability report for the same year.</li> <li>• The 2024 GHG emission, information disclosed in the Sustainability report, as well as data on water and waste management disclosed in this section all have been certified by TUV Rheinland Taiwan Ltd.</li> </ul> <p>2. Water Management</p> <ul style="list-style-type: none"> <li>• Our company adopts waterless processes and does not consumes a large amount of water resources during the production processes. The company uses water mainly for running factory facilities such as air conditioning and domestic water used by employees.</li> <li>• The sole water source used by the Company is supplied by Taiwan Water. Wastewater is discharged via the public sewerage system under stringent scrutiny and periodic testing by the Technology Park Authority. Since the Company's inception, there have been no fines or regulatory incidents from the authorities.</li> <li>• Management Goal: Complete the water cycle key control points monitoring system for both plants to ensure every drop of water is traceable and utilised.</li> <li>• Measures to Achieve the Target: Track water use and wastewater flow data daily to ensure early detection of leak, abnormal water intake or discharge volumes; enhance the cleanliness of the water from the cooling towers to enhance recyclability of the cooling water.</li> <li>• Achievement: In 2024, the Company completed installation of water meters at all key cycle</li> </ul>	

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			<p>control points, and initiated the monitoring mechanism. Additionally, water usage intensity was reduced by 13% compared to the previous year.</p> <ul style="list-style-type: none"> <li>Water consumption statistics for the past two years:</li> </ul> <table border="1"> <thead> <tr> <th>Water Usage</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Total water intake (million litres/year)</td> <td>29.699</td> <td>27.562</td> </tr> <tr> <td>Volume of Discharge (million litres/year)</td> <td>7.962</td> <td>11.814</td> </tr> <tr> <td>Consumption intensity (million litres / million of revenue)</td> <td>0.0158</td> <td>0.0138</td> </tr> </tbody> </table> <p>Note 1: The scope includes the headquarter and the second plant in Taiwan.</p> <p>Note 2: The calculation method for water intensity is as follows: Annual water consumption (in million liters) divided by the Company's individual annual revenue (in million dollars).</p> <p>3. Waste Management</p> <ul style="list-style-type: none"> <li>Management target: Increase the recycling rate of waste to 90% by 2027.</li> <li>Measures to achieve the target: Implement source reduction and increase the reuse rate to maximize resource utilization.</li> <li>Achievement: The waste reuse rate in 2024 was 77%, an increase of 3 basis points to that of 2023. Please refer to the Company's Sustainability report this year for further information.</li> <li>Waste generation statistics for the past two years:</li> </ul> <table border="1"> <thead> <tr> <th>Types of waste</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Hazardous waste ( Ton)</td> <td>0.89</td> <td>0.77</td> </tr> <tr> <td>Non-hazardous waste ( Ton)</td> <td>237.79 (Note2)</td> <td>268.54</td> </tr> <tr> <td>Total Reuse (Ton)</td> <td>174.89</td> <td>206.61</td> </tr> <tr> <td>Proportion of waste reused (%)</td> <td>73.27% (Notes2)</td> <td>76.72%</td> </tr> <tr> <td>Intensity (Ton / million of Individual revenue)</td> <td>12.74%</td> <td>13.51%</td> </tr> </tbody> </table> <p>Note1 : The scope includes the headquarter and the second plant in Taiwan.</p> <p>Note2: In order to more accurately report the amount of non-hazardous waste generated, the Company revised its measuring method for domestic waste in</p>	Water Usage	2023	2024	Total water intake (million litres/year)	29.699	27.562	Volume of Discharge (million litres/year)	7.962	11.814	Consumption intensity (million litres / million of revenue)	0.0158	0.0138	Types of waste	2023	2024	Hazardous waste ( Ton)	0.89	0.77	Non-hazardous waste ( Ton)	237.79 (Note2)	268.54	Total Reuse (Ton)	174.89	206.61	Proportion of waste reused (%)	73.27% (Notes2)	76.72%	Intensity (Ton / million of Individual revenue)	12.74%	13.51%	
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<p>2024 and has voluntarily restate the statistics of prior periods in accordance with the "IFRS Sustainability Disclosure Standard S1".</p> <p>This reorganization increased non-hazardous waste in 2023 by 29.62 tons and reduced the waste recycling ratio by 10.39 basis points.</p> <p>Note3: The weight intensity of waste increased by 0.77 basis points, primarily due to the increased waste generated due to the waste generated during the initial stages of the product re-design and manufacturing process upgrade. The effects of subsequently adopted process optimization strategies will mitigate this impact.</p>				
<p>4. Social issues</p> <p>(1) Has the Company established appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>(1) The Company shall protect the legal rights and interests of its employees in accordance with labor laws and regulations and formulate relevant management methods. We also abide by the international human rights norms of the United Nations Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the Responsible Business Alliance, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the Organization for Economic Cooperation and Development Guidelines for Multinational Enterprises, and formulate the following relevant human rights protection policies:</p> <ol style="list-style-type: none"> <li>Diversity, Inclusion, and Equal Employment Opportunities: The Company’s recruitment, evaluation, and promotion practices are based on objective job requirements and individual performance. No employee is subject to differential treatment or discrimination based on gender, age, nationality, ethnicity, language, religion, political affiliation, marital status, appearance, physical features, or disabilities.</li> <li>Prohibition of child labor: The Company does not employ child laborers under the age of 16 and has established work rules for employees under the age of 18 in accordance with the Labor Standards Act.</li> <li>Gender Equality and Maternal Health Protection: No differential salary treatment or benefit protection based on gender. The Company adhere to gender equality by implementing the “Sexual Harassment Prevention Measures and Disciplinary Regulations”; adheres to the Labor Standards Act and Gender Equality in Employment Act to protect female employees' rights, including equal employment opportunities, maternity leave, pregnancy leave, paternity leave, menstrual leave, parental leave, access to nursing rooms and priority parking spaces. Adjustments to work hours and production job assignments during pregnancy as needed. Additionally the company has established the “Employee Childcare Subsidy Policy” to help ease the financial burden of childcare.</li> </ol>	None

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	Yes	No.	Summary Description	
			<p>4. Prohibition of All Forms of Harassment: The Company is committed to providing a workplace free from harassment and adopts a zero-tolerance policy toward any form of workplace harassment.</p> <p>5. Reasonable working hours: The Company has set working hours and pay rates in accordance with the Labor Standards Act, and established the "Special Leave Management Regulations" to implement a leave system and encourage employees to focus on work-life balance.</p> <p>6. Human Rights Training: Human rights training is integrated into new employee orientation and core training programs, with the aim of fostering human rights awareness and encouraging its practice in daily work life. In 2024, a total of 313 hours of online training related to human rights protection were conducted, with 313 employees completing the training—accounting for 57% of the total workforce. The Company will continue to focus on human rights protection and promote relevant educational programs to further strengthen awareness in this area.</p> <p>7. Multiple omnibus channels have been established, including a telephone hotline, email, and physical mailbox, and are personally handled by dedicated company personnel. The Company has received no complaints in 2024.</p> <p>8. The Company regularly discloses its relevant policies, practices, and specific initiatives, as well as the results of implementing corporate sustainability initiatives (ESG), on its website, annual reports, or Sustainability reports.</p>	
(2) Does the Company have reasonable employee benefit measures (including salary and wages, leave, and other benefits), and does employee salary reflect business performance or results?	V		<p>(2) To establish and implement a reasonable employee welfare policy</p> <p>1. Employee welfare policy The Company offers remuneration that surpass industry standards and follows the principle of equal pay for equal work. Salary adjustments and bonuses are based on colleagues' performance evaluations. Various benefits are provided, including group insurance, funeral subsidies, health checkups exceeding regulatory standards, relocation subsidies, marriage and childcare subsidies. The company also offers onsite medical services for professional consultation. The leave policy complies with labor laws, allowing employees to apply for unpaid leave for extended periods due to personal or family needs, such as childcare, major injuries, or significant events. The Company provides a "childcare subsidy" benefit, offering a monthly subsidy of NT\$5,000 per newborn until the child turns 3, totaling NT\$180,000 per newborn. In 2024, the total childcare subsidy amounted to NT\$2,925,000 and benefited 60 families.</p> <p>2. Diversity and equality in the workplace Equal pay for equal work and equal promotion opportunities for women and men, and reserving a minimum of 15% of female executive positions to promote sustainable and inclusive growth The average percentage of female staff is 27.7% and the average percentage of female members to total number of managers is 16.0% in 2024.</p> <p>3. Staff compensation reflects operating performance The Company sets pay standards based on the job contribution of each position and operates under a fair</p>	None

Item	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies” and Reasons
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			<p>and systematic payroll policy. In order to encourage employees to work together in producing business results, employee remuneration may be adjusted based on the company's financial status, operating performance, job responsibilities, employee's ability and performance to incentivise competitive edge . Employee salary may reflect the company's operating results for the year, along with each individual's performance reviews . According to its 'Articles of Association,' if the Company makes a profit in the current year, no less than 1% shall be appropriated for employee remuneration. For distribution details, please refer to Sec. 3. Fundraising Situation (8), Employee and Director Remuneration. With the profit-sharing scheme, the Remuneration Committee regularly reviews the remuneration policies to ensure competitiveness of salary structure and benefits, to attract and retain talents. The Company is also active in conducting education and training to provide employees with necessary skills and new knowledge that can be applied in their works. Incentives are also given to encourage employees who takes initiatives to study hard. All full-time employees undergo performance appraisals every quarter and at the end of the year, so that their work process can be monitored by supervisors. Those who demonstrates commitments to continuously improve and grow will be rewarded. The Company has also formulated performance management policies to promptly reward achievements and prohibit incompliance, so that the code of conduct is followed. The Company conducts regular industry salary surveys and adjusts salaries based on the market standards, company operations, and individual performance to maintain</p> <p>4. Company retirement policies: All company employees are currently subject to the new Labor Pension Regulations, with 6% of their salary deducted monthly to the employee's personal pension account at the Bureau of Labor Insurance. For those who still have years of service under the old system, 2% of their salary is deducted monthly to the Labor Pension Reserve Account in the name of the Labor Pension Reserve Supervisory Committee.</p>	
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>(3) The Company has obtained ISO45001 certification, and regularly engages the third party consultants to conduct external audits. The latest certification date of both ISO45001 is January 5, 2024, valid until January 4, 2027.</p> <p><u>1. Occupational Safety and Health Policy</u> Through the PDCA (Plan, Do, Check and Action) model, and the efforts of the Occupational Safety and Health Committee, the prevention of occupational hazards is priority of the Company to ensure the safety and health of all employees. The Company has formulated a comprehensive accident reporting and investigation procedure to record, track, and analyze the root causes of accidents and proposed corrective and preventive measures. Through walk-through, 6S self- improvement, and employee suggestion program, etc., all employees are empowered to actively identify potential safety and health risks. In 2024, there were no fire-related incidents; however, there were 1 cases of minor injuries. Follow-up improvement countermeasures have subsequently been implemented.</p>	None

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			<p><u>2.Workplace environmental monitoring</u> To protect workers from exposure to hazardous substances in the workplace and to provide a healthy and safe working environment, workplace environmental monitoring is conducted every six months to check exposure of employees through test data. The results are published on the bulletin board to inform all colleagues</p> <p><u>3.Occupational Safety Audit</u> The Company has set an annual occupational safety and health protection plan, with a environmental, safety and health management representative as the general convener. Various inspection reports are used by the EHS department to log the inspection suggestions and progress of improvements . The department supervisors are to review the preventive measures. Quarterly Occupational Safety and Health Committee meetings are held to review any deficiencies.</p> <table border="1"> <thead> <tr> <th colspan="3">EHS Department Audit Operations</th> </tr> </thead> <tbody> <tr> <td>Senior Supervisors' Occupational Safety and Health Audit</td> <td>Annual</td> <td>unscheduled checks</td> </tr> <tr> <td>Workplace Safety and Health Audit</td> <td>Unscheduled</td> <td>weekly checks</td> </tr> <tr> <td>6S Check</td> <td>Regular</td> <td>monthly inspections</td> </tr> <tr> <td>Off-site Construction Sites Work Safety Inspections</td> <td colspan="2">As required by the site contractor</td> </tr> </tbody> </table> <p><u>4.Equipment Safety Management</u> All hazardous machines and equipment of the Company are regularly checked in accordance with relevant EHS regulations. The EHS department conducts environmental &amp; safety evaluation on modification projects. It follows the risk analysis of the equipment and the checklist of safety protection measures to ensure that the machines and equipment are safe for use.</p> <p><u>5.The post two years occupational safety and health training and workshops held:</u></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total No. of Education and Training Participants</th> <th>Total Education and Training hours/participants</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>553</td> <td>2,041</td> </tr> <tr> <td>2024</td> <td>767</td> <td>2,043.5</td> </tr> </tbody> </table>	EHS Department Audit Operations			Senior Supervisors' Occupational Safety and Health Audit	Annual	unscheduled checks	Workplace Safety and Health Audit	Unscheduled	weekly checks	6S Check	Regular	monthly inspections	Off-site Construction Sites Work Safety Inspections	As required by the site contractor		Year	Total No. of Education and Training Participants	Total Education and Training hours/participants	2023	553	2,041	2024	767	2,043.5	
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(4) Does the Company provide career development and training for its employees?	V		<p>(4) The Company has talent development framework and a comprehensive training programme for supervisors and colleagues, including new employees training, professional skills training, junior supervisor management skill development, etc. The courses are diverse and with experienced supervisors as lecturers who impart practical skills and knowledge to enable everyone to learn and grow. In 2024, 4,556 participations were trained throughout the year, with a total training time of 16,011 hours.</p> <p>The company has established a learning blueprint that clearly defines the capabilities that each position should possess. Based on the functional differences of employees, we organize various career development training programs with diverse training methods and combined with promotion mechanisms. In 2024, a total of 353 people</p>	None																								

