

2023 Annual Report

HIWIN TECHNOLOGIES CORP.

2024 . 5 . 10

TABLE OF CONTENTS

One. Letter to Shareholders	1
I. The 2023 Business Report.....	2
II. The 2024 Business Plan Overview	3
Two. Company Profile	6
Three. Corporate Governance Report	
I. Organizational system	19
II. Information on directors and key managerial officers.....	21
III. Implementation of corporate governance	44
IV. Information on the CPAs.....	96
V. Information on the replacement of CPAs	96
VI. The Chairman, President, and officer in charge of financial or accounting matters of the company, who has worked in the firm of the CPAs or its affiliated enterprises within the last year, their name, job title and period of employment at the accounting firm or its affiliated enterprises should be disclosed.	97
VII. Equity transfer and changes in equity pledge of directors, managerial officers, and shareholders who have more than 10% shareholdings	97
VIII. Information on the top 10 shareholders who are related to each other or as spouses or relatives within the second degree of kinship	99
IX. The number of shares held by the company, the company's directors, managerial officer, and enterprises directly or indirectly controlled by the company in the same invested enterprise with the comprehensive shareholding ratio calculated jointly	100
Four. Capital Overview	
I. Capital and shares.....	101
II. Issuance of corporate bonds	105
III. Issuance of preferred shares	105
IV. Issuance of global depositary receipts(GDR).....	105
V. Issuance of employee stock Option Plan(ESOP)	105
VI. Issuance of restricted stock awards	105
VII. M&A or transferred of new shares issued by other companies	105
VIII. Execution of capital utilization plan.....	105
Five. Business Overview	
I. Business operations	106
II. II. Market, production, and sales status	112
III. III. Employee data Of the most recent two years and up to the publication date of this annual report	116
IV. Information regarding expenditure on environmental protection.....	116
V. Labor-management relationships	118
VI. Information security management.....	122
VII. Important contracts.....	125
Six. Financial overview	
I. Condensed balance sheet and comprehensive income statements of the most recent five fiscal years	127
II. Financial analysis for the most recent five fiscal years	130
III. The audit committee's audit report of the financial report for the most recent fiscal year	133
IV. The financial statements and independent auditor's report for the most recent year.....	134
V. The standalone financial statements for the most recent year audited by CPA	134
VI. The impacts of any financial difficulties encountered by the Company or its affiliates in the past year and as of the publication date of this annual report on the company s financial status:.....	134
Seven. Review and analysis of the financial status, financial performance, and risk management	
I. Financial status	135
II. Financial performance	136
III. Cash flow	137
IV. Effects of major capital expenditure on financial business of the most recent fiscal year.....	137
V. Reinvestment policy of the past year, main causes for profits or losses, improvement plan and reinvestment plan for the coming year	137
VI. Risk analysis	138
VII. Other important matters.....	141

Eight. Special disclosures

I.	Affiliates information	142
II.	Private placement of securities during the most recent fiscal year and up to the publication date of this annual report	145
III.	The company's shares held or disposal status by subsidiaries in the most recent fiscal year and up to the publication date of this annual report.....	145
IV.	Other necessary supplemental information	145
V.	Events having significant impacts on shareholders' equity or security price pursuant to Article 36, paragraph 2, item 2 of the securities and exchange act in the most recent fiscal year and up to the publication date of this annual report	145

Appendix

I.	Financial Statement and Auditor's Report Prepared by a CPA for the Most Recent Fiscal Year	146
II.	Individual Financial Statement Certified by a CPA for the Most Recent Fiscal Year	214

One. Letter to Shareholders

Dear shareholders:

In 2023, amidst a global economic recession, geopolitics continues to heat up, inflation and high interest rates continue to weigh on the economic, leading to weak end-demand and conservative investment. Under such circumstances, the consolidated revenue of HIWIN Technologies Corp. was NT\$24.633 billion in 2023, a 16% decrease compared to 2022. Despite the difficulties, HIWIN remained committed to research and development (R&D) innovation and global expansion, providing smart manufacturing solutions to customers, assisting customers in transformation, and upgrading to increase competitiveness, and lay a solid foundation for HIWIN's next wave of growth.

As global industries face the issues of intelligence, digitization, and net-zero sustainability, the manufacturing industry is transforming and upgrading towards intelligence, high precision, energy conservation, and carbon reduction. HIWIN's motion control products and mechatronic integration Total Solution have become key drivers of precision machinery upgrades and the best partner for customers in practicing smart manufacturing. In 2023, HIWIN made important progress in high-end products and integrated system service. HIWIN Torque Motor Rotary table is used in advanced five-axis CNC machines and precision machining, provides customers with breakthrough solutions for high-precision, high-speed and significantly enhancing the production efficiency of precision processing of automotive, medical, and aerospace parts. The Wafer Robots, Wafer Aligner, Load Port, and Equipment Front End Module (EFEM) in semiconductor factories automation, had shown effectiveness and productivity at customers' production sites. HIWIN's products and services has extended from supplying components, subsystems, and system components to providing mechatronics total solution. With unique innovation and customized service. HIWIN has become an important partner of customers in realizing smart manufacturing with unique innovation and customized service.

Despite the global economic slowdown, HIWIN remains actively engaged in expanding both domestically and internationally to provide better local services. The expansion of Yunlin Factory 3, new Factory 1, and Factory 2 in Taichung Industrial Park, the new factory of the subsidiary in Italy, and the new Fengshan Factory of MATRIX will be constructed and start operations this year, which will preserve energy for the mid-to long-term growth of HIWIN.

The operating performance and brand recognition have continued to receive acclaim: In 2023, HIWIN was honor as 39th in the "Taiwan Best-in-Class 100," 44th in the "Excellence in Corporate Social Responsibility", and top 25 "Best Taiwan Global Brands" for four consecutive years. In terms of product innovation, the "Crossed Roller Bearing with Spacers" was awarded the National Invention and Creation Award - Invention Award Silver Medal, and the Intelligent i4.0 GW (Guideway)" was awarded the Taiwan Excellence Silver Award. HIWIN has actively promoted ESG initiatives and signed up to join the Science-Based Targets Initiative (SBTi) in 2023, demonstrating determination in contributions to climate change and natural environment protection, and committed to achieving SBTi net-zero emissions by 2050. In terms of sustainable development, HIWIN was awarded the "Sustainability Resilience Excellence Award" by the British Standards Institute (BSI), the TCSA "Taiwan Corporate Sustainability Award – Taiwan Top 100 Sustainability Enterprise Award," the "Taiwan Corporate Sustainability Award - Category 1 Platinum Class," the "OHS SDGS" by the Ministry of Labor, the "Taiwan Sustainability Award Social Infusion Category SDG4-Gold" (TSAA), and many more, through the long-term efforts of HIWIN team in R&D and business operations.

Looking forward to 2024, we face the challenges of high inflation, increasing geopolitical risks, declining market confidence, ECFA uncertainty, warning of the World Bank about the possibility of global economy recession for the third consecutive year, which may even be the weakest economy since the 2009 financial crisis. In the long term, the global labor shortage and rising wage will increase the demand for intelligent automation. The demand for investments in energy-saving equipment will increase inevitably to respond to the trend of net-zero emission. It is estimated that investment in intelligent automation and energy-saving equipment will grow positively in 2024. HIWIN has continuously invested in R&D, vertical integration, and global marketing deployment to have a long-term competitive advantage. HIWIN will continue to innovate and create more added value for its customers. HIWIN will also combine the concept of corporate social responsibility with core competence and realize the company's sustainable development goals through the implementation of ESG. HIWIN is looking forward to receiving continuous support and guidance from all shareholders, cooperate sector, financial sector, and government officials in 2024 as the HIWIN team fully commits to create new achievements in the future to come!

The 2023 operating results are described as follows:

I. The 2023 Business Report

(I) Business plan implementation results

The revenue in the 2023 consolidated financial statements was NT\$24,632,772 thousand, a decrease of 16% from the NT\$29,314,648 thousand in 2022; the operating profit was NT\$2,650,950 thousand, a decrease of 52% from the NT\$5,572,449 thousand in 2022; the net income before was NT\$2,540,050 thousand, a decrease of 56% from the NT\$5,817,950 thousand in 2022; the net income attributable to the shareholders of the parent company was NT\$2,034,748 thousand, a decrease of 55% from the NT\$4,479,381 thousand in 2022, and the earnings per share was NT\$5.75, a decrease of 56% from the NT\$12.98 in 2022.

(II) Financial income and expenses and profitability analysis

1. Financial income and expenses

Unit: NT\$ thousand

Year Item	The 2023 Certified Finance	
	Amount	Percentage (%)
Operating income – net	24,632,772	100
Operating cost	16,977,522	69
Gross profit	7,655,250	31
Operating expense	5,004,300	20
Operating profit	2,650,950	11
Non-operating income and expense – net	(110,900)	(1)
Net income	1,831,510	7
Net income attributable to the shareholders of the parent company	2,034,748	8

Note: This statement is a consolidated financial statement. The company did not have the financial forecast disclosed for 2023; therefore, there is no disclosure of budget achievement.

2. Profitability analysis

Item	2023
Return on assets (%)	3.84
Return on shareholders' equity (%)	5.23
Ratio of net income before tax to paid-in capital (%)	71.79
Net profit ratio (%)	7.44
Earnings per share (NTD)	5.75

(III) Research and development overview

1. The R&D expense accounted for 4% of the turnover in 2023. A total of 72 patent applications were filed and 132 patent certificates were received. The company was awarded with 2,331 patents as of the end of 2023 that remain valid. The research and development results of the company in the fields of metal, steel, and precision machinery remain on the top in Taiwan and as a leader in this industry.
2. The “intelligent 4.0 Guideway” was awarded with the 32nd Taiwan Excellence Award [Silver Quality Award] by the Ministry of Economic Affairs.
3. R&D achievements:
 - (1) Expansion of stainless-steel standard and customized linear guideway products;
 - (2) The prototype of the intelligent single-axis actuator is completed.
 - (3) The prototype development of RAS-125E, a special turntable for EDM equipment, is completed.

II. The 2024 Business Plan Overview

(I) Business policies

1. Promote high-end smart production and mechatronics integrated products, advance transformation, and generate revenue growth.
2. Combine the Group’s energy and cooperate with global partners to provide customers with a total solution through mechatronics integrated services.
3. Integrate circular economy and ESG concepts into smart process in order to enhance competitiveness.
4. Research, develop, and innovate energy-saving and carbon-reducing products, and enhance HIWIN brand value with excellent products and professional services.
5. Continue the global deployment, integrate resources, increase business momentum, and provide fast localized promote services.

(II) Expected sales quantities and reference

1. The 2024 expected sales are as follows:

Unit: Thousand

Product	Sales quantity
Ballscrew	2,200-2,300
Linear Guideway	30,500-32,000
Industrial robot	3,500-4,800

2. References

The aforementioned sales volume in 2024 is an estimation based on global economic trends, various industry operating environments, market supply and demand and competition; as well as, analysis of the business development of existing customers and the solicitation of potential customers, and taking into account many factors crucial to the balance of production and sales.

(III) Important production and sales policies

1. Provide torque motor as a solution to help equipment manufacturer and metal processing operator upgrade.
2. Promote the marketing of high-end new products and mechatronics to provide differentiation and competitiveness.
3. Cooperate with system integration partners to provide the industry with intelligent services.

4. Provide components, robotic arms, system components, and mechatronics automation solutions through integrated marketing to help alleviate the problem of labor shortage of the industry and improve customer productivity.
5. Real-time material/production/sales coordination can help ensure delivery competitiveness and healthy inventory management.

(IV) The company's future development strategies

1. Integrate the Group's mechatronics products, develop modular solutions, and provide customers with smart manufacturing services.
2. Promote the new main product Torque Motor of advanced 5-Axis-CNC to help the equipment industry and manufacturing industry upgrade.
3. Continue to invest in the research and development of smart machinery technology and expand the application of i4.0 BS/i4.0 GW/iSR to more industries.
4. Continue to deploy and develop the semiconductor industry in order to become the core supply partner of the relevant upstream, midstream and downstream industries.
5. Continue to expand global distribution and system supplier bases, and widen market differentiation with mechatronics products and services.
6. Continue to increase production capacity and services globally in response to the geopolitical era.
7. Accelerate the expansion of Eastern Europe, Southeast Asia, India, and other regions to seize the business opportunities derived from the supply chain relocation.

(V) Impact from a competitive external environment, regulatory environment, and overall operating environment

The company faces many challenges in 2024, including the Ukraine-Russia war, high interest rates, the US-China trade confrontation, soaring price of food and energy, deflation, climate change, and other factors. The global economy is expected to slow down continuously. According to the estimation of the Organization for Economic Cooperation and Development (OECD), global economic growth is expected to be 2.4% in 2024, a decrease from the 2.9% in 2023.

The global economic performance in 2024 is expected to shy away from the performance of 2023 due to the rise of geopolitical risks, the outbreak of wars (including Russia-Ukraine, the Gaza war, the Red Sea crisis, and the conflict between Armenia and Azerbaijan), and the delay in interest rate decrease by European and American central banks for combating inflation. Of which, the United States, the world's largest economy, is expected to have a decline in consumer spending this year and a slowdown economic growth compared to last year due to the diminishing wealth effect. Although the Nikkei 225 Index continues to go up recently, Japan suffers negative growth in economy for two consecutive quarters with diminishing consumption and investment momentum, added with the possibility of an interest rate increase in April this year; therefore, the decline in exports due to the appreciation of Japanese currency, and the economy is expected to decline this year compared with what it was last year. China's economic outlook this year is expected to be worse than last year due to the decoupling of the Sino-U.S. economy, the withdrawal of foreign investment, the worsening challenges faced by the real estate industry, and weak domestic consumption.

Under the circumstance, HIWIN observes environmental changes and trends closely, deploys mechatronics actively, promotes high-end smart products and global service networks, and develops green energy and circular economy business opportunities actively to be ready providing services locally. Such

efforts are aimed at responding to changes in the external operating environment and competition of the industry, helping HIWIN continue to corner market share in a changing environment, and achieving the goal of sustainable operations. In prospect of 2024, we are confident and will strive to achieve the long-term development goals of the company taking as a whole.

HIWIN TECHNOLOGIES CORP.

Sincerely yours,

Chairman Wenheng Zhuo

April 2024

Two. Company Profile

I. Date of Establishment

- 1989 •Established in October

II. Company History

- 1992 •Established a US subsidiary.
 •Passed the ISO9001 certification of the British SGS company.
- 1993 •Merged HOLZER and established a German subsidiary.
 •Important scientific and technological business approved.
 •Precision ballscrew was awarded with the 1st Taiwan Excellence Award [Silver Quality Award].
- 1996 •Merged Yuanyin Precision Industrial Co., Ltd.
- 1997 •Passed ISO14001 certification by German TUV company.
- 1999 •Linear bearings were awarded with the 7th Taiwan Excellence Award [Golden Quality Award].
 •Formed a strategic alliance with PARKER HANNIFIN (USA).
 •Established a Japanese subsidiary.
- 2000 •HIWIN Germany invested in HIWIN Switzerland.
 •Awarded with the 8th “Industrial Technology Advancement Award MOEA” [Excellence Award].
 •The 1st Industrial Excellence Award MOEA.
 •The linear guideway was awarded with the 8th Taiwan Excellence Award.
 •Ranked the 79th among the top 100 domestic corporate patents announced and assigned by the Intellectual Property Office, MOEA.
- 2001 •HIWIN Germany invested in HIWIN Czech Republic.
 •The high-speed ballscrew was awarded with the 9th Taiwan Excellence Award [Silver Quality Award].
 •Ranked the 816th of the “Top 1000 Manufacturers” by Commonwealth Magazine in 2001.
- 2002 •The self-lubricating linear guideway was awarded with the 10th Taiwan Excellence Award [Silver Quality Award].
 •The 11th National Invention Award, MOEA – Corporate category [Gold Medal].
 •Awarded with the Taiwan Excellence Award - Outstanding Promotion Award.
 •Ranked the 65th among the top 100 domestic corporate patents announced and assigned by the Intellectual Property Office, MOEA.
 •Ranked the 855th of the “Top 1000 Manufacturers” by Commonwealth Magazine in 2002.
 •Passed the OHSAS 18001 occupational safety and health certification of the German TUV company.
- 2003 •The precision linear module was awarded with the 11th Taiwan Excellence Award [Golden Quality Award].
 •Purchased 15,332 pigs land in Yunlin Industrial Park for the construction of the first phase of the factory.
 •Ranked the 734th of the “Top 1000 Manufacturers” by Commonwealth Magazine in 2003.

- 2004
- Awarded with the 12th “Industrial Technology Advancement Award MOEA” [Excellence Award].
 - Leased land in Yunlin Industrial Park for the continuing construction of the factory and put it into production successively.
 - Established Tokyo R&D Center.
 - Held the 1st “HIWIN Thesis Award”.
 - Ranked the 603rd of the “Top 1000 Manufacturers” by Commonwealth Magazine in 2004.
- 2005
- Awarded with the 2nd “Taiwan Excellent Brand Award” by the International Trade Administration, MOEA.
 - The all-electric injection molding ballscrew was awarded with the 13th Taiwan Excellent Brand Award [Golden Quality Award] by the Ministry of Economic Affairs.
 - Awarded with the “Best Corporate Citizen” by Commonwealth Magazine.
 - Ranked the 79th among the top 100 domestic corporate patents announced and assigned by the Intellectual Property Office, MOEA.
 - Ranked the 552nd of the “Top 1000 Manufacturers” by Commonwealth Magazine in 2005.
- 2006
- There were more than 500 companies competed for “The Taichung City Precision Machinery Innovation Technology Park” planned by Taichung City Government. HIWIN was ranked the first place in the competition with the right to purchase 12,665 pings of land awarded.
 - Awarded with the 3rd “Taiwan Excellent Brand Award” by the International Trade Administration, MOEA.
 - The high-speed and silent ballscrew was awarded with the 14th Taiwan Excellence Award [Silver Quality Award].
 - The new factory in Chicago, USA, was completed and in service.
 - Ranked the 40th among the top 100 domestic corporate patents announced and assigned by the Intellectual Property Office, MOEA.
 - Ranked the 513th of the “Top 1000 Manufacturers” by Commonwealth Magazine in 2006.
- 2007
- Ranked the 4th among the mittelstand companies as corporate citizens by Commonwealth Magazine.
 - Listed as a top priority company in the “Flagship Enterprise Development Plan” of the Ministry of Economic Affairs for promoting machine tools.
 - The groundbreaking for the construction of global operation and R&D headquarters (The Taichung City Precision Machinery Innovation Technology Park)
 - Purchased land at Taichung Tanzi Technology Industrial Park for the expansion of Tanzi Factory and the construction of new factories.
 - Passed the certification of APPLIED MATERIALS ISAT in the United States to become a qualified supplier.
 - Ranked the 32nd among the top 100 domestic corporate patents announced and assigned by the Intellectual Property Office, MOEA.
 - The German subsidiary won the bid for the adjacent land and factory buildings for more than 2,000 square meters that would be integrated with the old factory to expand production capacity.

- The high-rigidity roller-type linear guideway was awarded with the 15th Taiwan Excellence Award [Silver Quality Award] by the Ministry of Economic Affairs.
 - Ranked the 440th of the “Top 1000 Manufacturers” by CommonWealth Magazine in 2007.
- 2008
- Ranked the 3rd among the mittelstand companies as corporate citizens by CommonWealth Magazine.
 - Registered to purchase 31,827 pings of land in “Chiayi Dapumei Intelligent Industrial Park” in Chiayi County.
 - The environmentally friendly lubrication module was awarded with the 16th Taiwan Excellence Award [Golden Quality Award] by the Ministry of Economic Affairs.
 - Awarded with the “National Invention and Creation Award – Better Business Award 2008” by the Intellectual Property Office, MOEA.
 - The “HIWIN Intelligent Robotic Arm Competition” was held for the first time.
 - Ranked the 36th of the “Top 100 Domestic Corporate Patents Assignees” in 2008 by the Intellectual Property Office, MOEA
 - Passed Taiwan Occupational Safety and Health Management System (TOSHMS) certification.
 - Ranked the 380th of the “Top 1000 Manufacturers” by CommonWealth Magazine in 2008.
- 2009
- Ranked the 3rd among the mittelstand companies as corporate citizens by CommonWealth Magazine.
 - The energy-saving transmission module R1 series were awarded with the 17th Taiwan Excellence Award [Golden Quality Award] by the Ministry of Economic Affairs.
 - Stocks traded in stock market.
 - Awarded with the “Taiwan Excellent Brand Award in 2009” by the International Trade Administration, MOEA.
 - Chairman Zhuo won the gold medal in the individual category of the National Invention Award.
 - Awarded as an outstanding manufacturer of national defense industry training by the Ministry of National Defense.
 - HIWIN celebrated the 20th anniversary.
 - MegaFabs Motion Systems LTD ◦ Invested in MegaFabs Motion Systems LTD, a leading manufacturer for controllers in Israel.
 - Ranked the 33rd of the “Top 100 Domestic Corporate Patents Assignees” in 2009 by the Intellectual Property Office, MOEA.
 - Ranked the 471st of the “Top 1000 Manufacturers” by CommonWealth Magazine in 2009.
- 2010
- Purchased additional 29,514 pings of land in “Chiayi Dapumei Intelligent Industrial Park” in Chiayi County, bringing the total purchased land to 45,286 pings.
 - The environmentally friendly transmission module SK series were awarded with the 18th Taiwan Excellence Award [Golden Quality Award] by the Ministry of Economic Affairs.
 - Ranked the 59th of the “Top 100 Domestic Corporate Patents Assignees” in 2010 by the Intellectual Property Office, MOEA
 - Awarded with the 2nd [Employment Creation Contribution Award] by the Executive Yuan in 2010.

- Awarded with the “Excellent Enterprise in Assisting Veterans with Employment” by the Veterans Affairs Council, R.O.C.
 - Awarded with the 2010 National Industrial Park “Public Area Adoption Facilities” Greening and Beautification [First Place] by the Ministry of Economic Affairs.
 - Ranked the 313th of the “Top 1000 Manufacturers” by Commonwealth Magazine in 2010.
 - Ranked the 2nd among the mittelstand companies as corporate citizens by Commonwealth Magazine.
- 2011
- Awarded with the 1st [Employment Creation Contribution Award] by the Executive Yuan in 2011.
 - The C1 series ballscrew was awarded with the 19th Taiwan Excellence Award [Golden Quality Award] by the Ministry of Economic Affairs.
 - Awarded with the “Taiwan Top 100 Brand Award” by the International Trade Administration, MOEA
 - Awarded with the 1st [The National Brand Yushan Award] of Monte Jade Science and Technology Association (Taiwan)
 - Awarded with the 1st [Taiwan Green Classics Awards] by the Ministry of Economic Affairs.
 - Awarded with the “Top 10 Innovative Enterprises in Taiwan” in 2011 by the Ministry of Economic Affairs.
 - Awarded with the 1st [National Industrial Innovation Award] of the Ministry of Economic Affairs - Excellent Enterprise Award.
 - Awarded with the [TTQS Taiwan TrainQuali System Evaluation] Taiwan Training Quality Certification “Silver Medal” by the Workforce Development Agency, Ministry of Labor.
 - The “HIWIN Thesis Award - PhD” was held for the first time.
 - Chairman Zhuo won the “Science and Technology Management Award” from the Chinese Society for Management of Technology.
 - Chairman Zhuo won the 2011 [Super MVP Manager] from Manager Today.
 - Chairman Zhuo received the “Honorary Doctor of Engineering” degree from National Kaohsiung First University of Science and Technology
 - Chairman Zhuo was appointed as “Honorary Professor” of Dalian University of Technology.
 - Ranked the 33rd of the “Top 100 Domestic Corporate Patents Assignees” in 2011 by the Intellectual Property Office, MOEA.
 - Ranked the 223rd of the “Top 1000 Manufacturers” by Commonwealth Magazine in 2011.
- 2012
- Awarded with the [National Army Recruitment Outstanding Unit] as No. 1 in the business community by the Ministry of the Interior.
 - British Standards Institute BSI [Organization Greenhouse Gas Emissions Inventory] ISO14064-1 certification
 - British Standards Institute BSI [Carbon Footprint Inventory of Ballscrew Products] PAS 2050 Certification
 - Ranked the 1st among the “Top 50 Operational Performance” from 2009 to 2011 by Commonwealth Magazine.

- HIWIN substantiated the “Disaster-free Working Hours Record” outstandingly with recognition of the Ministry of Labor, Executive Yuan received.
 - Ranked the 21st among large companies in the “National Corporate Citizenship Award” by CommonWealth Magazine.
 - The high DN energy-saving heavy-duty ballscrew RD series were awarded with the 20th Taiwan Excellence Award [Golden Quality Award] by the Ministry of Economic Affairs.
 - The construction of the global operations headquarters and R&D center were completed and in service.
 - Awarded with the 2012 Asia Top 200 Companies (under US\$1 billion) by Forbes Magazine.
 - Awarded with the “Top 20 Innovative Enterprises in Taiwan” in 2012 by the Ministry of Economic Affairs.
 - Awarded with the [TTQS Taiwan TrainQuali System Evaluation] Taiwan Training Quality Certification “Gold Medal” by the Workforce Development Agency, Ministry of Labor.
 - Chairman Zhuo received the “Honorary Doctorate in Management” degree from National Chung Cheng University.
 - Ranked the 257th of the “Top 1000 Manufacturers” by CommonWealth Magazine in 2012.
 - Chairman Zhuo was awarded with the 6th “National Excellent Achievement Award” by the Chinese Professional Management Association
- 2013
- Awarded with the 1st “Taiwan Mittelstand Award” by Ministry of Economic Affairs.
 - The “Crossed Roller Bearing CRB Series” was awarded with the 21st Taiwan Excellence Award [Golden Quality Award] by the Ministry of Economic Affairs.
 - Awarded with the TTQS Taiwan Training Quality Certification “Gold Medal.”
 - Passed international medical ISO13485 certification.
 - Awarded with the [Quality Sustainability Award] by British SGS certification company.
 - Awarded with the “Top 20 Innovative Enterprises in Taiwan” in 2013 by the Ministry of Economic Affairs.
 - Chairman Yongcai Zhuo was honored as an outstanding alumnus of Tamkang University and was awarded with the [Gold Eagle Award].
 - Launched the MA program to cultivate international marketing sales talents.
 - Signed an industry-academia cooperation plan to cultivate talents in the future with Taichung Municipal Chichung Industrial High School and National Taiwan University of Science and Technology.
 - A donation signing ceremony for the Zhuo Yongtong Memorial Library with Liu-Jar Elementary Schools in Hsinchu was held in December 2013.
 - The sustainable development CSR report was issued for the first time.
 - The subsidiary in Singapore and Korea, and the sub-subsubsidiary in Italy were established.
 - Ranked the 259th of the “Top 1000 Manufacturers” by CommonWealth Magazine in 2013.
- 2014
- The Tangential External Recirculation Ballscrew, Super T Series were awarded with the 22nd Taiwan Excellence Award [Golden Quality Award] by the Ministry of Economic Affairs.
 - Introduced TPS continuously for improvements.
 - Ranked the 50th among Forbes 2014 Top 100 Global Innovation and Growth Enterprises.

- Listed as the top-weighted constituent stock of the U.S. Nasdaq Robo-Stox.
 - Established NTHU Joint Research Center.
 - Established HIWIN-MPEI Moscow Precision Mechatronics Engineering Research Center.
 - Formed a strategic alliance with Advantech Co., Ltd.
 - The German subsidiary held a groundbreaking ceremony for the second factory in Offenburg.
 - Awarded with the “Top 20 Innovative Enterprises in Taiwan” in 2014 by the Ministry of Economic Affairs.
 - The lower limb muscle strength training machine passed the EU medical equipment CE certification.
 - Established a subsidiary in Suzhou, China.
 - Awarded with the Taiwan Enterprise Sustainability Award and Social Inclusion Award.
 - Passed Taiwan Intellectual Property Management System (TIPS) certification.
 - Ranked the 227th of the “Top 1000 Manufacturers” by Commonwealth Magazine in 2014.
- 2015
- Acquired 48% equity of Luren Precision Co., Ltd.
 - Passed ISO 50001 energy management system verification.
 - Ranked the 37th among Forbes 2015 Top 100 Global Innovation and Growth Enterprises.
 - The lower limb muscle strength training machine MRG-P100 was awarded with the 23rd Taiwan Excellence Award [Golden Quality Award] by the Ministry of Economic Affairs.
 - General Manager Hui-Chin Tsai was on the “2015 ASIA’s 50 POWER BUSINESSWOMEN” by Forbe, the only one from Taiwan on the list.
 - Awarded with the TCSA Taiwan Corporate Sustainability Award and Innovation and Growth Award.
 - Ranked the 31st among large companies in the “National Corporate Citizenship Award” by Commonwealth Magazine.
 - Established a joint R&D center with China Medical University, Taiwan.
 - Awarded with the “Top 20 Innovative Enterprises in Taiwan” in 2015 by the Ministry of Economic Affairs.
 - Started the new construction project of the 2nd factory in the “Taichung City Precision Machinery Innovation Technology Park.”
 - Held the groundbreaking ceremony for the employee dormitory building at the “Taichung City Precision Machinery Innovation Technology Park.”
 - Chairman Yongcai Zhuo was awarded with an Honorary Doctor of Philosophy by National Tsing Hua University and an Honorary Doctor of Engineering by National Taiwan University of Science and Technology.
 - Ranked the 220th of the “Top 1000 Manufacturers” by Commonwealth Magazine in 2015.
- 2016
- Ranked the 5th among the “Top 100 Global Listed Companies with Comprehensive Growth Potential” by The Nikkei.
 - The groundbreaking ceremony held for the new factory by the subsidiary in China.
 - Ranked the top 5% of listed companies in the 2nd corporate governance evaluation.