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			completed the training, with a completion rate of 64%. Among them, 24 people were promoted to supervisory positions, and the internal promotion rate for supervisory positions was 75%. Since 2014, programmes aimed to cooperate with academia have been launched, and 95 students have since been successfully admitted to our company for internships.	
(5) Do the Company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, as well as marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		(5) In order to ensure the effectiveness of the quality assurance system, Quality committee was set up to ensure the Company's good product quality standards. RoHS certified materials and production consumables are used for the Company's Parts products in accordance with EU standards, and timely communication with customers is maintained to address their needs. In addition, there is a stakeholder area on the Company website to accommodate complaints or suggestions as a way of protecting consumer rights	None
(6) Does the Company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		<p>(6) Being long-term and important partners of HIWIN MIKROSYSTEM, the Company's suppliers provide goods and services with superb quality and timely delivery, as well as comply with energy-saving management, occupational safety and health, protection of labor rights, proper environmental protection, prohibition of use of conflict minerals, restrictions on hazardous substances, etc. The suppliers also pledged the "Supplier Corporate Social Responsibility Commitment" in accordance with international labor rights-related standards and the Taiwan Labor Standards Law which prohibits forced and abusive labor, child labor and hazardous work for minors.</p> <p><u>1.New Supplier Assessment</u> New suppliers undergo assessments including written, on-site and product sample evaluations. Candidate suppliers are required to sign the "Integrity and Integrity Trading Pledge", "Confidentiality Agreement", "Restricted Substances Policy Commitment" and "Supplier Corporate Social Responsibility Commitment" and they are assessed based on the criteria (60 points or above) to qualify as suppliers.</p> <p><u>2.Supplier Appraisal</u> Suppliers are evaluated on a quarterly/annual basis. Aspects of the evaluation includes product quality, delivery, cost and service, environmental management, occupational safety and health, labor rights, financial evaluation and handling of confidential information. If a supplier's evaluation score does not meet the standard (below 60 points), the supplier is required to make improvements by a deadline with relevant supporting information or to arrange on-site audits.</p> <p><u>3.Supplier audits</u> Annual audits are conducted for major raw material suppliers according to the audit plan. Audit items include quality system, environmental safety and health system, social responsibility management system (labor rights), etc. In 2024, 16 suppliers were audited with 21</p>	None

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			<p>recommendations made for improvement. Non-conformances identified during the audits were mainly in the areas of electricity power safety, fire safety, management of hazardous chemicals. Suppliers were then requested to make improvements by a deadline. At the time of writing of this report all recommendations have been implemented, and no suppliers were disqualified as result.</p> <p><u>4. Supplier Counseling and Training</u> The Company provides guidance to suppliers on the use of our Supply-Chain Management (eSCM) platform to enjoy the benefit of digitalization and reduce consumption of natural resources, by facilitating online transaction confirmation and billing. In 2024, 1 supplier conference was organized with a total of 28 participants</p>	
5. Does the Company reference internationally-accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the Company, such as corporate social responsibility reports? Did the reports above undergo assurance review conducted by a third-party verification unit?	V		<p>Since 2020, the Company has voluntarily compiled and released sustainability reports, all of which have been certified by a third-party. The 2024 sustainability report was certified by TÜV Rheinland (Taiwan) Ltd. in May 2025, complying with the GRI guidelines and the AA1000 AS V3 Assurance Standard. The ESG sustainability report is scheduled to be uploaded to the Market Observation Post System and publicly available on the Company's website in August 2025.</p>	None
6. Describe the difference, if any, between actual practice and Sustainable Development Principles, if the Company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies: The Company has established the Company's "Sustainable Development Best Practice Principles" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies". There is no significant difference between the actual operation of the Best Practice Principles.				None
7. Other useful information for explaining the status of corporate social responsibility practices:				
			<ol style="list-style-type: none"> <li>In February 2024, the Company was awarded the "Outstanding Employer for Military Service Personnel" by the Conscription Agency, Ministry of the Interior, in celebration of the 113th Military Service Festival.</li> <li>In September 2024, the Company received the Outstanding e-Invoice Energy Saving and Carbon Reduction Business Award from the Central Region National Taxation Bureau, Ministry of Finance.</li> <li>In October 2024, the Company was named one of the Top 25 SMEs in the CommonWealth Magazine Sustainable Citizen Award – Small Giant Category for the fourth consecutive year.</li> <li>In November 2024, the "Absolute Position Measurement System – APM" was honored with the 33rd Taiwan Excellence Award.</li> <li>From 2018 to 2024, the Company Volunteer Group has since organized 94 volunteering service events, with a total of 457 volunteer participations, accumulating 2,140.5 service hours.</li> <li>In 2024, the Company made 59 donations to social welfare organizations, supporting underprivileged children with nutritious supplies.</li> <li>The Company actively supports talent cultivation by donating high-precision industrial robots to academic institutions such as National Chin-Yi University of Technology, National Yunlin University of Science and Technology, and Songshan High School of Agriculture and Industry, helping to build hands-on, industry-aligned learning environments.</li> <li>For the fourth consecutive year, the Company hosted the "Hand in Hand for Happiness" family event, encouraging participation from employees' families, community residents, and the public, promoting family bonding and community engagement, and laying the foundation for a happier society.</li> <li>In pursuit of the 2050 net-zero emissions goal, the Company has obtained ISO 50001 and ISO 14064-1 certifications.</li> <li>In 2024, energy-saving improvement strategies in 2024, including the upgrade of the air conditioning units, replacing lighting with LED lights, resulting in annual electricity savings of 925 thousand kWh.</li> <li>The total installed capacity of the solar power generation system reached 138.25 kW, with a cumulative output of 957 thousand kWh by the end of 2024, reducing carbon emissions by 477.76 tons of CO<sub>2</sub>e.</li> </ol>	

**(6) Climate-related Information Implementation Status**

Items	Implementation Status						
<p>1. Describe the supervision and governance of climate-related risks and opportunities by the Board and the management.</p>	<ul style="list-style-type: none"> <li>• The Board of Directors, as the highest governance body, is responsible for comprehensive oversight of the Company's climate-related risks and opportunities.</li> <li>• Established a Sustainability Committee, composed of senior executives from various departments, with the Executive Vice President serving as Chair, responsible for periodically reviewing and reporting to the Board of Directors on short-term, medium-term, and long-term climate management objectives and implementation status.</li> <li>• Within the committee, a project action team conducts in-depth analysis and plans response strategies and action plans for significant climate risks and opportunities based on TCFD framework guidelines.</li> <li>• The Audit Department is responsible for assessing the effectiveness of internal control and risk management systems and reports its findings to both the Board of Directors and the Audit Committee.</li> </ul>						
<p>2. Describe how identified climate risks and opportunities affect the Company's business, strategy, and finances (short-term, medium-term, long-term).</p>	<ul style="list-style-type: none"> <li>• Explore all types of risks and opportunities, issues, types of impacts, and their financial implications outlined in the TCFD guidelines, distinguishing the significance and relevance of each issue based on likelihood and impact.</li> <li>• Define short-term, medium-term, and long-term as within 3 years, 3 to 5 years, and beyond 5 years, respectively, assessing the potential timing of each issue.</li> <li>• Develop optimal risk management approaches for each issue, and after evaluating the cost-effectiveness of risk management, identify 6 significant risks and 4 opportunities relevant to the Company.</li> </ul> <table border="1" data-bbox="810 1279 1426 1872"> <thead> <tr> <th data-bbox="810 1279 1015 1308">short-term</th> <th data-bbox="1016 1279 1220 1308">medium-term</th> <th data-bbox="1222 1279 1426 1308">long-term</th> </tr> </thead> <tbody> <tr> <td data-bbox="810 1310 1015 1872"> <ul style="list-style-type: none"> <li>• Physical Risk: Increased frequency or severity of extreme weather events</li> <li>• Opportunity: Entry into new markets or new customers, development of low-carbon products and services, use of more efficient production, adoption of new technologies</li> </ul> </td> <td data-bbox="1016 1310 1220 1872"> <ul style="list-style-type: none"> <li>• Transition Risk: Increase in renewable energy regulations and demand, increase in procurement costs for raw materials, transition to low-carbon energy</li> </ul> </td> <td data-bbox="1222 1310 1426 1872"> <ul style="list-style-type: none"> <li>• Transition Risk: Implementation of carbon pricing mechanisms, regulations and licensing requirements for existing products and services</li> </ul> </td> </tr> </tbody> </table>	short-term	medium-term	long-term	<ul style="list-style-type: none"> <li>• Physical Risk: Increased frequency or severity of extreme weather events</li> <li>• Opportunity: Entry into new markets or new customers, development of low-carbon products and services, use of more efficient production, adoption of new technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Transition Risk: Increase in renewable energy regulations and demand, increase in procurement costs for raw materials, transition to low-carbon energy</li> </ul>	<ul style="list-style-type: none"> <li>• Transition Risk: Implementation of carbon pricing mechanisms, regulations and licensing requirements for existing products and services</li> </ul>
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<p>3. Describe the financial impact of extreme weather events and transition actions.</p>	<ul style="list-style-type: none"> <li>• Financial Impact of Transition Risks: With increasing demand for renewable energy and rising raw material costs, the Company's supply chain and product costs may be significantly affected. This could</li> </ul>						

	<p>weaken ESG performance, potentially resulting in fewer orders. Additionally, the rising cost of steel may further increase financial pressure and negatively impact overall operational efficiency.</p> <ul style="list-style-type: none"> <li>• Financial Impact of Physical Risks: Extreme weather events may disrupt international logistics, leading to material supply delays. This, in turn, increases the risk of supply chain interruptions and negatively affects production and delivery schedules.</li> <li>• Financial Impact of Opportunities: Growing decarbonization requirements from governments, society, and customers are driving the Company to focus on the development of low-carbon products and services. This creates growth opportunities in the green economy, enhances competitiveness, and supports long-term sustainable value creation.</li> </ul>
<p>4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system..</p>	<ul style="list-style-type: none"> <li>• Through the operational framework of the Company's Risk Management Committee, integrate the annual collection and review of relevant risks and opportunity factors by the TCFD task force. Evaluate the appropriateness of existing management strategies through the aforementioned approach. Develop response strategies and report them to the Sustainability Development Committee for approval, followed by regular reporting to the Board of Directors by the Sustainability Development Committee.</li> </ul> <p>The Risk Management Committee monitors and oversees the effectiveness of climate risk management, to ensure its relevance and effectiveness, and to safeguard the resilience to the climate change risks of the Company.</p>
<p>5. If resilience to climate change risks is assessed using scenario analysis, the context, parameters, assumptions, analysis factors, and key financial impacts should be explained</p>	<ul style="list-style-type: none"> <li>• Based on the IPCC Climate Change Report, the Company adopted SSP (Shared Socioeconomic Pathways) scenarios for in-depth analysis, simulating climate risks and their potential financial impacts under various socioeconomic conditions. This provides a precise foundation for corporate decision-making.</li> <li>• The Company assessed flood risks posed by extreme weather events at its Taichung headquarters and Yunlin facility, and developed concrete measures to enhance operational resilience and ensure business continuity and disaster resistance of infrastructure.</li> <li>• Scenario analysis indicated that, if global warming continues to worsen and decarbonization efforts fall short, the Yunlin facility may face higher flood risks, potentially leading to operational losses. Therefore, it is necessary to strengthen the facility's business continuity capabilities and extend its sustainable operation capacity during emergencies.</li> </ul>
<p>6. If there is a transformation plan in place to address and manage climate-related risks, please outline the plan's contents, along with the indicators and objectives utilized for identifying and managing physical and transitional risks.</p>	<ul style="list-style-type: none"> <li>• The Company's risk transformation plan is developed based on potential significant risks that may be encountered in the future, divided into three dimensions: development of low-carbon products and establishment of new markets, energy efficiency and more efficient production, and sustainable supply chain management.</li> </ul> <p>1. Development of low-carbon products and establishment of new markets. Through green design, incorporation of low-carbon/recycled materials, and increasing product efficiency, assist customers in need of transformation to achieve carbon reduction goals.</p> <p>2. Energy efficiency and more efficient production, introducing various energy-saving and process</p>

	<p>management technologies such as the Internet of Things (IoT) to enhance production efficiency.</p> <p>3.Sustainable supply chain management: Assist in reducing carbon emissions in the supply chain. For the potential of supply chain disruptions caused by climate change, assess diversifying suppliers and formulate strategic reserve strategies.</p> <ul style="list-style-type: none"> <li>Through project implementation, it is expected not only to maintain high profitability levels under the impact of climate change but also to help reduce the carbon footprint generated by the Company.</li> </ul>
7. If internal carbon pricing is utilized as a planning tool, the rationale behind price setting should be elucidated.	The issue of internal carbon pricing in the Company is currently in the planning stage, and it is expected to be evaluated based on the regulations of Taiwan's Climate Change Response Act.
8. If climate-related targets are set, information on the activities covered, scope of greenhouse gas emissions, planning timeframe, annual progress achieved, etc. should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, details on the source and quantity of carbon offsets exchanged or the number of RECs should be explained.	<ul style="list-style-type: none"> <li>Since 2021, the Company has been certified with the and ISO 14064-1 Greenhouse Gas emission , and been certified with ISO 50001 Energy Management System since 2022, by third-party consultant.</li> <li>The Company also discloses its greenhouse gas emission results annually, formulates short, medium, and long-term carbon reduction goals and strategies, and regularly reviews performance and achievement.</li> <li>Simultaneously, annual water resource and waste recycling management goals are set to facilitate performance management.</li> <li>Progress on these indicators, please refer to Chapter 4 of the Company's 2024 Sustainability report.</li> </ul>
9. Greenhouse Gas Inventory and Assurance Status, Reduction Goals, Strategies, and Specific Action Plans. Also filled in Tables 1-1 and 1-2.	<ul style="list-style-type: none"> <li>In 2021, the Company completed the greenhouse gas inventory for the first time and obtained third-party verification. Please refer to the following table for detailed information</li> <li>Please also refer to Chapter 4 of the Company's 2024 Sustainability report for a detailed explanation of the Company's carbon reduction goals, strategies, and specific action plans.</li> </ul>

## 1-1 Greenhouse Gas Inventory and Assurance Status of the Company for the past two years

### 1-1-1 Information on Greenhouse Gas Inventory

Illustrate the greenhouse gas emissions for the past two years, including the emissions volume (in metric tons of CO<sub>2</sub>e), intensity (in metric tons of CO<sub>2</sub>e per million dollars), and the scope of data coverage

(Individual)	2023	2024
Direct emissions (tCO <sub>2</sub> e)	490.03	454.70
Energy indirect emissions (tCO <sub>2</sub> e)	3,970.49	3,559.44
Scope 1 + Scope 2 Total Emission	4,460.52	4,014.14
Intensity (tCO <sub>2</sub> e per million dollars)	2.06	1.78

Note1: The greenhouse gas emission results for the 2023/2024 fiscal year of our subsidiary did not reach the 5% materiality threshold for disclosure under ISO 14064-1, With the consent of the certifier, these results will not be included in the scope of this year's greenhouse gas verification audit and are therefore not disclosed at this time.

Note2: Intensity = Total Emission (Ton)/Annual Consolidated Revenue (\$million dollar)

Note3: For detailed carbon emissions data for each scope, please refer to the Company's 2024 Sustainability report.

## 1-1-2 Information on Greenhouse Gas Emission Assurance

Explain the assurance status for past two years up to the date of the annual report printing, including the assurance scope, assurance institution, assurance standards, and assurance opinion.		
The details of the assurance status are explained in following Table 1-1-1.		
	2023	2024
Assurance scope	Global Warming Potential (GWP): IPCC 2021, AR6	Global Warming Potential (GWP): IPCC 2021, AR6
Assurance institution	TÜV Rheinland Taiwan Ltd.	TÜV Rheinland Taiwan Ltd.
Assurance standards	ISO 14064-1: 2018	ISO 14064-1: 2018
Assurance opinion	Reasonable assurance	Reasonable assurance

## 1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Explain the greenhouse gas reduction base year and data, reduction targets, strategies, specific action plans, and achievement of reduction targets.
<p>As of the end of 2024, the Company's actual paid-in capital was NT\$1,198,018,480, placing it among companies with a capital of less than NT\$5 billion. According to the "Regulations Governing Information to be Published in Annual Reports of Public Companies," the base year for greenhouse gas reduction should be set as 2026, with individual companies required to conduct an inventory starting from 2026.</p> <p>Embracing the ethos of sustainable operation and consistent adherence to excellent corporate governance standards, the Company proactively designated 2022 as the base year for greenhouse gas reduction, initiating efforts in carbon reduction and environmental protection. The Company's greenhouse gas inventory data for 2022 has been reasonably assured by TÜV Rheinland Taiwan Ltd. Please refer to Table 1-1-1 of this annual report.</p> <p><b>Reduction Targets</b> The Company aims to reduce Scope 1 and Scope 2 emissions by 6% compared to the base year of 2022 in the first year and by 24% by 2026. Multiple channels and strategies, such as energy conservation, waste reduction, and energy consumption reduction, were utilized to achieve these carbon reduction targets.</p> <p>In 2024, through Replacement of fixed-frequency air-conditioning chiller, upgrading of lighting to LEDs, change of production processes, etc, the Company's carbon emissions for Scope 1 and Scope 2 decreased from 5,350.61 tons in the base year of 2022 to 4,014.14 tons in 2024, a reduction of 25.0%, exceeding the target by 13 basis points, while the density was risen by 7.5%.</p> <p>For detailed strategies, specific action plans, and achievement of targets, please refer to Chapter 4 of the Company's 2024 Sustainability report.</p>

## (7) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies"

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and Reasons
	Yes	No	Summary Description	
1. Establishment of ethical corporate management policies and programs (1) Has the Company established a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the said ethical corporate management policy and practices; did the Company's Board of Directors and management make an active commitment towards enforcement of such policy?	V		(1) The Company has established the "Ethical Corporate Management Best Practice Principles", which allow the Company's Board of Directors and management to actively implement the Company's policy of conducting business with integrity.  In addition to explaining in detail the policies and commitments related to integrity management on its official website, the Company also reinforces employee awareness of its integrity management philosophy by upholding and advocating the Company's management principles of "professionalism, enthusiasm and work ethics".	None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and Reasons
	Yes	No	Summary Description	
(2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure that the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies?	V		<p>(2) The Company's internal audit unit regularly performs fraud risk assessments within the Company's business scope, in line with applicable laws, regulations and various codes of conduct, as well as globally accepted internal control framework and principles. In addition to conducting audits of operating activities as per the annual audit plan approved by the Board of Directors, the audit findings and subsequent improvement plans are routinely reported to the Board, which helps mitigate the risk of business fraud.</p> <p>The Company has also established "Procedures for Ethical Management and Guidelines for Conduct" in accordance with the "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Best Practice Principles for Listed Companies" for its workplace. The Company has also developed and published internal control-related documents for its workplace in line with the "Ethical Corporate Management Best Practice Principles for Listed Companies", Article 7, paragraph 2, or other high fraud risk business activities. In addition, through training courses and brief promotional articles, the Company regularly imparts its core values and compliance system to its employees, fostering a culture of integrity and high ethical standards in the workplace. Furthermore, it persistently mandates employees to understand the laws and international regulations pertinent to the business to ensure adherence and offers several confidential reporting channels for stakeholders in event of fraudulent behavior.</p>	None
(3) Does the Company clearly provide the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?	V		<p>(3) The Company's "Code of Ethical Conduct," "Code of Conduct" and "Procedures for Ethical Management and Guidelines for Conduct" not only formulate various operational procedures, but also dictate that if any employee breaches these guidelines, the Company shall enforce appropriate action depending on the severity of the case.</p> <p>To foster a culture of integrity and conduct among its employees, the Company shall notify the Chairman of the Board of Directors of any substantiated employee violations of the law or the "Code of Integrity and Ethical Conduct", in addition to implementing the aforementioned multiple promotional measures. Periodically, the Company's internal auditor evaluates compliance with the preceding system and incorporates occurrence of dishonest conduct as part of their audit focus to enforce the Code.</p>	None
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p>	V		<p>(1) In addition to integrating terms and conditions related to integrity in the contracts with its business partners, the Company mandates suppliers and outsourced service providers to sign a separate "Letter of commitment to integrity and honest transactions". This ensures that they comprehend the importance of integrity and consent to adhere to the Company's code of ethical conduct.</p> <p>The Company has formulated an assessment mechanism for its business partners such as customers, suppliers, and service providers. It shall emphasize integrity in all its transactions, reaffirm its commitment to integrity and ethical practices and pursue improvements or terminate any business relationship found to be fraudulent, if necessary.</p>	None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and Reasons
	Yes	No	Summary Description	
(2) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		(2) To further strengthen the integrity management of the Company, the "Ethical Corporate Management Best Practice Principles" approved by the Board stipulates the HR Department as the designated team responsible for formulating and monitoring the implementation of integrity management policies, who reports to the Board at least once a year. Execution progress of the policies for 2024 was reported to the Board on 26 February 2025. Results are as follows: 1. Organizing training courses on regulations, internal control, information security or on operation management were conducted to remind supervisors, employees and new staff the importance of honesty and integrity. The total number of training hours was 155 with 251 participants attended. 2. Promote the Company's management philosophy (professionalism, commitment and ethics) and establish the values of ethics and morality 3. Setup multiple communication channels and infrastructure where employees can report any suspicious or illegal activity to senior management or to the human resources department 4. Publish "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", internal control framework and other fraud prevention measures on the Company's website to mitigate risks.	None
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement them?	V		(3) The aforementioned policies and other governance-related rules clearly prevent conflicts of interest at all levels. Conflicts of interest can be reported to the direct supervisor, the internal auditor, or directly to the Chairman via the Company's confidential mailbox.  Furthermore, a dedicated phone number and mailbox address are available in the Stakeholders' Area of the Company's website for external parties to file complaints.	None
(4) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to inspect the systems accordingly to prevent unethical conduct, or hire external accountants to perform the audits?	V		(4) To foster a corporate culture of integrity and healthy growth, the Company has consistently emphasized the importance of ensuring the effectiveness and integrity of the financial reporting procedures and their controls. The Company has designed a robust accounting policies and an internal control system for procedures with potentially higher risk of employee fraud.  The Company's internal audit unit prepares an annual audit plan based on the risk assessment results and conducts relevant audits in accordance with the plan. Further integrity or fraud-related follow-ups are conducted on an ongoing basis to detect and prevent dishonest conduct in the event of procedural irregularities.	None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" and Reasons
	Yes	No	Summary Description	
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		(5) At least once a year, the Company organizes training on relevant laws and regulations for directors, managers and employees. The Company promotes integrity through monthly meetings, orientation, inter-departmental meetings and various training activities. There were 251 hours of training courses on corporate integrity, fraud and information security risks organized in 2024, with a total of 155 participants.	None
3.Operation of the integrity channel (1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1) The Company has "Code of Ethical Conduct" that sets out the procedures for whistleblowing, and a "Code of Work Conduct" that outlines criteria for rewards and sanctions. A confidential email address is available for filing relevant information directly with the Chairman, the internal auditor or the HR Department. External parties may also use the contact information in the Stakeholder Area of the Company's website to report concerns. Designated personnel have been assigned to all the above-mentioned contact channels, who will process the information in a timely manner in accordance with the Company's procedures.	None
(2) Does the Company have in place standard operating procedures for investigating allegations, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(2) The Company's "Code of Ethical Conduct" stipulates the standard operating procedures for receiving filings. The information received and all subsequent investigations are handled in a confidential and rigorous manner.	None
(3) Does the Company provide proper whistleblower protection?	V		(3) The Company shall treat the identity of the whistleblower and its report in confidence. It is also committed to protecting the whistleblower from unfair treatment or retaliation.	None
4.Strengthening information disclosure (1) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		The Company's integrity management philosophy, "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct and Procedures for Ethical Management" are disclosed on the Company's website and the Market Observation Post System. The progress of implementation is maintained on the website and in this annual report.	None
5.If the Company has established the ethical corporate management policies based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies", please describe any discrepancy between the policies and their implementation. The Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" are drawn in line with the guidance issued by Taiwan Stock Exchange Corporation. Every member of the Company is expected to adhere to these and adopt the codes and guidelines into daily operations. Therefore, the Company's operations are consistent with the codes.				
6.Other important information to facilitate better understanding of the Company's ethical corporate management policies: <ol style="list-style-type: none"> <li>To implement the fundamentals of ethical corporate management policies, the Company operates in accordance with the "Company Act", "Securities and Exchange Act", "Businesses Entity Accounting Act", regulations for Listed Companies, and other laws and decrees concerning business transactions.</li> <li>The Company's "Rules of Procedure for Board of Directors Meetings" establishes a conflict-of-interest system for directors. A director who has an interest in a proposal submitted to the board should disclose the significant content of his/her interest at the board meeting. If it is detrimental to the interests of the Company, the director should abstain from participating in the discussion or voting. The director should recuse himself/herself from the discussion and not exercise his/her voting rights on behalf of other directors.</li> <li>The Company has established a pledge of honesty and integrity in its dealings and requires suppliers to sign the pledge. This serves as a commitment to abide by the principles of honesty and integrity in all transactions with the Company.</li> </ol>				

**(8) If the Company has established a code of corporate governance and related regulations, it should disclose its inquiry methods:**

The rules and regulations related to corporate governance established by the Company have been posted on the Company's website under the following path: Home > Investor Relations > Corporate Governance > Rules Related to Corporate Governance ([www.hiwinmikro.tw](http://www.hiwinmikro.tw)) for the interest of the public.

**(9) Other important information that may be disclosed to facilitate better understanding of corporate governance: None**

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## (10) Internal Control Systems

### 1. Internal control statement

#### **Hiwin Mikrosystem Corp. Internal Control System Statement**

Date: February 26<sup>th</sup>, 2025

The Company states the following with regards to its internal control system during fiscal year 2024, based on the findings of a self-evaluation:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibilities of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinbelow, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divides internal control into five elements based on the process of management control: (1) control environment; (2) risk assessment; (3) control activities; (4) information and communications; (5) monitoring. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of 31<sup>st</sup> December, 2024 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of financial reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's annual report and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on February 26, 2025, where 0 of the 9 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Hiwin Mikrosystem Corp.

Chairman : Hsiu-Yu Chuo

President : Kou-I Szu

2. If an accountant is appointed to review the internal control system, the accountant's review report should be disclosed: Not applicable

**(11) Significant shareholder and board resolutions in the most recent year and up to the date of printing of the annual report**

**1. Important Shareholder resolutions**

Shareholders Meeting Date	Important Proposals	Implementation description
2024.05.30	Recognition of the 2023 Annual Report on Operations and Financial Statements	The resolution was passed. Relevant forms were filed and reported in accordance with the provisions of the Companies Act and other relevant laws and regulations.
	Approved the distribution of earnings for the year 2023	The resolution was passed. Cash dividend of NT\$0.1 per share, with an ex-dividend date of 23 July 2024 were paid on 8 August 2024.
	Approved the amendment to the 'Rules and Procedures for Shareholders' Meetings'	Resolution passed, publicly announced on the company's website, and processed according to the revised procedures.
	Director election matters	Resolution approved, change registration with the Ministry of Economic Affairs completed on July 16, 2024.
	Approved the removal of prohibition on competition for directors and their representatives	Resolved that a material announcement be made on the same day as the shareholders' meeting

**2. Important Board resolutions**

Board Meeting Date	Important resolutions
2024.02.27	Approved the distribution of employee remuneration and director remuneration for FY2023
	Approved the "Statement of Internal Control System" for the year 2023
	Approved the 2023 Annual Operating Report and Financial Statements
	Approved the distribution of the Company's earnings for FY2023
	Approved the amendment to the "Procedures for Election of Directors"
	Approved the Company's business plan for FY2024
	Approved the change of certified public accountants in line with the accounting firm's internal rotation
	Approved the time, place, agenda, and related matters for the 2024 Annual Shareholders' Meeting of the Company
2024.04.02	Approved of the list and qualification review of candidates for the 11 <sup>th</sup> Board of Directors and independent directors
	Removed prohibition on non-competes for new directors and their representatives
	Approved the amendment to the "Rules of Procedure for Shareholders' Meeting"
2024.05.10	Approved the Company's consolidated financial statements for the first quarter of 2024
2024.05.30	Motion to elect a new Chairman of the Board
	Approved the appointment of members to the 4th Compensation Committee
	Approved the appointment of the 3rd Audit Committee members
	Approved the appointment of the 2nd Nomination Committee members.
2024.08.13	Approved the Company's consolidated financial statements for the second quarter of 2024
	Approved the appointment of the Chairman to concurrently serve as CEO.
	Approved the appointment of Director Eric Y.-T. Chuo to concurrently serve as Co-CEO.
	Approved the change of Head of Finance and Corporate Governance Officer.
	Approved the change of Company Spokesperson.
	Approved the Sustainability Report.
	Approved the amendment to the "Corporate Governance Best Practice Principles"
2024.11.11	Approved the Company's consolidated financial statements for the third quarter of 2024
	Approved the 2025 audit plan
	Approved the amendment to the "Corporate Governance Best Practice Principles"

	Approved the amendment to the "Rules of Procedure for Board of Directors Meetings."
	Approved the amendment to the "Audit Committee Charter."
2025.02.26	Approved the distribution of employee remuneration and director remuneration for FY2024
	Approved the "Statement of Internal Control System" for the year 2024
	Approved the change of CPA due to internal rotation within the accounting firm.
	Approved the 2024 Annual Operating Report and Financial Statements
	Approved the distribution of the Company's earnings for FY2024
	Approved the amendment to the 'Articles of Incorporation'
	Approved the change of certified public accountants in line with the accounting firm's internal rotation
	Approved the Company's business plan for FY2025
	Removed prohibition on non-competes for new directors and their representatives
	Approved the time, place, agenda, and related matters for the 2025 Annual Shareholders' Meeting of the Company

**(12) Main content of any dispute of directors or supervisors with respect to important resolutions passed by the board of directors in the most recent year and up to the date of printing of the annual report, which are recorded or stated in writing:** None

## 2.3 Auditor Information

### (1) Audit fee

Unit: NT\$1000

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remark
Deloitte Taiwan	Ting-Chien Su Hsiao-Fang Yen	2024	1,670	350	2,020	The Non-audit fee is for tax service.