- The single-axis robot module (HM series) was awarded with German iF and Red Dot international design awards.
 - The parallel robotic arm Delta Robot was awarded with the 24th Taiwan Excellence Award [Silver Quality Award] by the Ministry of Economic Affairs.
 - Chairman Yongcai Zhuo was ranked the 25th among the top 50 Taiwanese CEOs in 2015 by Harvard Business Review.
 - Signed a memorandum of cooperation on “Endoscope-supported robotic arm” surgical training course and promotion with IRCAD Taiwan.
 - Chairman Yongcai Zhuo was awarded with an honorary Doctor of Science by China Medical University, Taiwan.
 - The CNC Torque Motor passed the EU CE certification.
 - HIWIN and Etron Technology, Inc. signed a memorandum of cooperation.
 - HIWIN, HIWIN MIKROSYSTEM, and GlobalMEMS Co. Ltd. signed a memorandum of cooperation.
 - Awarded with the “17th National Standardization Award” by the Bureau of Standards, Metrology and Inspection, M.E.O.A.
 - The new construction of the 2nd factory area of the German subsidiary was completed and in service.
 - Awarded with the TCSA “Taiwan Corporate Sustainability Award,” “Corporate Sustainability Award Single Performance - Talent Development Award,” and “Taiwan TOP50 Corporate Sustainability Report Award - Gold Medal.”
 - HIWIN and Siemens signed a memorandum of cooperation.
 - The groundbreaking ceremony for the new factory in “Chiayi Dapumei Intelligent Industrial Park” in Chiayi County.
 - The lower limb rehabilitation robot passed the “SNQ Symbol of National Quality” certification and was awarded with the “National Biotechnology and Medicine Care Quality Award - Bronze Award.”
 - General Manager Hui-Chin Tsai was awarded with the “Li Kwoh-Ting Management Award.”
 - Ranked the 14th among large companies in the “National Corporate Citizenship Award” by CommonWealth Magazine.
- 2017
- Signed an agreement with National Chung Hsing University and Taiping Farmers’ Association on the cultivation model and value-added preservation key technologies for exporting lychees in Greater Taichung area.
 - The Wafer Robot was awarded with the 25th Taiwan Excellence Award [Silver Quality Award] by the Ministry of Economic Affairs.
 - Ranked the top 5% of the listed companies in the 3rd corporate governance evaluation.
 - Ranked the 201st of the “Top 1000 Manufacturers” by CommonWealth Magazine in 2016.
 - The “Hydrobath System” received TFDA marketing license.

- Ranked the 1st of the “ASIA 300 Index” with total market value increased by 179% within one year by The Nikkei.
 - The Robotiq-Finger was awarded with the 2017 Japan Good Design Award.
 - Awarded with the “Sustainable Practice Award” by BSI British Standards Institute.
 - The opening ceremony for the new factory was held by the subsidiary in China.
 - The Superior Rolling Moment with Cover Strip Linear Guideway CG series were awarded with the 26th Taiwan Excellence Award [Silver Quality Award] by the Ministry of Economic Affairs.
 - Passed Taiwan Intellectual Property Management System (TIPS) certification for the 4th year consecutively.
 - Awarded with the TCSA “Taiwan Corporate Sustainability Category - Electronic Information Manufacturing Group - Gold Medal.”
 - Chairman Yongcai Zhuo was awarded with the 4th National Intelligence Award - Model Award.
 - General Manager Hui-Chin Tsai was awarded with the 35th National General Manager Excellence Award.
- 2018
- Ranked the top 5% of the listed companies in the 4th corporate governance evaluation.
 - Ranked the 163rd of the “Top 1000 Manufacturers” by CommonWealth Magazine in 2017.
 - Ranked the 534th in market value among the “Top 1,000 Companies Between Taiwan Strait” in 2018 by Business Today.
 - The endoscope support robotic arm MTG-H100 series were awarded with the 27th Taiwan Excellence Award [Golden Quality Award].
 - The miniature ballscrew Super Z series were awarded with the 27th Taiwan Excellence Award [Silver Quality Award].
 - Passed Taiwan Intellectual Property Management System (TIPS) certification.
 - The Equipment Front End Module (EFEM) was awarded with SEMI S2 international safety certification.
 - The smart screw i4.0BS was awarded with the 2018 International Innovation Award.
 - Awarded with the TCSA Taiwan Corporate Sustainability Award “Taiwan Corporate Sustainability Award-Comprehensive Performance Award TOP50,” “Corporate Sustainability Award Single Performance-Innovation and Growth Award”, “Business Sustainability Award Single Performance-Gender Equality Award,” “Corporate Sustainability Award Single Performance - Talent Development Award,” and “Corporate Sustainability Report Category - Electronic Information Manufacturing Group - Gold Medal.”
 - Awarded with the “Sustainability Excellence Award” by the BSI British Standards Institute.
 - Awarded with Class-A perfect score in quality evaluation by Sumitomo Heavy Industries, Ltd.
 - The German subsidiary was awarded with the Best Supplier Award by HELLER.
 - President Yongcai Zhuo of HIWIN Group was ranked the 8th Best CEO in Taiwan in 2018 by Harvard Business Review.
 - President Zhuo Yongcai of HIWIN Group was awarded as an honorary professor of National Chin-Yi University of Technology.

- Cooperated with Mr. Tse Wang in the Taiwan Design Exhibition to demonstrate HIWIN robotic arm “two hands and three pots” brewing technical capabilities.
 - Sponsored the key module to the largest mechanical flower on earth “Listen to the Sound of Blooming” at Taichung World Flora Exposition.
 - HIWIN robot cooperates with National Taiwan Symphony Orchestra (NTSO) and Flight to perform the stage play “Flora Forest.”
 - HIWIN Robot integrated with National Taiwan University of Arts to perform the stage plays of “DaDa Dream’ Notes” and “Island Time.”
 - Cooperated with National Chung Hsing University and Taiping Farmers’ Association to promote and implement the “Key Technology for Value-Added Litchi Preservation in Greater Taichung,” and held the “Taichung Litchi Promotion Conference” in Tokyo, Japan for the benefits of Taiwan’s agriculture.
- 2019
- The 3rd generation cooled ballscrew was awarded with the 14th Machine Tool “Research and Development of Innovative Products” key component category of numerically controlled machine tool – Excellence Award in 2019.
 - Passed the occupational safety and health management system ISO 45001 international standard verification.
 - Ranked the 124th of the “Top 1000 Manufacturers” by CommonWealth Magazine in 2018.
 - Ranked the 869th in market value among the “Top 1,000 Companies Between Taiwan Strait” in 2019 by Business Today.
 - Ranked the 9th of the “Top 50 in Operational Performance” among the 2,000 enterprises surveyed by CommonWealth in 2019.
 - The linear guideway was awarded with the 2018 National Invention and Creation Award - Gold Medal.
 - Ranked the 16th in ASIA 300 “Nikkei Asia 300.”
 - Listed in the “2019 Asia Top 200 Companies” by Forbes.
 - President Yongcai Zhuo was awarded with the “Entrepreneur of the Year Award” by Enterprise Asia in 2019.
 - Awarded with the “Best Trade Contribution Award” of the “International Trade Award” by the International Trade Administration, MOEA in 2018.
 - Awarded with the “2019 Taiwan International Brand Rising Star Award.”
 - Awarded with the “Gold Medal” of the 14th “Arts & Business Award” and the “Special Jury Award” by the Ministry of Culture.
 - The harmonic drive WUT/WTI series were awarded with the 28th Taiwan Excellence Award [Golden Quality Award].
 - Awarded with the TCSA Taiwan Corporate Sustainability Award “Comprehensive Performance Award – Taiwan TOP50 Corporate Sustainability Award,” “Single Performance Award - Social Inclusion Award,” and “Corporate Sustainability Reporting Award – Gold Medal.”
 - Awarded with the “Sustainability Excellence Award” by BSI British Standards Institute.

- HIWIN team cooperates with National Taiwan Symphony Orchestra (NTSO) and Flight to perform the “Dialogue between Technology and Art,” which interpreting the successful growth trajectory of HIWIN in the last 3 decades.
 - HIWIN lower limb muscle training machine was awarded with the 2019 International Innovation Award.
- 2020
- Delegated personnel to support the formation of Taiwan’s national mask equipment team at the beginning and was the vanguard of pandemic in the mask-making team.
 - Ranked the 173rd of the “Top 1000 Manufacturers” by CommonWealth Magazine in 2019.
 - Ranked the 29th among the Top 100 CSR World Corporate Citizens in 2020.
 - President Yongcai Zhuo of HIWIN Group was ranked the 17th in the Harvard Business Review 2020 “Taiwan Top 100 CEOs,” winning honors and recognition for three consecutive years.
 - The automotive precision ballscrew received the IATF 16949 automotive quality management system certification, which was helpful in deploying and becoming the new generation automotive supply chain.
 - Continued to cooperate with China Medical University, Taiwan in the joint research and development center and signed the second five-year plan to continue cultivating talents in the medical field.
 - Awarded the 24th of the “Best Taiwan Global Brands 2024” by the Ministry of Economic Affairs.
 - Awarded with the TCSA Taiwan Corporate Sustainability Award “Taiwan’s Top Ten Sustainability Model Enterprises Award,” “Taiwan Corporate Sustainability Report - Platinum Award,” “Single Performance - Innovation and Growth Award,” and “Single Performance - Talent Development Award.”
 - Awarded with the “Sustainability Resilience Excellence Award” by BSI British Standards Institute.
 - Cooperated with Chung Shan Medical University Hospital to create the first “MIT robotic arm clinical surgery teaching field” in Taiwan.
 - The i4.0BS intelligent ballscrew was awarded in the 29th Taiwan Excellence Award [Silver Quality Award]; the high-precision Torque Motor RAS-170 was awarded in the 29th Taiwan Excellence Award.
 - Passed ISO ISO14046 water footprint verification.
- 2021
- Ranked the top 5% of the listed companies in the 7th corporate governance evaluation.
 - Ranked the 15th among the Top 200 Resilient Companies - V-shaped Reversal Top 100 by CommonWeath Magazine.
 - Ranked the 163rd of the “Top 1000 Manufacturers” by CommonWealth Magazine in 2020.
 - Selected as a constituent stock of Taiwan Stock Exchange’s “Corporate Governance 100 Index.”
 - The groundbreaking ceremony for the factory of the subsidiary in Kobe, Japan was held on May 31.
 - The groundbreaking ceremony for the 3,000-ping factory expansion in Yunlin Industrial Park was held on July 29.

- HIWIN DATORKER harmonic drive was awarded with the “Innovative Application R&D Category - Robots and Key Components R&D Category Excellence Award” at the 1st “Award of Robotic System Integration, ARSI” in 2021 by the Industrial Development Administration, MOEA.
- HIWIN i4.0BS smart ballscrew was awarded with the “Innovative Application R&D Category - System Integration Application Category Excellence Award” at the 1st “Award of Robotic System Integration, ARSI” in 2021 by the Industrial Development Administration, MOEA.
- Ranked the 35th among the Top 100 Sustainable Companies in 2021 by CommonWealth Magazine.
- The Italian subsidiary was ranked the TOP 4 of the top 25 component manufacturers in Italy by TECNOLOGIE MECCANICHE, the authoritative Italian machine tool magazine.
- Awarded with the TSAA Taiwan Sustainability Action Award - Best Action Plan “Social Inclusion - Silver Medal” and “Economic Development - Silver Medal.”
- Awarded with the “Top 100 Carbon Reduction Companies in Taiwan” in the 2021 Business Week Survey.
- Awarded with the “Sustainability Resilience Excellence Award” by BSI British Standards Institute.
- Awarded with the TCSA Taiwan Enterprise Sustainability Award “Comprehensive Performance Award-Taiwan TOP50 Sustainable Enterprise Award” and “Taiwan Enterprise Sustainability Report - Platinum Award.”
- President Yongcai Zhuo personally presided the ESG kick-off meeting in October 2021, and HIWIN ESG team was officially established.
- President Yongcai Zhuo of HIWIN Group was awarded with “The 3rd Taiwan Society for Precision Engineering Medal” by TSPE Taiwan Precision Engineering Society.
- The Equipment Front End Module (EFEM) was awarded with the 30th Taiwan Excellence Award [Silver Quality Award]; the ultra-miniature linear guideway was awarded with the 30th Taiwan Excellence Award.
- Awarded with the “Best Taiwan Global Brands TOP 25” in 2021 by the Ministry of Economic Affairs.

2022

- The groundbreaking ceremony for Factory 1 was held on July 25.
- Received the world’s first ISO 46001 water resources management certificate from Rheinland Germany.
- The groundbreaking ceremony for Yunlin Factory 3 was held on May 23.
- The groundbreaking ceremony for Yunlin Factory 2 was held on October 3.
- The new factory of the subsidiary in Kobe Japan was officially opened on November 1.
- Awarded with the “Best Taiwan Global Brands TOP 25” in 2022 by the Ministry of Economic Affairs.
- Ranked the 155th of the “Top 1000 Manufacturers” by CommonWealth Magazine in 2021.

- Ranked the 39th among the Top 100 Sustainable Companies in 2022 by CommonWealth Magazine.
- Awarded with the TSAA Taiwan Sustainability Action Award - Best Action Plan - Silver Level SDG 7 Continuous Innovation to Improve Energy and Resource Efficiency.”
- Awarded with the TCSA Taiwan Corporate Sustainability Award “Comprehensive Performance - Taiwan Top 100 Sustainability Enterprises Award” and “Corporate Sustainability Report Electronic Information Manufacturing - Category 1 Gold Level.”
- Awarded with the “Sustainability Resilience Excellence Award” by BSI British Standards Institute.
- Recognized as a “Green Procurement Outstanding Unit” by the Ministry of Environment, Executive Yuan.
- The submersible high-speed Torque Motor was awarded with the 31st Taiwan Excellence [Silver Quality Award]; the interactive lower limb rehabilitation training machine was awarded with the 31st Taiwan Excellence Award [Silver Quality Award].
- The i4.0BS smart ballscrew was with 2 awards received in the 15th Machine Tool “Research, Development and Innovative Products” Competition in 2022: Intelligent machine tool and its processing units or components were selected among all products - Special award; “Numerical Control Machine Tools Key Components Category -Excellent Category – Excellence Award.”
- The “CRB Crossed Roller Bearing” was awarded with the “Innovative Application R&D Category – Robot and Key Components R&D Category – Excellence Award” at the 2nd “Award of Robotic System Integration, ARSI” in 2022 by the Industrial Development Administration, MOEA.
- The Equipment Front End Module (EFEM) was awarded with the “Innovative Application R&D Category - System Integration Application Category Excellence Award” at the 2nd “Award of Robotic System Integration, ARSI” in 2022 by the Industrial Development Administration, MOEA.
- HIWIN was recognized as a “Green Procurement Outstanding Unit” by the Ministry of Environment.
- President Yongcai Zhuo of HIWIN Group was ranked the 39th Best CEO in Taiwan in 2022 by Harvard Business Review for four consecutive years.
- Sponsored Taiwan Society for Precision Engineering (TSPE) to hold the “Precision Engineering Project-Based Study and Thesis Award.”
- HIWIN cooperated with 30 machinery companies to establish the “Smart Manufacturing Alliance.”
- The subsidiary of HIWIN in Singapore worked with Thai-German Institute (TGI) to cultivate smart automation talents.

2023

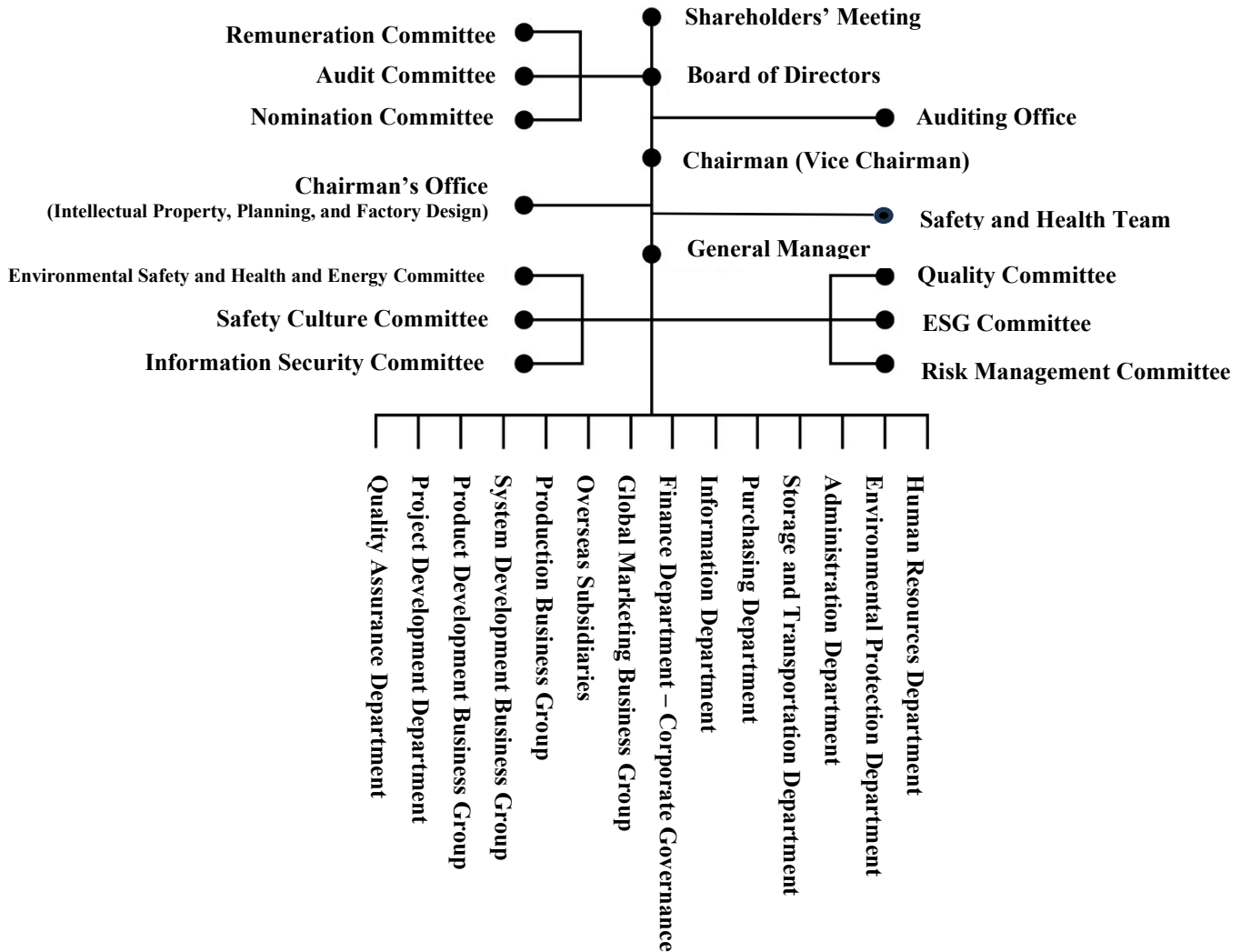
- Signed to join the Science Based Targets initiative (SBTi) review and committed to becoming a company that achieves SBTi Net Zero by 2050.
- Awarded with the “Best Taiwan Global Brands TOP 25” in 2023 by the Ministry of Economic Affairs.”

- The “Intelligent 4.0 Guideway” (i4.0GW) was awarded with the 32nd Taiwan Excellence Award [Silver Quality Award].
- Awarded with the “Taiwan Best-in-Class 100” in 2023.
- The RCV-125E submersible high-speed Torque Motor was with 2 awards received in the 16th Machine Tool “Research, Development and Innovative Products” Competition: Numerical Control Machine Tools Key Components Category - Excellence Award; Energy Saving and Carbon Reduction and Smart Product Innovation Award - Excellent Work Award.
- Awarded with the TSAA Taiwan Sustainability Action Award “Social Inclusion Category - Gold Medal” and “Environmental Sustainability Category - Bronze Award.”
- Awarded with the APSAA Asia-Pacific Sustainability Action Awards “Environmental Sustainability Category - Bronze Award.”
- HIWIN Group signed an industry-academia cooperation plan with the industry-Academia Innovation College of National Taiwan University of Science and Technology.
- HIWIN submersible high-speed Torque Motor was awarded with the “Innovative Application R&D Category - System Integration Application Group - Excellence Award” at the 3rd “Award of Robotic System Integration, ARSI.” Senior engineer Shihong Zhao was awarded with the “Outstanding Engineer Award.”
- Ranked the 144th of the “Top 1000 Manufacturers” by CommonWealth Magazine in 2022.
- Ranked the 44th among the Top 100 Sustainable Companies in 2023 by CommonWealth Magazine.
- Published the ecological educational film “We Love Living Here” to make contributions to biodiversity.
- The “Crossed Roller Bearing with Spacers” was awarded with the 2022 National Invention and Creation Award - Invention Award Silver Medal.
- Awarded with the TCSA Taiwan Corporate Sustainability Award “Comprehensive Performance - Taiwan Top 100 Sustainability Enterprises Award” and “Corporate Sustainability Report Electronic Information Manufacturing - Category 1 Platinum Class.”
- Awarded with the “Sustainability Resilience Excellence Award” by BSI British Standards Institute.
- Awarded with the “OHS SDGS” by the Occupational Safety and Health Administration, Ministry of Labor.
- President Yongcai Zhuo was awarded with an honorary doctorate degree in engineering by National Taiwan University.
- Chairman Wenheng Zhuo was awarded with an honorary doctorate degree in engineering by National Formosa University.
- General Manager Hui-Chin Tsai was ranked the 1st Best Female CEOs of Public Companies in 2023 by Harvard Business Review.
- General Manager Hui-Chin Tsai was elected as the first female chairman of “Taiwan Excellent Brand Association (TEBA).”

Three. Corporate Governance Report

I. Organizational System

(I) Organizational structure



(II) Businesses operation of each department

- **Auditing Office**
Evaluate company business risk and perform regular audits.
- **Chairman's Office**
Formulate the company's business goals and promote major plans; evaluate and analyze business performance; handle event planning, brand management, legal management, and management of intellectual property rights.
- **Safety and Health Team**
Formulate, plan, supervise and promote safety and health management matters, and guide relevant departments to implement them.
- **Human Resource Department**
Plan and manage human resources; implement talent selection, talent cultivation, talent retention, and arrange education and training.
- **Environmental Protection Department**
Environmental protection, management and strategy formulation.
- **Administration Office**
Establish and maintain general affairs and various daily operation management systems.
- **Finance Department**
Budget analysis and capital planning, financial, accounting and tax matters and related project plans, as well as the evaluation and management of overseas subsidiaries and invested companies.
- **Purchasing Department**
Domestic procurement of production equipment and raw materials.
- **Storage and Transportation Department**
Warehousing management and shipping operations of raw materials, semi-finished products, and finished products.
- **Information Department**
Plan, build, and manage the company's information security, software, and hardware; develop the company's information operation management system.
- **Global Marketing Business Group**
Marketing management, market survey, new product planning, market development, customer service, and overseas procurement.
- **Overseas Subsidiaries**
Marketing management, market survey, new product planning, market expansion, customer service, and product processing and manufacturing.
- **Production Business Group**
Manufacturing of ballscrew, linear guideway, linear bearings, special bearings, harmonic drive, and robots.
- **stem Development Business Group**
Development, design, assembly, and repair and maintenance of equipment; research, development, and manufacturing of systems and products; maintenance of factory power systems.
- **Product Development Business Group**
Research and development of new products and sub-system products, graphic design, and customer technical consultation.
- **Project Development Department**
Research and development of material new products and equipment, and planning and implementation of projects.
- **Quality Assurance Department**
Establishment, implementation, and audit of product quality system, and quality management related matters.

II. Information on Directors and Key Managerial Officers

(I) Director information

March 31, 2024

Unit: Shares; %

Title	Nationality or place of registration	Name	Gender / Age	Date elected or appointed	Term of office	Date first elected or appointed	Shareholding when elected or appointed		Current Shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Main experience (education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company			Remarks
							Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)			Title	Name	Relation	
Chairman	ROC	Wenheng Zhuo	Male 51~60 years old	20220627	3 years	19930816	6,828,702	2.00%	6,845,702	1.93%	420,676	0.12%	-	-	Master of Business Administration (MBA), Dominion University of California, USA Honorary Doctor of Engineering, National Formosa University Executive VP of HIWIN Technologies Corp. Vice Chairman of ETERBRIGHT SOLAR CORPORATION Managing Director of Taiwan Machine Tool & Accessory Builders' Association (TMBA) Managing Director Taiwan Association of Machinery Industry (TAMI) Member of the Chinese National Federation of Industries (CNFI) Youth Committee Supervisor of Taiwan Electronic Equipment Industry Association (TEEIA)	Co-Executive Officer of HIWIN Technologies Corp. Act as Chairman: - CEO of MATRIX - HIWIN Investment and Holding Corp. - HIWIN Corporate Management Co., Ltd. - HIWIN USA - HIWIN Germany Board Director of HIWIN Japan: Act as Board Director: - HIWIN Singapore - HIWIN Korea - HIWIN Italy - Matric Co. (UK) - HIWIN Education Foundation - Ever Fortune. AI Co. Ltd. (Corporate Representative)	Director	Yongcai Zhuo Show-Yu Zhuo	Father and son Brother and sister	-

Title	Nationality or place of registration	Name	Gender / Age	Date elected or appointed	Term of office	Date first elected or appointed	Shareholding when elected or appointed		Current Shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Main experience (education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company			Remarks
							Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)			Title	Name	Relation	
Vice Chairman	ROC	Jincai Chen	Male 71~80 years old	20220627	3 years	19891203	3,933,376	1.15%	4,053,411	1.15%	3,303,830	0.93%	-	-	University of San Francisco Master of Public Administration Master of Accountancy, Tamkang University Honorary Doctorate of Tamkang University Honorary Doctor of Medicine, Taipei Medical University Director of President of NAMCHOW Group	Act as Chairman: - President of WIN Semiconductors - ITEQ Corporation - Winying Venture Capital (Co., Ltd.) (Legal representative) - Winan Investment (Co., Ltd.) (Legal representative) - Winjen Investment (Co., Ltd.) (Legal representative) - Bonmow Investment (Legal representative) - Phalanx Biotech Group (Legal representative) - WinLux Biomedical Technology (Legal representative) Act as board director: - Mercuries Life Insurance Inc. (Legal representative) - Chang Woen Recycling Technology Co., Ltd. (Representative) - TAIWAN NEW ECONOMY FOUNDATION (TNEF) Act as independent director: - KINSUS INTERCONNECT TECHNOLOGY CORP. - Tong Hsing Electronics - Inventec Besta Co., Ltd. Act as supervisor: - (EXCELLENCE SPORTING GOODS CO., LTD. - COMAX SPORTING GOODS CO., LTD.	-	-	-	-

Director	ROC	Yongcai Zhuo	Male Over 81 years old	20220627	3 years	19890926	10,972,759	3.21%	10,990,759	3.11%	1,300,320	0.37%	-	-	Master of Public Administration, University of San Francisco Honorary Doctor of Engineering” degree from National Kaohsiung First University of Science and Technology Honorary Doctor of Management of National Chung Cheng University Honorary Doctor of Engineering degree of National Taiwan University of Science and Technology Honorary Doctor of Philosophy of National Tsing Hua University Honorary Doctor of Science of China Medical University, Taiwan Honorary Doctorate Degree in Engineering of National Taiwan University Chairman of MATRIX Chairman of the Legal Representative of HIWIN Mikrosystem Chairman of ETERBRIGHT SOLAR CORPORATION Founding Chairman of Taiwan Automation Intelligence and Robotics Association (TAIROA) Honorary Chairman	CEO of HIWIN Technologies Corp. Legal Representative of HIWIN Mikrosystem Vice Chairman and CEO Act as Director: - Legal Representative and Co-Executive Officer of MATRIX Holding Corp. - HIWIN Education Foundation - Asia University, Taiwan	Chairman Director	Wenhe ng Zhuo Show-Yu Zhuo	Father and son Father and daughter	-
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Title	Nationality or place of registration	Name	Gender / Age	Date elected or appointed	Term of office	Date first elected or appointed	Shareholding when elected or appointed		Current Shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Main experience (education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company			Remarks
							Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)			Title	Name	Relation	
															of Taiwan Machine Tool & Accessory Builders' Association (TMBA)					
Director	ROC	Hui-Chin Tsai	Female 61~70 years old	20220627	3 years	19890926	4,120,010	1.20%	4,260,740	1.20%	-	-	-	-	Phillips Academy PhD in Organizational Psychology Managing Director of Taiwan Machine Tool & Accessory Builders' Association (TMBA)	President and Co-Executive Officer of HIWIN Technologies Corp. Act as Chairman: - HIWIN Samoa - Executive Officer of HIWIN Education Foundation Representative Director (Chairman) of HIWIN Japan Act as Board Director: - HIWIN USA - HIWIN China - HIWIN Korea - HIWIN Investment and Holding Corp. - Director of Taiwan Design Research Institute - Managing Director of Precision Machinery Research Development Center (PMC) - Chairman of Taiwan Excellence Brand Association (TEBA)	-	-	-	-
Director	ROA	Shen-Chin Li	Male 61~70 years old	20220627	3 years	19891203	8,509,232	2.49%	8,952,011	2.53%	107,957	0.03%	-	-	Completed MEBA at University California C Berkeley Completed EMBA at Feng Chia Director of ETERBRIGHT SOLAR CORPORATION	Act as Chairman: - Market Finder Corporation - Nijang co., Ltd. - Chen Yong Limited - Yongjong Investment Co., Ltd. (Legal representative) Act as Board Director: - HIWIN Mikrosystem (Legal representative)	-	-	-	-

Title	Nationality or place of registration	Name	Gender / Age	Date elected or appointed	Term of office	Date first elected or appointed	Shareholding when elected or appointed		Current Shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Main experience (education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company			Remarks
							Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)			Title	Name	Relation	
Director	ROA	Show-Yu Zhuo	Female 41~50 years old	20220627	3 years	20220627	5,200,217	1.52%	5,358,912	1.51%	7,061	0.00%	-	-	Master of Finance Management, Baruch College, The City University of New York Secretary of CFO Officer of Bank SinoPac Vice Chairman HIWIN Mikrosystem Director of ETERBRIGHT SOLAR CORPORATION	Chairman and Vice Executive Officer of HIWIN Mikrosystem Director of HIWIN Japan Act as Board Director: - HIWIN USA - HIWIN Germany - HIWIN Singapore - HIWIN Investment and Holding Corp. - HIWIN Corporate Management Co., Ltd. Vice Chairman and Co-Executive Officer of MATRIX	Chairman Director	Wenhe ng Zhuo Yongcai Zhuo	Brother and sister Father and daughter	-
Director	ROC	Sanxing Investment Co., Ltd.	-	20220627	3 years	20040630	4,120,000	1.20%	4,245,730	1.20%	-	-	-	-	Supervisor of HIWIN Technologies Corp.	Director of TUNG KANG INDUSTRIAL CO., LTD.	-	-	-	-
		Representative: Jingyi Huang	Female 51~60 years old	20220627		20190928	-	0.00%	322	0.00%	-	-	-	-	Graduated from Department of International Business, Fu Jen Catholic University Virginia (USA) Old Dominion University, MBA	At as Chairman: -Sanxing Investment Co., Ltd. -Tofriends Foundation Act as supervisor” - SUN RICH STEEL INDUSTRIAL CO., LTD. - Mingcang Investment Co., Ltd.	-	-	-	-

Title	Nationality or place of registration	Name	Gender / Age	Date elected or appointed	Term of office	Date first elected or appointed	Shareholding when elected or appointed		Current Shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Main experience (education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company			Remarks
							Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)			Title	Name	Relation	
Independent Director	ROC	Zhenghe Jiang	Male 61~70 years old	20220627	3 years	20080624	-	-	-	-	242,489	0.06%	-	-	National Chengchi University Master of Administrative Management Taiwan Financial Holdings Co., Ltd., Chief Audit Officer of Auditing Office of the Board of Directors	The convener of the Company's Audit Committee, Remuneration Committee, and Nomination Committee	-	-	-	-

Independent Director	ROC	Zhenyuan Chen	Male 61~70 years old	20220627	3 years	20220627	-	-	-	-	-	-	-	-	Master of Finance, Ph.D. of the University of Texas at Dallas Master of NCCU MBA Program Principal of I-Shou University Principal of National Kaohsiung First University of Science and Technology Executive Officer of Higher Education Evaluation and Accreditation Council of Taiwan Chairman of Global Talentpreneur Innovation & Collaboration Association Chairman of Taiwan Industry-Academia-Research for Collaboration-Integration-Development Association Independent Director of Taiwan Tobacco and Liquor Corporation Director of Taiwan Insurance Guaranty Fund Director of Corporate Synergy Development Center Director of HIWIN Education Foundation	Member of the company's Audit Committee, Remuneration Committee, and Nomination Committee Principal of China University of Technology Chairman of Chinese Management Association Vice Chairman of Independent Director Association Taiwan Director of Taiwan Assessment and Evaluation Association Supervisor of Financial Ombudsman Institution Act as Board Director: Management Committee Managing Retirement, Compensation, Resignation and Severance Matters for Private School Teachers and Staff of R.O.C. Private School Foundation CTCI Education Foundation	-	-	-	-
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Title	Nationality or place of registration	Name	Gender / Age	Date elected or appointed	Term of office	Date first elected or appointed	Shareholding when elected or appointed		Current Shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Main experience (education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company			Remarks
							Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)			Title	Name	Relation	
Independent Director	ROC	Hui- Show Li	Female 61~70 years old	20220627	3 years	20220627	-	-	-	-	-	-	-	-	EMBA of National Taiwan Normal University Assistant Manager of Taipei Branch, Mega Bank	Member of the company's Audit Committee, Remuneration Committee, and Nomination Committee	-	-	-	-

Note: Chairman and President or the individual holds equivalent position (top manager) are one person, or a spouse or relative within the first-degree of kinship to each other: None

1. Major shareholders of corporate shareholders

March 31, 2024

Names of corporate shareholders	Major shareholders of corporate shareholders	
Sanxing Investment Co., Ltd.	Jingyi Huang	33.33%
	YicangHuang	33.33%
	Shaoyu Huang	33.33%

2. Information disclosure of directors' professional qualification and independent directors' independence

Name	Conditions	Professional qualification and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Chairman: Wenheng Zhuo		- Please refer to "II. (I) Information on Directors" (pages 21~28) of this annual report for the professional qualifications and experience of directors, - There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act to the directors of the company.	Not applicable	0
Vice Chairman: Jincai Chen				3
Director: Yongcai Zhuo				0
Director: Hui-Chin Tsai				0
Director: Show-Yu Zhuo				0
Director Shen-Chin Li				0
Director: Legal representative of Sanxing Investment Co., Ltd.: Jingyi Huang				0
Independent Director: Zhenghe Jiang			Being an independent director and complying with the independence circumstances stipulated in Article 14-2 of the Securities and Exchange Act and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note), including but are not limited to: - Information on the shareholding, 242,489 shares, and shareholding ratio (0.06%) of the natural-person shareholder, spouse, and relatives within the second degree of kinship (in the name of others), which is less than 1% and in compliance with the requirement of independence of independent directors; - There has been no remuneration received for providing business, legal, financial, accounting, and other related services to the company or its affiliated enterprises in the last 2 years.	0
Independent Director: Zhenyuan Chen			Being an independent director and complying with the independence circumstances stipulated in Article 14-2 of the Securities and Exchange Act and the "Regulations Governing Appointment of Independent Directors and	0
Independent Director: Hui-Show Li				0

		Compliance Matters for Public Companies” (Note), including but are not limited to: 1. The natural-person shareholder, spouse, and relatives within the second degree of kinship (in the name of others) do not hold shares of the company. 2. There has been no remuneration received for providing business, legal, financial, accounting, and other related services to the company or its affiliated enterprises in the last 2 years.	
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Note: 1. Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.