- The audit fee in the year when the accounting firm was changed is less than the audit fee in the year before it was changed: None
- The audit fee decreased by 10% or more from the fee in the prior year: None
- The audit fee for the year 2025 was approved by the Board of Directors on February 26, 2025.

### (2) Independence of the Auditor

The Company regularly assesses the independence of the CPA and reports the results of that assessment to the Board.

- The Accountant's Statement of Independence and Suitability Information for the assessment is obtained.
- The Accountant's Independence and Competence Assessment Form is completed.
- The Company has not been audited by the same CPA for more than seven consecutive years.
- The Company confirms that the provision of non-audit services does not affect the outcome of the audit.

## 2.4 Replacement of CPA

### (1) About the former CPA

Replacement Date	Approved by the Board of Directors on 26 February 2025		
Reasons for change and explanations	In line with Deloitte Taiwan's internal rotation system, the Company's auditor shall be changed from Done-Yuin Tseng and Hsiao-Fang Yen to Ting-Chien Su and Hsiao-Fang Yen starting from the first quarter of 2024.		
Company's termination or CPA's refusal of appointment	Situation	Client	Appointee
	Voluntary termination of appointment	CPA	Not applicable

	Refusal of (continuing) appointment	
Other issues (other than unqualified report) raised in the audit reports within the last two years	None	
Any disagreement with the issuer	Yes	Accounting Principles or Practices
		Disclosure of Financial Reports
		Scope or Procedure of Audit
		Other
	None	V
Description		
Other disclosures (Those that should be disclosed in paragraphs 1(d) to 1(g) of paragraph 6 of Article 10 of this Standard)	None	

**(2) About the successor CPA**

Name of accounting firm	Deloitte Taiwan
Name of CPA	CPAs: Ting-Chien Su and Hsiao-Fang Yen
Date of appointment	Approved by the Board of Directors on February 26, 2025
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the Company's financial reports that the CPA might issue prior to engagement	Not applicable
Successor CPA's written opinion regarding accounting disagreement with predecessor	None

**(3) Reply letter from the former accountant on matters set out in paragraphs 6(1) and 2(3) of Article 10 of the Standards: Not applicable**

**2.5 Information on the chairman, general manager, and manager responsible for the Company's financial or accounting operations, who have worked at the CPA firm or its affiliated entities in the most recent year: None**

**2.6 Transfer of equity and changes in equity pledge of directors, supervisors, managers, and shareholders with a shareholding ratio of more than 10% in the most recent year and as of the date of publication of the annual report**

**(1) Changes in Shareholdings of Directors, Supervisors, Managers and Major Shareholders**

Unit: Share

Title	Name	2024		As of March 28, 2025	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
Chairman and 10% major shareholder	Hsiu-Yu Chuo	(135,000)	—	(110,000)	—
Director	HIWIN INVESTMENT AND HOLDING CORP.	—	—	—	—
	Eric Y. T. Chuo	—	—	—	—
Director	Kou-I Szu	—	—	—	—
Director	Yongchiang Investment Co., Ltd.	—	—	—	—
	Representative: Shun-Chin Lee	—	—	—	—
Director	Liang-Chi Chang	—	—	—	—
Director	HIWIN TECHNOLOGIES CORP.	—	—	—	—
	Representative: Yan-Qi Peng	(2,000)	—	(2,000)	—
Independent Director	Hsueh-Pin Chang	—	—	—	—
Independent Director	Chung-Jen Chen	—	—	—	—
Independent Director	Chien-Yu Lo				
Executive Vice President	Kai-sheng You	—	—	—	—
Head of Finance and Accounting, Head of Corporate Governance	Hung-Yi Tsai	88	—	—	—

**(2) Information on Share Transfer with Related Parties: None**

**(3) Pledged Shares with Related Parties: None**

## 2.7 Shareholding ratio of the top ten shareholders, information on their relationship with each other, spouse, or relatives within the second degree

March 28, 2025; Unit: Share, %

Name	Current Shareholding		Spouse's/minor child's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship between the Company's Top Ten Shareholders, or Spouses or Relatives within the Second-Degree of Kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Hsiu-Yu Chuo	22,150,630	18.49%	928,689	0.78%	—	—	Show-min Chuo Wen-Hen Chuo	2nd degree of kinship 2nd degree of kinship	—
HIWIN TECHNOLOGIES CORP.	9,525,676	7.95%	—	—	—	—	—	—	—
HIWIN TECHNOLOGIES CORP. Representative: Wen-Hen Chuo	74,416	0.06%	8,786,149	7.33%	—	—	You-ying Chuo You-song Chuo You-po Chuo Hsiu-Yu Chuo Show-min Chuo	1st degree of kinship 1st degree of kinship 1st degree of kinship 2nd degree of kinship 2nd degree of kinship	—
HIWIN INVESTMENT AND HOLDING CORP.	6,592,991	5.50%	—	—	—	—	—	—	—
HIWIN INVESTMENT AND HOLDING CORP. Representative: Wen-Hen Chuo	74,416	0.06%	8,786,149	7.33%	—	—	You-ying Chuo You-song Chuo You-po Chuo Hsiu-Yu Chuo Show-min Chuo	1st degree of kinship 1st degree of kinship 1st degree of kinship 2nd degree of kinship 2nd degree of kinship	—
You-ying Chuo	3,517,667	2.94%	—	—	—	—	Wen-Hen Chuo You-song Chuo You-po Chuo	1st degree of kinship 2nd degree of kinship 2nd degree of kinship	—
Show-min Chuo	3,000,914	2.50%	2,258,869	1.89%	—	—	Yu-jen Chiu Hsiu-Yu Chuo Wen-Hen Chuo	1st degree of kinship 2nd degree of kinship 2nd degree of kinship	—
You-song Chuo	2,634,241	2.20%	—	—	—	—	Wen-Hen Chuo You-ying Chuo You-po Chuo	1st degree of kinship 2nd degree of kinship 2nd degree of kinship	—
You-po Chuo	2,634,241	2.20%	—	—	—	—	Wen-Hen Chuo You-ying Chuo You-song Chuo	1st degree of kinship 2nd degree of kinship 2nd degree of kinship	—
Chin-Tsai Chen	2,618,168	2.19%	—	—	—	—	—	—	—
Ai-lun Li	2,515,792	2.10%	—	—	—	—	—	—	—
Yu-jen Chiu	2,258,869	1.89%	—	—	—	—	Show-min Chuo	1st degree of kinship	—

**2.8 The number of shares held by the Company, its directors, managers, and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise and combined to calculate the comprehensive shareholding ratio**

December 31, 2024; Unit: 1000 shares, %

Reinvestment Businesses (Note)	Company investment		Director, supervisor, manager and direct or indirect control of business investment		Comprehensive investment	
	Shares	Holding %	Shares	Holding %	Shares	Holding %
Mega-Fabs Motion Systems Ltd.	360	60%	–	–	360	60%

Note: Represents investments in which the Company uses the equity method

### III. Capital Overview

#### 3.1 Capital and Shares

##### (1) Source of Capital

Unit: 1000 Shares; NT\$1000

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase (Non-cash Assets)	Other
2012.07.19	10	58,480	584,800	56,459	564,594	Surplus to capital increase Employee dividend allotment of shares	None	Authorized Commercial No. 10101142320 on July 19 2012
2012.10.02	30	98,480	984,800	64,459	644,594	Cash capital increase	None	Authorized Commercial No. 10101203840 on October 2 2012
2013.08.09	10	98,480	984,800	66,650	666,502	Surplus to capital increase Employee dividend allotment of shares	None	Authorized Commercial No. 10201163830 on August 9 2013
2013.12.04	30	98,480	984,800	73,650	736,502	Cash capital increase	None	Authorized Commercial No. 10201245300 on December 4 2013
2014.09.18	10	98,480	984,800	75,303	753,034	Surplus to capital increase Employee dividend allotment of shares	None	Authorized Commercial No. 10301192350 on September 18 2014
2015.08.25	10	98,480	984,800	78,684	786,843	Surplus to capital increase Employee remuneration allotment of shares	None	Authorized Commercial No. 10401180950 on August 25 2015
2015.12.07	30	98,480	984,800	90,684	906,843	Cash capital increase	None	Authorized Commercial No. 10401260900 on December 7 2015
2016.12.02	10	98,480	984,800	92,162	921,624	Surplus to capital increase Employee remuneration allotment of shares	None	Authorized Commercial No. 10501274670 on December 2 2016
2017.10.02	10	98,480	984,800	92,826	928,264	Surplus to capital increase Employee remuneration allotment of shares	None	Authorized Commercial No. 10601138420 on October 2 2017
2018.07.11	10	98,480	984,800	95,408	954,083	Surplus to capital increase Employee remuneration allotment of shares	None	Authorized Commercial No. 10701076070 on July 11 2018
2018.08.03	35	150,000	1,500,000	106,408	1,064,083	Cash capital increase	None	Authorized Commercial No. 10701087970 on August 3 2018
2019.02.21	-	300,000	3,000,000	106,408	1,064,083	Update of number of shares authorized	None	Authorized Commercial No. 10801014370 on February 21 2019
2019.09.27	56	300,000	3,000,000	117,908	1,179,083	Cash capital increase	None	Authorized Commercial No. 10801130750 on September 27 2019
2020.08.31	10	300,000	3,000,000	118,616	1,186,157	Surplus to capital increase	None	Authorized Commercial No. 10901160810 on August 31 2020
2021.10.26	10	300,000	3,000,000	119,802	1,198,018	Surplus to capital increase	None	Authorized Commercial No. 11001193610 on October 26 2021

Unit: Share

Share Type	Authorized Capital			Authorized Capital
	Issued Shares	Unissued Shares	Total Shares	
Registered common stock	119,801,848	180,198,152	300,000,000	Shares of a listed company

**Information on the Omnibus Reporting System: None****(2) List of Major Shareholders**

March 28, 2025

Shareholder's Name	Shares	Shareholding (Shares)	Percentage
Hsiu-Yu Chuo		22,150,630	18.49%
HIWIN TECHNOLOGIES CORP.		9,525,676	7.95%
HIWIN INVESTMENT AND HOLDING CORP.		6,592,991	5.50%
You-ying Chuo		3,517,667	2.94%
Show-min Chuo		3,000,914	2.50%
You-song Chuo		2,634,241	2.20%
You-po Chuo		2,634,241	2.20%
Chin-Tsai Chen		2,618,168	2.19%
Ai-lun Li		2,515,792	2.10%
Yu-jen Chiu		2,258,869	1.89%

### **(3) Dividend policy and implementation status of the Company**

#### **1. Dividend policy**

When the Company distributes earnings for each fiscal year, it shall first recover losses and set aside 10% as legal reserve, except when the accumulated legal reserve has reached the Company's total capital. The Company also distributes (or reverses) the special reserve in accordance with other laws and regulations, extra dividend of 6% (inclusive) or less. Distributions of earnings may be made in the form of cash dividends or stock dividends, provided that the percentage of stock dividends shall not exceed two-thirds of the sum of cash dividends and stock dividends to shareholders for the year.

Based on financial, business, and operational considerations, the Company may distribute the remaining balance after deducting the aforementioned amount, together with all or part of the undistributed earnings of the previous year and the distributable earnings of the current year.

The Company's Articles of Association do not specify the distribution rate of dividends to shareholders. The distribution of dividends is subject to adjustment based on future capital expenditure plans and capital conditions, and shall be resolved by the Board of Directors and shareholders' meeting. As the Company continues to expand its plants and develop new products, it needs to retain a certain level of capital. In addition, in recent years, the distribution rate has been no less than 30% of the Company's annual net income, in the form of cash or shares, with all cash dividends being no less than one-third of the total dividends.

#### **2. The proposed dividend distribution at the shareholders' meeting**

The appropriation of earnings for the year 2024 was resolved by the board of directors on February 26, 2025, and the total dividends of NT\$23,960,370 (NT\$0.20 per share) to shareholders will be paid in cash. The cash dividends will be submitted at the shareholders' meeting after approval of the board of directors, and the chairman shall be authorized to set the basis date for dividend distribution.

#### **3. Significant changes in dividend policy: None**

### **(4) Impact of the proposed gratis allotment of shares at the shareholders' meeting on the Company's operating results and earnings per share**

The proposed gratis allotment of shares at the shareholders' meeting will not be distributed and is therefore not applicable.

### **(5) Employee and Director Remuneration**

#### **(1) The percentage or scope of employee and directors' remuneration as stipulated in the Company's Articles of Incorporation**

The Company's remuneration consists of basic salary, bonuses, and employee compensation. The total of bonuses and employee remuneration depends on the Company's overall operating performance and performance of individual employees which determine the amount to be allocated.

In accordance with the Company's Articles of Association, if the Company earns a profit in a year, it shall allocate no less than 1% for employee remuneration and no more than 4% for directors' remuneration. The remuneration to employees shall be distributed in the form of shares or cash as determined by the Board of Directors, and the remuneration to directors shall be paid in cash. The remuneration to employees and directors shall be reported at the shareholders' meeting. However, if the Company has accumulated losses, the amount of remuneration should be reserved in advance, and the remuneration to directors and supervisors as well as employees should be provided in accordance with the aforementioned ratio.

#### **(2) Basis for estimating the total employee and directors' remuneration, basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment if the actual amount of distribution differs from the estimated amount**

If there is a significant change in the amount of remuneration resolved by the board of directors post year-end, the change shall be adjusted to the expense of the year when the profit originated. If there is still a change in the amount after the annual financial statements have been approved

and released, it shall be treated as a change in accounting estimate and recorded the following year.

- (3) The Board of Directors approves the distribution of remuneration in the following circumstances:
- (a) Employee and directors' remuneration in the form of cash or shares: At the Board of Directors' meeting held on February 26, 2025, the distribution of employee remuneration and directors' remuneration for 2024 was approved. The amount and distribution method are as indicated in the table below, with no variance from the estimated provision amount for expense recognition for the fiscal year.

Unit: NT\$1,000

Items	Distribution amount	Distribution form
Employees' remuneration	3,833	Cash
directors' remuneration	1,917	

- (b) The amount of employee remuneration distributed in the form of shares and its proportion to the total amount of net income after tax and total employee remuneration in the individual or individual financial statements for the period: Not applicable
- (4) Actual distribution of employee remuneration and directors' remuneration in the previous year
- (a) The actual cash distribution as employee remuneration in 2024 was \$1,000,000.
- (b) The actual cash distribution as directors' remuneration in 2024 was \$0.
- (c) There was no difference between the actual distribution and distribution amount reported at the shareholders' meeting held on May 30, 2024.

**(6) Company shares repurchase:** None

**3. 2 Implementation status of corporate bonds:** None

**3. 3 Implementation status of special stocks:** None

**3. 4 Implementation status of overseas deposit receipts:** None

**3. 5 Implementation status of employee stock options:** None

**3. 6 Implementation status of restrictions on handling new shares with employee rights:** None

**3. 7 Implementation status of handling mergers and acquisitions or transfer of shares of other companies to issue new shares:** None

**3. 8 Implementation status of financial plans:**

As of the last quarter of the year prior to the printing date of the annual report, there were no issuance of securities or private placements outstanding or completed within the last three years for which the benefits of the plan have not yet been achieved.

## IV. Operational Highlights

### 4.1 Business Activities

#### (1) Business scope

##### 1. The main content of the company's business

The Company is a leading brand in electromechanical components and systems, dedicated to advancing innovation and development in high-end transmission and motion control. We focus on the research and development of nanometer and micrometer positioning systems, as well as key components for high-precision motion control. Our product line includes linear motors, direct drive motors, torque motors, AC servo motors, incremental and absolute position measurement systems, advanced servo drives compatible with major international standard buses, and multi-axis motion controllers. We provide comprehensive and high-value-added solutions for industries such as semiconductors, high-end machine tools, advanced electronic manufacturing, automation, and smart manufacturing.

##### 2. Operating weighting

Unit: NT\$1,000 ; %

Year	2023		2024	
	Amount	Weighting (%)	Amount	Weighting (%)
Main Products				
Precision Motion and Control Components	1,238,811	57.08	1,226,039	54.40
Micron and Nano-level Positioning Systems	907,360	41.81	1,004,843	44.59
Others	24,029	1.11	22,825	1.01
Total	2,170,200	100.00	2,253,707	100.00

##### 3. Current Products (Services)

Our two main product categories and their respective series are outlined in the table below. These products are extensively used across various industries including semiconductors, high-end machine tools, advanced electronic manufacturing equipment, and smart manufacturing.

Product Category	Series
Precision Motion and Control Components	Controllers, drives, linear motors, direct drive motors, torque motors, servo motors, linear actuators, position measurement systems
Micron and nano-level positioning systems	Single-axis positioning stages, dual-axis positioning stages, gantry-based positioning stages, bridge-based positioning stages, air-bearing positioning stages, multi-axis positioning stages, customized positioning stages

##### 4. New products (services) to be developed

The Company continues to focus on the development of high precision motion control components and high-precision positioning systems. The new products planned for development are as follows:

- (1) Multi-axis Drive Modules
- (2) Nano-precision Multi-axis Motion Controllers
- (3) High-thrust Water-cooled Linear Motors with High Protection Ratings
- (4) Multi-degree-of-freedom Positioning Modules Featuring Ultra-high Precision Z-axis

#### (2) Industry overview

##### 1. Industry Development and Status

The global industrial environment is facing multiple challenges and changes. Due to rising

inflationary pressures, the ongoing Russia-Ukraine war, and export controls on high-tech products to China by advanced economies including the US, Europe, and Japan, the overall international trade landscape has become increasingly complex, and economic activities have shown signs of slowing down.

Nevertheless, certain emerging application fields continue to demonstrate strong growth momentum, particularly in Artificial Intelligence (AI), High-Performance Computing (HPC), Internet of Things (IoT), Smart Manufacturing, and Electric Vehicles. Meanwhile, global attention to climate change issues continues to rise, driving countries to actively pursue net-zero carbon emission goals, which further expands the demand for green technology and advanced manufacturing solutions, creating new business opportunities for related industries.

Semiconductors, as the core foundation for various critical applications, have been recognized by governments worldwide as a strategically significant industry. Through financial subsidies, tax incentives, and policy support, governments are encouraging international wafer manufacturers to establish factories domestically to strengthen localized production capacity and supply chain autonomy. This initiative simultaneously drives growing demand for advanced processes and high-end manufacturing equipment.

On the other hand, in response to aging populations and changes in labor force structure, developed countries are experiencing steady growth in demand for automation and smart manufacturing equipment. Countries are also actively promoting the localization of manufacturing and the shortening of supply chains, accelerating the implementation of automation technologies, which provides opportunities for industrial transformation and upgrading.

In the machine tool industry, despite market contraction in Germany due to the rise of Chinese electric vehicles, demand for critical components related to robots and automation equipment continues to increase. This is particularly evident in robot-specific reducers, servo motors, multi-axis drive and control integration units, and multi-voltage DC power modules, where market potential continues to expand.

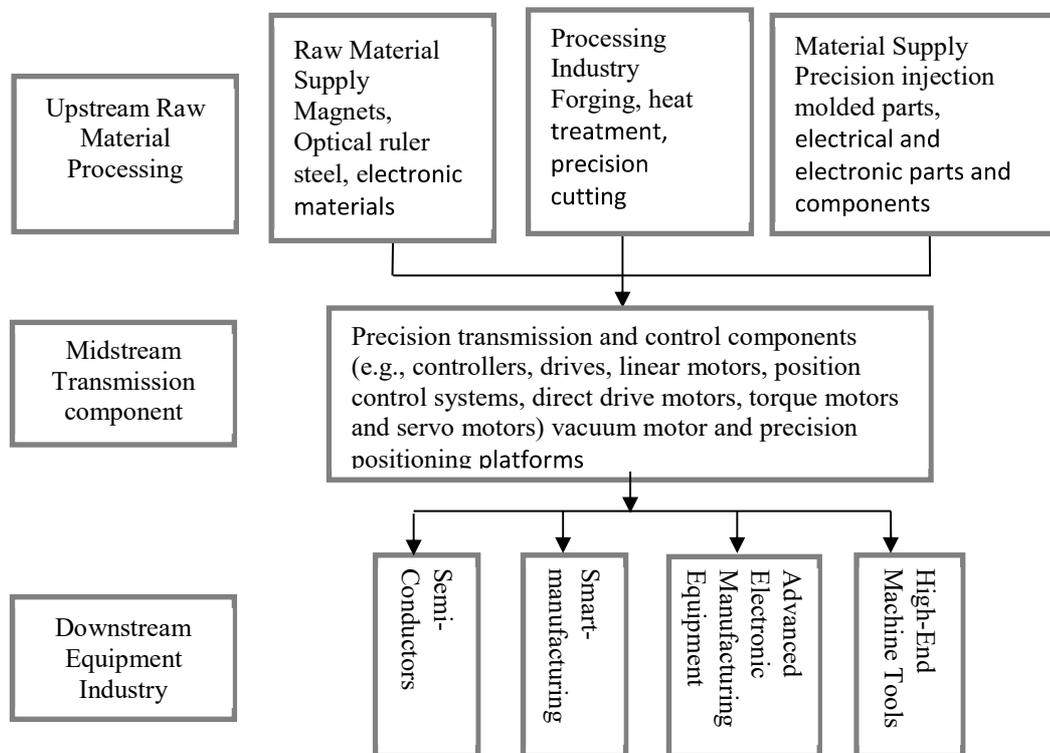
## 2. Upstream, midstream, and downstream industry linkages

The power transmission component industry chain can be divided into three main levels: Upstream: Involves raw material supply and preliminary processing, covering the manufacturing and treatment of metal materials, plastic substrates, etc.

Midstream: Focuses on the research, development and production of precision transmission components, providing key core components, serving as the technological and quality hub in the overall industry value chain.

Downstream: Encompasses a wide range of end-use markets, including industrial machinery, automation equipment, automotive, aerospace, medical devices and other industries.

Our company plays a critical position in the midstream, focusing on the design, development, and manufacturing of high-precision transmission components. With deep technical capabilities and manufacturing experience, we continuously innovate and maintain strict quality control to connect upstream material suppliers with downstream customer needs. We provide high value-added solutions and establish long-term partnerships with customers, which promotes stable development and technological advancement across the entire industry chain.



### 3. Product Development Trend

With the growing demand for automation equipment driven by AI and smart manufacturing, key components such as controllers, drivers, linear motors, vacuum motors, torque motors, direct-drive motors, servo motors, and position measurement systems are evolving toward higher precision, greater efficiency, and enhanced performance. In response to global net-zero carbon emission goals, motors designed with high energy conversion efficiency can significantly reduce carbon emissions and energy consumption, making them essential green components for advancing industrial upgrades.

With advancements in communication technologies, servo drive technologies are also continuously evolving. The industry is gradually adopting a variety of industrial communication networks to meet the diverse equipment requirements across different countries and regions. Unlike standard internet communication, industrial applications demand higher levels of stability, noise immunity, compatibility, and plug-and-play functionality to enable the rapid integration of various programmable controller systems.

Furthermore, as energy conservation and carbon reduction environmental requirements intensify, product manufacturing processes will increasingly focus on environmental standards, selecting materials that comply with international certifications such as RoHS and REACH, promoting green industrial product production, and helping create circular economy benefits in response to global warming issues.

### 4. Product Competition

Facing fierce competition from Germany, Japan, the United States and China in the global market, we have the most complete product line of high-precision motion and control components in the market, providing highly integrated and comprehensive solutions. By leveraging our resource advantages and implementing a vertical integration strategy, we continuously enhance our R&D innovation and product in-house manufacturing capabilities, strengthening our unique competitiveness in the market. Meanwhile, we provide customers with high-quality products and services, we demonstrate exceptional flexibility no matter to face both high-performance challenges and fierce price competition, creating added value for our customers while steadily expanding application fields and our customer base.

We focus on strengthening our core competitiveness, upholding professional and globalized management philosophies, planning short-term and long-term strategies for technology and business development, implementing our core value of “With us, you are a hi-tech winner.” Leveraging our role as an industry benchmark, we strive to lead all stakeholders in creating a

sustainable and environmentally friendly green supply chain, ushering in a new era of shared prosperity.

### (3) Technology and R&D overview

#### 1. Technology level of business

- (1) Our company has long been deeply involved in the research and development and manufacturing of critical electromechanical components related to motion control. Our product range includes linear motors, torque motors, servo motors, various types of drivers, and controllers, applicable in industries such as automation, panel, PCB, semiconductor, machine tools, printing, and automotive, providing comprehensive solutions to our customers. In response to the market trend for smaller and lighter products (such as mobile phones, panels, and other consumer products), improving production efficiency and energy saving, enhancing system safety, and meeting Industry 4.0 requirements, critical components play a crucial role. These components not only meet the demands for high speed and precision but also reduce thermal loss, save energy, and feature low-carbon designs. Most importantly, they are equipped with safety mechanisms to prevent injury to personnel and damage to equipment, and they are aligned with the Industry 4.0 standards for communication and intelligent self-diagnostic functions.
- (2) Key components such as linear motors, torque motors, direct drive motors, servo motors, and various types of drive controllers and position measurement systems all comply with international certifications, such as CE, UL, and functional safety certifications. They have also won numerous Taiwan Excellence Awards, including gold and silver honors. Our technology level is on par with global standards and has been recognized and adopted by major international manufacturers from Germany, Japan, the USA, and Israel, while also continuing to extend to the development and promotion of next-generation products.
- (3) By leveraging global resource vertical integration and electromechanical integration capabilities, we collaborate with customers to develop next-generation ultra-precision positioning platforms. These are applied in advanced semiconductor, panel, and PCB inspection processes, earning long-term recognition and adoption by the top two global semiconductor companies and the top three global PCB AOI inspection manufacturers.

#### 2. Research and Development

- (1) In response to the demands of various industries, we have developed core critical components such as linear motors, torque motors, servo motors, high-speed spindle motors, and drive control systems that are essential for Industry 4.0 and smart manufacturing. We also meet customers' needs for complete system solutions by collaboratively integrating and developing forward-looking ultra-precision positioning platforms, thereby staying ahead of the competition and in sync with global technology standards.
- (2) We are actively planning and designing, investing in the development of key processes, and using in-house developed critical components to establish smart manufacturing lines. This not only creates a better working environment but also protects our core production technologies while maintaining competitiveness in price and delivery.
- (3) We continue to invest in R&D resources, including conducting in-house research and collaborating with foreign research centers, domestic academia, and related research institutions. This enhances our self-developed capabilities, maintains our competitive edge, and facilitates talent development.
- (4) Integrating global resources for continuous innovation, a total of 17 domestic and foreign patent applications were filed in 2024, 17 patent certificates were issued and a total of 249 valid patents by the end of 2024. In 2024, our "Absolute Position Measurement System - APM" won the 33rd Taiwan Excellence Award from the Ministry of Economic Affairs, proving HIWIN MIKROSYSTEM's mastery of key

R&D and manufacturing capabilities for mechanical and electrical products.