2. Not serving as an independent director of more than three other public companies.

3. There is not any of the following circumstances occurred during the two years before being elected or during the term of office:

- (1) An employee of the company or any of its affiliates;
- (2) A director or supervisor of the company or any of its affiliates (However, it does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.);
- (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 the top-10 in shareholdings;
- (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer in subparagraph 1 or any of the persons in subparagraphs (2) and (3);
- (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 ranks among the top five in shareholdings, or that designates its representative to serve as a director of the company under Article 27, of the Company Act;
- (6) A director, supervisor, or employee of a company that has a majority of its director seats or voting shares controlled by the same person as those of the company;
- (7) A director (executive), supervisor (supervisor) or employee of another company or institution who is the same person or spouse of the company’s Chairman, President, or person with equivalent positions;
- (8) A director (executive), supervisor (supervisor), managerial officer, or shareholder holding 5% 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 (executive), supervisor (supervisor), or managerial 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 company’s remuneration committee;

3. Diversity and Independence of the Bord of Directors:

(1) Diversity of the Bord of Directors:

①Policies

According to Article 20 of the company’s “Corporate Governance Best Practice Principles,” the diversity of board directors shall be considered at the time of its composition. Board directors with diverse backgrounds and perspectives shall be selected based on the company’s operations, nature of business, development needs, etc., which include but not limited to gender, age, nationality, culture, professional background (such as law, accounting, industry, finance, marketing, and technology), professional skills, industrial experience, etc. The election of the company’s directors is stipulated in Article 2 of the “Procedures for Election of Directors” with the overall configuration of the Board of Directors taken into consideration. Board directors should generally have the necessary knowledge, skills, and experiences to perform duties, which include operational judgment ability, accounting and financial analysis ability, business management ability, crisis management ability, industry knowledge, international market view, leadership ability, decision-making ability, etc.

In addition, candidates to be considered for the nomination of board directors shall also have a reputation of ethics and integrity, have outstanding achievements, experience, and reputation in various professional fields, be able to devote sufficient time to participate in supervising the company’s business, have the ability to assist in operation and management, can make contributions to the success of the company, etc. The qualifications of independent directors should comply with the governing law and regulations.

②Objectives:

The company's Board of Directors should guide the company's strategy, supervise the management, and be responsible to the company and shareholders. It is necessary to ensure that the Board of Directors has the operations and arrangements of the corporate governance system implemented in accordance with law and regulations, the company's Articles of Incorporation, or the resolutions of the shareholders' meeting. In addition, the diversity of board directors should be considered at the time its composition with the company's operation, business model, and future development trends taken into consideration. Regarding the diversified professional knowledge and skills, there should be at least 3 people qualified for each competency project. In addition, gender equality in the composition of the Board of Directors is also essential to the company. The goal is to have at least 3 female directors elected. Also, it was proposed to have the "Corporate Governance Best Practice Principles" amended in 2023 so to include the criteria of "race" for consideration in the nomination and selection process of directors.

③ Achievements

The company's board directors have extensive experience and expertise in finance, business, and management. In addition, the company appreciates the importance of gender equality in the composition of the Board of Directors. There are currently 10 directors on the Board of Directors to serve, including 4 female directors, which accounted for 40% of the board members. The company also evaluates the management capabilities, crisis management ability, financial accounting professional, and many other aspects at the time of electing board directors. There should be at least 3 people qualified for each competency project in order to substantiate the company's policy of board director diversity. The specific implementation is as follows, all of which are in line with the company's management objectives:

Management objectives	Achievements
Sufficient and diverse professional knowledge and skills	Achieved
Three female board directors	Achieved

The company's implementation of the board director diversity policy is as follows:

Name of Director	Nationality	Gender	Age	Part-time employee of the company	Professional background	Have working experience in GICS industrial category (note)
Wenheng Zhuo	ROC	Male	51~60	V	Business management	Yes
Jincai Chen	ROC	Male	71~80		Accounting and business management	Yes
Yongcai Zhuo	ROC	Male	81 and older	V	Accounting, Finance, and Business Management	Yes
Hui-Chin Tsai	ROC	Female	61~70	V	Brand management	Yes
Shen-Chin Li	ROC	Male	61~70		Business management	No
Show-Yu Zhuo	ROC	Female	41~50		Finance and business management	Yes
Legal representative of Sanxing Investment Co., Ltd.: Jingyi Huang	ROC	Female	51~60		Business management	Yes
Zhenghe Jiang	ROC	Male	61~70		Finance	No
Zhenyuan Chen	ROC	Male	61~70		Accounting and business management	No
Hui-Show Li	ROC	Female	61~70		Finance	No

Note: The industry category is classified in accordance with Level-1 industry sector of the GICS Global Industry Classification Standard.

Name of Director	Operating judgment	Accounting and Finance	Business management	Crisis management	Industry knowledge	International market view	Leadership	Decision-making capacity
Wenheng Zhuo	V		V	V	V	V	V	V
Jincai Chen	V	V	V	V	V	V	V	V
Yongcai Zhuo	V	V	V	V	V	V	V	V
Hui-Chin Tsai	V		V	V	V	V	V	V
Shen-Chin Li	V		V	V			V	V
Show-Yu Zhuo	V	V	V	V	V	V	V	V
Sanxing Investment Co., Ltd.: Legal representative: Jingyi Huang	V	V		V		V		V
Zhenghe Jiang		V				V		
Zhenyuan Chen		V				V	V	V
Hui-Show Li		V						
Target seats of board directors	3	3	3	3	3	3	3	3
Achieved sats of board directors	7	7	6	7	5	8	7	8
Achievement rate	100%	100%	100%	100%	100%	100%	100%	100%

(4) Independence of the Bord of Directors:

According to the provision of Article 5 of the company's "Procedures for Election of Directors," the company's directors shall be elected in accordance with the candidate nomination system procedures stipulated in Article 192-1 of the Company Act, and shall be selected by shareholders from a list of candidates; also, no more than half of the board directors can be spouses or relatives within the second degree of kinship to one another. According to the provision of Article 15 of the company's "Rules of Procedure for Board of Directors Meetings," with regard to meeting matters, for those who have an interest in themselves or the legal persons they represent, spouses of directors, blood relatives within the second degree of kinship, or companies with controlling and subordinate relationships with directors, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of the company, that director may state opinions and answer questions but may not participate in discussion or voting on that proposal and shall recuse himself or herself from the discussion or the voting on the proposal, and may not exercise voting rights as proxy for another director.

The company has established an Audit Committee, a Remuneration Committee, and a Nomination Committee under the Board of Directors to enhance the operational effectiveness of the Board of Directors and to substantiate a good board governance system. The said three committees are composed of all independent directors to assist the Board of Directors in decision-making through professional division of labor and a detached and independent stance in order to improve supervision functions and enhance management mechanisms; also, to implement corporate governance actively.

The company adopted a candidate nomination system for the director election in 2022. Ten board directors are elected from the candidate list to serve as the 12th Board of Directors. The elected 10 board directors include 7 non-employee directors, accounted for 70%, and 3 independent directors, accounted for 30%; also, there are 3 directors who are relatives within the second degree of kinship to one another, accounted for 30%. The independent directors are not spouses or relatives within the second degree of kinship to one another; also, the independent directors and directors are not spouses or relatives within the second degree of kinship to one another, which complies with the provision of Article 26-3, Paragraph 3 and Paragraph 4 of the Securities and Exchange Act. There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act to the directors of the company. All independent directors comply with the relevant standards set by the Financial Supervisory Commission.

(ii) Information of General Managers, Vice General Managers, Assistant Managers, and Managerial Officers of Departments and Branches
March 31, 2024

Title	Nationality	Name	Gender	Inauguration Date (Note 1)	Shares Held		Shares Held by Spouse and Minors		Shares Held in the Name of Others		Work Experience and Education	Positions Concurrently Held in Other Companies	Managerial Officers Who are Spouses or Relatives Within the Second Degree of Kinship			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chief Executive Officer	Taiwan	Eric, Y. T. Chuo	M	20190628	10,990,759	3.10%	1,300,320	0.36%	-	-	Master of Public Administration at University of San Francisco, USA Honorary Doctor of Engineering at National Kaohsiung First University of Science and Technology Honorary Doctor of Philosophy at National Chung Cheng University Honorary Doctor of Engineering at National Taiwan University of Science and Technology Honorary Doctor of Philosophy at National Tsing Hua University Honorary of Philosophy at China Medical University Chairman of Matrix Precision Co., Ltd. Legal Representative and Chairman of HIWIN Mikrosystem Corp. Founding Chairman of Taiwan Automation Intelligence and Robotics Association (TAIROA) Founding Chairman of Taiwan	CEO of HIWIN Technologies Corp. Legal Representative, Vice Chairman and CEO of HIWIN Mikrosystem Corp. Serves as Director : -Legal Representative and Co-CEO of Matrix Precision Co., Ltd. -HIWIN Investment and Holding Corp. -HIWIN Education Foundation -Asia University	Chairman and Co-CEO	Eddie W.H. Chuo	Father and Son	-

Title	Nationality	Name	Gender	Inauguration Date (Note 1)	Shares Held		Shares Held by Spouse and Minors		Shares Held in the Name of Others		Work Experience and Education	Positions Concurrently Held in Other Companies	Managerial Officers Who are Spouses or Relatives Within the Second Degree of Kinship			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
											Machine Tool & Accessory Builders' Foundation (TMBA)					
Chairman and Co-CEO	Taiwan	Eddie W.H. Chuo	M	20190628	6,845,702	1.93%	420,676	0.12%	-	-	MBA at Dominican University of California, USA Executive Vice General Manager of HIWIN Technologies Corp. Executive Director of Taiwan Machine Tool & Accessory Builders' Association (TMBA) Director of Taiwan Association of Machinery Industry (TAMI) Member of the Youth Committee of the Chinese National Federation of Industries (CNFI) Supervisor of Taiwan Electronic Equipment Industry Association (TEEIA)	Co-CEO of HIWIN Technologies Corp. Serves as Chairman: -CEO of Matrix Precision Co., Ltd. -HIWIN Investment and Holding Corp. -HIWIN Corporate Management Co., Ltd. -HIWIN USA - HIWIN German Chairman of HIWIN Japan Serves as Director : -HIWIN Singapore -HIWIN South Korea -HIWIN Italy -Matrix company in UK -HIWIN Education Foundation -Ever Fortune.AI Co., Ltd. (Legal Representative)	CEO	Eric, Y. T. Chuo	Father and Son	-
General Manager and Co-CEO	Taiwan	Enid H.C. Tsai.	F	20190628	4,260,740	1.20%	-	-	-	-	Doctor of Organizational Psychology at Phillips Graduate Institute Executive Director of Taiwan Machine Tool & Accessory Builders' Association (TMBA)	General Manager and Co-CEO of HIWIN Technologies Corp. Serves as Chairwoman: -HIWIN Healthcare Corp. -Chairwoman and CEO of HIWIN Education Foundation Chairwoman of HIWIN Japan Serves as Director : - HIWIN USA - HIWIN China - HIWIN South Korea	-	-	-	-

Title	Nationality	Name	Gender	Inauguration Date (Note 1)	Shares Held		Shares Held by Spouse and Minors		Shares Held in the Name of Others		Work Experience and Education	Positions Concurrently Held in Other Companies	Managerial Officers Who are Spouses or Relatives Within the Second Degree of Kinship			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
												- HIWIN Investment and Holding Corp. - Director of Taiwan Design Research Institute(TDRI) - Managing Director of Precision Machinery Research Development Center (PMC) - Chairwoman of Taiwan Excellent Brand Association (TEBA)				
Senior Vice General Manager of Financial Department	Taiwan	Yue-Qin Wu	F	20200401	214,918	0.06%	-	-	-	-	Master of Business Administration at Feng Chia University Vice General Manager of HIWIN Technologies Corp.	Legal Representative and Director of Eterbright Solar Corp. Serves as Supervisor: -HIWIN China -Matrix Precision Co., Ltd.	-	-	-	-
Senior Vice General Manager of Marketing Business Group	Taiwan	Yan-Qi Peng	F	20211105	35,077	0.00%	-	-	-	-	Master of Computer Science and Information Engineering at University of South California Vice General Manager of HIWIN Technologies Corp.	Chairman of HIWIN China Director of HIWIN USA	-	-	-	-
Assistant General Manager for Chairman's Office	Taiwan	Jun-Liang Wu	M	20180201	20,826	0.00%	-	-	-	-	Master of Industrial Engineering at National Tsing Hua University Assistant Manager of HIWIN Technologies Corp.	-	-	-	-	-
Assistant General Manager for Chairman's Office	Taiwan	Chuang-Bao Yang	M	20200401	6,419	0.00%	13,761	0.00%	-	-	Master of Mechanical Engineering at Chung Hsing University Senior Assistant Manager of HIWIN Technologies Corp.	Director and General Manager of HIWIN Italy	-	-	-	-
Assistant General Manager of System Development Business Group	Taiwan	Fu-Qing Wang	M	20190301	55,452	0.01%	-	-	-	-	Master of Mechanical Engineering at National Chung Cheng University Assistant Manager of HIWIN Technologies Corp.	Vice General Manager of Matrix Precision Co., Ltd. Director of HIWIN Education Foundation	-	-	-	-
Assistant General Manager of Financial Department	Taiwan	Ke-Huang Liao	M	20170801	48,445	0.01%	-	-	-	-	Master of Accounting at Chung Hsing University	Serves as Director : - HIWIN Italy	-	-	-	-

Title	Nationality	Name	Gender	Inauguration Date (Note 1)	Shares Held		Shares Held by Spouse and Minors		Shares Held in the Name of Others		Work Experience and Education	Positions Concurrently Held in Other Companies	Managerial Officers Who are Spouses or Relatives Within the Second Degree of Kinship			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
											Managing Assistant Manager of HIWIN Technologies Corp.	- Representative of Corporate Director of HIWIN Mikrosystem Corp. -HIWIN Education Foundation Serves as Supervisor: -HIWIN Japan -Eterbright Solar Corp. -Matrix company in Suzhou				
Assistant General Manager for Chairman's Office	Taiwan	Wen-Bin Lee	M	20210701	19,174	0.00%	-	-	-	-	Master of Mechanical Engineering at Feng Chia University Managing Assistant Manager of HIWIN Technologies Corp.	-	-	-	-	-
Assistant General Manager for Chairman's Office	Taiwan	Shi-Rong Chiu	M	20211105	10,670	0.00%	5,618,527	1.58%	-	-	Master of Business Administration at University of Massachusetts, USA Assistant Manager of HIWIN Technologies Corp.	Director and General Manager of HIWIN USA	-	-	-	-
Assistant General Manager for Chairman's Office	Taiwan	Hong-Ming Chen	M	20211105	16,690	0.00%	-	-	-	-	Graduated from the Department of Accounting at National Taiwan University Assistant Manager of HIWIN Technologies Corp.	General Manager of HIWIN China Director of Matrix company in Suzhou	-	-	-	-

Note 1: It indicates the inauguration date of the current positions.

Note 2: Where the General Manager or the person of an equivalent position (the managerial officer at the highest level) are the same person, spouses, or relatives within the first degree of kinship: None

Note 3: It indicates persons currently holding the positions as of the publication date of this Annual Report.

(iii) Remuneration of Directors and Primary Managers in the past year:

1. Remuneration of Directors and Independent Directors

Unit: Thousand (TWD)

Title	Name	Director 's Remuneration								(A+B+C+D) as a % of Net Income		Relevant Remunerations Received by Directors Who are also Employees								(A+B+C+D+E+F+G) as a % of Net Income		Compensation Paid from Reinvestment Business or the Parent Company Other Than the is Subsidiary	
		Remuneration (A)		Pension (B)		Directors' Remuneration. (C)		Business Affairs Expense (D)				Salary, Bonus and Special Disbursement (E) (Note 1)		Pension (F)		Employee Remuneration (G) (Note 2)							
		HIWIN	All Companies Listed in the Financial Statements	HIWIN	All Companies Listed in the Financial Statements	HIWIN	All Companies Listed in the Financial Statements	HIWIN	All Companies Listed in the Financial Statements	HIWIN	All Companies Listed in the Financial Statements	HIWIN	All Companies Listed in the Financial Statements	HIWIN	All Companies Listed in the Financial Statements	HIWIN		All Companies Listed in the Financial Statements	HIWIN	All Companies Listed in the Financial Statements			
																Cash Amount	Stock Amount				Cash Amount		Stock Amount
Directors	Eddie W.H. Chuo	0	690	0	0	22,022	22,022	360	669	22,382 1.10%	22,381 1.15%												
	Eric, Y. T. Chuo																						
	Enid H.C. Tsai.																						
	Chin Tsai Chen																						
	Shun-Chin Lee	0	960	0	0	51,386	51,386	840	1,406	52,226 2.57%	53,752 2.64%	73,324	83,424	512	512	6,300	0	6,300	0	155,744 7.65%	167,369 8.23%	19,738	
	Hsiu-Yu Chuo																						
	Representative of San Hsin Investment Co., Ltd.: Ching-Yi Huang																						
Independent Directors	Cheng-He Chiang																						
	Cheng-Yuan Chen	0	0	0	0	7,341	7,341	7,560	7,560	14,901 0.73%	14,901 0.73%	0	0	0	0	0	0	0	0	0	14,901 0.73%	14,901 0.73%	None
	Huey-Hsiu Lee																						

1. Please state the policy, standards and structure of independent directors' remuneration payment, and describe relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors:

The remuneration of independent directors of the company refers to the Company's overall operating performance, future risks and development trends of the industry, also refers to the results of the performance evaluation standards and the contribution to the company to give reasonable remuneration. The salary and compensation committee makes recommendations to the board of directors for resolution.

2. In addition to the disclosures in the above table, the directors of the Company have received remuneration for providing services for all companies in the financial report (such a serving as consultants for non-employees) in the most recent fiscal year: None.

Note 1: It includes the company car cost NTD27,462 thousand and excludes annua salaries of drivers NTD2,333 thousand.

Note 2 : Employee remunerations were NTD161,498,000 in 2023, however, the employee remuneration distribution list has not been decided as of the publication date of this Annual Report. Hence the remuneration planned to be distributed this year shall be based on practices in previous years.

Remuneration Interval

Interval of Remuneration of Directors	Names of Directors			
	Total remuneration of the above (A+B+C+D)		Total remuneration of the above (A+B+C+D+E+F+G)	
	HIWIN	All Companies Listed in the Financial Statements	HIWIN	Parent Company and all Reinvestments of the Company
Below NTD1,000,000				
NTD1,000,000 (including) ~ NTD2,000,000 (excluding)				
NTD2,000,000 (including) ~ NTD3,500,000 (excluding)				
NTD3,500,000 (including) ~ NTD5,000,000 (excluding)	Independent Directors: Cheng-Yuan Chen, Huey-Hsiu Lee	Independent Directors: Cheng-Yuan Chen, Huey-Hsiu Lee	Independent Directors: Cheng-Yuan Chen, Huey-Hsiu Lee	Independent Directors: Cheng-Yuan Chen, Huey-Hsiu Lee
NTD5,000,000 (including) ~ NTD10,000,000 (excluding)	Directors: Eric, Y. T. Chuo, Enid H.C. Tsai, Shun-Chin Lee, Hsiu-Yu Chuo, Representative of San Hsin Investment Co., Ltd.: Ching-Yi Huang Independent Director: Cheng-He Chiang	Eric, Y. T. Chuo, Enid H.C. Tsai, Shun-Chin Lee, Hsiu-Yu Chuo, Representative of San Hsin Investment Co., Ltd.: Ching-Yi Huang Independent Director: Cheng-He Chiang	Shun-Chin Lee, Hsiu-Yu Chuo, Representative of San Hsin Investment Co., Ltd.: Ching-Yi Huang Independent Director: Cheng-He Chiang	Shun-Chin Lee, Representative of San Hsin Investment Co., Ltd.: Ching-Yi Huang Independent Director: Cheng-He Chiang
NTD10,000,000 (including) ~ NTD15,000,000(excluding)	Director: Chin Tsai Chen		Director: Chin Tsai Chen	
NTD15,000,000 (including) ~ NTD30,000,000 (excluding)	Director: Eddie W.H. Chuo		Director: Enid H.C. Tsai	Director: Enid H.C. Tsai, Hsiu-Yu Chuo
NTD30,000,000 (including) ~ NTD50,000,000 (excluding)			Director: Eric, Y. T. Chuo	
NTD50,000,000 (including) ~ NTD100,000,000 (excluding)			Director: Eddie W.H. Chuo	
Above NTD100,000,000				
Total	10 people	10 people	10 people	10 people

2. Remuneration of CEO, General Manager and Vice General Manager

Title	Name	Salary (A)		Pension (B)		Bonus and Special Disbursement (C)(Note 1)		Employee Remuneration (D)(Note 2)				Ratio of Total Remuneration (A, B, C, D) to Net Profit After Tax (%)		Compensation Paid from Reinvestment
		HIWIN	All Companies Listed in the Financial Statements	HIWIN	All Companies Listed in the Financial Statements	HIWIN	All Companies Listed in the Financial Statements	HIWIN		All Companies Listed in the Financial Statements		HIWIN	All Companies Listed in the Financial Statements	Business or the Parent Company Other Than the is Subsidiary
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
CEO	Eric, Y. T.Chuo	33,509	39,509	699	699	57,718	61,885	8,250	0	8,250	0	100,176 4.92%	110,343 5.42%	11,040
Chairman and Co-CEO	Eddie W.H. Chuo													
General Manager and Co-CEO	Enid H.C.Tsai.													
Marketing Division Senior Vice General Manager	Yan-Qi Peng													
Finance Division Senior Vice General Manager	Yue-Qin Wu													

Note 1: It includes the company car cost NTD30,606 thousand and excludes annua salaries of drivers NTD2,333 thousand.

Note 2: Employee remunerations were NTD161,498 thousand in 2023, but the employee remuneration distribution list has not been decided as of the publication date of this Annual Report. Hence the remuneration planned to be distributed this year shall be based on practices in previous years.

Remuneration Interval of CEO, General Manager and Vice General Manager

Interval of Remuneration of of General Manager and Vice General Manager	Names of General Manager and Vice General Manager	
	HIWIN	HIWIN and its Reinvestment Business
Below NTD1,000,000		
NTD1,000,000 (including) ~ NTD2,000,000 (excluding)		
NTD2,000,000 (including) ~ NTD3,500,000 (excluding)		
NTD3,500,000 (including) ~ NTD5,000,000 (excluding)		
NTD5,000,000 (including) ~ NTD10,000,000 (excluding)	Yue-Qin Wu	
NTD10,000,000 (including) ~ NTD15,000,000(excluding)	Yan-Qi Peng	
NTD15,000,000 (including) ~ NTD30,000,000 (excluding)	Eric, Y. T. Chuo, Enid H.C. Tsai	Enid H.C. Tsai
NTD30,000,000 (including) ~ NTD50,000,000 (excluding)	Eddie W.H. Chuo	Eric, Y. T. Chuo, Eddie W.H. Chuo
NTD50,000,000 (including) ~ NTD100,000,000 (excluding)		
Above NTD100,000,000		
Total	5 people	5people

3. Name of Managers Distributing Employee Remunerations and Distribution Status

March 31, 2024

Unit: Thousand (TWD)

	Title	Name	Share Amount	Cash Amount	Total	Ratio of the Total to Net Profit After Tax (%)
Managers	CEO	Eric, Y. T. Chuo	0	10,251	10,251	0.5%
	Chairman and Co-CEO	Eddie W.H. Chuo				
	General Manager and Co-CEO	Enid H.C. Tsai.				
	Finance Division Senior Vice General Manager	Yue-Qin Wu				
	Marketing Division Senior Vice General Manager	Yan-Qi Peng				
	Assistant General Manager of Chairman's Office	Chun-Liang Wu				
	Assistant General Manager of Chairman's Office	Chuang-Bao Yang				
	Assistant General Manager of Chairman's Office	Wen-Bing Lee				
	Assistant General Manager of Chairman's Office	Shih-Rong Chiu				
	Assistant General Manager of Chairman's Office	Hong-Ming Chen				
	Assistant General Manager of Finance Section	Ke-Huang Liao				
	Assistant General Manager of the System Development Business Office	Fu-Ching Wang				

Note 1: Employee remunerations were NTD 161,498 thousand in 2023, but the employee remuneration distribution list has not been decided as of the publication date of this Annual Report. Hence the remuneration planned to be distributed this year shall be based on practices in previous years.

Note 2: Incumbent at publication date of this Annual Report.

(iv) Analysis of the ratio of the total remuneration given to directors, general managers, and vice general managers by the Company and all companies in the consolidated financial statements over the past two years to the net profit after tax in the individual financial report, and description of the relationship between the remuneration policy, standards and packages, procedures for determining remuneration, business performance, and future risks:

1. Analysis of the ratio of the total remuneration given to directors, general managers and vice general managers by the Company and all companies in the consolidated financial statements over the past two years to the net profit after tax in the individual financial report.

Title /Item	The Company				All companies in the financial report			
	2023		2022		2023		2022	
	Total Amount	Ratio of the total remuneration to net profit after tax %	Total Amount	Ratio of the total remuneration to net profit after tax %	Total Amount	Ratio of the total remuneration to net profit after tax %	Total Amount	Ratio of the total remuneration to net profit after tax %
Directors	89,509	4.40%	199,840	4.46%	92,034	4.52%	216,501	4.83%
CEO, general managers and vice general managers	100,176	4.92%	101,998	2.28%	110,343	5.42%	113,099	2.52%
Net profit after tax	2,034,748		4,479,381		2,034,748		4,479,381	

Note: 1. The total remuneration of directors, CEO, general managers and vice general managers was decreased in 2023, compared. 2022, mainly because of the decrease in net profit after tax in 2023.

2. The total remuneration of directors includes the part of employees receiving relevant remuneration. Therefore, there is overlap with the calculation of the total remuneration of the CEO, general managers and vice general managers.

2. Association between the remuneration policy, standards and package, procedures for determining remuneration, and business performance and future risks:

(1) Remuneration policy, standards and package:

1. For the remuneration of Company directors, pursuant to the provision prescribed in Article 15 of the Company's Articles of Incorporation, the remuneration of chairman, vice chairman and directors is based on the level of involvement in corporate operations and the value of contribution, in addition to taking consideration of the industry standards in Taiwan and abroad,

with authorization for the Board of Directors to resolve. Additionally, in the event of any profits for that year, the Company shall appropriate no higher than 4% of the profits as remuneration of director pursuant to provision prescribed under Article 31 of Articles of Incorporation. The amount of appropriation shall be reviewed by the Salary and Remuneration Committee before submitting to the Board of Directors for discussion and distribution, in addition to reporting to the Shareholders' Meeting.