3. Research and development expenses for the most recent year and up to the publication date of the annual report:

Unit: NT\$1,000 ; %

Item	2023	2024
Research and development expenses	280,298	280,525
Net operating revenue	2,170,200	2,253,707
Percentage of net operating income	12.92%	12.45%

4. Technology or products developed in the latest year and up to the date of printing of the annual report

The following products and technologies were successfully developed during the year:

- (1) Linear Motors: Energy-saving and carbon-reducing linear motors
- (2) Direct Drive Motors: High-precision absolute direct drive motors
- (3) High-end Drives: High-performance E2 400V drives
- (4) High-precision Positioning Platforms: High-dynamic performance semiconductor precision positioning platforms

#### (4) Long-term and Short-term Business Development Plans

We continue to cultivate expertise in the fields of high-precision motion and control components, as well as advanced precision positioning systems, providing customers and the market with more comprehensive and competitive high-value-added solutions. In terms of high-precision motion and control components, our company is continuously enhancing our driver, controller, and position encoder technologies to help boost the competitiveness of our clients' equipment. In the development of high-end precision positioning systems, based on the electromechanical vertical integration capabilities, we continue to expand the high-end, high-value-added precision equipment market, such as the DM direct-drive motor that distinguishes general electronic automation applications from high-end applications, nano-positioning wafer inspection, semiconductor advanced packaging, four-axis integrated modules suitable for fast focusing and other related equipment markets. In addition to technology and product development, combined with the development of business activities, we have formulated short-, medium- and long-term plans as follows:

##### 1. Short-term Business Development Plan

- (1) Meet customer needs, establish long-term cooperative relationships, and enhance competitive advantages.
- (2) Leverage the group's global sales network to provide customers with immediate localized services and optimize cost-effectiveness.
- (3) Strengthen pre-sales and post-sales services, accurately grasp customer needs, and increase satisfaction and loyalty.

##### 2. Medium- and Long-term Business Development Plan

- (1) Integrate group resources to enhance the added value of products and overall solutions, assisting customers in transformation and upgrading.
- (2) Deepen engagement with growth-oriented key industries, including semiconductors, electric vehicles, and automation, to expand our global market share.
- (3) Continuously promote product innovation towards net-zero carbon emissions, optimize production processes and services, and achieve sustainable corporate operation and development.

## 4.2 Market and Sales Overview

### (1) Market analysis

#### 1. Major product sales regions

The Company's revenue and proportion by region for the last two years are as follows

Unit: NT\$ 1,000

Region		2023		2024	
		Amount	Weighting (%)	Amount	Weighting (%)
Export	Asia	1,244,411	57.34	1,435,964	63.72
	America	145,693	6.71	81,678	3.62
	Europe	431,577	19.89	376,508	16.71
	Other	16,349	0.75	7,538	0.33
	Subtotal	1,838,030	84.69	1,901,688	84.38
Domestic Sales		332,170	15.31	352,019	15.62
Total		2,170,200	100.00	2,253,707	100.00

#### 2. Market share

As the world's largest manufacturer of semiconductor precision positioning systems, our company has won a total of 10 Taiwan Excellence Awards, including both gold and silver, from 2004 to 2024. From 2022 to 2024, we have consecutively won the Taiwan Excellence Gold Award for three years, affirming our excellence. We have also repeatedly received the "Global Best Supplier Award" from one of the largest semiconductor equipment manufacturers globally, further enhancing our sales effectiveness in nano and micrometer-level positioning system platforms.

Our electromechanical systems, subsystems, and components, including high-speed single-axis positioning platforms, linear motors, and torque motors, which are core critical drive components, have been implemented in equipment from several of the top 10 global machine tool manufacturers, as well as the automated production and testing lines of the world's largest electric vehicle manufacturer, playing a pivotal role in the global manufacturing supply chain. The global market demand for linear motors, servo motors, direct drive motors, torque motors, high-end drivers, and controllers continues to grow, significantly contributing to future revenue growth.

#### 3. Future market supply and demand and growth

As the global proliferation of 5G and high-performance computing technologies continues, fields such as electric vehicles, automated manufacturing, smart logistics supply chains, and AI are experiencing rapid growth. We remain focused on research and development and exploring new markets, maintaining a leading edge in the highly competitive market. Additionally, we are fully committed to supporting green and sustainable development, actively implementing carbon reduction and green energy measures. By driving innovation in manufacturing and maintaining close ties with our partners, we jointly venture into a new era of sustainable and innovative green initiatives.

#### 4. Competitive Niche

- (1) Possessing comprehensive product development capabilities and integrated solutions from key components to positioning systems, fulfilling one-stop customer needs.
- (2) Holding leading technology and extensive experience in semiconductor nano-positioning systems.
- (3) Global presence and local cultivation combined with high in-house production capability and regional risk diversification strategy effectively address market volatility and maintain a stable supply chain.

#### 5. Favorable and unfavorable factors of development prospect and its countermeasures

- (1) Favorable factors

- (A) Deeply rooted in the semiconductor industry, continuously mastering key technologies to maintain core competitiveness.
  - (B) Possessing industry-leading ultra-thin direct drive motors with a unique compact and lightweight design.
  - (C) Offering a rich and complete product line that meets diverse industrial needs and complies with net-zero emission policies.
  - (D) Leveraging integrated HIWIN group resources for mutual support across teams, providing comprehensive solutions to customers.
  - (E) Sales channels are established across major industrial countries worldwide, providing responsive and localized customer service.
  - (G) Actively investing in research and development to provide professional technology and high-quality services for customers' new generation product development.
- (2) Negative Factors
- (A) Global inflation pressures and geopolitical uncertainties may influence client investment decisions and end-user demand, potentially leading to market downturns.
  - (B) Tensions and ongoing competition between the USA and China affect customer preferences.
  - (C) International brand competition impacts customer product preferences.
  - (D) Climate change and the trend towards achieving net-zero carbon emissions may lead to short-term supply chain adjustments.
- (3) Countermeasures:
- (A) Continue investing in technical talent training to accumulate new technological capabilities and lay the foundation for future product innovation.
  - (B) Expand global sales bases to reduce regional collaboration risks and increase market coverage.
  - (C) Strengthen patent technologies, develop high-value-added products, and enhance brand competitiveness.
  - (D) Provide online technical support services to quickly address customer product selection and technical issues.
  - (E) Regularly host new product launches, technical forums, and training sessions to enhance brand awareness and product familiarity.
  - (F) Closely monitoring risks such as climate change, implement proactive countermeasures, and explore emerging business opportunities.

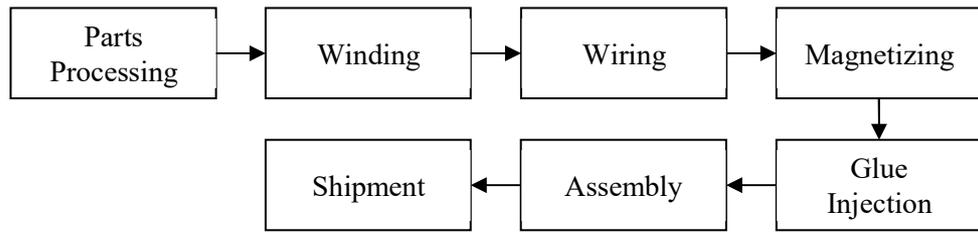
**(2) Important applications and production processes (main products)**

1. Important use of major products

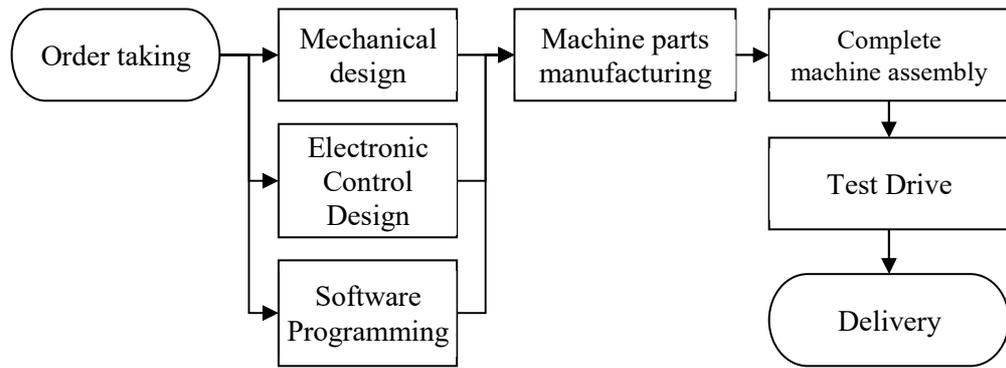
Main Products	Applications
Precision Motion and Control Components	Linear motors, direct drive motors, vacuum motor torque motors, servo motors, high speed spindle motors, position measurement systems, etc., with self-developed drives and controllers to achieve nano-scale high precision positioning control functions; our products are widely used in different industries such as semiconductor equipment/automation transport/FPD equipment/PCB equipment/AOI inspection equipment/SMT equipment/laser processing machine/various of robot arms/ machine tools/EV-related/solar energy, etc.
Micron and Nano-scale Positioning Systems	Various high precision positioning stages, such as single-axis, X-Y dual-axis, bridge, gantry, and air bearing positioning stages for different industrial applications (e.g., automation equipment, automotive industry, optical inspection, laser processing, plastic coating, metal processing, etc.)

2. Production processes

(1) Precision motion and control elements



(2) Micron and Nanometer Positioning System



(3) Supply of major raw materials

Our company's main raw materials include mechanical components, optical scales, magnets, and electronic components, primarily sourced from Taiwan, Europe, America, Japan, and China, with a good supply status. To effectively address supply chain risks caused by climate change, we have established a dedicated team to conduct risk assessments and prepare response strategies. These include strategic stockpiling and employing diverse designs to mitigate specific material risks, ensuring the stability of our supply chain and the flexibility of our business operations.

(4) Customers who have accounted for more than 10% of the total purchase and sales in the last two years

1. List of suppliers accounting for more than 10% of total purchase

There were no suppliers with more than 10% of the purchases for the 2023-2024 fiscal year.

2. List of suppliers accounting for more than 10% of total sales

Item	2023				2024			
	Name	Amount	Ratio of annual net sales (%)	Relationship with the Issuer	Name	Amount	Ratio of annual net sales (%)	Relationship with the Issuer
1	Customer A	490,867	22.62	None	Customer A	656,546	29.13	None
2	Customer B	676,280	31.16	Other related parties	Customer B	584,473	25.93	Other related parties
3	Others	1,003,053	46.22		Others	1,012,688	44.94	
	Net sales	2,170,200	100.00		Net sales	2,253,707	100.00	

Analysis of Changes: The increase of 4% in 2024 compared with 2023, mainly benefiting from continued hot business opportunities in emerging technology applications, the warming demand in the semiconductor market and inventory replenishment, and the low comparison base in the previous year.

### 4.3 Information of employees for the last two years and as of the publication date of the annual report

Year		2023	2024	Unit: person As of March 31, 2025
Number of Employees	Manager	22	21	21
	Production line staff	203	208	201
	General staff	326	319	305
	Total	551	548	527
Average Age		37.8	38.3	38.7
Average Years of Service		7.3	7.5	7.8
Education	Ph.D.	1.09%	0.73%	0.76%
	Masters	29.03%	28.83%	27.32%
	Bachelor's Degree	49.55%	60.22%	61.86%
	Senior High School	11.07%	10.22%	10.06%
	Below Senior High School	9.26%	0%	0%

### 4.4 Environmental Protection Expenditure

(1) In the latest year and as of the printing date of the annual report, the Company has not incurred any losses or been fined by regulatory authorities due to environmental pollution incidents.

#### (2) Countermeasures

The Company has always placed great emphasis on environmental protection and the implementation of sustainable practices. For detailed explanations of the management strategies regarding water, air, energy, and waste, please refer to Chapter 4 of the ESG report for the year.

## 4.5 Labor Relations

### **(1) Employee welfare measures, further studies, training, retirement system and its implementation, as well as agreements between labor and management and various measures to protect employees' rights and interests.**

Employees are the core driving force behind the continuous growth and development of the company. We are committed to providing a safe, clean, and high-quality working environment to support the full development of our employees.

#### 1. Employee Benefits Measures:

- (1) Providing fully equipped, comfortable employee dormitories to ensure staff have an excellent resting environment.
- (2) Offering free uniforms, employee parking, staff cafeteria, overtime meals, and complimentary snacks.
- (3) Regularly organizing health examinations, free health seminars, course activities, and providing on-site doctor consultations and professional counseling services to support employees' physical and mental well-being.
- (4) Implementing maternity protection measures, including dedicated parking spaces and priority meal service lines to ensure convenience and safety during pregnancy.
- (5) Providing employees with a monthly childcare subsidy of NT\$5,000 per child for up to 3 years, totaling NT\$180,000, and establishing comfortable nursing rooms to encourage childbearing and support employees' family lives.
- (6) Provide medical care, accident, and critical illness insurance for employees and their dependents to ensure employees receive the necessary support.
- (7) Establish an employee welfare committee in accordance with the law to promote various employee welfare activities and enhance the well-being of employees.
- (8) Hold annual exemplary employee recognition ceremonies to encourage outstanding employee performance and contributions with substantial monetary rewards.
- (9) Implement a fair compensation and bonus system to motivate employees to achieve performance goals and share operational results, creating a win-win situation.

#### 2. Education and Training

##### (1) Comprehensive Training for All Employees

We firmly believe that outstanding talent is the cornerstone of enterprise sustainability and value the learning opportunities and career development of each colleague. Our training programs cover a wide range of topics, including new employee training, professional skills, managerial skills, and general competency training. The aim is to enhance the professional skills and technical proficiency of all employees through a comprehensive training approach.

##### (2) Diverse Training Opportunities

We provide abundant and diverse training resources and channels, encouraging employees to grow and learn through various means. In addition to various in-house training activities, we actively encourage employees to participate in professional exhibitions and benchmark company visits both domestically and internationally, broadening their horizons and deepening their understanding of industry trends to continue progressing.

##### (3) Learning Incentive Mechanism

To encourage lifelong learning, we support employees in attending classes, credit courses, and degree programs at major colleges and universities. Each colleague can apply for training and freely register for various training activities organized by the company. All learning expenses, including course fees, transportation, and accommodation, are fully covered by the company. Furthermore, we offer a learning incentive mechanism, such as salary increases, certification rewards, and the distribution of learning bonuses.

#### 3. Retirement system and its implementation status:

The company has established an employee retirement scheme in accordance with the Labor Standards Act and the Labor Pension Act, which includes both defined benefit and defined contribution systems. We regularly commission actuaries to provide employee benefit actuarial

reports to ensure the fulfillment of retirement benefit obligations and safeguard the retirement rights of our colleagues.

(a) New Pension System

- A. All employees of the Company choose or are subject to the new system.
- B. The Company contributes 6% of employee salaries to the employee individual pension accounts in the Bureau of Labor Insurance monthly, and a total of NT\$22,250 thousand was contributed in 2024.