2. The managers of the Company receive salary like regular employees and shall be paid with various awards, bonuses and welfare, with reasonable remuneration, depending on their operations and profits, as well as their involvement in the Company, the manager's scope of authorization in the Company, employment status and performance evaluation as the overall consideration, the consideration including the Company's core value with practice operational management capacity, financial and business operation performance indicators and the comprehensive management indicators and the evaluation of other special contributions or material negative incidents. The policy of remuneration paid to the managers is based on the Company's "Supervisor Salary Structure Table," "Employee Salary and Treatment Guidelines" and the scope of responsibility for the position in the Company, and the contribution to the Company's operation performance by paying bonus and annual rewards as well as other compensation.
 - Additionally, according to Article 31 of the Company's Articles of Incorporation, if the Company makes a profit in the year, at least 1% of the profits should be set aside as employee compensation. The amount set aside shall be audited by the Remuneration Committee before submitting to the BOD for discussion and distribution, in addition to reporting to the Shareholders' Meeting. The bonus will be distributed by taking consideration the remuneration calculation from the financial operation performance data and non-financial contribution of the department the manager is in charge of, while the remuneration system may be audited appropriately depending on the actual operation and relevant laws.
 3. The remuneration package paid by the Company is defined in the provisions of articles of incorporation of Remuneration Committee, which includes cash remuneration, employee option for stock purchase, bonus shares, retirement welfare or unemployment benefits, allowances, and other measures with substantial rewards; the scope and publicly listed companies shall record matters on this Annual Report with consistency in remuneration for directors and managers.
- (2) The Company's procedures for determining the remunerations of the directors, general manager, and vice general managers:
1. The Company adopts "director performance evaluation and remuneration system," "board performance evaluation method" and "manager performance evaluation and bonus system" as the compliance of evaluation. The board remuneration not only takes consideration of the Company's overall operating performance, future risks and development trends of the industry but also conducts self-evaluation questionnaire for internal evaluation. The indicators of evaluation include: Company goals and task control, director responsibility recognition, involvement in corporate operation, internal relation management and communication, professional and continuous education for directors (such as corporate governance related courses), and internal control results, as well as the level of contribution to the company by giving reasonable remuneration. The salary remuneration for the general managers and vice general managers is based on the Company's rules on "Employee Salary and Treatment Guidelines" with consideration of the performance of the managers and responsible units, the overall corporate management performance, and the association with future risks for distribution. The Remuneration Committee proposes suggestions for the BOD to resolve and review the remuneration system, depending on the actual operation conditions and relevant laws and regulations, in order to seek for the balance between corporate sustainable management and risk control.
 2. The self-evaluation results on the performance of members from 2023 BOD, directors and all functional committees have been greater than standard.

3. The evaluation of performance related to the directors and the managers of the Company and salary reasonableness are periodically evaluated and reviewed by the Remuneration Committee and the BOD. Apart from considering the achievement rate by departments in charge and their contribution to the Company, the overall operation performance of the company, and future risks and development trends of the industry are also taken into account. Additionally, the comprehensive consideration of the trends in current corporate governance yields a reasonable remuneration to seek for balance between the Company's sustainable management and risk control. The actual amount distributed for the remuneration to the directors and managers in 2023 was audited by the Remuneration Committee and submitted to the BOD for approval. The ratio of remuneration to employees and directors is 6.1% and 3.1% respectively, in compliance with Company's articles of incorporation.
- (3) Association between operation performance and future risks:
1. The Company's remuneration policy mainly takes consideration of the overall operation of the Company and approve the payment standards depending on the completion rate of performance by department and the level of contribution, which reflects the operation effectiveness of the BOD and management team. Additionally, the Company takes consideration of the industry salary standards to ensure the competitiveness of the salary for the Company's management compared with the industry, in order to retain distinguished management personnel.
 2. The performance goals of the managers are integrated with "risk control" to ensure the possible risks within the scope of responsibility through management and prevention, in addition to approving the evaluation results by actual performance, linking all human resources and related salary remuneration policies. The Company management evaluates the various existing and future risk factors when making material decisions and will act after conducting proper evaluation. The performance of related decisions is reflected on the Company profits and further related to the control performance of management salary and risks.
 3. ° Association with future risks: The payment of Company's remuneration takes consideration of the changes in future environment and operation performance before evaluation and adjustment. Moreover, directors and employees breaking the law and bring losses to the Company may be penalized by law and regulations.

iii. Implementation of Corporate Governance

(i) The Operations of Board of Directors

1. The Company reelected directors at the Shareholder's Meeting held on June 27, 2022. The new directors took office from the reelection day on (term commencing from June 27, 2022 and expires on June 26, 2025).

2. The Board of Directors held 4 meeting (A) in 2023. The actual attendance rate of all directors of the board is 100%, with each individual director attendance shown below:

Title	Name	No. of Meetings Attended Personally (B)	No. of Meetings Attended by Proxy	Personal Attendance Rate (%) 【 B / A 】	Remark
Chairman	Eddie W.H. Chuo	4	0	100%	
Deputy Chairman	Chin Tsai Chen	4	0	100%	
Director	Eric, Y. T. Chuo	4	0	100%	
Director	Enid H.C. Tsai.	4	0	100%	
Director	Shun-Chin Lee	4	0	100%	
Director	Hsiu-Yu Chuo	4	0	100%	
Director	Representative of San Hsin Investment Co., Ltd.: Ching-Yi Huang	4	0	100%	
Independent Director	Cheng-He Chiang	4	0	100%	
Independent Director	Cheng-Yuan Chen	4	0	100%	
Independent Director	Huey-Hsiu Lee	4	0	100%	

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an audit committee, the provisions of Article 14-3 shall not apply. Please see The operation of the Audit Committee of this Annual Report for the relevant information.

(2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None.

2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest, the director's name, the content of the motion, the cause for recusal, and whether and how the director voted shall be specified:

2023.02.24 6th Session, 12th Committee:

Endorsement Guarantee for Subsidiary Matrix Precision CO.,LTD.

Cause for recusal and voting status: Director Eddie W.H. Chuo, Eric, Y. T. Chuo, and Hsiu-Yu entered recusal during discussion and voting on the agenda item due to self-interest with respect to this matter. The other directors had unanimously adopted the resolution upon inquiry by the chair as the said situation would not prejudice the interest of the Company.

2023.05.10 7th Session, 12th Committee:

Endorsement Guarantee for Subsidiary Matrix Precision CO.,LTD.

Cause for recusal and voting status: Director Eddie W.H. Chuo, Eric, Y. T. Chuo, and Hsiu-Yu entered recusal during discussion and voting on the agenda item due to self-interest with respect to this matter. The other directors had unanimously adopted the resolution upon inquiry by the chair as the said situation would not prejudice the interest of the Company.

2023.08.10 8th Session, 12th Committee:

Endorsement Guarantee for Subsidiary Matrix Precision CO.,LTD.

Cause for recusal and voting status: Director Eddie W.H. Chuo, Eric, Y. T. Chuo, and Hsiu-Yu entered recusal during discussion and voting on the agenda item due to self-interest with respect to this matter. The other directors had unanimously adopted the resolution upon inquiry by the chair as the said situation would not prejudice the interest of the Company.

2023.11.10 9th Session, 12th Committee:

Endorsement Guarantee for Subsidiary Matrix Precision CO.,LTD.

Cause for recusal and voting status: Director Eddie W.H. Chuo, Eric, Y. T. Chuo, and Hsiu-Yu entered recusal during discussion and voting on the agenda item due to self-interest with respect to this matter. The other directors had unanimously adopted the resolution upon inquiry by the chair as the said situation would not prejudice the interest of the Company.

2023.11.10 9th Session, 12th Committee:

Dissolution of Subsidiary Eterbright Solar Corporation

Cause for recusal and voting status: Director Eddie W.H. Chuo, Eric, Y. T. Chuo, Hsiu-Yu and Shun-Chin Lee entered recusal during discussion and voting on the agenda item due to self-interest with respect to this matter. The other directors had unanimously adopted the resolution upon inquiry by the chair as the said situation would not prejudice the interest of the Company.

3. Implementation of the Board of Directors self-evaluation:

Evaluation Cycle	Once annually
Evaluation Period	2023.1.1~2023.12.31
Evaluation Scope	Internal performance evaluation, including performance evaluation covers BOD, individual directors, Audit Committee, Remuneration Committee, Nominating Committee
Evaluation Method	BOD internal evaluation, self-evaluation of individual directors and peer evaluation
Evaluation Content	- The evaluation of performance of the BOD including 5 aspects as follows - Degree of participation in the operation of the Company - Improving the quality of the Board's decision making - Composition and structure of the Board - Election and continuing education of the Director - Internal control - The evaluation of performance of individual directors (self or peer) including 6 aspects as follows - Familiarity with the goals and missions of the Company - Awareness of the duties of a director - Degree of participation in the operation of the Company - Management of internal relationship and communication - Professionalism and continuing education of the Director - Internal control - The evaluation of performance of Audit Committee including 5 aspects as follows - Degree of participation in the operation of the Company - Awareness of the duties of an Audit Committee - Improving the quality of the Audit Committee's decision making - Composition and structure of the Audit Committee - Internal control - The evaluation of performance of Remuneration Committee including 5 aspects as follows - Degree of participation in the operation of the Company - Awareness of the duties of a Remuneration Committee - Improving the quality of the Remuneration Committee's decision making - Composition and structure of the Remuneration Committee - Internal control - The evaluation of performance of Nominating Committee including 5 aspects as follows - Degree of participation in the operation of the Company - Awareness of the duties of a Nominating Committee - Improving the quality of the Nominating Committee's decision making - Composition and structure of the Nominating Committee - Internal control

4. The objectives of strengthening the functions of the board of directors in current year and the most recent fiscal year (for example, the establishment of an audit committee, improvement on information transparency...etc.) and status of implementation::
- To promote corporate governance, and to make the board of directors effectively exercise its duties and functions, the Company has established a corporate governance officer in accordance with the "Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers."
 - To implement corporate governance and enhance the functions of the board of directors with establishment of performance goals that will strengthen the efficiency of the operation of the Board, the Company has stipulated the "Performance Evaluation Directions for Directors", the evaluation will be executed before the end of the first quarter of each year. The results of evaluation in 2023 are better than standard and have been reported to the Board on February 27, 2024.
 - Adhering to the transparency of operations, and maintain the shareholders' rights and interests, disclosing critical resolutions of the Board on the Company's website voluntarily.
 - The goal of Board diversification: The Company values the diversification of Board members and chooses directors by their operation and management capabilities, crisis handling capabilities, financial and accounting expertise as well as multiple dimensions in the consideration of director nomination that conform to the company's policy on board diversification. Additionally, the Company specifically values the diversification of gender equality, whereas 4 out of 10 board members are female.
 - The company upholds to the attitude of information transparency and publishes important resolutions of the Board on the Company's Market Observation Post System (MOPS) or company website for investors to review.

(ii) The operation of the Audit Committee:

The Audit Committee is formed by 3 independent directors currently, who are responsible of executing and auditing the fair presentation of the Company's financial statements, the selection (dismissal) of CPAs and their independence and performance, the effectiveness of implementation

of the Company's internal control, compliance with the related laws and rules, as well as the control over existing or potential risks in the Company. Committee Chairperson and Independent Director Cheng-He Chiang, Independent Director Cheng-Yuan Chen, and Independent Director Li, Hui-Xiu are expertise in financial, accounting and industry knowledge, which conform to the professional competence required for the Committee. The main responsibilities of the Committee are below:

- (1) Amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- (2) Assess the effectiveness of internal control system.
- (3) Establish or amend the procedure of material financial business conducts such as acquiring or disposing of assets, trade on derivative goods, capital loans to others, and endorsement or guarantee for others, in accordance with the provisions set forth in Article 36-1 of the Securities and Exchange Act.
- (4) Matters involving self-interests of the directors.
- (5) Material asset or derivate goods trading.
- (6) Material capital loan, endorsement or provision of guarantee.
- (7) Fund raising, issuing, or private offering of equity-based negotiable securities.
- (8) Employment, deployment or compensations of CPAs.
- (9) Appointment and dismissal of financial, accounting or internal audit officer.
- (10) Annual and semi-annual financial reports.
- (11) Other major issues under the regulations of the other companies or competent authorities.

2023 Audit Committee's Discussion items including the following:

- (1) Audit of financial statements and accounting policies and procedures.
- (2) Evaluation of the effectiveness of the internal control system.
- (3) Amend the handling procedures for acquiring or disposing of assets, engaging in derivative commodity transactions, loaning funds to others, endorsing others or providing guarantees.
- (4) Material acquisition of assets, capital loaning and endorsement guarantee.
- (5) Raise or issue negotiable securities.
- (6) Qualification, independence, and competence for CPAs.
- (7) Appointment and remuneration of CPAs.
- (8) Legal compliance.
- (9) Fraud prevention plan and fraud investigation.
- (10) Corporate risk management. Operation Status:

1. The Company reelected independent directors at the Shareholder's Meeting held on June 27, 2022. The new independent directors took office from the reelection day on (term commencing from June 27, 2022 and expires on June 26, 2025).

2. The Audit Committee held 4 meetings (A) in 2023. The status of independent director attendance is shown below:

Title	Name	No. of Meetings Attended in person (B)	No. of Meetings Attended by proxy	Actual Attendance Rate (%) (B/A)	Remark
Convener	Cheng-He Chiang	4	0	100%	
Member	Cheng-Yuan Chen	4	0	100%	
Member	Huey-Hsiu Lee	4	0	100%	

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the Audit Committee meeting date, meeting session number, content of the motion, resolution of the Audit Committee, and the measures taken by the Company based on the Audit Committee's opinions:

- (1) Matters listed in Article 14-5 of the Securities and Exchange Act

Date of Audit Committee Meeting (Session Number)	Content of the Motion	Resolution of the Audit Committee	Measures taken by the Company based on all the opinions of the Audit Committee
2023.02.24 3 rd meeting of the 5 th Session	2022“Internal Control System Statement”	The resolution was adopted unanimously by all directors present at the meeting upon inquiry by the chair.	All motions were adopted unanimously by Audit Committee and all motions were approved pursuant to the Audit Committee’s opinions.
	2022 Business Report and Financial Statement		
	2022 Surplus Distribution		
	Endorsement Guarantee for Subsidiary Matrix Precision Co., Ltd.		
	Japanese subsidiary overdue account transfer funds loan case		
	Assessment of Independent and Competence of CPA and Employment Remuneration		
	Endorsement Guarantee for Subsidiary Eterbright Solar Corporation		
	Endorsement Guarantee for Subsidiary Matrix Precision Co., Ltd.		
	Pre-approval of non-assurance services to be provided by the auditor, their firm, and related entities to the company and its subsidiaries.		
2023.05.09 3 rd meeting of the 6 th Session	2023 Q1 Financial Statement Consolidation		
	Capital Increase in Cash to Subsidiary Matrix		
	Endorsement Guarantee for Subsidiary Matrix Precision Co., Ltd.		
	Japanese subsidiary overdue account transfer funds loan case		
	Amendment to the “Regulations Governing the Group Enterprises and Stakeholder trading”		
2023.08.10 3 rd meeting of the 7 th Session	2023 Q2 Financial Statement Consolidation		
	Endorsement Guarantee for Subsidiary Matrix Precision Co., Ltd.		
	Endorsement Guarantee for Singapore Subsidiary		
	Endorsement Guarantee for Korea subsidiary		
	Japanese subsidiary overdue account transfer funds loan case		
2023.11.10 3 rd meeting of the 8 th Session	Capital Increase and decrease to Japanese subsidiary		
	Endorsement Guarantee for Subsidiary Matrix Precision Co., Ltd.		
	Endorsement Guarantee for Italy subsidiary		
	Endorsement Guarantee for Korea subsidiary		
	Endorsement Guarantee for Subsidiary Matrix		
	Japanese subsidiary overdue account transfer funds loan case		
	Factory Leasing with HIWIN MIKROSYSTEM		
	Amendment to the Enforcement Rules of Internal Control and Audit		
	Dissolution of Subsidiary Eterbright Solar Corporation		
	2023 Q3 Financial Statement Consolidation		
	2023 Evaluation of Independent, Competence and Remuneration of CPAs		

- (2) Except for the said matters, other resolutions that have not been approved by the Audit Committee, yet have been approved by two-thirds or more of all directors: None.
2. The implementation of the independent directors' recusal of conflict proposal, specify the name of the independent director, the content of the proposal, cause of the recusal of interests, and participation in voting: None.
3. Communication between the independent directors, internal audit officer and accountants (Significant matters, manners, and results of communication on the Company's financial and business status shall be included:
- (1) An individual meeting between the CPA and the audit officer shall be held at least once a year to discuss the completed internal audit and the external audit opinion by the CPA, and to communicate based on the examination findings.
 - (2) The internal audit officer shall report to the Audit Committee on a regular basis
 1. The annual internal audit plan
 2. Regularly report to the Audit Committee of the implementation of internal audit
 - (3) The CPAs shall attend a meeting of the Audit Committee at least once a year and report the the annual examination findings
 - (4) Others: In the event of major abnormal circumstances, or matters that independent directors, audit officers and accountants deem necessary to communicate independently, meetings may be held at any time to facilitate communication.
- As of the print date of this Annual Report, the communication points and results between the independent directors and internal audit officers are as follows:

Date	Members Present	Communication Points	Communication Results
2023.05.10 (Internal audit officer report to the independent director)	Independent Director Cheng-He Chiang Independent Director Cheng-Yuan Chen Independent Director Huey-Hsiu Lee Audit officer Shih-Chung Chen	Report the auditing business points and results to the independent director	After discussion and communication, the independent director has no objection to the auditing business execution result report
2023.08.10 (Internal audit officer report to the independent director)	Independent Director Cheng-He Chiang Independent Director Cheng-Yuan Chen Independent Director Huey-Hsiu Lee Audit officer Shih-Chung Chen	Report the auditing business points and results to the independent director	After discussion and communication, the independent director has no objection to the auditing business execution result report
2023.11.10 (Pre-meeting of the Audit Committee Meeting)	Independent Director Cheng-He Chiang Independent Director Cheng-Yuan Chen Independent Director Huey-Hsiu Lee Audit officer Shih-Chung Chen	1. Report the auditing business points and results to the independent director 2. Draw up 2024 Internal Audit Plan .	After discussion and communication, the independent director has no objection to the auditing business execution result report
2024.02.27 (Pre-meeting of the Audit Committee Meeting)	Independent Director Cheng-He Chiang Independent Director Cheng-Yuan Chen Independent Director Huey-Hsiu Lee Audit officer Shih-Chung Chen	1. Report the auditing business points and results to the independent director 2. Prepare 2023 Internal Control System Statements of the Company .	After discussion and communication, the independent director has no objection to the auditing business execution result report

As of the print date of this Annual Report, the communication focuses and results between the independent directors and CPA are as follows:

Date	Members Present	Communication Points	Communication Results
2023.11.09 (CPA reports to the Independent Director)	Independent Director Cheng-He Chiang Independent Director Cheng-Yuan Chen Independent Director Huey-Hsiu Lee CPA Li-Dong Wu	1. Evaluation of fraudulent matters, significant risks and critical matter audit report. 2. Accountants discuss and communicate over the questions raised by the independent directors.	The annual financial statements are adopted by the Audit Committee and submitted to the BOD for approval, followed by regular announcement and report to the competent authority in time.

	2024.02.27 (CPA reports to the Independent Director)	Independent Director Cheng-He Chiang Independent Director Cheng-Yuan Chen Independent Director Huey-Hsiu Lee CPA Li-Dong Wu	1. Accountants explaining the results of 2023 consolidated financial statements to discuss the findings. 2. Accountant report to the independent directors based on the audit results of internal control. 3. Accountants discuss and communicate over the questions raised by the independent directors.	The annual financial statements are adopted by the Audit Committee and submitted to the BOD for approval, followed by regular announcement and report to the competent authority in time.
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(iii) Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for HIWIN and the Reasons:

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for HIWIN and the reasons
	Yes	No	Summary	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for HIWIN?	V		The Company has established “Corporate Governance Best Practice Principles” in accordance with the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies,” the operation of which does not deviate from the best-practice principles established by the Company. The Company continues to promote the operation of corporate governance in accordance with the relevant laws and regulations.	None
2. Shareholding Structure and Shareholders’ Rights (1) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? (2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? (3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V V V V		(一) The Company has established the relevant internal operation procedure and designated related departments to handle shareholders’ suggestions or disputes. The Company also established a spokesperson system with a specialist handling to replay shareholder questions, doubts, disputes, and litigations. Moreover, a mailbox is set up on the company website to handle employees, suppliers, clients, and shareholders, while the Company’s dedicated department will handle the suggestions and equity related issues. (二) The Company has personnel in charge of the stock affairs and entrusts stock affairs agency – Yuanta Securities for handling the major shareholding by directors, managers and shareholders with 10% or more., acknowledging the list of major shareholders and ultimate control list of major shareholders. (三) The Company has established related internal control systems and firewall mechanisms, such as rules governing the management of the subsidiaries and procedures for loan, endorsement and guarantee, according to law and regulations. (四) The Company has established “Procedure for Precaution Against Insider Trading and Internal Material Information Processing” to expressly prohibit insiders from trading marketable securities using undisclosed information. In addition, Article 37 of “Corporate Governance Best Practice Principles” also stipulates that board members shall do their duties loyally and note obligations of goodwill manager to exercise duties with high disciplines and prudent attitudes. The Company’s audit department will evaluate if the aforementioned procedure were executed in conformance with the regulations from time to time, the promotion on prevention of insider trading has been stressed in directors and managers. The Company reminds directors not to trade their shares in 30 days before the announcement of the annual financial report and during the closing period 15	None

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for HIWIN and the reasons
	Yes	No	Summary	
			days before the announcement of quarterly financial report, after validating each BOD date.	
3. Composition and Responsibilities of the Board of Directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented? (2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee? (3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms? (4) Does the Company regularly evaluate its external auditors' independence?	V V V V		(1) The Company has established the "Corporate Governance Best Practice Principles" which stipulated that board member shall be aware of gender equality and be equipped with knowledge, skills and qualities required for performing their duties; it has indeed executed such principles. The company greatly values the integration of diversity among the board of directors. The board of directors shall have proper professional knowledge and skills while members shall possess professional background including operational judgement, accounting and finance, operation management, crisis handling, industry knowledge, international market perspective, leadership, and decision-making capacity, targeting at least 3 seats per field. Moreover, the Company also values the gender equality of member composition of Board of Directors, targeting at female directors with at least 3 people. Implementation in 2023: There are 4 female directors among the 10 directors of the current Board of Directors. The female directors account for 40% of the Board members. The directors have expertise in multiple dimensions including the operation and management capabilities, crisis handling, financial and accounting. At least 3 directors conform to the requirement of each management capabilities currently. The Company directors meet the policy and goals of diversification. The Company chairman leads the Board to implement excellent Board governance system, sound supervision function and strengthening of management functions. Please refer to P.31~32 of this Annual Report. (2) The Company has set not only a Remuneration Committee and Audit Committee, but also a Nomination Committee in accordance with the laws, which consists of 3 independent directors, aiming to improve the Board function and strengthen the management mechanism. (3) To implement corporate governance and upgrade Board function, establish performance goals and strengthen the operation efficiency of the Board, the Company has formulated the performance assessment of the Board of Directors in accordance with the letter Tai-Zheng-Zhi-Li-Zi No. 1070025395 dated December 27, 2018. The Company's audit department periodically ask director members at the end of each year by completing the self-evaluation questionnaire on the Board of Directors, Board members and functional committee member. The members will conduct self-evaluation and peer evaluation of the Board performance that year. The performance evaluation results will be reported to the Q1 Board meeting the following year for review and improvement. (The aspects of the Board performance evaluation covered refers to P.45 of this Annual Report). The evaluation was conducted in the form of internal questionnaire to evaluate their performance in five parts: the operation of the Board, the participation of the Directors, the operation of the Remuneration Committee, the operation of the Audit Committee and the Nomination Committee. The performance	None

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for HIWIN and the reasons
	Yes	No	Summary	
			evaluation result of 2023 fiscal year scored 96.7%~100%,and was rated better than standard with no material flaws to be improved. It has been listed in the Board meeting minutes dated February 27, 2024. The evaluation results have been recorded properly and shall be used as reference of the future salary and election of the directors. (4) In accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the Company's Audit Committee periodically evaluates the independence and suitability of evaluating CPA once a year. The CPAs are required to provide not only "Statement of Independence" and "Audit Quality Indicators (AQIs)," but also conduct the evaluation according to the standards in Note 8 (10) and Item 13 AQI indicators. It is confirmed that except for the attestation and tax case reimbursement between the CPA and the Company, there are no other financial interests and business relations, the family members of the CPAs do not violate the requirement of independence as well. The auditing experience and training hours of the CPA and accounting firm outperform the average standards of the same industry referring to the AQI indicators. The independence and suitability evaluation results of CPAs in 2023 were adopted by a Board meeting held on November 9, 2023. The evaluation procedures and results are described below: 1. Acquisition and reference on AQI provided by CPA: The accounting firm was evaluated in five aspects and 13 AQI indicators. The Audit Committee analyzes and adopts the AQI indicators to evaluate the overall professionalism, quality control, supervision, and innovative ability of the quality auditors of the audit team and the firm. The evaluation result was good. 2. Evaluation of Independence: Deloitte & Touche CPA Li-Dong Wu and CPA Tung-Chun Tseng (hereinafter referred to as CPAs) and members of Audit Team have presented the letter of Statement of Independence. 3. Evaluation of Suitability: The CPA has not served as director or independent director of the Company, and has no direct or materially indirect financial interests, not a shareholder of the Company. The CPA does not receive salary from the Company. The CPA is equipped with professional competence, participates in the Company's shareholder meeting, and attends the Audit Committee and Board of Director when necessary, and periodically provides educational training to the Company. 4. Conclusion: Deloitte & Touche CPA Li-Dong Wu and CPA Hsiao-Fan Yen have passed the auditing and meet the Company's independence and suitability evaluation standards of the Company, who qualify as the CPAs of the Company.	
4. Does the Company have in place an adequate	V		To promote corporate governance and effectively play the functions of the Board of Directors, the Company has set up a	None

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for HIWIN and the reasons
	Yes	No	Summary	
number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?			full-time corporate governance unit under the jurisdiction of the Company's finance department in accordance with the provisions of Article 20 and Article 22 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers." There are 3 employees are in charge of the corporate governance, the chief officer from the Finance Office serves as the part-time corporate governance supervisor, who has work experience in the material work for finance, stock affairs or auditing. The qualification conforms to the requirement by consolidate the corporate governance related affairs, under the following primary responsibilities: (一) Responsible for providing information required for directors to execute the business, prepare meeting related matters for BOD and shareholders' meeting, apply for company registration and change registration, prepare BOD and shareholders' meeting minutes, as well as other corporate governance related matters, assist directors with taking the office and continuing education, provide directors with information required for executing the business, and assist the directors with legal compliance. (二) Consult with each director before the meeting of the Board to plan and formulate the agenda, notify all directors at least 7 days before the meeting for attendance and provide relevant meeting materials, so that the directors can understand the content of the relevant issues in advance. (三) Register the date of shareholder's meeting before the time limit prescribed by the law every year. Prepare and report the meeting notice, meeting manuals and meeting minutes in accordance with the law, and handle the registration amendment after revising the articles of incorporation or reelecting the directors. (四) To ensure that members of the Board are informed of the Company's material information in time, the Company informs Board members after issuing material information with no delay, arranges financial, business and other professional courses for directors to participate, and provide them the information required for business operations. (五) Irregularly convene communication meetings with CPA, independent directors and auditing/financial/accounting officers in order to implement the internal audit/internal control system. Please refer to the company website for meeting minutes of the communication. (六) The Board of Directors is regularly notified of the revision and development of the latest laws and regulations related to the Company's business field and corporate governance. Moreover, directors are assisted to take office and comply with regulatory requirement. (七) Secondary review, design and plan the Company's overall internal control system to ensure corporate governance management measures to maintain effeminacy and flexibility, and coordinate related matters across department. (八) Relevant matters related to the Board of Directors and shareholders' meeting of 2023 fiscal year were successfully completed, and the business development	

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for HIWIN and the reasons
	Yes	No	Summary	
			status has been proposed in the Board Meeting on February 27, 2024. The main implementation is as follows: 1. Assisting directors and independent directors to perform their duties, providing required information and arranging for their further studies. 2. Assisting the board of directors and shareholders in meeting procedures and resolutions, such as reporting on corporate governance and responsible for the release of material information on important board resolutions. 3. Drafting the agenda of the board of directors to notify the directors seven days prior to the meeting, convene the meeting and provide meeting materials and remind in advance if the issues cause recusal. Completing the Board meeting minutes in 20 days after the meeting. 4. Handling the registration of the shareholder's meeting date in accordance with the law, preparing the meeting notice, meeting manual and meeting minutes within the legal period. The items above have been completed in 2023 fiscal year. (九) The head of corporate governance participated in the continuing training course for the issuer's securities firm stock exchange accounting directors organized by Taiwan Stock Exchange in 2023 for a total of 12 hours.	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		(一) The Company instructs related departments to communicate with stakeholders depends on different situations. There is a "Stakeholder Section" on the Company website for clients, suppliers, media and employees to contact the Company. In addition, the Company establishes a spokesperson system dealing with related issues of legal persons and investors. The Company will report to the Board of the communication status of each stakeholder at least once a year. (二) The "Stakeholders Section" on the Company website provides a questionnaire for stakeholders to advise or query. A dedicated personnel of the Company can respond of critical issues concerning about the social responsibilities properly. In addition, the Company also implements a spokesperson system, website...etc., and establish mailbox for shareholders and stakeholders, setting up corresponding liaisons for business management and operation items. Moreover, on the "Stakeholder Section," the Company stakeholders may use the mailbox of this section to contact the company chairman, general manager, independent director, or audit office, or contact with stakeholders for any related suggestions, doubts or complaints, establishing an effective and smooth communication channel. Please refer to P58-60 of this Annual Report.	None
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company entrusts related shareholder affairs to professional stock affairs agency. For this fiscal year, Yuanta Securities is authorized for the handling.	None
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		(一) The Company has set up an "Investor Section" in Chinese and English on the company website, disclosing the financial operations and corporate governance information, and declared the relevant information on the path designated by the Financial Supervisory Commission according to the related laws	None

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for HIWIN and the reasons
	Yes	No	Summary	
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V	V	and regulations. (二) The Company website is in both Chinese and English, related information is published by relevant responsible department. The Company sets up a spokesperson system with spokesperson and acting spokesperson. Dedicated personnel handle corporate investors and investors for related questions. The corporate website also offers contact via phone and email. The Company in principal convenes 2 corporate investor conferences a year and announce the corporate investor conference information and film on the corporate website and MOPS. The corporate conferences were convened in May and November in 2023. (三) The Company voluntarily announces and files its annual and financial statements within 2 months after the end of the fiscal year in advance. The 2023 financial report has been presented on February 27, 2024 while Q1, Q2 and Q3 financial reports (within 45 days) and the monthly operation status (before 10 th of each month) were announced and files earlier before the deadline.	

8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices? Yes, the explanation is as follows:

(1) Operational Performance:

To implement corporate governance, apart from the established effective internal control system, implementing self-check processing, the Company also has independent directors, using their professional experience to enhance the practical experience of the team, in order to strengthen the function of the Board of Directors. To protect shareholder equity and enhance information transparency, the Company has established public information filing process by requirement, so that shareholders and stakeholders can fully understand the Company's financial operations and implementation of corporate governance.

In addition, to strengthen the corporate governance, the Company not only improves Chinese and English version of company website for investors to control receive information in time but also establishes a stakeholder platform, providing stakeholders with instant response and opinion to the Company so that the Company may process as soon as possible and make improvement.