(b) Old system pension

- A. Employees subject to the Labor Standards Act before the implementation of the Labor Pension Act who retain seniority are eligible.
- B. The Labor Retirement Reserve Supervisory Committee is established to manage the old retirement pensions.
- C. Contribution to employee retirement reserve: The Company contributes 2% of employee salaries to the pension fund monthly, which is deposited under the name of the Labor Retirement Reserve Supervisory Committee which is a special account for labor retirement reserve. This special account is used exclusively for this purpose, and the Trust Department of the Bank of Taiwan handles the income and expenses of the fund and its custody to ensure that it is not the subject of alienation, attachment, offsetting or guarantee.
- D. Employee pension payments: When employees who meet the conditions of the old retirement scheme apply for retirement benefits from the company, the Company pays the employee from the Labor Retirement Reserve Fund.
  - (A) Employees who have worked for 15 years or more shall be paid two base salaries for each year of service, and those who have worked for more than 15 years shall be paid one base salary for each year of service, up to a maximum of 45 base salaries, and the remaining service shall be counted as half a year if it is less than half a year and one year if it is more than half a year.
  - (B) The pension shall be paid in lump sum within 30 days after the date of retirement.
  - (C) Employees who are compulsorily retired and are physically or mentally disabled due to performance of duties shall receive an additional 20% of their pension.
  - (D) The standard base salary mentioned above is the average monthly salary of the retiree at the time of retirement approval.
- E. As of the end of 2024, the accumulated amount of the Labor Retirement Reserve Fund was NT\$22,120 thousand.

(c) Retirement System

- A. Company employees may retire under any of the following conditions:
  - (A) If the employee has worked for at least fifteen years and has reached the age of fifty-five.
  - (B) If the employee has worked for at least twenty-five years.
  - (C) If the employee has worked for at least ten years and has reached the age of sixty.
- B. The length of service of employees transferred between affiliated companies (including but not limited to those specified by the Company Law as affiliated companies) shall be aggregated, and retirement benefits shall be distributed based on the ratio of service years in each company.

4. Agreements between labor and management, and measures to protect employee rights and interests

The company emphasizes the importance of labor-management relations by holding regular quarterly labor-management meetings and conducting occasional employee satisfaction surveys. We actively listen to employees' feedback on various benefits, using it as the basis for continuous improvement within the company. Considering the diversity of our team composition and to ensure the rights of foreign employees, both the minutes of labor-management meetings and related announcements are available in English.

**(2) Losses suffered due to labor disputes in the last two years and up to the date of printing of the annual report**

The Company is committed to maintaining harmonious labor-management relations and has not incurred any losses due to labor disputes.

**(3) Employee code of ethical conduct**

The Company has established regulations such as the "Integrity Management Procedures and

Guidelines," "Code of Ethical Conduct," and "Procedure for Handling Employee Gifts and Hospitality" to provide guidelines for employee behavior.

## 4.6 Information Security Management

### (1) Information security management infrastructure

1. In today's highly digitalized business environment, information and communication security (cybersecurity) risk management has become a core element in ensuring the continuity of business operations. Our company places great importance on information security. To ensure effective implementation of cybersecurity measures, we have established a dedicated Cybersecurity Governance Task Force led by the Executive Vice President. This task force is responsible for coordinating overall management efforts to identify, assess, control, and monitor all risks that may impact information assets—thereby safeguarding the stability and compliance of our operations.
2. The internal audit department performs regular audits in accordance with the established internal control procedures. If significant deficiencies are identified during the audit, the audited unit is required to submit improvement plans and specific measures to the board of directors, which then monitors the effectiveness of the improvements on a regular basis to mitigate information security risks.
3. In terms of security operations, we have established key performance indicators for information security and implemented a Plan-Do-Check-Act (PDCA) goal-oriented management cycle to promote the information security management system, ensuring the reliability of goal achievement and continuous improvement. The framework for ICT security management is as follows:

Internal				External	
Board of Directors	Regular information security audits, with significant deficiencies reported to the Board of Directors			Information Security Professional Vendor	External Audits
Internal Audit Office	Information Security Governance Committee	Set information security policies and objectives	Risk Management and Compliance	Protection of Stakeholder Interests	Regular information security audits
Information Technology Department	Information security Procedure and guideline	Internal Control Procedures	Information Security Risk and Security Assessment	.New information security threat education and training .New information technology education and training .Information security health inspection .Information security system suggestion .Information security vulnerability assessment	
	Information software and hardware asset management	Information Security Control Management System	White List Program List		
	Program source code Management	Safety configuration management	Customer and Supplier Relationship Management		
Information System User Department	Information Operations Application and Management	Daily operation exception report	Customer and Supplier Relationship Management		
Information Security Education and Training					
Information security organization culture and awareness					

### (2) Information and Communication Technology (ICT) Security Policy

We actively strengthen information security protection, establish effective ICT security management mechanisms, prevent waste and loss of company resources, protect the company's reputation, optimize operational processes and efficiency, and ensure the best protection of the interests of the company, shareholders, employees, customers, and suppliers.

ICT security management covers the following areas to prevent various risks and damages to the company resulting from human error, intentional acts, or natural disasters, such as improper use, leakage, alteration, or destruction of data:

Scope of management include:

- Information security policy formulation and evaluation.
- Establishment and operation of information security organization.
- Classification and management of information and communication assets.
- Personnel access security management and information security education and training.
- Computer system security management.
- Network and communication operation security management.
- System access control.
- Physical and environmental security management.
- Planning and management of business continuity plans.

### **(3) Specific management plan for information and communication security**

The company has established the "Information and Communication Technology (ICT) Security Operations Policies" to ensure the confidentiality, integrity, and availability of all assets and information, protecting them from internal and external intentional or accidental threats. Rigorous assessments of information security risks are conducted, and response measures are formulated. Specific management measures include:

- System Backup and Recovery: Important systems have real-time backup mechanisms and off-site data backup storage to ensure data security and recovery capabilities.
- Network Security: Enterprise-grade firewalls, wireless network equipment, and secure remote connection mechanisms are implemented.
- Email Control: Spam filtering and blocking systems are implemented, and periodic email phishing attack simulations are conducted to enhance employee awareness.
- Print Review: Documents printed by important departments require approval from authorized supervisors to prevent sensitive data leakage.
- Security Scanning and Virus Protection: Regular system vulnerability patching is conducted, and enterprise-level antivirus protection is enabled.
- ICT Asset Management: Strict control over software installation permissions and storage device usage to ensure only authorized software is used.
- Electronic Data Protection: Encryption systems are implemented to protect company intellectual property.
- Endpoint Security Protection: Internet access control and antivirus systems are deployed and updated regularly.
- Regular information security promotion and information security education and training sessions are conducted.

Violation of the company's ICT security policies will result in appropriate disciplinary measures or legal action, depending on the severity of the breach. Furthermore, all employees should understand that all information obtained during working hours is company property, and unauthorized use is strictly prohibited.

### **(4) Resources devoted to information and communications security management**

To build a robust information security protection system, the company allocates three dedicated personnel to handle ICT security. Annually, over ten million dollars are invested in ICT security software, hardware facilities, and maintenance to mitigate the risks of business interruption and liabilities, demonstrating the company's maturity in information security governance.

Recognizing the importance of information security, we regularly convene risk management committees or ad-hoc ICT security project review meetings. There were over 12 such meetings held in 2024, during which ICT security project reports were presented to senior management, including the Chairman and the President.

To strengthen ICT security protection, the ICT security team regularly collects domestic and international ICT threat intelligence, conducts risk assessments and tracking, and enhances defense capabilities against external threats. In addition to regular and ad-hoc ICT security awareness campaigns, "Information Security Education and Training" is provided to new employees annually, and social engineering exercises are conducted for all employees. We also collaborate with external experts to conduct regular system information security assessments and implement improvement measures for significant and high-risk projects to ensure robust ICT security.

**(5) Major information and communication security incidents: No major information and communication security incidents occurred in 2024.**

As of the printing date of this annual report, there were no material information and communication security incidents

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## 4.7 Major contracts

Agreement	Counterparty	Period	Main Content	Limitation Clause
Financing contract	Bank of Taiwan	2012.12.28~2027.12.28	Guaranteed Loans	None
	Bank of Taiwan	2016.12.14~2031.12.14	Guaranteed Loans	None
	Bank of Taiwan	2016.12.19~2031.12.19	Guaranteed Loans	None
	Bank of Taiwan	2020.10.16~2027.10.15	Medium-term loans	None
	Chang Hwa Commercial Bank	2022.06.15~2025.06.27	Guaranteed Loans	None
	Taiwan Cooperative Bank	2024.12.31~2024.12.31	Medium-term loans	None
Construction contract	Fu Tai Construction Co., Ltd	2022.11.30~2024.08.31	Construction of the first phase of Fengshan Plant	None
	CHYIDING TECHNOLOGIES CO., LTD	2022.12.23~2024.08.31	Electrical and mechanical works of the first phase of Fengshan Plant	None
	CHYIDING TECHNOLOGIES CO., LTD	2022.12.23~2024.08.31	Air-conditioning of the first phase of Fengshan Plant	None

Note: Improvement items for the first-phase construction of the factory and office building at Fengshan Plant in Hsinchu County are still in progress. Acceptance inspection will be conducted after all improvements are completed.

## **V. Review and analysis of financial status, financial performance, and risk issues**

### **5.1 Financial Status**

#### **(1) Analysis of Financial Status**

Unit: NT\$1,000

Item \ Year	2023	2024	Variance	
			Amount	%
Current Assets	2,239,513	2,366,980	127,467	5.69
Property, plant and equipment	3,510,907	3,812,431	301,524	8.59
Intangible Assets	18,899	19,258	359	1.90
Other Assets	389,182	426,571	37,389	9.61
Total Assets	6,158,501	6,625,240	466,739	7.58
Current liabilities	1,201,568	1,145,932	(55,636)	(4.63)
Non-current liabilities	932,219	1,325,623	393,404	42.20
Total liabilities	2,133,787	2,471,555	337,768	15.83
Capital	1,198,018	1,198,018	-	-
Capital surplus	1,578,181	1,578,181	-	-
Retained earnings	1,013,310	1,063,098	49,788	4.91
Other equity	(3,834)	29,082	32,916	858.53
Non-controlling equity	239,039	285,306	46,267	19.36
Total equity	4,024,714	4,153,685	128,971	3.20

#### **(2) Analysis of changes in the percentage of increase or decrease over 20%**

1. The increase in total non-current liabilities was primarily due to an increase in long-term bank loans.
2. The increase in other equity was mainly attributable to exchange gains arising from the translation of financial statements of foreign operations.

## 5.2 Financial Performance

### (1) Comparative analysis of operating results

Unit: NT\$1000

Item \ Year	2023	2024	Variance	
			Amount	%
Operating Revenue	2,170,200	2,253,707	83,507	3.85
Operating Costs	1,501,768	1,554,283	52,515	3.50
Gross profit	668,432	699,424	30,992	4.64
Operating Expenses	642,350	648,221	5,871	0.91
Net profit	26,082	51,203	25,121	96.32
Non-operating income and expenses	17,212	63,485	46,273	268.84
Income before tax	43,294	114,688	71,394	164.91
Net profit for the year	39,279	90,940	51,661	131.52
Other comprehensive income or loss	(5,322)	50,011	55,333	1039.70
Total consolidated profit or loss for the year	33,957	140,951	106,994	315.09

### (2) Analysis of changes in the percentage of increase or decrease over 20%

- Operating profit increased mainly due to rising demand from emerging technology applications and continued growth in the semiconductor market, which led to an increase in annual operating revenue.
- Non-operating income and expenses increased primarily due to higher interest income from foreign currency time deposits and increased foreign exchange gains.
- Pre-tax income, net income for the year, and total comprehensive income for the year increased as a result of higher operating revenue driven by increased industry demand, along with growth in non-operating income.
- Other comprehensive income increased mainly due to foreign exchange gains from the translation of financial statements of overseas operations.

### (3) Expected sales volume and basis, potential impact on the Company's future financial operations and response plan:

Please refer to the "Report to Shareholders".

## 5.3 Cash Flow

### (1) Liquidity analysis for the last two years

Item \ Year	2023	2024	Increase (Decrease ratio (%))
Cash Flow Allowance Ratio (%)	75.12	112.57	49.85
Cash Reinvestment Ratio (%)	1.63	7.21	3.42

Analysis of increase or decrease by more than 20%:  
The increase in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio was mainly due to the increase in net cash inflow from operating activities.

**(2) Improvement plans for lack of liquidity:**

The Company has no issues with insufficient liquidity.

**(3) Cash flow analysis for the coming year:**

The Company expects that cash on hand and cash inflow from operating activities in the coming year should be able to cover the expenses of investing and fundraising activities.

**5.4 The impact of significant capital expenditures on financial operations in the most recent year:**

**(1) Utilization and Funding Sources of Significant Capital Expenditures**

Project	Actual or Expected Funding Sources	Actual or Expected Completion Date	Total Funding Required for 2024 and 2025	Actual Funding Utilization in 2024 and Planned Funding Utilization in 2025	
				2024	2025
Construction of Plant	Internal Funds, Financing	2025.12	659,173	504,173	155,000
Expansion of Production Equipment	Internal Funds, Financing	2025.12	135,125	55,125	80,000

**(2) Expected Benefits Expected:**

Capital expenditures are primarily aimed at new product development and capacity expansion to support future operational growth. Simultaneously, process optimization will be conducted to continually enhance quality, improve delivery flexibility, and optimize cost competitiveness.

**5.5 Investment policy in the most recent year, Main causes of profits or losses, Improvement plans and investment plans for the coming year**

**(1) Reinvestment policy:**

The Company's reinvestment policy takes into account sustainable management and operational growth. The "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" established by competent authorities provide "Procedures for the Acquisition or Disposal of Assets" as the basis for the Company's reinvestment business. The Company has also established the "Supervision and Management of Subsidiaries" as part of its internal control system to enhance the supervision and management of its investee companies, which focuses on information and financial status. This internal control system is also used for the disclosure of information, finance, operations, inventories, and financial management of the Company's reinvestment business to maximize its effectiveness.

**(2) Main reasons for profit or loss behind reinvestment in the most recent year and improvement plans:**

Unit: NT\$1000

Investee company	Main business	Investment income (loss)		Main reasons for profit or loss	Improvement plan
		2023	2024		
Mega-Fabs Motion Systems Ltd.	Development and production of drives and controllers	51,267	45,430	Development and sales of nano and submicron control systems to several world-class semiconductor equipment suppliers, with good operating conditions	-

**(3) Investment plans for the coming year:** Subject to operational conditions.

## 5.6 Risk Analysis

Risk analysis of the following was conducted in the most recent year and up to the date of printing of the annual report:

### **(1) Impact of interest rates, exchange rate changes and inflation on the Company's profit and loss, and future response measures**

#### 1. Interest rates

As of the printing date of the annual report, the Company's short-term loan were contractually available for drawdown over the contract period, enhancing financial flexibility. The Company regularly assessed bank borrowing rates and market rates with the aim of improving financial balances and reducing the risk of interest rate fluctuations. As the financial structure strengthens, the Company negotiates with banks for more favorable financing terms. Therefore, the changes in interest rates on the Company is not significant.