(2) Explanation of environmental protection expenditure information and labor-management relations (employee rights and employee care): Please refer to the explanation in V-4 and 5 of this Annual Report.

(3) Investor relations:

The Company treats all shareholders with the principles of fairness and openness, convening shareholders' meeting in accordance with the Company Act and related laws, and notifying all shareholders for attendance to the Shareholders' Meeting by rules. The Company also offers the shareholders with full opportunities to ask or propose in order to maintain balance and formulate Shareholders' Meeting Rules by law, keeps custody of shareholders' meeting minutes on MOPS with full disclosure of relevant information. Furthermore, to ensure that shareholders have the rights to fully acknowledge the significant matters, to participate and decide, the Company has not only announce all material information in time, announce in Chinese and English, but also has spokesperson and vice spokesperson for handling shareholder suggestions and concerns, to instantly respond to juristic and investors' questions, so that they will better understand the operation outcome and management of the Company.

(4) Respect the rights and interests of Stakeholders:

The Company truthfully discloses corporate information in accordance with the law, in order to protect the basic rights and interests of investors, and to maintain an unobstructed communication channel with transacting banks, employees, consumers, and suppliers. The Company also establishes "Stakeholders Section" on the corporate website for stakeholders reaching out the Company in time. The Company respects and maintains the due legitimate rights and interests. Three employee opinion mailboxes are set up in the Company to encourage peers or stakeholders to express opinions or report of violations which will facilitate the Company growth and development.

Processed incidents in 2023:

Fiscal Year	Management System	Unlawful Infringement	Employee Welfare	Gender Equality	Cases Completed	Completion
2023	9	6	1	1	17	100%

Enhance corporate governance and protect investors' rights and interests

To reduce risks and diversify the risks of major damage on the Company and shareholders caused by directors and managers due to wrongful or negligent acts, it has been stipulated in Article 25 of the Company's Articles of Incorporation that the directors shall be held liable for compensation by law within the scope of business operation and during the director's term. Moreover, the directors are purchased with liability insurance and proposition has been reported to the Board of Directors, as described in the following insurance conditions:

Insured Party	Insurance Company	Insured Amount	Insured Period
All directors and managers	Shinkong Insurance Co., Ltd.	USD5,000,000- (Approx. NTD143,000,000)	2023/3/27~ 2024/3/27
All directors and managers	Shinkong Insurance Co., Ltd.	USD5,000,000- (Approx. NTD143,000,000)	2023/3/27~ 2024/3/27

(5) Directors' participation in related course regarding corporate governance and laws in 2023 of the Company are listed below:

Title	Name	Date	Course Name	Hours
Chairman	Eddie W.H. Chuo	2023/08/10	How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness of Enterprises	3
		2023/08/11	Legal Responsibilities of Directors and Supervisors under ESG	3
Deputy Chairman	Chin Tsai Chen	2023/03/27	Business resilience, Taiwan's competitiveness	3
		2023/04/27	International Practices on Anti-Corruption, Whistleblower Protection and Money Laundering Control	3
		2023/04/28	Moving Towards ASEAN – investment relating issues	3
Director	Eric, Y. T. Chuo	2023/08/10	How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness of Enterprises	3
		2023/08/11	Legal Responsibilities of Directors and Supervisors under ESG	3
Director	Shun-Chin Lee	2023/08/10	How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness of Enterprises	3
		2022/08/11	Legal Responsibilities of Directors and Supervisors under ESG	3
Director	Enid H.C. Tsai	2023/02/09	31st TCCS board meeting &CEO Lecture Hall	2
		2022/08/10	How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness of Enterprises	3
		2023/10/26	34th TCCS board meeting &CEO Lecture Hall	2
Director	Hsiu-Yu Chuo	2023/08/10	How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness of Enterprises	3
		2023/08/11	Legal Responsibilities of Directors and Supervisors under ESG	3
Director	Representative of San Hsin Investment Co., Ltd.: Ching-Yi Huang	2023/08/10	How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness of Enterprises	3
		2023/08/11	Legal Responsibilities of Directors and Supervisors under ESG	3
Independent Director	Cheng-He Chiang	2023/08/10	How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness of Enterprises	3
		2023/08/11	Legal Responsibilities of Directors and Supervisors under ESG	3
Independent Director	Cheng-Yuan Chen	2023/08/10	How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness of Enterprises	3
		2023/09/27	Empowering Boards for ESG and Sustainability Governance I	3
		2022/09/27	Empowering Boards for ESG and Sustainability Governance II	2
		2023/08/10	How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness of Enterprises	3
		2023/08/11	Legal Responsibilities of Directors and Supervisors under ESG	3

(6) The Company's financial supervisor, auditing director and corporate governance officers participated in the corporate governance related courses and law in 2023, as described below:

Title	Name	Date	Course Name	Hours
Assistant General Manager of Finance Section (Financial Supervisor)	Ke-Huang Liao	2024/01/15- 2024/01/16	Continuous Training Course for Financial Supervisor of Issuer's Securities and Exchange Broker and Taiwan Securities Exchange	12
Manager of Chairman's Office (Auditing Director)	Shih-Chung Che	2023/10/24	Investigation Practice and Case Analysis of Enterprise Fraudulence	6
		2023/12/01	Self-evaluation in practice	6
Finance Division Senior Vice General	Yue-Qin Wu	2023/05/26	Advanced Seminar for Directors, Supervisors and Corporate Governance officer –Circular economy benefit and its business model	3

Manager (Corporate Governance Supervisor	2023/06/09	Advanced Seminar for Directors, Supervisors and Corporate Governance officer –Circular economy benefit and its business model	3
	2023/08/10	Key Analysis of Corporate Governance Evaluation to be noted by Directors/Supervisors	3
	2023/08/11	How to improve the credibility of enterprise ESG report.	3

(7) The status of the relevant personnel of the Group Company's accounting audit obtaining relevant domestic and international certificates:

There are 8 CPAs of the Republic of China, 2 US CPAs, and 3 licensed accountants of other countries, 2 CIA with international internal auditor's license; accounting supervisor and auditing director have CPA license.

(8) The company places special emphasis on information transparency and disclosure. It regularly or irregularly discloses relevant information on the Market Observation Post System (MOPS) or the company's website. In 2023, it released a total of 27 significant messages in both Chinese and English, enabling investors to stay informed about the company's operational status and important updates in a timely manner.

(9) Intellectual property management plan and implementation:

Intellectual Property Management Plan and Execution Status:

1. Formulation of Intellectual Property Management Policy, Objectives, and Systems Related to Operations and Strategies

In order to strengthen its industry leadership and safeguard hard-earned R&D technological achievements, HIWIN has developed an intellectual property strategy that integrates with the company's operational goals and R&D resources. This strategy is led by the Legal Affairs Department under the Chairman's Office, in coordination with relevant units. In line with the spirit of intellectual property rights management policies, specific objectives and systems are set for various intellectual property rights, ensuring compliance by relevant units. This is aimed at avoiding infringement of others' intellectual property rights during the production or marketing processes, creating a comprehensive layout of intellectual property rights for products, establishing effective communication channels for relevant units to work closely with the intellectual property unit in making informed intellectual property decisions, and continuously improving management systems.

2. Acquisition, Protection, Maintenance, and Utilization Management System for Intellectual Property

Since its inception, HIWIN has developed a long-term development blueprint with innovation in R&D and brand marketing as its core values. It has established research and development centers and laboratories in locations such as Taiwan, Tokyo, Germany (Offenburg), Moscow, Israel, with over 500 R&D personnel. To maintain its competitive advantage in the precision linear motion components field and system technology products, and aspiring to become the leading brand in this sector, HIWIN remains dedicated to product R&D and technological innovation. The intellectual property unit closely collaborates with the R&D unit to construct a comprehensive and robust patent barrier.

3. Provision of Adequate Resources for Effective Implementation and Maintenance of Intellectual Property Management Systems

HIWIN places innovation in R&D and brand marketing as its core values, allocating 3%-7% of its annual revenue to R&D expenses. Additionally, the company spares no effort in funding hardware and software development for the intellectual property system. The intellectual property unit is responsible for managing and maintaining the company's intellectual property system and regularly reporting the status of intellectual property rights management to the company's top management. The costs incurred for protecting innovative outputs through intellectual property rights applications amounted to NTD40,523 thousand and NTD47,627 thousand in 2023 and 2022, respectively.

4. Execution Status

HIWIN strengthens its intellectual property management system through the third-party fair certification unit in order to completely protect the intellectual property outcome. The main executions in recent fiscal years are described below:

- (1) Introduced Taiwan Intellectual Property Management Standards (TIPS) between 2014 ~ 2017.
- (2) The intellectual property department continues to deepen the intellectual property management system since 2018, establishing the control points of effective intellectual property right system and expanding and introducing TIPS to all factories (Taichung, Yunlin, and Chiayi).
- (3) Starting 2017, the Company has rigorously defeated the counterfeits in global market. The logo of the company is accumulated to investigating 80 factories and 521 distributors, with 520,509 slides and 12,078 packages for counterfeit slides confiscated.
- (4) In 2019, General Manager Enid H.C. Tsai was invited by the TIPS to lecture on theme about "Intellectual Property Management Obligations for TWSE/TPEX Company Board of Directors," sharing the management experience of the Company in intellectual property.
- (5) Starting 2021, the Company implements the business secret registration system, in order to make the management of business secrets with more precision through the registration of business secrets, in addition to rigorously control the retrieval and audit of the business secret. This will avoid leak of business secret and there are currently 119 business secrets registered.

- (6) Starting 2021, the Company implements logo usage evidence collection system to periodically check the use of logo for the Company products and ensure the validity of logo registered by the Company.
- (7) Continue to upgrade the legal concepts in supervisors, suing the legal controversies occurring the company each year as teaching case, so that supervisors of all levels can examine if the responsible department encounters similar legal problems, and thereby improving the management system of the department.
- (8) Provide the five-stage patent course educational training to new R&D employee, including: introduction to patent manual framework, patent index metho, patent proposal techniques, patent approval rebuttal, patent infringement identification, in order to develop the patent basic knowledge in R&D employees.
- (9) Regularly review the patent applied by others and propose reporting, objection or invalid declaration procedures for patents that could impede the Company's product development, in order to lower the risk of infringement.
- (10) Regularly review the trademarks registered by others and propose opposition, invalidation or revocation for trademarks that could impede the Company's brand development, in order to lower the risk of infringement.
- (11) Intellectual property related execution has been reported to the directors at the Board of Directors meeting held on November 9, 2023.

5. Outcomes:

(1) Patent

72 patent applications were filed and 132 patent certificates were awarded. As of the end of 2022, 2,334 patents have been obtained and are still valid. The R&D outcome is the first in Taiwan in terms of metal and steel and precision machinery, maintaining the leading position.

(2) Combating Counterfeit

1. The mainland registration number 18961112 and 18961115 color combination trademarks owned by HIWIN were selected by the mainland authorities as the top 10 typical trademark infringement cases in Wenzhou in 2017, top 10 typical cases of administrative protection by State Intellectual Property Office in 2019, typical case of protection knowledge and property right comprehensive law enforcement in 2020, the top 10 typical cases of knowledge and intellectual property protection by People's Court in Linqing City in 2021, and the color combination trademark infringement case determined by trade infringement standards in 2022.
2. Monitoring mainland e-commerce platforms, complaining and deleting sales links that infringe on the Company's color combination trademark rights, and suing online sellers with more serious infringements, maintain the Company's online brand and reputation.
3. The Company has filed infringement on four mainland companies against the Company's Patent Invention No. 100425901 announced in mainland, three of the cases ruled verdicts in favor of the Company.
4. The Company filed infringement case against 2 PRC suppliers for the copyright of the Company's linear guide catalogue, and the verdict was ruled in favor of the Company.

(10) Evaluation of CPA Independence:

Item	Evaluation Items	Evaluation Results	In compliance with independence
1	Do CPAs have direct or indirect material financial interests with the Company?	No	Yes
2	Do CPAs engage in financing or guarantee acts with the Company or other directors?	No	Yes
3	Do CPAs have close commercial relation with the Company?	No	Yes
4	Are CPAs potentially employed by the Company?	No	Yes
5	Related to the audit case or fees?	No	Yes
6	簽 Have the CPAs served as the director, manager, shareholder, or positions with material influence on the audit case, recently or in most recent two years?	No	Yes
7	Do CPAs hold shares of the Company?	No	Yes
8	Do CPAs provide material projects of non-auditing services to the Company that will directly affect the audit case.	No	Yes
9	Do CPAs defend for the Company or act on behalf of the Company to reconcile the conflicts with other third party?	No	Yes
10	Are CPAs the relatives of Company's director, managers or positions with material influence on the audit cases?	No	Yes

11	Do CPAs of joint practice serve as the director, manager or positions with material influence on the audit cases within one year of resignation.	No	Yes
12	Do CPAs receive the high-value presents or gifts from the Company, its directors and managers (which value exceeds the general social etiquettes standards) ?	No	Yes
13	Do CPAs provide services to directors, managers or equivalent positions of the Company?	No	Yes
14	Do CPAs provide the following non-audit services (except for the exceptions in Code of Professional Ethics Gazettes No. 10): (1) Ledge book services (2) Evaluation services (3) Taxation services (4) Internal audit services (5) Short-term personnel dispatch services (6) Recruitment of senior managers (7) Company's financing services	No	Yes
15	Do CPAs conform to the regulations governing independence in CPA Code of Professional Ethics Gazettes No. 10 and acquired the "Statement of Independence" presented by CPAs.	Yes	

(11) Regulations governing the material trading of the stakeholders' financial business:

The Company has stipulated the written regulations governing the group enterprises and stakeholder trading, including purchase/sales transaction, acquiring or disposing of asset management procedures, with amendment in 2023 and adoption by the Board of Directors on May 10, 2023. The Company purchases/sells goods from affiliates, conduct labor affairs or technical service trading, acquiring or disposing assets. It is projected that the annual transaction amount will reach the consolidated total assets or the latest period of 5% of annual consolidated sales revenue net worth. Apart from applying the Regulation Governing the Acquisition and Disposal of Assets by Public Companies, or the mutual transactions between the Company and parent company and between the subsidiaries, the various material transaction data should be submitted to the Board of Directors for adoption before proceeding. Moreover, the latest shareholders' meeting report should be submitted. The Company has not purchase/sold from affiliates (or transactions between subsidiaries) or acquired or disposed assets in conformity with material transaction in 2023, and therefore does not need to report to the BOD or Shareholder's meeting.

(12) Communication channel and responses to stakeholders

Item	Communication Outcome	Stakeholders	Concerned Issues	Communication Method/Frequency	Actions Taken
1	28 Labor-Management Meetings and Welfare Meetings	Employees	- Talent attraction and retention - Workplace safety and health - Customer relation and brand management	- Labor-management meeting(quarterly) - Employee opinion mailbox (any time) - ESG questionnaire (annually) - Department communication and work meeting (any time) - Human right education training (annually)	- Sound salary welfare, retirement system, labor insurance, health insurance, and additional group insurance. - Diversified employee communication channel, taking care of employees' health in body, mind and soul - Implement employee care interview, accept employee opinion and instantly take relevant measures - Pre-training and feedback - Closely link talent training and work, offering employees a sharing mechanism and reward measures - Irregularly hold forums for senior officers and growth-encouraging seminar
2	53 Department Communication and Work Meetings				
3	163 Customer satisfactory Surveys	Customers	- Customer relation and brand management - Sustainability supply chain management - Social participation - Workplace safety and	- ESG website and sustainability report (annually) - Annual customer satisfactory surveys (annually) - Website update / 3D website establishment (unscheduled) - Customer relation management software	- Provide premium before-and-after sales service through customer survey and frequent visits - Link the subsidiary website and 3D website through website update so that customers can quickly understand products and service information. - Maintain customer visit information through software management and after-sales service information; the messages left from exhibition and website have potential

			- health • Green products	(any time) • Product promotion/exhibition (unscheduled) • Mobile APP (any time)	- business opportunities and can be controlled and followed-up by software. • Participating in more than 200 exhibitions worldwide in average a year (including more than 40 countries), promoting new products during the exhibition period and providing product guide services. • Arrange for subsidiary/distributor education training or in-company exhibition at large corporations through scheduled or unscheduled meeting. • Provide online instant response through mobile APP (official Line and WeChat)	
4	126 Supplier Education Trainings	Suppliers/Contractors	• Workplace safety and health • Climate strategy and Energy management • Sustainability supply chain • Talent attraction and retention	• ESG website and sustainability report (annually) • Contractor education training (unscheduled) • Contractor negotiation organization meeting (unscheduled) • Top 100 supplier evaluation (annually) • Supplier review meeting (unscheduled)	• Encourage suppliers with energy saving, carbon reduction and working towards net-zero carbon emission goal. • Purchase with Taiwan local suppliers in in principle, providing local work and employment opportunities • Compliance with supply chain code of conduct and conduct supplier ESG evaluation. • Identify high-risk suppliers and lower risks of broken supply chain • Undergo excellent contractor evaluation and provide contractor with safety and health training. • Hold contractor reconciliation organization meeting and promote safety operation guidance.	
5	121 Suppliers Evaluation					
6	2 Investor Conferences	Investor	• Talent attraction and retention • Workplace safety and health • R&D Innovative management participation	• Shareholders' Meeting (annually) • Participate in public policies and related meetings (unscheduled) • Official documents (unscheduled) • investor conference (2-3 times /year) , unscheduled for special matters • Media news (unscheduled) • Company annual report, sustainability report (annually)	• Call one BOD meeting at least once every quarter to audit the management performance of the enterprise and discuss important strategic issues. • Review the various possible material risks and draft operation plan through the management of the BOD, adopt rigorous control over internal operating procedures and continue to make improvement. • The company related material resolution is instantly announced of the MOPS of Taiwan Stock Exchange. • Privacy and internal control of business secrets.	
7	45 Material Information Published					
8	33 Government-Industry-University Communications	Social Groups (University, government institution, local community and other stakeholders)	• R&D Innovative management • Customer relationship and Brand management • Green products • Workplace safety and health • Sustainability supply chain management	• ESG website and sustainability report (annually) • HIWIN Education Foundation holding volunteer activities (unscheduled) • HIWIN-CMU Research Center (unscheduled) • HIWIN-NTHU Research Center (unscheduled) • Arrange for student visit activities	• Comply with government environmental, safety and health laws and other requirement. • Hold HIWIN machinery master, PhD dissertation award, HIWIN smart robotic arm competition regularly each year. • Assist the promotion of automation engineer and robot engineer certification tests. • Establish with establishing elementary school libraries, children's books, and English courses. • Continue to hold industry-academic collaboration class. • HIWIN industry lecturers instructing and	
9	148 Government-Industry-University Communications					

				(unscheduled) • Industry lectures instructing and sharing in campus (unscheduled) • Official documents (unscheduled) • Meeting (seminar, briefing and workshop)	sharing in campus to create a communication platform between teachers and students • Visit teachers regularly each year to maintain industry-university relationship • Volunteer group provides community care and supporting services.
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9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.

The Corporate Governance Center of Taiwan Stock Exchange Co., Ltd. announced the 9th corporate governance evaluation. The Company ranked 6%~20% of the listed companies, which shows that the efforts in implementing corporate governance has achieved some results. The following items without receiving any scores are described below:

1. Hold shareholders' meeting before the end of May: The Company plans to call the 2023 shareholders' meeting on May 13, 2023.
2. Voluntary disclosure of financial forecast information: The Company does have the plan to voluntarily disclose its annual financial forecast data for now.
3. Director performance evaluation method: To implement the corporate governance in improving BOD function, the performance objectives are established to strengthen BOD operation efficiency. The Company formulates the BOD performance evaluation regulations in accordance with the letter Tai-Zheng-Zhi-Li-Zi No. 1070025395 dated December 27, 2018. It was also adopted by the BOD on November 12, 2019 that the audit department of the Company shall periodically ask BOD members to conduct self-evaluation questionnaire on BOD, BOD members and functional committees. The BOD performance evaluation will be conducted that year and the results will be reported to the Q1 BOD in the following year for review and improvement. In 2023 fiscal year, the BOD performance evaluation results were excellent without material flaws for improvement items. Moreover, the results were listed in the Board Meeting minutes on February, 27 2024. The Company is evaluating of an external agency should be employees for assessing the director performance.

(iv) Composition, Responsibilities and Operation of the Remuneration Committee and Nomination Committee:

1. Remuneration Committee:

(1) Information of Remuneration Committee Members

Criteria Identity / Name		Professional Qualification and Expertise	Compliance with Independence	No. of other companies the person is acting as independent director
Independent Director (Convener)	Cheng-He Chiang	The Company's Remuneration Committee consists of 3 independent directors. Professional qualification and experience of committee members please refer to "Board members Information" in this Annual Report (P25~26).	Being an independent director and compliance with independence in accordance with Article 14-2 of Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, including but not limited to: 1. A natural-person shareholder, spouse, relative within the second degree of kinship (under other's name) holds the total number of issued shares of the Company and percentage are 242,489 shares (0.06%) which below 1%, and comply with the requirement of independence of directors. 2. There were no such circumstances that providing commercial, legal, financial or accounting or related services to the Company or its affiliates in the past two years.	None
Independent Director	Cheng-Yuan Chen		Being an independent director and compliance with independence in accordance with Article 14-2 of Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, including but not limited to: 1. A natural-person shareholder, spouse, relative within the second degree of kinship (under other's name) doesn't hold issued shares of the Company . 2. There were no such circumstances that providing commercial, legal, financial or accounting or related services to the Company or its affiliates in the past two years.	None
Independent Director	Huey-Hsiu Lee		Being an independent director and compliance with independence in accordance with Article 14-2 of Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, including but not limited to: 1. A natural-person shareholder, spouse, relative within the second degree of kinship (under other's name) doesn't hold issued shares of the Company . 2. There were no such circumstances that providing commercial, legal, financial or accounting or related services to the Company or its affiliates in the past two years.	None

Note: No members have any of the following during the 2 years before being appointed or during the term of office:

- (1) An employee of the Company or any of its affiliates.
- (2) A director or supervisor of the Company or its affiliates (however, excluding the concurrent independent directors of the Company, parent company subsidiary, or the subsidiary of the same parent company, or set up by the act or the local law of the country).
- (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 any other's name, in an aggregate amount of 1% or more of the total number of issued shares of the company or ranking in the top 10 in shareholding.
- (4) The Manager listed in (1) or a spouse, relative within the second degree of kinship, or linear relative within the third degree of kinship of any of the persons listed in (2) and (3).
- (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 ranks in the top 5 in shareholding, 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, managerial 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 managerial 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 fiscal years has received cumulative compensation exceeding NTD500,000, or a spouse thereof; provided that this restriction does not apply to a member of the remuneration committee.

(2) Responsibilities of Remuneration Committee

To assist the Board of Directors in executing evaluating and reviewing the policy, system, standard and structure of salaries and remunerations of the Company's directors and managers regularly, the Remuneration Committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit suggestions for discussion to the Board of Directors.

- ① The committee shall make and periodically review the performance evaluation, remuneration policy, system, standards, and structures of directors and managers.
 - ② The committee shall periodically evaluate and set the remuneration of directors and managers.
 - ③ Regularly review the organizational rules of the Remuneration Committee and assess whether to propose amendments.
- (3) The Remuneration Committee shall perform its functions and powers in accordance with the following standards:
- ① Salary management should conform to the Company's salary concept.
 - ② The performance evaluation and remuneration of directors and managers should be related to the Company's operating performance and future risks.
 - ③ The ratio of dividends to the short-term performance of directors and managers and the payment time of part of the variable remuneration should be determined in consideration of the characteristics of the industry and the nature of the Company's business.
 - ④ The members of this committee shall not participate in discussion and voting on their personal salary and remuneration decisions.

(4) Operation of the Remuneration Committee

- ① The Remuneration Committee of the Company has 3 members.
- ② Tenure of this Committee Term: June 27, 2022 to June 26, 2025. The Nomination Committee held 2 (A) meetings in 2023 and the qualifications and attendance records of the members are shown below, and all attendance records are 100%:

Title	Name	No. of Meetings Attended Personally B	No. of Meetings Attended by Proxy	Personal Attendance Rate (%) 【 B / A 】	Remark
Convener	Cheng-He Chiang	2	0	100%	
Member	Cheng-Yuan Chen	2	0	100%	
Member	Huey-Hsiu Lee	2	0	100%	

Review salary and compensation regularly:

The function of the Company's salary and compensation committee is to evaluate the salary and compensation policies and systems of the directors and managers of the Company in a professional and objective position. The meeting is called at least twice a year and may be held at any time as necessary to make recommendations to the BOD for reference in decision-making.

Other necessary information:

1. If the Board does not adopt or revise proposals of the Committee, the Board meeting date, session, content of the motion, the Board direction, and the Company's response to the Remuneration Committee's opinions shall be properly recorded (for example, if the remuneration package approved by the Board is superior to that suggested by the Remuneration Committee, the difference and the reasons must be noted): None.
2. Should a committee member oppose or revise their opinion regarding any decision made by the Remuneration Committee and their opinion has been recorded or submitted in a written statement, the committee meeting date, session, content of the motion, opinions of all members, and the response to the opinions shall be recorded: None.

③The Remuneration Committee's date of meetings, content of proposals, and the Company's handling of the Committee's opinions in most recent fiscal year:

Remuneration Committee Date (Period)	Content of Motion	Proposal Outcome	The Company's Handling of the Committee's Opinions
2023.02.24 3 rd meeting of the 5 th session	2022 employee compensation and director compensation proposal.	The resolution was adopted unanimously by all directors present at the meeting upon inquiry by the chair.	Submitted to the Board and approved by all directors present
2023.08.10 4 th meeting of the 5 th session	Director and manager salary review report (No matters were discussed in this Remuneration Committee meeting)	Known by all attended members	-

2. Nominating Committee:

(1) Information of the Nominating Committee members:

Criteria Identity / Name		Professional Qualification and Expertise	Compliance with Independence	No. of other companies the person is acting as independent director
Independent Director (Convener)	Cheng-He Chiang	The Company's Remuneration Committee consists of 3 independent directors. Professional qualification and experience of committee members please refer to "Board members Information" in this Annual Report (P25~26).	Being an independent director and compliance with independence in accordance with Article 14-2 of Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, including but not limited to: 1. A natural-person shareholder, spouse, relative within the second degree of kinship (under other's name) holds the total number of issued shares of the Company and percentage are 242,489 shares (0.06%) which below 1%, and comply with the requirement of independence of directors. 2. There were no such circumstances that providing commercial, legal, financial or accounting or related services to the Company or its affiliates in the past two years.	None
Independent Director	Cheng-Yuan Chen		Being an independent director and compliance with independence in accordance with Article 14-2 of Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, including but not limited to: 1. A natural-person shareholder, spouse, relative within the second degree of kinship (under other's name) doesn't hold issued shares of the Company . 2. There were no such circumstances that providing commercial, legal, financial or accounting or related services to the Company or its affiliates in the past two years.	None
Independent Director	Huey-Hsiu Lee		Being an independent director and compliance with independence in accordance with Article 14-2 of Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, including but not limited to: 1. A natural-person shareholder, spouse, relative within the second degree of kinship (under other's name) doesn't hold issued shares of the Company . 2. There were no such circumstances that providing commercial, legal, financial or accounting or related services to the Company or its affiliates in the past two years.	None

(2) The Nomination Committee shall abide by the authorization of the Board of Directors with good care to faithfully perform the following duties and be responsible to the Board of Directors. The Committee shall also report or submit the resolution results to the Board for discussion:

- ①Formulate the composition, qualification and criteria, as well as other election standards needed for BOD members and executives, electing and auditing the candidates for directors and executives.
- ② Plan and execute the performance evaluation on the BOD, functional committee members, directors, and executives.

- ③ Plan and execute continuous education program for directors.
- ④ Audit the articles of incorporation and corporate governance best practice principles.
- (3) Professional qualification and experience of Nomination Committee members and the operations:

① The nomination committee of the Company comprises of 3 members.

Name of the Nominating Committee Member	Independent Director	Expertise
Cheng-He Chiang	V	Financial
Cheng-Yuan Chen	V	Accounting, Management and Operation of Enterprises
Huey-Hsiu Lee	V	Financial

② Tenue of this Committee Term: June 27, 2022 to June 26, 2025. The Nomination Committee held 3 (A) meetings in 2023 and the qualifications and attendance records of the members are shown below, and all attendance records are 100%:

Title	Name	No. of Meetings Attended Personally B	No. of Meetings Attended by Proxy	Personal Attendance Rate (%) 【 B / A 】	Remark
Convener	Cheng-He Chiang	3	0	100%	
Member	Cheng-Yuan Chen	3	0	100%	
Member	Huey-Hsiu Lee	3	0	100%	
Other information required to be disclosed: Should a committee member oppose or reserve their opinion regarding any decision made by the nomination committee and their opinion has been recorded or submitted in a written statement, the nomination committee meeting date, session, content of the motion, opinions of all members, and the response to the opinions shall be recorded: None.					