#### 2. Exchange rates

The Company's 2024 foreign currency revenue generated was mainly in US dollars, followed Euro and Renminbi, while major purchases of raw materials and equipment were made in the three currencies. The Company has been implementing the Foreign Exchange Risk Management Policy of "Asset and Liability Management" for many years and also uses forward foreign exchange contracts, reducing the foreign exchange rate risk. Facing exchange rate fluctuations, we actively collected exchange rate changes information, promptly adjusted strategies and maintained a good relationship with banks to avoid exchange rate risks.

#### 3. Inflation:

According to data from the Directorate General of Budget, Accounting and Statistics (DGBAS), the CPI's annual growth rate in Taiwan for 2024 was 2.18% and the forecast for 2025 is 1.94%, and the inflation risk assessment was within the manageable range. The Company controlled various costs through raw material inventory management, optimization of procurement strategies, and process innovation, enhancing profitability through appropriate price increases, in response to changes in the environment and to reduce the impact of inflation on the Company.

### **(2) The policy of engaging in high-risk, highly leveraged investments, lending funds to others, endorsing guarantees and derivative transactions, the main reasons for profits or losses and future measures to address them:**

The Company adopts a cautious policy regarding high-risk investments and other financial activities to ensure stable operations and financial health:

1. High-Risk Investments: The company does not engage in any high-risk or highly leveraged investment transactions, adhering to the principle of prudent management to avoid unnecessary risks.
2. Lending Activities: As of the publication date of the annual report, we have not engaged in lending activities. If such transactions are considered in the future, they will strictly adhere to the Company's established "Procedure for Lending Funds to Others" to ensure manageable risk.
3. Endorsements and Guarantees: When providing endorsements and guarantees, we strictly follow the "Procedure for Endorsements and Guarantees" and require approval from the Board of Directors. As of the end of 2024, the balance of endorsements and guarantees was nil.
4. Derivative Financial Instruments: The Company's involvement in derivative financial instrument transactions is primarily for risk management purposes, aiming to mitigate risks associated with real exchange rate fluctuations through hedging strategies. We do not engage in speculative trading to ensure that our trading activities align with the overall risk management strategy of the company.

Through aforementioned measures, the Company is committed to maintaining stable financial conditions and risk levels, ensuring long-term stable growth of the enterprise.

### **(3) Future R&D plans and estimated R&D expenditure:**

Looking ahead to 2025, the global economy is expected to continue riding the momentum of strong performance in AI and semiconductor advanced process-related industries seen in 2024. However, other sectors will likely remain under pressure due to China's economic slowdown and the impact of low-priced exports, which have weakened domestic industries in many countries. Furthermore, ongoing wars and shifts in international political dynamics are anticipated to pose additional challenges to supply chain stability, placing further strain on global economic growth. As a result, the pace and timing of economic recovery remain uncertain and difficult to predict.

In this environment, issues such as declining birth rates and inflation will continue to drive up raw material costs and wages, making business operations increasingly challenging. Smart automation and digital transformation have thus become urgent and central issues that enterprises must address.

Rapid technological advancements are profoundly reshaping how businesses and individuals work, breaking traditional boundaries of geography and time. Whether it's artificial intelligence, 5G technology, or the future deployment of 6G and low-earth orbit (LEO) satellite communications, these innovations are redefining the future landscape of autonomous driving, digital healthcare, digital currencies, high-performance computing (HPC), and climate change mitigation.

Driven by global demand for digital transformation, smart automation, and the rapid growth of the electric vehicle market, the semiconductor industry continues to experience strong momentum. China is intensifying efforts to develop its own semiconductor technologies, while next-generation advancements in Mini and Micro LED displays, automation, and machine tool industries are accelerating industrial upgrades. These trends are setting higher standards for intelligent, high-speed, and high-precision drive control systems, modules, and various types of motors—particularly in terms of integration, energy efficiency, and carbon reduction.

In response, the our team is committed to proactively meeting these challenges by swiftly delivering optimal, end-to-end solutions—from components to complete systems—to support our customers' evolving needs.

#### **1. Future Research and Development Plan:**

Three main research areas:

- (a) In response to the increasing demand for intelligent manufacturing automation in Industry 4.0, the Company will continue to invest in the research and development of key components and systems for high efficiency, high power, intelligent drive, and high precision positioning:
  - A. Industrial communication EtherNet/IP drive series development and certification
  - B. Modules that facilitate multi-channel communication
- (b) In order to meet the needs of the domestic and overseas tooling industry for technological upgrade and energy conservation and carbon reduction, and to raise the standards for 5-axis and composite machining to be on par with German technology, the Company continues to invest in the development of key technologies with high thrust and high torque features:
  - A. Water-cooled torque motor with higher torque range
  - B. Linear motors, direct drive motors and torque motors with upgraded insulation from high-voltage
- (c) In response to the trend of growing number of data centers built for the AI economy, as

well as the growing demand for thin and light consumer electronics products and automotive electronics, the semiconductor industry will continue to develop high-speed, ultra-precision motors and positioning platforms:

- A. High precision and movement freedom of the Z-axis positioning and control platform
- B. Development of controller that facilitate multi-axis positioning.

2. Estimated R&D expenditure:

The Company will continue to invest in research and development in FY2025 and expects to invest a total of NT\$286,651,000 in R&D. The direction of research and development will be towards smart manufacturing, Industry 4.0, and sustainability trends such as environmental protection, green energy, energy conservation, and carbon reduction to meet customer needs while continuing to innovate, pursue process integration and internal process reengineering, reduce production costs, and shorten delivery time to gain a competitive edge.

**(4) The impact of significant domestic and international policy and legal changes on the Company's financial operations and response measures:**

The Company conducts its operations in accordance with relevant domestic and international laws and regulations. It closely monitors trends in domestic and international policies and regulatory changes to stay abreast of developments in the market environment and to propose timely and proactive measures in response to ensure stable growth for the Company. As of the publication date of the annual report, major international or domestic policies and legal changes have not yet significantly affected the Company's finances and challenge.

**(5) The impact of technological changes (including information security risks) and industry changes on the Company's financial operations and measures to address them:**

The Company adopts proactive information security management strategies, establishing comprehensive network and computer-related information security measures. It follows regulatory guidance and continuously reviews and evaluates the Company's information security regulations and procedures to ensure their compliance and effectiveness in accordance with legal requirements. Simultaneously, the Company continually assesses the appropriateness of its information security strategy, updating relevant hardware and software, strengthening network detection and computer usage control mechanisms, and strictly implementing information security risk management.

With the arrival of the post-pandemic era, combined with the impacts of the U.S.-China trade war, the Russia-Ukraine conflict, the Israel-Palestine tensions, and global inflation, industries worldwide are facing significant challenges. These factors have led to supply chain disruptions, labor shortages, and rising costs of raw materials and wages. As a result, the momentum of economic recovery has not been as strong as anticipated, posing common challenges across various sectors.

Amid these broad environmental risks, industries must adapt their production methods through innovative materials and processes. Our company closely monitors technological advancements across the industry and swiftly responds to market trends by strengthening our in-house R&D capabilities to meet evolving demands. At the same time, in response to the surging demand for AI chips and the growing need for domestically developed equipment, we are actively driving industrial upgrades within the local market. We are committed to delivering comprehensive solutions to our customers, aiming to achieve mutual growth and shared success.

In addition, the rising demand for energy-saving solutions to reduce product carbon emissions has become increasingly prominent. In response, our company remains committed to continuous innovation in research and development, actively investing in the creation of green and energy-efficient electromechanical components. We are also expanding the application scope of these products to meet evolving technological demands and adapt to changes across industries, thereby mitigating potential impacts on the company.

**(6) Impact of change in corporate image on corporate risk management and measures to address it:**

Since its establishment, the Company has focused on its business operations, complied with relevant laws and regulations, actively strengthened the integration and management of all potential strategic, operational, financial and hazard risks that may affect its operations and profitability, while maintaining harmonious labor relations and good corporate image. Up to the date of printing of the annual report, the Company has never faced any incidents that could damage its corporate image or trigger a crisis.

**(7) Expected benefits, possible risks and responses to mergers and acquisitions:**

The Company has not made any merger or acquisition in the recent year and up to the publication date of the annual report.

**(8) Expected benefits, possible risks, and contingency measures for plant expansion:**

1. Expected benefits:

For the situation of the expansion of the plant, please refer to the explanation provided in Part 5, Section 4 of this year's report.

2. Possible Risks and Response Measures:

The Company is expanding new plants to meet growing operational demand. If the market is affected by a fluctuating industrial climate, the Company may face the risk of low-capacity utilization and higher fixed cost per unit. The Company would reduce the risk of underutilization of capacity by automation production and management, cultivating R&D and manufacturing talents, improving processes, reducing working hours to increase production efficiency, and by leveraging its technological strengths to expand markets. The Company's management team has industry experience and expertise as well as requirements to fully utilize additional production capacity, thereby reducing operational risk.

**(9) Risks associated with the concentration of imports or sales and measures to be taken:**

1. Risks associated with the concentration of imports and contingency measures

The Company is a professional enterprise engaged in research & development and manufacturing of linear motion and control components, using a wide range of raw materials, mainly electronic materials such as ICs, optical components, and magnets. To manage supplier concentration risk, maintain flexible pricing and ensure a stable source of materials, the Company maintains at least two suppliers for its main raw materials and establishes a good cooperative relationship with them. It also has available qualified alternative suppliers in the event of a shortage of materials. The Company has no supplier that accounts for more than 10% of its purchases in 2023 and 2024, so there is no risk of supplier concentration.

2. Risk of concentration of sales and response measures

The Company adopts the same distribution system as its counterparts to sell products globally. To effectively promote its products, distributors need to have a strong professional base and ability to provide after-sales service. In addition to reducing time and cost of marketing activities and enhancing customer management, the distribution model allows the H Group to promote the Company's products and provide customers with integrated solutions for electrical and mechanical applications. As a result, the long-standing co-branding strategy has been mutually beneficial and reinforcing, resulting in sales concentration in H Group.

The Company is actively integrating its global distributors and continues to diversify its order sources by developing new customer segments and emerging markets (i.e., Asia, Central and South America) to avoid over-concentration of sales to H Group. H Group's net sales represented 31%、26% of annual net sales in both 2023 and 2024.

**(10) Impact of significant transfer or replacement of shareholdings of Directors or substantial shareholders with more than 10% shares on the Company, as well as risks, and contingencies:** The transfer of shareholdings of Company directors or substantial shareholders with more than 10% of shares are reported in accordance with relevant

regulations enforced by competent authorities. As of the publication date of the annual report, there has been no significant transfer or replacement of shareholdings that has affected the operations of the Company.

- (11) Impact of changes in operating rights on the Company, as well as risks, and contingency measures:** None
- (12) For litigation or non-litigation events, the Company and its directors, supervisors, presidents, materially responsible persons, substantial shareholders with more than 10% of shares, and subsidiaries should disclose any material litigation, non-litigation or administrative disputes that have been determined or are still pending; the outcome of which may have a significant impact on shareholders' equity or security price. The facts, the subject amount, the date of commencement of litigation, the principal parties involved and the disposition of the matter as at the date of printing of the annual report:**  
None
- (13) Other significant risks and contingencies:** None

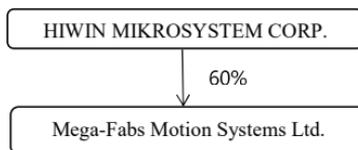
## **5.7 Other important matters: None**

## VI. Special Disclosure

### 6.1 Information on Affiliated Companies

#### (1) Organizational Chart of Affiliates

Date: March 31, 2025



#### (2) Information of each affiliate

Company Name	Establishment Date	Address	Paid-in Capital (Note)	Main Business or production items
Mega-Fabs Motion Systems Ltd.	1999.11.29	6 Hayozma St. Industrial Park, P.O. Box 540, Yokneam 2069206, Israel	NIS 60,000	Research and development, production and sales of drives and controllers

Note: Paid-in Capital base date is on March 31, 2025 and is denominated in Israeli NIS "Shekel".

#### (3) Information on the same shareholders who are presumed to be in a controlling and subordinate relationship: None

#### (4) Industries covered by the overall business of the Company's affiliates

HIWIN MIKROSYSTEM and its affiliates operate in industries that focus on transmission control and system technology, supporting each other through technology development, services, and sales to create maximum and mutual benefit.

#### (5) Information of directors, supervisors, and presidents of each affiliated enterprise

Unit: Share ; %

Company Name	Title	Name or Representative	Shares	Holding %
Mega-Fabs Motion Systems Ltd.	Chairman	Kou-I Szu	-	-
	Director	Kai-sheng You	-	-
	Director	Ben-Dov Shimshon	-	-
	President	Ben-Dov Shimshon	-	-

Note: Information as of March 31, 2025

**(6) Operational highlights of each affiliated company**

Unit: NT\$1000

Company Name	Paid-in capital	Total assets	Total liabilities	Net value	Operating income	Operating profit	Profit and loss	Earnings per share (NT\$)
Mega-Fabs Motion Systems Ltd.	497	1,014,039	298,947	715,092	279,860	49,759	69,739	116.23

Note 1: The base date of the financial information of the affiliated company's operational highlights is December 31, 2024.

Note 2: The relevant figures of related companies are presented in New Taiwan as of the reporting date, and the exchange rates are as follows:

	<u>Final Exchange Rate</u>	<u>Average Exchange Rate</u>
Israeli New Shekels (ILS)\$1:	NT\$8.9896	NT\$8.6806

**(7) Consolidated financial reports of affiliated companies**

The financial reports prepared by the Company have been placed on our website and can be accessed on <https://www.hiwinmikro.tw/zh/investor/financial>

**(8) Relationship report:** Not applicable**6.2 Private placements in the most recent year and as of the date of publication of the annual report:** None**6.3 Other necessary supplementary information:** None**6.4 Any event with significant impact on shareholders' equity or security price in the most recent year and as of the date of publication of the annual report, according to Article 36.3.2 of the Securities and Exchange Act:** None

# **HIWIN MIKROSYSTEM CORP.**

**Chairman: Hsiu-Yu Chuo**

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