③ The Nominating Committee's date of meetings, motion content, proposal outcome, and the Company's handling of the opinions of the Nominee Committee in the most recent fiscal year:

Date of Nominee Committee Meeting (Period)	Motion Content	Proposal Outcome of Nominee Committee	The Company's Handling of the Opinions of Nominee Committee
2023.02.24 2 nd Meeting of the 2 nd Session	2022 Performance Evaluation Report on the Board and functional Committees 2022 Performance Evaluation Report on Senior Managers (No matters were discussed by the Nominating Committee)	Known by all attended members	
2023.05.09 3 rd Meeting of the 2 nd Session	2023 Planning of continuous educating of Directors Report Amendment to the "Corporate Governance Best Practice Principles."	The resolution was adopted unanimously by all directors present at the meeting upon inquiry by the chair.	Submitted to the Board and approved by all directors present
2023.11.10 4 th Meeting of the 2 nd Session	2023 Planning of continuous educating of Directors Implementation Report (No matters were discussed by the Nominating Committee)	Known by all attended members	-

(v) Fulfillment of Sustainable Development:

Evaluation	Operation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the causes
	Yes	No	Summary	
1. Has the Company established an exclusively (or concurrently) dedicated unit under supervision of senior management authorized by the Board of Directors to promote sustainable development and report its implementation to the Board of Directors?	V		The Company established the CSR Committee in 2014, later renamed the ESG Committee in 2021, as highest-level decision-making unit for sustainable development. The General Manager, authorized by the Chairman of the Board, is responsible for creating The Company's sustainable development vision. General Manager serves as the chair of the ESG Committee and discusses and formulates the mid and long-term sustainable development plans with senior executives from relevant departments. The ESG Committee comprises top executives from the Chairman's Office, Product Development Department, Manufacturing Department, Management Department, Occupational Safety and Environmental Protection Department, Human Resources Department, Finance Department, and Planning Team. Starting from 2021, the ESG Committee holds monthly meetings to discuss major environmental, social, and legal issues regarding sustainable development, such as energy conservation and carbon reduction. After identifying the risks, the Committee puts forward countermeasures, action plans, and risk management policies. The Company considers sustainable development issues starting from the product development stage. The ESG Committee discusses and approves the yearly implementation plan and results and reports them to the Board of Directors at least once a year. The implementation strategy, results, benefits, and future goals for 2023 were reported to the Board of Directors on February, May, and November in 2023. The report and motions including (1) sustainable issues of concern and response measures and (2) the supervision and evaluation of the sustainable business plan implementation. After listening to the report, the directors made recommendations to the ESG Committee as a reference for adjusting their strategies.	None
2. Has the Company conducted risk assessments on environmental, social, and corporate governance issues related to corporate operations and formulated corresponding risk management policies or strategies based on the materiality principle?	V		Risk management organization structure and policies: According to the structure in ISO 31000, the Company established the "Risk Management Policy" on August 5, 2020, which the Board of Directors approved as the Company's highest guiding principle for risk management. The Audit Committee oversees the Company's risk management. The Company established the "ESG Committee" and "Risk Management Committee" for annual risk identifications to determine risks that may affect the Company's sustainable development and formulate related risk management policies. These policies cover management objectives, organizational structure, accountability attribution, and risk management procedures. Implementing the policies can effectively identify, measure, and control different risks of the Company, limiting them within acceptable ranges. Risk management procedure: 1. Risk identification: The Company refers to international reports to formulate guidelines for materiality analysis. The Company formulates the content and defines the priority of	None

Evaluation	Operation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the causes
	Yes	No	Summary	
			significant issues (such as operational risk, social, and corporate governance issues) through research reports, literature, and communication with internal and external stakeholders and establishes relevant risk management strategies. Since most of the Company's manufacturing operations happen in Taiwan, the Company's risk assessment currently focuses on Taiwanese plants and plans to include foreign subsidiaries in the future. 2. Risk analysis: The Committee conducts risk analysis based on the materiality principle of identifying risks. According to external experts' suggestions, the Committee determines the Company's most relevant significant issues. All functional organizations keep communicating and interacting with stakeholders to manage significant environmental, social, and corporate governance issues related to business operations and identify significant risks and opportunities based on the degree of risk exposure. The Committee performs climate change risk analysis in aspects of Company policy, regulation, market, and production to assess potential impacts. Based on the financial impact assessment of risks and opportunities, the Committee proposes relevant measures and action plans for response. The ESG Committee and Risk Management Committee refer to the framework of the recommendations for climate-related financial disclosures to perform risk and opportunity assessment with an exemplary implementation. 3. Risk response and operational status: The responsible departments of the Company propose necessary response measures to reduce risks such as operational risks, credit and financial risks, climate change risks, industry change risks, human resources risks, intellectual property and cybersecurity risks, litigation risks, supply chain risks, regulatory risks, occupational safety risks, and environmental protection risks. For high-risk issues, in addition to regularly reporting risk status at the Risk Management Team meetings and strengthening control plans, the departments report to the Risk Management Committee for supervision and review, and the Risk Management Committee reports to the Board of Directors at least once a year. The risk management strategies and main response plans for 2023 was included in the board meeting agenda on November 9, 2023. Please refer to P.80-83 of this Annual Report.	
3. Environmental issues (1) Has the Company established an appropriate environmental management system based on the characteristics of its industry? (2) Has the Company committed to improving resource utilization efficiency and using renewable materials with low environmental impact?	V V		(1) The Company's plants in Taiwan has passed the ISO 14001 environmental management system and has completed the verification for the Operation Headquarters, Taichung Precision Machinery Park (Jingke) Plant 2, Yunlin Science Park (Yunke) Plant 1, 2, 3, and 4, and Dapumei Plant 1 and 3 with a coverage rate of 75% as of February 2023. The latest certificate is valid from March 25, 2023, to January 28, 2025. The Company's plants in	None

Evaluation	Operation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the causes
	Yes	No	Summary	
(3) Does the Company evaluate the potential risks and opportunities of climate change in the present and the future and take appropriate response measures? (4) Has the Company collected the statistics of greenhouse gas emissions, water usage, and total weight of waste in the past two years and formulated policies for greenhouse gas reduction, water saving, or waste management?	V	V	Taiwan passed the verifications for ISO14064-1 (Greenhouse Gas Emissions Inventory) and ISO 50001 (Energy Management System), with a validity period from January 15, 2021, to January 14, 2024. In addition, the Operation Headquarters of the Company has received ISO 46001 (Water Efficiency Management System) certification, with the latest certificate valid until August 25, 2025. The Company's plants in Taiwan have all obtained third-party verification from TÜV Rheinland Taiwan (TUV) and verification statements for ISO14067:2018 (Product Carbon Footprint) and ISO14046:2014 (Organizational Water Footprint) from the British Standards Institution (BSI). (2) The Company promotes energy management, renewable energy, and recycling and reusing resources such as electricity, water, packaging materials, and waste paper in its plants. The Company also strives to develop and use environmentally friendly materials and packaging for products and strengthen trash sorting and resource recycling to reduce waste. Aside from the above strategies, the Company also promotes paperless documentation to reduce paper waste. The Company has installed solar panels on the roof of the Operation Headquarters and plans to establish more in other factories in response to the government's green energy policies and to reduce the environmental impact of company operations. (3) The ESG Committee is the Company's highest department that deals with climate change management. Led by the CEO, the committee voluntarily used the Task Force on Climate-related Financial Disclosures (TCFD) framework to assess climate risks and opportunities. The Committee developed and implemented adaptive action plans based the exposure and vulnerability matrix to determine major risks and opportunities. The Committee also performed climate change risk analyses on the aspects of policies, regulations, markets, and production to assess potential financial impacts. Following the TCFD framework, the Company assesses the risks and opportunities of climate change. It regularly holds workshops with department managers and external consultants on "Climate Risk and Opportunities" to identify the likelihood and impact of various risks and opportunities and calculate the risk levels. The top five risks identified include changes in rainfall or weather patterns, increased frequency or severity of extreme weather events, shift in customer and market demands, increased raw material costs, and international industry regulations and voluntary standards. The top five opportunities identified include resource substitution and diversification, more efficient production processes, recycling and reuse, development of low-carbon products and services, and participation in renewable energy projects and energy upgrades. After the report from the ESG Committee, the Company decided to focus on rainfall or weather pattern changes, increased frequency or	

Evaluation	Operation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the causes												
	Yes	No	Summary													
			severity of extreme weather events, shifts in customer and market demands, and impacts from international industry regulations and voluntary standards for the major risks in 2022. As for the major opportunities, the Company will zero in on resource substitution, resource diversity, and efficient production. These strategies have been incorporated into The Company's risk management procedures, and corresponding measures have been formulated. (4) The Company has designated the Occupational Safety and Environmental Protection Department as the responsible department and assigned dedicated personnel to handle air pollution, wastewater, and waste-related issues. The Company entrust professional agencies to deal with the waste generated during production. The Company also plans and arranges training courses on occupational safety and environmental management for employees to ensure the implementation of company policies and to reduce waste generation from the source. The Company has been promoting carbon management operations for many years. With a thorough understanding of the actual production of "carbon" and "greenhouse gas", the Company formulated policies and improvement measures for greenhouse gas reduction, water conservation, and waste management to achieve the Company's carbon reduction goal and show its resolution for environmental protection. In 2023, Scope1 : 6,219.0261 (metric tons of CO2e), Scope 2: 115,638.4641 (metric tons of CO2e), Scope 3: 131,126.6894 (metric tons of CO2e) Intensity 6.90 (metric tons of CO2e/million yuan); Scope 1 in 2022: 10,101.1485 (metric tons of CO2e) Scope 2: 139,912 (metric tons CO2e) Scope 3: 47,885.7429 (metric tons CO2e), intensity 6.72 (metric tons CO2e/million yuan), the base year of greenhouse gas reduction target is 2021 Scope 1+2: 161,207 (metric tons CO2e), The reduction target is set at 23% in 2024 and 50% in 2030. The total water consumption in 2023 and 2022 was 0.566 and 0.673 million metric tons, respectively. The total waste generated in 2023 and 2022 was 10,240 and 11,595 metric tons, respectively, hazardous and non-hazardous waste are as follows: <table><tr><td>Item</td><td>2023</td><td>2022</td></tr><tr><td>Hazardous waste</td><td>475</td><td>349</td></tr><tr><td>Non-hazardous waste</td><td>9,765</td><td>11,246</td></tr><tr><td>Total</td><td>19,240</td><td>11,595</td></tr></table> The above data covered range including Operation Headquarters, Taichung plants, Yunlin plants, and Dapumei plants. In order to improve the efficiency of water use and reduce the waste of water resources, water recycling and reuse facilities have been established. In 2023 and 2022, recycled water accounted for 14.3% and 8.4% of the reclaimed water plant area respectively.	Item	2023	2022	Hazardous waste	475	349	Non-hazardous waste	9,765	11,246	Total	19,240	11,595	
Item	2023	2022														
Hazardous waste	475	349														
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Evaluation	Operation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the causes																									
	Yes	No	Summary																										
			Implementation results in 2023 and future goals: To respond to climate change and promote sustainable operations, the Company will continue to implement multiple energy management plans and invest in energy-saving product development, as shown below: <table><tr><th>Subject</th><th>2023 Results</th><th>2024 Goals</th><th>2030 Goals</th></tr><tr><td rowspan="4">Climate strategy and energy management</td><td>OB-1 Scope 1+2 emissions reduction by 9.7%</td><td>OB-1 Scope 1+2 emissions reduction by 15%</td><td>OB-1 Scope 1+2 emissions reduction by 50% (compared to 2021)</td></tr><tr><td>OB-2 Production interruptions due to climate disasters: 0 days</td><td>OB-2 Production interruptions due to climate disasters: 0 days</td><td>OB-2 Production interruptions due to climate disasters: 0 days</td></tr><tr><td>OB-3 Accumulative total of renewable energy generation: 2,934.715KW</td><td>OB-3 Accumulative total of renewable energy generation: 10,477.875KW</td><td>OB-3 Accumulative total of renewable energy generation: 13,977.875KW</td></tr><tr><td>OB-4 Energy-Saving Project saved accumulatively by 7,428kWH(The goal is 5,481kWH)</td><td>OB-4 Energy-Saving Project saved accumulatively by 8,222kWH</td><td>OB-4 Energy-Saving Project saved accumulatively by 27,406kWH 54% (compared to 2021)</td></tr><tr><td>Water resource management</td><td>OB-1 Water recycling rate is 14.3%</td><td>OB-1 Water recycling rate is 15%</td><td>OB-1 Water recycling rate is 16%</td></tr><tr><td>Waste management</td><td>OB-1 Waste recycling rate reaches up to 82.6%</td><td>OB-1 Waste recycling rate reaches up to 82.8%</td><td>OB-1 Waste recycling rate reaches up to 85%</td></tr></table> For more details, please refer to the Company's 2023 Sustainability Report and Schedule 2-2-3 of this annual report.	Subject	2023 Results	2024 Goals	2030 Goals	Climate strategy and energy management	OB-1 Scope 1+2 emissions reduction by 9.7%	OB-1 Scope 1+2 emissions reduction by 15%	OB-1 Scope 1+2 emissions reduction by 50% (compared to 2021)	OB-2 Production interruptions due to climate disasters: 0 days	OB-2 Production interruptions due to climate disasters: 0 days	OB-2 Production interruptions due to climate disasters: 0 days	OB-3 Accumulative total of renewable energy generation: 2,934.715KW	OB-3 Accumulative total of renewable energy generation: 10,477.875KW	OB-3 Accumulative total of renewable energy generation: 13,977.875KW	OB-4 Energy-Saving Project saved accumulatively by 7,428kWH(The goal is 5,481kWH)	OB-4 Energy-Saving Project saved accumulatively by 8,222kWH	OB-4 Energy-Saving Project saved accumulatively by 27,406kWH 54% (compared to 2021)	Water resource management	OB-1 Water recycling rate is 14.3%	OB-1 Water recycling rate is 15%	OB-1 Water recycling rate is 16%	Waste management	OB-1 Waste recycling rate reaches up to 82.6%	OB-1 Waste recycling rate reaches up to 82.8%	OB-1 Waste recycling rate reaches up to 85%	
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4. Social Issues (1) Has the Company established management policies and procedures under relevant laws and International Covenants on Human Rights? (2) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected the operating performance or achievements in the employee remuneration? (3) Does the Company provide employees with a safe and healthy working environment and regularly organize	V 																												

Evaluation	Operation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the causes												
	Yes	No	Summary													
safety and health education for employees? (4) Has the Company established an effective career capability development training program for employees? (5) Does the Company comply with relevant laws and international standards in health, safety, and privacy of consumers as well as marketing and labeling of its products and services, and establish consumer protection policies and appeals procedures? (6) Has the Company established a supplier management policy that requires suppliers to follow applicable regulations on environmental protection, occupational safety and health, and labor rights and supervises their implementation?	V V V		The Company's concerns of human rights and practices are as follows: 1. Diversity, Equity and Inclusion. 2. Construct reasonable labor conditions 3. No forced labor 4. Prohibit child labor 5. Humanely treatment 6. Health and Safety of working environment 7. Good communication between labor and management 8. Responsibility of Value Chain 9. Complaint System The specific management plans in 2023 are as follows: <table><tr><th>Human rights Management policy</th><th>Specific Management plans</th></tr><tr><td>Diversity, Equity and Inclusion</td><td>When recruiting, hiring, and developing employees, we are committed to creating an equal, fair, and inclusive work environment where no discrimination is based on gender, race, age, marital status, family status, religion, political affiliation, nationality, appearance, physical features, disabilities, etc. We uphold principles of openness and fairness and maintain a zero-tolerance policy towards any form of discrimination.</td></tr><tr><td>Work Hours and Salary</td><td>Our labor conditions comply with legal regulations, including working hours, overtime hours, salary payment, and overtime pay, and we provide additional benefits better than legal requirements.</td></tr><tr><td>No forced labor</td><td>Any form of human trafficking is strictly prohibited and do not engage in forcing employees to work through violence, coercion, confinement, or any other illegal means.</td></tr><tr><td>Prohibit child labor</td><td>To protect the physical and mental development of teenagers, the Company does not employ child workers under the age of 15, and follows the Labor Ordinance to treat workers under the age of 18, and specify this principle in the "Work Regulations".</td></tr><tr><td>Humanely Treatment</td><td>We pledge to treat employees humanely and do not tolerate any form of violence or harassment in the workplace, including sexual harassment, sexual abuse, physical punishment, psychological coercion, verbal abuse, or any form of</td></tr></table>	Human rights Management policy	Specific Management plans	Diversity, Equity and Inclusion	When recruiting, hiring, and developing employees, we are committed to creating an equal, fair, and inclusive work environment where no discrimination is based on gender, race, age, marital status, family status, religion, political affiliation, nationality, appearance, physical features, disabilities, etc. We uphold principles of openness and fairness and maintain a zero-tolerance policy towards any form of discrimination.	Work Hours and Salary	Our labor conditions comply with legal regulations, including working hours, overtime hours, salary payment, and overtime pay, and we provide additional benefits better than legal requirements.	No forced labor	Any form of human trafficking is strictly prohibited and do not engage in forcing employees to work through violence, coercion, confinement, or any other illegal means.	Prohibit child labor	To protect the physical and mental development of teenagers, the Company does not employ child workers under the age of 15, and follows the Labor Ordinance to treat workers under the age of 18, and specify this principle in the "Work Regulations".	Humanely Treatment	We pledge to treat employees humanely and do not tolerate any form of violence or harassment in the workplace, including sexual harassment, sexual abuse, physical punishment, psychological coercion, verbal abuse, or any form of	
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Evaluation	Operation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the causes
	Yes	No	Summary	
				intimidation. We are committed to creating a safe, equitable, and free-from-unlawful-infringement work environment.
			Health and Safety of working environment	We are committed to enhancing employees' knowledge, attitudes, and competencies in safety and health. In addition to complying with legal requirements and continuously optimizing management systems, we also promote a safety culture and implement diverse health care measures to establish a safe and healthy work environment, preventing occupational accidents and diseases.
			Good Communication between labor and management	We provide employees with various communication channels, including labor-management meetings, departmental meetings, monthly meetings, etc., to listen to their voices through multiple channels, safeguard their collective bargaining rights, and promote labor-management harmony.
			Responsibility of Value Chain	We expect our suppliers to uphold the same business mission as HIWIN and adhere to the Responsible Business Alliance (RBA) Code of Conduct. All suppliers must provide a safe and healthy work environment, prohibit child labor and forced labor, assist employees in maintaining a work-life balance, and comply with the above requirements in an effective manner.
			Complaint system	We have established a complaint channel for employees to report various issues to the company (including but not limited to sexual harassment, sexual abuse, physical punishment, psychological coercion, verbal abuse, or any form of intimidation). To maintain gender work equality and provide employees with a work and service environment free from sexual harassment, we have a dedicated complaint channel and a senior executive mailbox for sexual harassment prevention. If there is a violation of the above practices, an investigation will be conducted according to procedures. If human rights violations occur, the perpetrator will be punished, and the victim will receive physical and mental health counseling and follow-up. Necessary

Evaluation	Operation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the causes
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			improvements will be made in policies and procedures. HIWIN human rights management mechanism: - Human rights issues in all global plants and subsidiaries: Follow the principles of equal employment, diverse employment, anti-discrimination, sexual harassment preventions and bullying prevention, personal privacy protection, etc. - Human rights issues related to suppliers: For domestic key suppliers and new suppliers, the Company upholds the spirit of sustainability and mandates them to sign the "HIWIN Supplier Code of Conduct" to ensure the safety of the supply chain working environment, the fulfillment of environmental responsibilities, and that their employees' human rights are respected and protected. This code is based mainly on the "Responsible Business Alliance (RBA) Code of Conduct" and other international standards such as ISO 45001 and ISO 14001. - Human rights issues related to customers: HIWIN is aware of the importance of customer privacy and is committed to ensuring that customer privacy and confidentiality are respected and protected. With explicit authorization or legal requirements, HIWIN will not disclose or use customers' private information and secrets for any purpose. According to TIPS, all customer information, such as customer drawings, is confidential and can only be accessed by authorized personnel. Drawings labeled as confidential cannot be taken out of the plant, and when printed, they will have a watermark indicating the name of the person who printed them and the printing time. - Human rights secure training: Enterprise operation is closely aligned with government regulations. HIWIN Technologies educate and promote awareness among our employees regarding these regulations through internal and external training programs and internal announcements of environmental, health, and safety policies, labor laws, regulations for publicly traded companies, trade secret protection laws, and information security regulations, to strengthen our team's knowledge and application of legal requirements. We also cleverly integrate human rights issues into appropriate training content. In 2023, as the pandemic situation improved, we resumed physical training sessions complemented by digital materials, offering more flexibility in learning and attracting more employees to participate. According to statistics, we conducted 1,590 hours of human rights training with a total of 9,922 participants and 1,638 hours of anti-corruption training with a total of 12,061 participants. These initiatives enhance our team's compliance with regulations and promote a work environment of equality, friendliness, and mutual respect. (2) <u>Employee remuneration:</u> HIWIN provides employees with an annual salary higher than the industry average standard and the local minimum wage in Taiwan or other parts of the world.	

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			The salary includes basic salary, allowances, bonuses, and employee compensation, which is based on factors such as job duties, core functions, education and work experience, performance, market conditions, company profits, retained outstanding personnel, and shareholder interests. The salaries are paid without discrimination based on gender, age, race, religion, political stance, and marital status. They are regularly adjusted based on the overall business operation status and industrial standards. <u>Employee benefits:</u> HIWIN provides employee welfare policies such as medical care, comprehensive insurance plans for employees, meal subsidies, wedding and funeral subsidies, childcare subsidies, employee dormitories, and employee remuneration. These policies ensure that each employee receives care for their physical and mental health and that their families have a better quality of life and, in turn, become the tower of strength for HIWIN employees. HIWIN provides employee benefits such as comprehensive insurance plans, meal subsidies, illness compensation, wedding and funeral subsidies, holiday and birthday bonuses, etc. To encourage childbirth, HIWIN has implemented a childcare subsidy policy since 2012. Regardless of gender, employees who have newborns are eligible to receive a monthly allowance of NTD5,000 for three consecutive years. <u>Workplace diversity and equality:</u> The Company values gender equality, equal pay for equal work, and equal promotion opportunities. The Company pays special attention to the promotion of women. Take 2023 for example, female employees accounted for 16% of the total workforce, with female executives accounting for 14% of all executives and female executives at the managerial level or above accounting for 25% of the entire management, which is much higher than other industry peers and most well-known enterprises. <u>Business performance reflected in employee salary:</u> The Company adheres to the principle of equal pay for equal work for their salary design. Except for employees on leave without pay, the Company evaluates employees with various evaluations, such as new recruit evaluations, quarterly evaluations, year-end evaluations, and project evaluations to encourage and reward the contributions of outstanding employees. Rewards and bonuses are given based on employee performance, which is the key feature of the Company's reward system design. The lifetime royalty payment system is a great example. Suppose an employee's research and development of new technologies or patents yield profits for the Company. In that case, The Company will regularly pay bonuses to employees as licensing fees, allowing employees and the Company to share their mutual achievements throughout their careers. According to the Company's Articles of Incorporation, when the Company records a profit in the	

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			final accounts at the end of the fiscal year, it shall allocate no less than 1% of the profits as remuneration to the employees. The Company and its subsidiaries established a salary scale according to the relative contributions of employees and the level of their positions to provide reasonable salaries. Any changes to salaries and promotions are handled transparently and openly through institutionalized procedures. The company regularly holds briefings on salary adjustments and bonus distribution so that all policies understand the related remuneration policies of the Company. To encourage employees to work hard and contribute to business achievements, a certain percentage of the profit surplus is allocated as employee bonuses. The "Remuneration Committee" also regularly reviews the rationality of the remuneration system. In addition, supervisors may give bonuses based on employees' involvement and cooperation in activities related to sustainable development and the results of performance evaluations. The Company has also formulated reward and punishment measures, proposal improvement mechanisms, workplace harassment/abuse prevention measures, and complaint/disciplinary procedures to reward achievements and deter illegal behavior so that employees follow the code of conduct and reward and punishment regulations. In addition, HIWIN occasionally holds education and training programs related to sustainable development and uses the results as one of the criteria for performance evaluation and promotion assessment. To enhance the training efficacy, the Company has established a reward and punishment system to ensure the effectiveness of the education and promotion of the above programs. The Company conducts annual surveys of employee salaries in the industry and adjusts them based on the market salary, the status of business operations, and individual performance to maintain competitiveness. (3) To prevent and mitigate disasters, the Company utilizes appropriate management tools and available resources to integrate environmental, health and safety issues in the Company operations, propose effective countermeasures, and constantly promote the workplace safety culture with the goal of zero accidents. All HIWIN plants in Taiwan have passed the ISO 45001/CNS 45001 occupational safety and health management system verification, and the ISO 45001 certificates are valid from March 9, 2022, to March 6, 2025. In addition, the Company regularly conducts employee safety and hygiene training, fire drills, work environment hazard assessments, and provides adequate protection to ensure the health and safety of employees. The Company established a systematic management mechanism (ISO 45001 and CNS 45001) to thoroughly implement the environmental, safety, and health policies. Using the Plan-Do-Check-Act (PDCA) management	

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			strategy, the Company integrates environmental, safety, and health protection concepts into research and development, production, services, raw material use, and waste emissions. The Company actively promotes various management programs through organizational meetings, education and training, and employee participation to constantly improve and show determination for environmental, safety, and health protection. The method of operations is described below: Each plant has a dedicated occupational safety and health management department and personnel responsible for formulating management plans, promoting work environment and operational hazard identification, assessing and implementing safety and health management measures, performing automatic pre-operation checks of machinery and equipment, monitoring the work environment, and continuously improve safety and health facilities to create a safe, healthy, comfortable, and friendly working environment. All plants hold regular occupational safety and health committee meetings quarterly to review and improve safety and health issues and take preventive measures for different operation risks, such as machinery and equipment management, contractor management, chemical safety management, personal protective equipment requirements, and safety inspection management. In addition, the plant also holds emergency response drills regularly to minimize employee and company asset losses and social and environmental impacts resulting from disasters. The Company employs contracted physicians and dedicated nursing staff in compliance with the law to provide health services in plants, schedule and implement occupational health education, provide health promotion and guidance, prevent work-related injuries and illnesses, and provide health consultations, first aid, and emergency treatment. They also hold regular health promotion activities, such as healthy diet, stress relief, health preservation with Chinese medicine, and walking exercises to satisfy the health demands of employees. Additionally, the Company provides regular health examinations and special examinations for specific operations for different age groups to effectively assess and monitor employees' health. The Company inspects the operation environment every six months to examine its physical and chemical factors defined by regulations, such as lighting, carbon dioxide concentration, noise, and concentrations of regulated special chemicals. For any abnormality detected in the inspection, the occupational safety personnel of the plant will assess and fix the problem to ensure that the exposure risk of risk factors is reduced to an acceptable level to protect the health of the operating personnel. In addition to enhancing the work environment and occupational health, improvements are also made in the	

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			field of ergonomics, including using simple stackers, providing vacuum suction tools, hydraulic trolleys, hand trolleys, staffing, and teaching and promoting correct lifting postures. The implementation results in 2023 are as follows: A. The general manager led senior executives to promote safety culture activities, and all executives led their fellow employees to identify hazard factors. The Company held 714 bad-behavior drills to help employees understand how to avoid unsafe actions during operations. B. The number of occupational accidents was 28, only one disability accident which involved an employee being injured in a traffic accident while on a business trip. Decreased 31.7% compared to 2022 (41 cases). The causes of these cases have been reviewed, and improvement measures have been implemented across all plants. To continuously improve employee operational safety, HIWIN reviewed the lessons learned from past accidents and formulated improvement activities to prevent and improve. C. HIWIN develops yearly safety and health education and training plans to enhance employees' awareness of safety and health. In 2023, the Company held 8 types of internal education and training courses on safety, and a total of 8,154 participants attended the classes. The Company held 12 types of certification courses, and 646 trainees passed the training and obtained the certifications. D. HIWIN employs dedicated nurses and contracted occupational physicians to regularly provide medical care, health consultation, case management, emergency injury and illness treatment, and abnormal examination care in the factories. In 2023, a total of 5,216 patients received these healthcare services. E. The frequency of disabled injuries in 2023 was 0.10, presenting a tendency of decreasing compared to 0.62 in 2021. A total of 28 occupational accidents occurred, 30 people injured (accounting for 0.64% of the total employees at the end of 2023). The Company thoroughly reevaluated and improved the countermeasures and simultaneously performed corrective measures across all plants. The Company immediately revised the items for automated inspection, examined machine safety, reiterated the Company's safety regulations, and initiated supervisor care for employees' physical and mental health to ensure their safety during work. F. To detect health hazards and potential disease factors as early as possible, the Company provided employee health examinations and promoted	

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			activities related to chronic disease prevention and cancer screening. The Company analyzed and tracked employee health examination results. Through pre- and post-questionnaire surveys and data tracking and monitoring, the Company could understand individual health issues and provide personal guidance. 52.5% employees with metabolic syndrome experienced a health improvement after guidance in 2023. (4) The Company has a comprehensive career development and training system, covering the development of key competencies at work, expertise at various levels in various fields, leadership/management skills, and humanistic values to boost employees' overall abilities. Excellent human resources are the cornerstone of sustainable business operations. To enhance the capabilities and qualities of the employees and maintain a long-term competitive advantage, the Company's chairman of the board, general manager, and first-level senior managers serve as internal instructors. Over the past five years, the Company has spent tens of millions annually on employee education and training, with a per capita training cost of at least NTD2,000/person per year, ensuring that every employee has training opportunities. The Company's training program includes recruit training, core competency training, professional competency training, management competency training, and off-site training. Employees can receive appropriate education through diversified and enriching training programs including classroom training, on-the-job training, off-site training, study groups, lectures, advanced studies for degrees, job rotation, and project assignments. The Company provides tuition reimbursement programs for employees interested in continuing education to get degrees. The Company has also collaborated with schools to offer two-year college programs for employees who wish to continue their education. (5) Since the Company's products are marketed worldwide, they must comply with the local environmental regulations over different countries. The Company and its suppliers work together to ensure the compliance with these regulations while enhancing product quality and environmental protection awareness and capabilities to assume their mutual responsibilities for sustainable development. HIWIN's drive control and system products are industrial products. The Company aims to grow with its customers by providing them with comprehensive technical support and after-sales service. The Company's website also has a dedicated page for stakeholders to provide feedback or lodge complaints for the Company to respond and protect their rights and interests. (6) The company currently requires suppliers to fill out a "New Supplier Assessment Survey Form" before engaging with them. This survey form explicitly outlines social	

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			responsibility and past environmental impact issues. In addition to requesting detailed responses from suppliers, it serves as the basis for evaluating whether the company should engage with the supplier. 1. Apart from providing high-tech, high-quality, and cost-effective products, the company upholds the philosophy that "manufacturing is not the end goal but rather a means to meet human needs" and is committed to offering diverse services. HIWIN not only regulates all its employees but also encourages its system-wide suppliers to fulfill their responsibilities in protecting the environment, occupational health and safety, and human rights. This includes compliance with national laws and policies on labor conditions, adherence to regulations regarding materials from conflict regions, prohibition of hazardous substances (such as EU RoHS), signing conflict-free mineral declarations, and including labor rights management in procurement contracts with suppliers. These measures aim to prevent or minimize potential harm and risks to HIWINs' overall operations, ensure stakeholders' rights, provide a favorable working environment, and enhance competitiveness for both parties. In 2023, the average rating for suppliers' assessments was 8.9 points, a 0.3-point increase from 8.6 points in 2022. The company continues to maintain close communication with suppliers, procures in advance, delivers in batches to meet demands and reduce risks, and simultaneously encourages and guides suppliers to improve labor rights, safety and health, environmental protection, business ethics, and management system performance to enhance core management capabilities. 2. The Company stipulates that when ordering key equipment, they will reevaluate whether to continue the deal if the supplier significantly impacts the environment. When the Company deals with a supplier, both parties must sign a sales contract with sustainability clauses. Both parties should comply with sustainability policies and run their businesses following ethical, legal, and public standards. They should also consider their impact on society and the environment. If either party violates the sustainability policies, the other party has the right to terminate or dissolve the contract at any time. 3. The company has a specific supplier management policy, considering suppliers as long-term partners. Through a close collaboration model during operations, the company and its suppliers jointly pursue sustainable development and mutual growth. In selecting new suppliers, besides pricing, quality, and delivery time, environmental safety management, labor rights, and financial assessment are also key evaluation criteria. The investigation results show that	

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			100% of new supplier partners passed this assessment, with a total of 173 new suppliers joining HIWIN's supply chain system in 2023. Every year, HIWIN conducts a labor management questionnaire survey for the top 100 suppliers to assess human rights and labor conditions, with all suppliers passing the evaluation in 2023. 4. The company has always prioritized employee safety, health, and a comfortable working environment, and it encourages upstream and downstream suppliers to work together to establish industry benchmarks in safety, health, and environmental protection. To ensure the safety, health, and facility maintenance of contractors and colleagues, the company has established contractor safety, health, and environmental protection agreements and organizational management methods. In May 2023, these agreements were revised in response to regulatory requirements to strengthen compliance with preventive measures and safeguard the safety, health, and facilities maintenance of contractors and colleagues. Currently, there are 411 participating contractors, with ongoing advocacy, and the company provides assistance as needed, aiming to collectively reduce potential risks. 5. Through supplier evaluations and sustainable development questionnaire analysis, various criteria are assessed, including product quality, supply pricing, after-sales services, on-time delivery rates, supplier location, flexibility, compliance with confidentiality agreements, inventory policies, environmental safety management, labor rights, and financial evaluation. Only suppliers that pass these assessments become qualified suppliers for the company. All suppliers comply with relevant occupational safety and health regulations regarding supply chain environmental safety and health management.	
5. Does the Company refer to internationally recognized reporting guidelines in preparing non-financial information disclosure reports, such as sustainability reports? Has the Company obtained a third-party assurance or verification for such reports?	V		The Company voluntarily issues a sustainability report every June. The 2023 Sustainability Report has been cross-validated for internal verification of its contents. The report refers to SASB standards for disclosing ESG information, including the SASB industry-specific indicator comparison table, complies with the latest version of GRI Standards and AA1000 Assurance Standard Type I Moderate Level. It is estimated to obtain the Certification between May and June in 2024.	None
6. If the Company has established its sustainability practices based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any difference between the actual implementation and the established practices: The Company established its "Sustainable Development Practice Principles" based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies". The actual operation and the established practices have no significant differences. In addition, with the efforts of all employees, the Company has been publicly recognized in terms of corporate governance, energy saving, environmental protection, dedication to social welfare, and other stakeholder rights.				
7. Other important information that helps comprehending the status of Sustainable Development operations:				

1. Global climate change and warming have increased the frequency and intensity of extreme weather events domestically and internationally, significantly impacting livelihoods, properties, and business operations. The Company founded an adaptation management team with Mrs. Enid H.C. Tsai., General Manager, as the convener and Mr. Jun-Liang Wu, the Assistant General Manager, as the risk management representative. The team investigates the internal and external environment and disaster history of plants. Then, the team performs risk assessments to identify potential risks and opportunities for the organization (assets, processes, personnel, supply chain, and finance). After assuming possible disasters (including high temperature, heavy rainfall, flood, drought, strong wind, and lightning strikes) and impacts, the team analyzes and ranks the risks accordingly and then develops action plans.

With this procedure, the team screens out significant risks and opportunities. Then, it conducts climate change risk analysis on aspects including policies, regulations, markets, and production to assess potential financial impacts. The identified risks and corresponding response plans are as follows:

Risk category	Risk assessment subjects	Main response plans
Industry transformation risk	Economic fluctuations	• Strengthen the promotion of new products • Diversify industrial applications • Market assessment mechanism
Climate change risk	Average temperature rising	• ISO 50001 energy management system goal • Maintenance measures for utility equipment
	Greenhouse gas emissions control and carbon fees	• Voluntary reduction of greenhouse gas emissions and energy consumption • Passed the external verification of ISO 14064-1, product carbon footprint inventory, and ISO 50001
Supply chain risk	Time of delivery	• Develop secondary sources of supply • Increase safety stock • Sign JIT (Just-in-Time) contracts
	Logistics and transportation	• Increase safety stock • Allocate orders to diversify risks • Develop local sources of supply
Intellectual property and litigation risks	Intellectual property rights infringed by others	• Investigations on infringements • Regularly monitor patents/trademarks of other companies • Intellectual property application/registration • Patent infringement determination • Trade secret registration system
Information security risks	Malwares on computers Data cannot be restored	• Implement protective systems • Use backup systems and backup software/hardware
Credit and financial risks	Exchange rate fluctuations Interest rate fluctuations	• Presell forward foreign exchange management, daily exchange rate management, and foreign currency deposits • Use cash offerings to pay bank loans, negotiate project interest rates with banks
Human resource risks	Declining labor force in Taiwan Shortage of talent in science and engineering	• Recruit international students through platforms and channels • Adjust salary structure and implement a guaranteed annual wage system
Occupational safety risks	Imperfect safety operation standards	• Revise safety operation standards for different processes and mentorship • Enhance the precision of safety operation standards

2. The ESG Committee reports to the Board of Directors at least once a year on significant economic, social, and environmental issues discussed and issues discussed with stakeholders based on the materiality principle. The risks, risk management policies, and corresponding measures for 2022 and the following short-, mid-term goals, as well as the financial impact of climate change risks, have been reported to the Board of Directors on May 10, 2024 and May 10, 2023 respectively.

Stakeholder	Employees	Shareholder	Clients	Contractors	Academia
Significance to HIWIN	HIWIN regards its employees as its greatest asset and a critical element of sustainable operations.	Shareholders and investors are the driving force behind HIWIN's sustainable operations and benefits to humanity.	Customer satisfaction is the pivot of the HIWIN's sustainable policies and the source of its operational performance.	For jointly creating a safe and healthy environment, contractors are essential partners in HIWIN's value chain.	Academia is the navigator of knowledge and an indispensable partner in the collaboration between academia, industry, and government to cultivate precision machinery talents.

Stakeholder	Employees	Shareholder	Clients	Contractors	Academia
Issues and risks of concern	• Labor-management relations • Occupational Safety and Health • Training and Education • Market Position • Labor/management relations	• Economic Performance • Intelligent Machine • Marketing and Labeling • Market Position	• Intelligent Machine • Customer Privacy • Economic Performance • Market Position • Marketing and Labeling	• Economic Performance • Market Position • Intelligent Machine • Wastewater and waste • Occupational Safety and Health	• Intelligent Machine • Industry-academia collaboration • Occupational Safety and Health • Economic Performance • Training and Education
Risk management policies and corresponding measures	• Sound compensation and benefit plans, retirement system, labor insurance, health insurance, and additional group insurance • Diversified employee communication channels and various mechanisms to take care of employees' physical, mental, and spiritual health • Regular education and training, book clubs, lectures, and degree programs	• Hold at least one board meeting every quarter to review business performance and discuss critical strategic issues • Board of directors reviews potential significant risks, formulates operating plans, and continues to closely monitor and improve through strict internal operation procedures • Critical company decisions are immediately announced on the TWSE Market Observation Post System • Internal control of private information and business secrets	• Provide high-quality pre-sales and after-sales services through customer surveys, frequent visits, and communication • Quickly inform customers about product and service information through webpage updates, subsidiary websites, and 3D website deployment • Maintain and manage customer visit data and after-sales service information through software; potential business opportunities obtained from exhibitions and official website message boards can also be tracked and managed through software • Provide online and real-time responses through mobile apps (official LINE and WeChat accounts)	• Perform safety and health management and control for contractors to prevent work accidents through source management • Hold annual consultative organization meetings • Conduct annual evaluations of contractors • Perform internal employee and supervisor training	• Hold HIWIN Thesis Award, HIWIN Doctoral Dissertation Award, and HIWIN Robotics Competition every year • Hold annual automation engineer and robotic engineer certification exams • Comply with government environmental, safety, and health regulations and other requirements • Publish sustainable development reports, arrange visiting activities, and invite HIWIN experts to give lectures at schools

Short term, mid-term goals for major ESG topics :

Material Issues	2024 goals (Short-term)	2030 goals (Mid-term)
Innovation Management	R&D expenditure as a percentage of operating revenue: 4.5%	R&D expenditure as a percentage of operating revenue: 6%
	Cumulative global patent portfolio: 3,550 patents	Cumulative global patent portfolio: 4,000 patents
	Per capita output value: 7.7 million dollars	Per capita output value: 10 million dollars

Green Product (Compared to 2021)	Reduction in overall energy intensity of all products: 25%	Reduction in overall energy intensity of all products: 54%
	Improvement in energy utilization rate of electromechanical products: 7.5%	Improvement in energy utilization rate of electromechanical products: 20%
	Increase in packaging material recycling rate: 5%	Increase in packaging material recycling rate: 20%
Sustainable Supply Chain	On-site audits of sustainability management for key suppliers: 70 companies	On-site audits of sustainability management for key suppliers: 135 companies
	Diversification of production bases/development of new suppliers: 6 initiatives	Diversification of production bases/development of new suppliers: 26 initiatives
	Green procurement expenditure as a percentage of total annual procurement: 6%	Green procurement expenditure as a percentage of total annual procurement: 10%
Climate Strategy and Energy Management	Reduction of greenhouse gas emissions (Scopes 1 and 2 combined): 23%	Reduction of greenhouse gas emissions (Scopes 1 and 2 combined): 50%
	Cumulative capacity of renewable energy generation: 7,543 KW	Cumulative capacity of renewable energy generation: 12,100 KW
	Cumulative energy savings from energy saving projects: 7,637 thousand kWh	Cumulative energy savings from energy saving projects: 27,406 thousand kWh
Material Issues	2024 goals(short-term)	2030 goals (Mid-trm)
Water source management	Recycling water rate reaches 15%	Recycling water rate reaches 16%
Waste Management	Resource utilization rate for waste: 82.8%	Resource utilization rate for waste: 85%

Financial implications and opportunities of climate change risks:

Type	Evaluation Item	Scenario and financial impact	Current management cost	Future action plan
Transition risk	Market	The Company's internal decarbonization timeline may not satisfy the customer growing demand for low-carbon products, potentially affecting orders and revenue (mid-term, 4-5 years)	- R&D of low-carbon products - Energy-saving projects - Automation - Replacement of production equipment - Implementation of ISO14067 Product Carbon Footprint and ISO50001 Energy Management System	- Energy-saving plan evaluation - Continuous development of low-carbon products - Product carbon footprint inventory
	Policies and regulations	International corporations require carbon assessment and product carbon footprint information, and the Company must begin formulating decarbonization plans for SBT, green energy, and low-carbon equipment/materials/products. Failure to respond promptly to this issue may result in losing orders (short-term, 1-3 years)	- R&D of low-carbon products - Implementation of energy-saving equipment - Implementation of solar equipment - Process Improvement - Implementation of ISO14067 Product Carbon Footprint and ISO50001 Energy Management System	- Establish a carbon footprint platform - Continuous development of low-carbon products - Continuous implementation of solar equipment
Substantial risk	Long-term	Drought caused by extreme climates may result in operational losses. Based on the drought in central Taiwan in 2021, the	- Purchase water containers and water trucks - Implementation of	- Capacity scheduling - Install more smart water meters

		Company estimates that: (1) During the peak of the drought, the water supply may be suspended three days per week. With an average water storage that can only last for two days, the Company must shut down for two days; (2) If the Yunlin plants experience a two-day water suspension, it also needs to shut down for two days (mid-term, 4-5 years).	- water recycling facilities (water-saving equipment) - Install smart water meters - ISO 46001 certification for the headquarters	- ISO 46001 certification for Yunlin Plants - Purchase and signing of long-term water truck contracts
	Immediacy	Extreme weather causes flooding and disrupts transportation - Employees can not commute, resulting in production disruptions, financial losses, and decreased revenue - Raw material suppliers can not produce or deliver goods normally, affecting business operations - R&D projects are delayed and unable to meet customer demands, damaging the Company's reputation (Short term, 1 - 3 years)	- Capacity scheduling - Purchase sandbags - Develop new suppliers	- Implement work-from-home and remote operation systems - Implement smart manufacturing in production lines - Install floodgates - Get materials from air transportation instead of sea transportation - Property insurance
Opportunity	Resilience	Prepare for future low-carbon material demands in advance to prevent potential supply chain disruption: (Scenario 1) Estimate the possibility of raw material price inflation to reduce operational costs. (Scenario 2) Enhance supply chain resilience to avoid supply chain disruptions and increase local procurement percentage (Short-term, 1-3 years)	- Supplier capacity platform development - Develop new low-carbon materials - Develop alternative sources of supply (including local procurement) - Safety stock (funds and warehousing costs)	- Develop diverse suppliers - Process Improvement - Keep developing new materials
	Technology	In response to the trend of net-zero carbon emissions and to reduce product lifecycle carbon emissions, the Company introduces new technologies and automated carbon management platforms, such as the Internet of Things (IoT), big data analytics, and smart manufacturing, to improve productivity, reduce power consumption, minimize material usage and waste generation, and lower operational costs. (Short term, 1 - 3 years)	- Introduce smart manufacturing - Invest in energy-saving and waste reduction - Adopt ISO14067 and ISO50001 standards	- Energy creation - Keep promoting smart manufacturing - Establish a carbon footprint platform - Establish a energy visualization platform - Optimize production processes

3. Workplace diversity and gender equality policies and implementation:

The Company is committed to providing a safe working environment for employees, ensuring equality in diversity hiring, compensation, and promotion opportunities, and preventing discrimination, harassment, or unequal treatment based on race, gender, religion, age, political affiliation, or any other protected situation under applicable laws. The policies include:

- Employment of the disabled and underprivileged:

As of 2023, 40 employees with disabilities and 26 indigenous employees are employed at HIWIN. Upholding the spirit of diverse employment as the sustainability guideline, HIWIN follows government regulations on the employment quota of people with disabilities and pays respect to unique cultures by providing special holidays for indigenous employees to participate in critical indigenous ceremonies. There has been no discrimination or violation of the rights of indigenous people.

• Respect and equality:

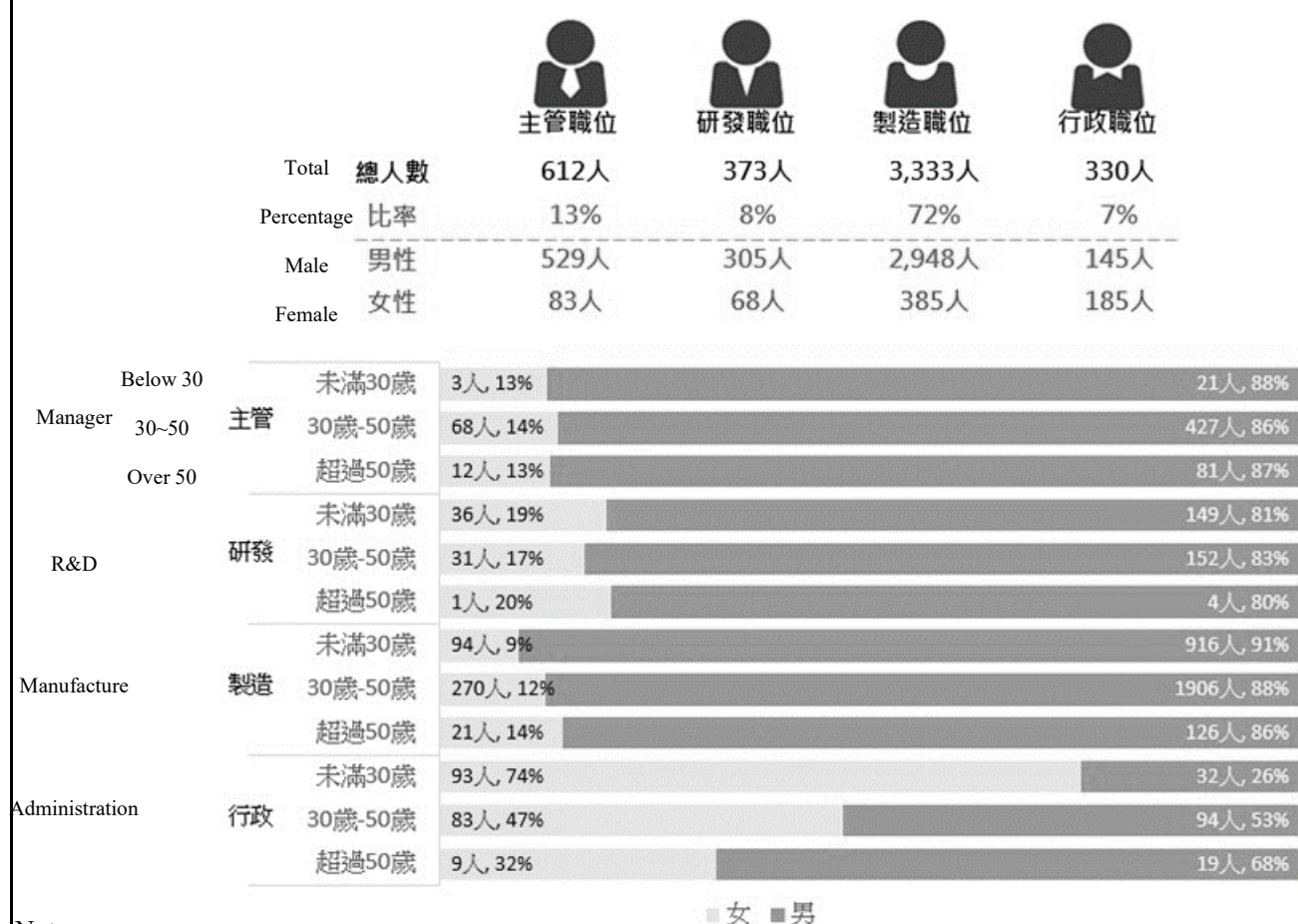
The Company protects constitutional rights and implements gender equality laws to treat all employees equally regardless of gender, religion, race, nationality, or political affiliation. The Company respects professional talents of all kinds with consistent and fair salary structures and benefits.

• Female workforce in technology

Given the characteristics of the industry and the job market, most of HIWIN's employees are male. However, in recent fiscal years, the boundaries of gender roles have gradually blurred as HIWIN actively recruits female employees in R&D and technologies. In addition, HIWIN is committed to creating a respectful and harmonious workplace by implementing friendly measures, such as reserved parking spaces for pregnant women, lactation rooms, and sexual harassment prevention courses. HIWIN also established a dedicated and independent channel for sexual harassment reports to ensure female employees can demonstrate their strengths with peace of mind. The results are as follows, with the highest percentage of women in the machinery industry:

• Other diversity results (age/race):

Employee age and position:



Note:

Percentage of each position = Number of employees in that position ÷ Total number of employees in the company

Gender ratio of each age group in each position = Number of different gender employees in the age group in the position ÷ Total number of employees in the age group in the position

Employee Nationality:

Nationality	Administration	R&D	Manufacture	Total	%
Taiwan	476	500	2,929	3,905	84.0%
Philippines	-	-	650	650	14.0%
Vietnam	-	1	73	74	1.6%
India	2	4	-	6	0.2%

Malaysia	-	4	2	6	0.1%
Indonesia	2	2	-	4	0.1%
Russia	1	-	-	1	0.0%
Brazil	1	-	-	1	0.0%
Korea	1	-	-	1	0.0%
Total	483	511	3,654	4,648	100.0%

Note: 1. Administrative personnel are the managers or engineers indirectly related to production activities, such as sales personnel, IT personnel, etc.

2. Manufacturing personnel are those directly related to production activities, such as production technicians, inspectors, etc.

3. R&D personnel are those engaged in the actual advancement of technology, products, and services, like R&D engineers.

4. Investment and specific benefits in energy-saving or green energy-related environmental sustainability equipment and Taiwan's green energy industry

(1) Investment in energy-saving equipment:

In 2023, the investments in energy-saving and environmental sustainability equipment mainly included air compressors, air conditioners and process equipment. Using scientific methods, the Company replaced low-efficiency, power-consuming equipment with high-efficiency energy-saving equipment. The total investment was about 5.92 million NTD, achieving approximately 10,533 kWh of power saving and 5,214 tons of CO₂e emission reduction per year.

Types of Energy-saving Equipment	Investments in 2023		Specific Benefits	
	Investment Plan	Investment Cost	Energy Savings	Carbon Reduction
		(10,000 NTD)	(kWh/year)	(kg/year)
Air compressors	Replace low-efficiency models	99	452,495	223,985
	Optimize operation models of air compressors	9	706,845	349,888
Air conditioner	Replace low-efficiency models	366	753,408	372,937
	Optimize operation models of air conditioners	25	663,000	328,185
Process Equipment	Optimize operation models of process equipment	92	7,956,823	3,938,627
Total		592	10,532,571	5,213,622

(2) The Company has planned to establish fully solar equipment on all building rooftops in every plant. The planned power generation capacity and performance for 2023 and future fiscal years are as follows:

Project	Electricity capacity (KW)	Investment cost (10,000 NTD)	Carbon emission reduction (kg/year)
Completed in 2023	2,400	9,899	1,484,756
To be completed in 2024	7,543	37,668	4,667,330
To be completed in 2025	1,500	7,490	928,125
To be completed in 2030	2,000	9,987	1,237,500
Total	13,443	65,044	8,317,711

(3) Green energy procurement:

In addition to deploying solar energy, our company is actively seeking suitable and clean green energy sources to achieve our net-zero carbon goals. The projected green energy procurement plan for the upcoming year is as follows:

Project	Purchase of green energy (kWh)	green energy cost (10,000 NTD)	Carbon emission reduction (kg/year)
To be completed in 2024	1,754,925	980	868,688
To be completed in 2025	31,517,115	18,201	15,600,972
Total	33,272,040	19,181	16,469,660

5. HIWIN's social participation:

HIWIN invest resources in 2023 to support domestic cultural development, encourage people to access cultural and artistic activities, and encourage the cultivation of reading habits. The investment amount is NT\$3,189 thousand, which is briefly described as follows.

(1) Robot Bear Art Installation

HIWIN Technologies partnered with the Taichung City Government to create the "Robot Bear" art installation. The crucial components inside the installation were self-manufactured by HIWIN Technologies and DaYin Microsystem. The large bear is equipped with articulated robotic arms that can wave, gesture, and pat its head with delicate movements. The small bear is designed to dance with ball screws, linear guides, precision linear modules, and servo motors. In 2023, it invested NTD1,805 thousand.

(2) Ecological Education Film "We Love Living Here"

Commissioned by the Yunlin Bird Photography Expert Team - Mountain and Forest Flying Feathers Optical Team, a nearly two-year investigation into the bird ecology in the old tree area of the HIWIN Tech factory was conducted. They tracked 36 species of birds active in the old tree area and a total of 72 species within a one-kilometer radius of the factory. Common species include sparrows, mynas, white-headed bulbul, green-backed tit, red turtle dove, and great barbet. Funding for the production, distribution, and screening of the domestic documentary "We Love Living Here" has reached NTD8.06 million, with an additional NTD604 thousand invested in 2023 for re-editing and translation into various languages. The film aims to integrate HIWIN Technologies' employees with the natural ecology of the factory area. Besides signing a contract with Public Television for free broadcasting rights, it is also planned to be used as ecological conservation teaching material in schools, aiming to deeply cultivate the concepts of ecological conservation and environmental sustainability on campus.

(3) Others

1. Donate books to elementary schools to encourage students to develop reading interests and habits from an early age. In 2023, NT\$500 thousand will be invested.
2. Sponsor the Sustainability Research Foundation to organize environmental reading lectures, investing NT\$280 thousand in 2023.

(vi) Integrity management implementation

Evaluation	Implementation results			Differences against the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
1. Formulating integrity management policies and plans (一) Has the Company established an integrity management policy approved by the Board of Directors and clearly stated such policies and practices in its code of practice and external documents? Did the Board of Directors and senior management actively fulfill the commitment to the policy? (二) Has the Company established a risk assessment mechanism for dishonest behavior, regularly analyzed and evaluated business activities within its scope of operations with a higher risk of unethical behavior, and formulated corresponding measures to prevent such behavior, covering at least the preventive measures for behaviors mentioned in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"? (三) Has the Company established operational procedures, behavior guidelines, disciplinary measures for violations, and a complaint system to prevent dishonest behavior, enforced them effectively, and regularly reviewed and revised them?	V	V	(一) The Company established the "Code of Integrity Management" on November 6, 2014, through the resolution of the Board of Directors. The code was amended on May 11, 2016, March 26, 2016, and May 6, 2019. In addition, the Board of Directors amended the "Code of Ethical Conduct" on November 6, 2015, which sets forth the policies and practices for the Company's integrity management and the commitment of the Board of Directors and management to actively enforce this policy. Board members and management must adhere to these principles of integrity in their business activities. Furthermore, the Company disclosed the "Code of Integrity Management" and "Code of Ethical Conduct" on its website to enhance employees' awareness of the Company's integrity management principles. (二) The Company has also established the "Employee Code of Conduct" and "Operating Procedures and Behavioral Guidelines for Integrity Management" which specify various operating procedures. If employees violate the code of conduct or involve in fraudulent activities, the Company will take appropriate disciplinary measures based on the severity of the situation. Anyone who notices any violation of government laws or fraudulent activities can report it through email or in writing to independent directors, managers, internal auditors, or other appropriate personnel. Upon receipt of the report, the relevant personnel will report to the Chairman, and the internal auditors will occasionally review the compliance with the system mentioned above and include the occurrence of dishonest behavior as part of the audit to ensure adherence with the code. The Company's behavioral guidelines also stipulate the procedures and methods for reporting, including establishing an independent whistleblower mailbox for internal and external personnel, the report handling process by dedicated departments, record management methods, and whether whistleblowing rewards are given. All the information above has been disclosed on the Company's website. The Company has established the "Employee Code of Conduct" following the "Code of Integrity Management". The Company has also established preventive measures for high-risk dishonest behaviors in business activities under Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" or other business activities within the Company's scope of operation. The internal audit department also plays an essential role in ensuring compliance with the code of ethics and regulatory requirements. To ensure the accuracy, reliability, and timeliness of financial, management, and	None

Evaluation	Implementation results			Differences against the Ethical Corporate Management Best Practice Principles for TWSE/TPE x Listed Companies and reasons
	Yes	No	Summary	
			operational information and employees' compliance with relevant policies, guidelines, procedures, and regulations, the internal audit department conducts various inspections under the annual audit plan approved by the Board of Directors. The audit department will report the results and follow-up improvement plans to the Board of Directors to put the audit results into practice. (3) 1. The Company formulated the "Operating Procedures and Behavioral Guidelines for Integrity Management" on November 10, 2015, which explicitly mandates employees to always return or refuse any valuables if no supervisor approves, report to their immediate supervisors of such incidents, and inform the Chairman's Office or the responsible department of the Company. The Company should propose appropriate suggestions such as returning, accepting, confiscating, or donating to charity based on the nature and value of the interests involved. 2. To implement integrity management, the Human Resources Department is responsible for promoting and implementing integrity policies and preventive measures. The Audit Office, directly under the Board of Directors, conducts occasional inspections and follow-ups to improve the enforcement of the policies and reports and reviews abnormalities at any time if any occur.	
2. Implementation of integrity management (一) Has the Company evaluated the integrity records of its counterparties and included integrity clauses in contracts signed with them? (二) Has the Company established a dedicated department under the Board of Directors to promote corporate integrity management and regularly (at least once a year) report the implementation and supervision results of integrity management policies and preventive measures against dishonest behaviors to the Board of Directors? (三) Has the Company formulated policies to prevent conflicts of interest, provide appropriate reporting channels, and thoroughly implement them? (四) Has the Company established effective accounting and internal control systems to implement integrity management, designated its internal audit department to formulate audit plans based on the assessment results of	V	V	(一) The Company has established an evaluation mechanism for its suppliers and contractors. When signing contracts with them, detailed rights and obligations of both parties are specified, and confidentiality agreements and honesty and integrity agreements are signed. HIWIN's Intellectual Property Team has also incorporated clauses on integrity behaviors into various standard form contracts, requiring transaction parties to uphold their integrity. If they are involved in any dishonest behavior, the Company may unconditionally terminate or rescind the contract at any time. (二) HIWIN's Human Resources Department is responsible for promoting and implementing integrity management policies. The Company's "Integrity Management Team", with General Manager as the convener, ensures each department complies with integrity management policies for all the operations within their scope, doing their best to facilitate corporate integrity management. All employees, managers, and directors should adhere to the "Code of Integrity Management" and report to the Board of Directors at least once a year. The implementation	None

Evaluation	Implementation results			Differences against the Ethical Corporate Management Best Practice Principles for TWSE/TPE x Listed Companies and reasons
	Yes	No	Summary	
dishonest behavior risks and review the compliance with the preventive strategies against unethical behaviors, or commissioned accountants to perform inspections? (五) Does the Company regularly hold internal and external lectures and training on integrity management?	V		results of integrity operations in 2022~2023 were reported to the Board of Directors on May 10, 2023. If any employee discovers any acts of dishonesty, they may also report them through the Company's public channels. For severe cases, occasional reports shall be made to the Board of Directors for them to supervise the enforcement of the integrity principles. The implementation results of the Company's integrity management policies in 2023 are as follows: 1. Education and training: The Company provided training courses on regulations, auditing, risk management, and fraud prevention. The Company also arranged corporate integrity symposiums and external training courses on fraud risks for supervisors and employees. 2. Compliance promotion: In 2023, the Company emphasized the implementation of the Company's business philosophy of "Professionalism, Enthusiasm, and Morality". 3. Communication channels: Employees can report possible integrity violations to the Human Resources Department, management, and independent directors through various channels. The Human Resources Department is responsible for coordinating the handling of such matters. 4. Regular inspections: The Company conducts a self-assessment of corruption risks annually to achieve effective management and implementation by designating its audit department to perform independent audits. There were no significant corruption issues in 2023. 5. Whistleblowing system: The Company's website specifies the channels through which internal or external personnel can report dishonest behavior. In addition to protecting the whistleblower's identity, the audit department will also conduct special investigations. In 2022, the Company received seven complaints and resolved all successfully. (三) In cases of conflicts of interest, internal employees can report the issues to their immediate supervisors and the audit department. Employees can also report the problems through the Chairman and CEO's complaint box so they can handle the issues personally. For any violations of the integrity regulations, reports can be made under the Company's whistleblowing procedure. The accused person will have an opportunity to express their opinions or appeal. (四) The Company's philosophy of "Professionalism, Enthusiasm, and Morality" demonstrates its commitment to integrity management. To establish and develop a corporate culture of integrity management, the Company formulated the "Code of Integrity Management" and established effective accounting and internal control systems to establish a corporate culture of integrity	

Evaluation	Implementation results			Differences against the Ethical Corporate Management Best Practice Principles for TWSE/TPE x Listed Companies and reasons								
	Yes	No	Summary									
			management. The Company's internal audit department has also established an internal audit plan to conduct various operations. In addition, the audit department also inspects specific employees occasionally for integrity matters or fraud. In 2023, no abnormality was found. (五) The Company conducts education and promotion of applicable laws and regulations for directors, managers, and employees at least once a year. Implementation status: In February 2023, the Company completed the education and promotion for current directors and managers. Through monthly morning meetings, basic/promotion training for new employees and supervisors, and other methods, the Company promotes the concept of business integrity as well as the "Code of Integrity Management" and the "Operating Procedures and Behavioral Guidelines for Integrity Management" and other regulations, emphasizing the need to avoid conflicts of interest, avoid accepting gifts from vendors, insider trading, and maintaining business confidentiality, etc. The integrity-related courses in 2023 include topics such as the scope of material inside information, confidentiality operations, legal knowledge clarification, and business management meetings, etc., summarized as follows: <table><tr><th>Category</th><th>Classes</th><th>Hours</th><th>Participants</th></tr><tr><td>Integrity management courses</td><td>383</td><td>1,945</td><td>18,336</td></tr></table>	Category	Classes	Hours	Participants	Integrity management courses	383	1,945	18,336	
Category	Classes	Hours	Participants									
Integrity management courses	383	1,945	18,336									
3. Operation of the Company's whistleblowing system (一) Has the Company designed specific whistleblowing and reward systems, set up convenient channels for whistleblowing, and appointed appropriate personnel based on the reported subject? (二) Has the Company established a standard operating procedure for investigating whistleblowing matters, measures to be taken after the investigation, and related confidentiality mechanisms? (三) Does the Company take measures to protect whistleblowers from improper treatment due to their actions?	V V V		(一) The Company formulated the "Employee Code of Conduct" that specified the whistleblowing system and established a reward and punishment system for the employees. To encourage whistleblowers to report integrity violations, the Company set up complaint mailboxes on The Company's website for the Chairman, General Manager, and the Human Resources Department for whistleblowers to report directly by letter. If the Chairman and CEO receive whistleblowing letters, they will instruct the Audit Office or Human Resources Department to handle the matter. In addition, the Company set up independent director mailboxes for internal and external personnel to send letters directly to the independent directors. The Company has also set up an independent whistleblowing mailbox or hotline for internal and external personnel. Also, the Company's "Operating Procedures and Behavioral Guidelines for Integrity Management" explicitly specified the information that whistleblowers should provide, the acceptance level for different reported subjects, the handling procedure of the designated departments, and the matter of giving	None								

Evaluation	Implementation results			Differences against the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			whistleblowing rewards, and has disclosed relevant information on the Company's website. (二) The Company has established procedures for investigating whistleblowing cases under the "Employee Code of Ethics". Upon receiving a whistleblowing report, relevant personnel should immediately report to the Chairman. The Company will then provide comprehensive protection to the whistleblower under Article 7 of the procedures to ensure the quality of investigation and avoid unfair retaliation or treatment against whistleblowers. The Chairman should instruct relevant departments to conduct private investigations, handle the reported matters, and enhance the confidentiality of the reported issues and whistleblowers' information. (三) According to Article 7 of the procedures, the Company will provide comprehensive protection to the whistleblower and keep their names and other information secret to ensure the quality of investigation and avoid unfair retaliation or treatment against whistleblowers.	
4. Strengthening information disclosure Has the Company disclosed its code of integrity management and implementation results on the company website and the Market Observation Post System?	V		1. The Company has disclosed related information on its website and the observation post system, including its philosophy of integrity management, corporate mission, and brand significance. The Company also posted its "Code of Integrity Management" on its website and the Market Observation Post System. 2. The Company set up a Corporate Governance section on its website to disclose its "Code of Integrity Management" and established a dedicated department responsible for collecting and publishing various company information. The Company also disclosed relevant and reliable integrity-related information in this Annual Report and sustainability report.	None
5. If the Company has established its integrity management practices based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", describe the differences between the actual operation and the established practices: The Company formulated its "Code of Integrity Management" and "Operating Procedures and Behavioral Guidelines for Integrity Management" based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" following the examples provided by the Taiwan Stock Exchange. The Company also mandates relevant departments to implement and internalize the requirements of the codes and guidelines in their daily operations. Therefore, no significant differences exist between the actual operation and the established codes and behavior guidelines.				
6. Other important information that helps comprehending the status of Integrity Management operations: 1. The Company regularly holds educational training to promote integrity principles. The Company also designed an "Honesty and Integrity Agreement" and mandates its suppliers to sign it to show their commitment to abide by integrity principles in their dealings with the Company. 2. The Company complies with the Company Act, Securities and Exchange Act, listing requirements, and relevant regulations as the basis for implementing integrity in business and prohibits any dishonest behavior with counterparties of transactions. The Company revised its "Code of Integrity Management" and "Operating Procedures and Behavioral Guidelines for Integrity Management" on May 6, 2019.				

(vii) Inquiry methods for corporate governance rules and regulations:

1. Company governance regulations

- (1) Following the relevant norms set by the Financial Supervisory Commission, Executive Yuan, the Company has established the Operating Procedures of Asset Acquisition and Disposal, Procedures for Endorsements and Guarantees, Procedures for Lending Funds, Rules and Procedures of Board Meetings, and the Organizational charter of the Remuneration Committee.
- (2) Following the relevant norms and examples set by the Taiwan Stock Exchange, the Company has established the Code of Integrity Management, Code of Ethical Conduct, Code of Practice on Corporate Governance, Sustainable Development Practice Principles, Rules of Procedure for Shareholder Meetings, and Rules of Directors Election.

2. Inquiry methods: The information above can be downloaded in "Relevant Regulations and Rules for Corporate Governance" under the "Corporate Governance" section on the "Market Observation Post System" or in "Relevant Rules of Corporate Governance" under the "Investor" section of the Company's website at: http://www.HIWIN.com.tw/stock/corporate_governance.aspx

(viii) Other Important information helpful for enhancing understanding of the corporate governance of the Company: None.

(ix) Implementation Of The Internal Control System

1. Statement of Internal Control

HIWIN Technologies Corp.

(1) Statement of Internal Control System

HIWIN Technologies Corp. Statement of Internal Control System

Date: 2024/2/27

The company hereby declares the following statement about its internal control system of 2023 fiscal year based on its self-examination:

1. The company is aware that it is the Board and managers' responsibility to establish, implement, and maintain an internal control system and the Company has set up such a system. The purpose of the system is to ensure the effectiveness and efficiency (including profitability, performance, and protection of assets) of the Company's operations, the reliability of its financial statements, and compliance with relevant laws and regulations.
2. Internal control systems have their inherent limitations. No matter how well they are designed, an effective internal control system can only reasonably ensure the achievement of the above three objectives. In addition, an internal control system's effectiveness may change as circumstances change. Nevertheless, self-supervision mechanisms have been built into the Company's internal control system. Once a deficiency is identified, the Company will immediately take corrective actions.
3. The Company determines whether the design and implementation of its internal control system is effective by referring to the criteria stated in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter, the "Regulations"). The Regulations provide measures for judging the effectiveness of the internal control system. Based on the management control process, the Regulations divided the internal control system into five components, namely: (1) Control Environment, (2) Risk Evaluation, (3) Control Operation, (4) Information and Communication, and (5) Monitoring. Each component consists of several items. Please refer to the Regulations for these items.
4. The Company uses the criteria above to determine whether the design and implementation of its internal control system is effective.
5. Based on a test using the above criteria, the Company believes that, as of December 31, 2022 (Note 2), its internal control system (including supervision and management of subsidiaries) is effective and, therefore, can reasonably ensure the achievement of the above objectives, which include awareness of the degree to which operating results and goals are achieved, reliability of financial reporting, and compliance with the law.
6. This statement shall become a principal part of the Company's Annual Report and prospectus and be available to the public. If the above content is untruthful or certain critical information is withheld, the Company shall be held liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was approved on February 27, 2024 by the Board, with all ten directors present agreed with this Statement.

HIWIN Technologies Corp.

Chairman: Eddie W.H. Chuo

General Manager: Enid H.C. Tsai.

2. If the company has commissioned external auditors to review the company's internal control system, the external auditor's report should be disclosed: None.

(x) In the most recent fiscal year and as of the publication date of this Annual Report, any disciplinary measures taken against the company or its internal staff according to law or taken by the company against its staff due to violations of the internal control system, the main deficiency and improvement: None.

(xi) Major resolutions of Shareholder and Board Meetings in the most recent fiscal year and as of the publication date of this Annual Report:

1. Important resolutions of the shareholders' meeting:

Date	Important Resolutions	Implementation Details
2023.05.31	Approved the acknowledgement of 2022 business report and financial statement	Relevant forms have been submitted for inspection and announced in accordance with the Company Act and other relevant laws and regulations.
	Approved the 2022 surplus distribution	According to the content of the resolution, a total of NTD 5.5 per share was distributed on August 4, 2023

2. Resolutions from the board meeting:

Date	Important Resolutions
2023.02.24	Approval of the 2022 Employee Remuneration and Director Remuneration Proposal Approval of the 2022 "Internal Control System Statement" Approval of the 2022 Business Report Approval of the 2022 Financial Statements Approval of the 2022 surplus distribution plan Approval of the time, place, proposal, and related matters of the 2023 Annual General Meeting of Shareholders and acceptance of shareholder proposals and matters related to the nomination of directors and independent directors Approval of the 2023 Business Plan Approval of the endorsement guarantee case of the subsidiary Matrix Precision Approval of the Japanese subsidiary overdue account transfer funds loan case Approval of the Amendment to the "Rules of the Board of Director's Meeting" Approval of Pre-Approval CPAs, their Firms, and Affiliated Enterprises of the Firms Providing Non-Assurance Services to Our Company and Subsidiaries Approval of the donation of funds to the "HIWIN Education Foundation"
2023.05.10	Approval of the 2023 Q1 consolidated financial statements Approval of cash capital increase of the subsidiary Approval of the endorsement guarantee case of the subsidiary Matrix Precision Approval of the Japanese subsidiary overdue account transfer funds loan case Approval of the revision of the "Management Measures for Transactions between Corporations and Related Parties" Approved the amendment of the Company's "Corporate Governance Practice Principles"
2023.08.10	Approval of the 2023 Q2 consolidated financial statements Approval of the endorsement guarantee case of the subsidiary Matrix Precision Approval of the endorsement guarantee case for the Korean subsidiary Approval of the Japanese subsidiary overdue account transfer funds loan case
2023.11.10	Approval of dissolution of the subsidiary Eterbright Solar Corporation Approval of the 2023 Q3 consolidated financial statements Approval of capital increase and decrease of Japan subsidiary Approval of the cash capital increase and endorsement guarantee case of the subsidiary Matrix Precision Approval of the endorsement guarantee case of Italy subsidiary Approval of the endorsement guarantee case of Korea subsidiary Approval of the endorsement guarantee case of the subsidiary Matrix Approval of the Japanese subsidiary overdue account transfer funds loan case Approval of Factory Leasing with HIWIN MIKROSYSTEM Approval of 2023 Evaluation of Independent, Competence and Remuneration of CPAs
2024.02.27	Approval of the 2023 Employee Remuneration and Director Remuneration Proposal Approval of the 2023 Statement on Internal Control System Approval of the 2023 Business Report Approval of the 2023 Financial Statements Approval of the Proposal for Distribution of 2023 Profits

Date	Important Resolutions
	Approval of the time, venue, proposals for discussion, and related matters for the 2024 general meeting of shareholders Approval of the 2024 Business Plan Approval of the endorsement guarantee case of the subsidiary Matrix Precision Approval of the Japanese subsidiary overdue account transfer funds loan case Approval of the Amendment to the “Rules of the Board of Director’s Meeting” Approval of the donation of funds to the "HIWIN Education Foundation"

- (xii) **In the most recent fiscal year and as of the printing date of this Annual Report, directors have different opinions on important resolutions passed by the board of directors and have records or written statements:** None.
- (xiii) **Summary of the resignation and dismissal of the company’s chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor in the most recent fiscal year and as of the printing date of this Annual Report:** None.

iv. Information on the CPAs

(i) Information on accountant's fees

Unit: Thousand NTD

Accounting Firm Name	Accountant Name	Audit Period	Audit Fees	Non-Audit Fees	Total	Note
Deloitte & Touche	Wu Li-Tung	2023.1.1~2023.12.31	5,790	1,360	7,150	Non-audit fees mainly include the fees for profit-seeking enterprise income tax inspection, preparing transfer pricing reports, cash capital increase inspection, and reimbursed expenses.
	Xiao-Fang Yan					

- 1、Non-audit fees paid to CPAs, their accounting firm, and its affiliates exceed one-fourth of the audit fees: None
- 2、Change of CPA firm and the audit fees paid in the year of the change are less than those paid in the previous year: None
- 3、Audit fees paid in the current year are at least 10% less than those paid in the previous year: None

(ii) CPA Independence

The company evaluates CPA Independence regularly based on the items below and reports the results to the Board of Directors:

- 1、CPA Independence Evaluation Questionnaire
- 2、The same accountant hasn't conducted certification work for over 7 straight years
- 3、The company confirms whether the audit results are affected before the non-audit services are provided.

v. Information on the Replacement of CPAs:

(i) About the former accountant

Change Date	2022.05.10			
Reasons and Descriptions	In accordance with the internal rotation at Deloitte & Touche, starting from the first quarter of 2022, the financial statement auditing services will be provided by CPAs Wu Li-dong and Yan Xiao-Fang instead of Wu Li-dong and Zeng Dong-jun.			
Was the termination of audit services initiated by the Company or the CPA?	Involved Party		Accountant	Appointer
	Situation		Not applicable	
	The company terminated the appointment.			
		The CPA rejected the appointment.		
Opinions and reasons of the audit report other than unqualified opinions issued within the most recent 2 fiscal years				
Having different opinions from the issuer	Yes		Accounting Principles or Practice	
			Disclosure of Financial Reports	
			Audit Range and Steps	
			Others	
	No	V		
	Descrip tion			
Other disclosures (according to Sub-items 4 to 7 of Item 1, Paragraph 6, Article 10 of Guidelines Governing the Preparation of Financial Reports by Securities)	N/A			

(ii) About the succeeding accountant

Accounting firm name	Deloitte & Touche
Accountant name	CPAs Wu Li-Tung and Yan Xiao-Fang
Date of appointment	2022.05.10
Inquiries and replies relating to the accounting methods or principles of certain transactions, and opinions issued for the financial reports prior to the appointment	Not applicable
Different opinions in written form made by the succeeding accountant from the former accountant	Not applicable

(iii) Former accountants' response to Item 1 and Sub-item 3 of Item 2, Paragraph 6, Article 10 of these principles: Not Applicable.

vi. The Chairman, President, and officer in charge of financial or accounting matters of the company, who has worked in the firm of the CPAs or its affiliated enterprises within the last year, their name, job title and period of employment at the accounting firm or its affiliated enterprises should be disclosed: None.

vii. Equity transfer and changes in equity pledge of directors, managerial officers, and shareholders who have more than 10% shareholdings

(i) Changes of shares held by directors, managers and major shareholders

Unit: Shares

Title	Name	2022		2023 as of March 31st	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged
Chairman	Eddie W.H. Chuo	-	-	-	-
Deputy Chairman	Chen Chin-Tsai	-	(500,000)	-	(2,123,000)
Director	Eric, Y. T. Chuo	-	(900,000)	-	-
Director	Shun-Chin Lee	-	-	-	-
Director	Hsiu-Yu Chuo	-	-	-	-
Director	Sanko Investments Ltd	-	(550,000)	-	-
	Representative: Ching-Yi Huang	-	-	-	-
Independent Director	Cheng-He Chiang	-	-	-	-
Independent Director	Zhen-Yuan Chen	-	-	-	-
Independent Director	Hui-Xiu Lee	-	-	-	-
General Manager	Enid H.C. Tsai.	-	-	-	-
Senior Deputy General Manager of Finance Office	Yue-Qin Wu	-	-	-	-
Deputy General Manager of Marketing Business Group	Yan-Qi Peng	-	-	-	-
Assistant General Manager of the Chairman's Office	Jun-Liang Wu	-	-	-	-
Assistant General Manager of the Chairman's Office	Chuang-Bao Yang	-	-	-	-
Assistant General Manager of System Development Business Department	Fu-Ching Wang	-	-	-	-
Assistant General Manager of Finance Office	Ke-Huang Liao	-	-	-	-
Assistant General Manager of the Chairman's Office	Wen-Bin Lee	-	-	-	-
Assistant General Manager of the Chairman's Office	Shih-Rong Chiu	-	-	-	-

Title	Name	2022		2023 as of March 31st	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged
Assistant General Manager of the Chairman's Office	Hong-Ming Chen	-	-	-	-

(ii) Stock transferred to related parties: None.

(iii) Stock rights pledged to related parties: None.

viii. Information on the top 10 shareholders who are related to each other or as spouses or relatives within the second degree of kinship

2024/03/31
Unit: Share; %

NAME OF MAJOR SHAREHOLDERS	SHARES HELD PERSONALLY		SHARES HELD BY SPOUSE OR MINOR CHILDREN		SHARES HELD IN THE NAME OF OTHERS		NAMES AND RELATIONSHIP OF THE TOP TEN SHAREHOLDERS WHO ARE RELATED, COUPLES, OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP		NOTE
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title/Name	Relationship	
HIWIN Investment and Holding Corp. Representative: Eddie W.H. Chuo	28,829,898	8.15%	-	-	-	-	Eddie W.H. Chuo	Chairman	None
	6,845,702	1.93%	420,676	0.12%	-	-	Eric, Y. T. Chuo	Director	
Fubon Insurance Co., Ltd. Representative: Fu-Shin Lin	15,373,177	4.35%	N/A						
	Unavailable to access Data								
Cathay Life Insurance Co., Ltd. Representative: Ming-Ho Hsiung	13,321,555	3.77%	N/A						
	Unavailable to access Data								
Nanshan Life Insurance Co., Ltd. Representative: Yin Chong-Yao	12,245,125	3.46%	Not applicable						
	Data not available								
Eric, Y. T. Chuo	10,990,759	3.11%	1,300,320	0.37%	-	-	Eddie W.H. Chuo	First-degree relatives	
Shun-Chin Lee	8,952,011	2.53%	107,957	0.03%	-	-	First Bank Trust-Fund Account Appointed by Shun-Chin Lee	-	
HSBC Bank (Taiwan) Limited entrusted with custody of Fidelity Advisor Series VIII: Fidelity Advisor focuses on Emerging Markets Fund Investment Account	7,221,159	2.04%	Not applicable						
Eddie W.H. Chuo	6,845,702	1.943%	420,676	0.12%	-	-	Eric, Y. T. Chuo	First-degree relatives	
First Bank Trust-Fund Account Appointed by Shun-Chin Lee	6,000,000	1.70%	N/A				Shun-Chin Lee	-	

ix. The number of shares held by the company, the company's directors, managerial officer, and enterprises directly or indirectly controlled by the company in the same invested enterprise with the comprehensive shareholding ratio calculated jointly

2024/03/31
Unit: Share; %

Reinvestment Business	Investment of the Company		Investment of Business Directly or Indirectly Controlled by the Directors and Managers		Comprehensive Investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
HIWIN Corporation, U.S.A.	2,148,000	100%	-	-	2,148,000	100%
HIWIN GmbH, Germany	Note	100%	-	-	Note	100%
HIWIN Corporation, Japan	62,200	100%	-	-	62,200	100%
Eterbright Solar Corporation (Note 1)	505,360,592	89%	14,871,428	3%	520,232,020	92%
HIWIN Singapore Pte.Ltd.	5,000,000	100%	-	-	5,000,000	100%
HIWIN Corporation, Korea	1,760,000	100%	-	-	1,760,000	100%
HIWIN S.R.L. Italy	Note	100%	-	-	Note	100%
HIWIN Corporation, China	Note	100%	-	-	Note	100%
HIWIN Healthcare Corp.	100,000	100%	-	-	100,000	100%
Matrix Precision Co., Ltd.	63,595,071	59%	6,803,036	6%	70,398,107	65%
Matrix Precision Suzhou Co., Ltd.	-	-	Note	50%	Note	50%
Matrix Machine Tool (Coventry) Ltd.	7,449,500	100%	-	-	7,449,500	100%
HIWIN (Schweiz) GmbH	243,000	81%	57,000	19%	300,000	100%

Note: No shares issued.

Note1: Dissolution base day of Eterbright Solar Corporation was February 29, 2024, liquidation is undergoing.

IV. Capital Overview

i. Capital and Shares

(i) Source of capital

Unit: Thousand NTD; Thousand shares

Date	Issue price	Authorized capital stock		Paid-up capital stock		Note		
		Shares	Sum	Shares	Sum	Source of capital	Subscriptions paid with property other than cash	Others
1999.10.08	12	130,500	1,305,000	123,500	1,235,000	Cash capital increase	None	1999.08.05 (88) TCZL(1) No.72181
2001.10.22	10	151,900	1,519,000	135,850	1,358,500	Capital increase out of earnings and capital reserves	None	2001.08.14 (90)TCZL(1)No.151591
2002.10.15	10	151,900	1,519,000	139,925	1,399,255	Capitalization of earnings	None	2002.08.14 (91)TCZL(1)No.145107
2003.10.09	10	151,900	1,519,000	145,544	1,455,442	Capital increase out of earnings and employee bonuses	None	2003.08.15 (92)TCZL(1)No.137138
2004.10.05	10	191,038	1,910,380	156,918	1,569,178	Capitalization of earnings and employee bonus	None	2004.08.06 FSC Certificate No.0930135195
2005.10.05	10	191,038	1,910,380	177,706	1,777,059	Capitalization of earnings and employee bonus	None	Jin-Guan-Zheng-1-Zi No. 0940132392, August 09, 2005
2006.08.02	10	300,000	3,000,000	201,345	2,013,448	Capitalization of earnings and employee bonus	None	Jin-Guan-Zheng-1-Zi No. 0950133960, August 02, 2006
2009.06.25	24	300,000	3,000,000	223,390	2,233,898	Cash capital increase	None	Jin-Guan-Zheng-1-Zi No. 0970071383, January 08, 2009
2010.08.16	10	300,000	3,000,000	227,858	2,278,576	Capitalization of earnings	None	2010.06.25 FSC Certificate No.0990032889
2011.08.29	10	300,000	3,000,000	234,693	2,346,933	Capitalization of earnings	None	Jin-Guan-Zheng-Fa-Zi No. 1000031785, July 11, 2011
2012.09.17	10	300,000	3,000,000	246,428	2,464,280	Capitalization of earnings	None	Jin-Guan-Zheng-Fa-Zi No. 1010031169, July 13, 2012
2013.09.18	10	300,000	3,000,000	253,821	2,538,208	Capitalization of earnings	None	Jin-Guan-Zheng-Fa-Zi No. 1020027958, July 18, 2013
2014.09.15	10	300,000	3,000,000	261,435	2,614,354	Capitalization of earnings	None	Jin-Guan-Zheng-Fa-Zi No. 1030026626, July 14, 2014
2015.09.02	10	300,000	3,000,000	269,278	2,692,785	Capitalization of earnings	None	Jin-Guan-Zheng-Fa-Zi No. 1040027343, July 21, 2015

2016.09.21	10	300,000	3,000,000	274,664	2,746,640	Capitalization of earnings	None	2016.09.21 Department of Economy- Authorization No.10501226510
2017.09.01	10	300,000	3,000,000	280,157	2,801,573	Capitalization of earnings	None	Jing-Shou-Shang-Zi No. 10601126420, September 01, 2017
2018.08.22	10	300,000	3,000,000	288,562	2,885,620	Capitalization of earnings	None	Jing-Shou-Shang-Zi No. 10701102130, August 22, 2018
2018.10.05	250	500,000	5,000,000	300,562	3,005,620	Cash capital increase	None	Jing-Shou-Shang-Zi No. 10701122430, October 05, 2018
2019.08.27	10	1,000,000	10,000,000	309,579	3,095,789	Capitalization of earnings	None	Jing-Shou-Shang-Zi No. 10801118450, August 27, 2019
2020.09.16	10	1,000,000	10,000,000	318,866	3,188,663	Capital increase out of earnings	None	Jing-Shou-Shang-Zi No. 10901168200, September 16, 2020
2021.01.28	195	1,000,000	10,000,000	330,866	3,308,663	Cash capital increase	None	Jing-Shou-Shang-Zi No. 11001002260, January 28, 2021
2021.10.04	10	1,000,000	10,000,000	340,792	3,407,923	Capitalization of earnings	None	Jing-Shou-Shang-Zi No. 11001184000, October 04, 2021
2022.09.22	10	1,000,000	10,000,000	353,792	3,537,922	Cash capital increase	None	Jing-Shou-Shang-Zi No. 11101177240, September 22, 2022

Type of Shares	Approved capital stock			Note
	Outstanding Shares	Unissued Shares	Total	
Registered common stock	353,792,240	646,207,760	1,000,000,000	-

Information for the Shelf Registration System: none.

(ii) Shareholding structure

2024/03/31

Shareholder Structure Quantity	Government agencies	Financial institutions	Other Juristic persons	Individual	Foreign institutions and foreigners	Total
Number of people	5	18	473	49,760	475	50,731
Number of shares holding	18,796,134	42,859,039	61,334,399	132,886,704	97,915,964	353,792,240
Shareholding ratio	5.31%	12.11%	17.34%	37.56%	27.68%	100.00%

(iii) Equity distribution

2024/03/31

Class of shareholding	Number of shareholders	Shares held	Shareholding %
1~999	29,749	2,956,307	0.84%
1000~5000	17,831	31,304,419	8.85%
5001~10000	1,612	11,381,226	3.22%
10001~15000	509	6,195,151	1.75%
15001~20000	237	4,145,679	1.17%
20001~30000	218	5,305,368	1.50%
30001~40000	112	3,970,642	1.12%
40001~50000	80	3,607,307	1.02%
50001~100000	128	9,025,123	2.55%
100001~200000	94	13,428,674	3.80%

200001~400000	67	18,867,602	5.33%
400001~600000	32	15,809,481	4.47%
600001~800000	11	8,143,997	2.30%
800001~1000000	7	6,233,639	1.76%
Over 1,000,001	44	213,417,625	60.32%
Total	50,731	353,792,240	100.00%

Note: These are common shares. The Company does not issue preferred shares,

(iv) List of major shareholders

2024/03/31

Main Shareholder Name	Shares	Shares held	Shareholding %
HIWIN Investment and Holding Corp.		28,829,898	8.14%
Fubon Insurance Co., Ltd.		15,373,177	4.34%
Cathay Life Insurance Co., Ltd.		13,321,555	3.76%
Nan Shan Life Insurance Co., Ltd.		12,245,125	3.46%
Eric, Y. T. Chuo		10,990,759	3.10%
New Labor Pension Fund		10,549,844	2.98%
Shun-Chin Lee		8,952,011	2.53%
HSBC Bank (Taiwan) Limited entrusted with custody of Fidelity Advisor Series VIII: Fidelity Advisor focuses on Emerging Markets Fund Investment Account		7,221,159	2.04%
Eddie W.H. Chuo		6,845,702	1.93%
First Bank Trust-Fund Account Appointed by Shun-Chin Lee		6,000,000	1.69%

(v) Market price, net value, earnings, dividends and other relevant information of the most recent two years

Item		Year	2022	2023	January 1, 2024 to March 31, 2024
Market price per share	Highest		317.00	272.00	272.00
	Lowest		156.00	179.00	179.00
	Average		227.57	230.56	238.76
Net value per share	Pre-distribution		98.23	98.92	As of the publication date of this Annual Report, 2024 Q1 financial statements reviewed by CPA has not been received
	Post-distribution		92.73	96.42	
Earnings per share	Weighted average number of shares (1000 Shares)		345,209	353,792	
	Diluted earnings per share		12.89	5.74	
Dividend per share	Cash dividends		5.50	2.50	
	Stock dividends	-	-		
		-	-		
	Accumulated unpaid dividends		-	-	
Analysis of return on investment	Price/earnings ratio (Note 1)		17.53	40.10	
	Price/dividend ratio (Note 2)		41.38	92.22	
	Cash dividends yield (Note 6)		2.42%	1.08%	

Note 1: The earnings distribution of 2023 was approved by the Board Meeting on February 27, 2024, awaiting for approval of the Shareholders' Meeting.

Note 2: Price/earnings ratio = Average closing price per share for the year/Earnings per share

Note 3: Price/dividend ratio = Average closing price per share for the year/Cash dividends per share

Note 4: Cash dividends yield = Cash dividends per share/Average closing price per share for the year

(vi) Dividend Policy and Implementation

1. Dividend policy

When distributing the surplus in each fiscal year, the Company shall first make up for the loss and set aside 10% as the statutory surplus reserve except for the statutory surplus reserve has reached the Company's total capital. In accordance with other laws and regulations, the

Company also sets aside (or reversals) special surplus reserves, with the second dividend increase being less than 6% (inclusive). The distribution of surplus can be made in the form of cash dividends or stock dividends. However, the proportion of stock dividends shall not be more than two-thirds of the total shareholder dividends and shareholder dividends for the year. The company may consider the financial, business, and operational factors to distribute all or part of the remaining surplus after deducting the amount specified above, the undistributed surplus of the previous period, and the distributable surplus of the current year.

The Company's Articles of Incorporation has not yet clearly specified the distribution ratio of shareholders' dividends due to the profit for the current year is subject to adjust based on future capital expenditure and capital situation and shall be handled as per the resolution of the shareholders' meeting. As the Company continues to expand its plants, the scale of reinvestment, and the R&D of new products, a certain level of funds is required to be retained. The dividend distribution ratio is expected to be approximately 35%-45% in the short term, but the actual ratio depends on the economic conditions and investment plans. In recent fiscal years, the practice of dividend distribution is to first issue 30 shares of stock dividends per thousand shares, then distribute the remaining dividends in cash.

2. The dividend distribution proposed at the shareholders' meeting

The 2023 earnings distribution plan, as resolved by the Board of Directors on February 27, 2024, proposed to allocate a total of NTD 884,480,600 in dividends to shareholders (NTD 2.5 per share), all distributed in cash. The cash dividends will be submitted to the shareholders' meeting according to the law after the board of directors' approval, then the authorized chairman will set a dividend record date for distribution.

3. Expected major changes in the dividend policy: None.

(vii) The influences of the stock dividends proposed at the shareholders' meeting on the Company's business performance and earnings per share:

Not applicable because the Company did not distribute stock dividends or employee stock dividends in 2023. It didn't affect the Company's business performance and earnings per share.

(viii) Employee remuneration and director remuneration

1. Percentage or scope of employee bonuses and remunerations of directors and provided for in the Articles of Incorporation:

The Company's remuneration includes principal salary, bonuses, and employee dividends. The amount of various bonuses and employee dividends depends on the Company's overall operation and employee performance.

According to the Articles of Incorporation, if the Company has earnings at the end of a fiscal year, it should allocate (1) a minimum of 1% for employee remunerations and (2) a maximum of 4% for directors' remunerations. The board of directors determines whether the distribution of employee remuneration is paid in stock or cash. The remuneration for directors is paid in cash. The distribution proposal of employee remuneration and director remuneration shall be reported to the shareholders' meeting. However, if the Company still has accumulated losses, the amount for offset shall be reserved, then the employees' and directors' remuneration may be distributed according to the above proportions.

2. The basis for estimating the amount of employee remuneration and director remuneration, the basis for calculating the number of shares to be distributed as stock bonuses, and the accounting

process of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

After the end of the fiscal year, if there are significant differences in the distribution amount proposed by the Board of Directors, such changes will be adjusted against the initially accrued annual expenses. If the actual amounts still differ from the proposed amounts after the publication of the annual financial statement, the differences are charged to the earnings of the following year as a result of a change in accounting estimate.

3. Information of proposals approved by the Board of Directors to distribute employee bonuses
 - (1) Remunerations to employees and directors in cash
NTD 161,497,771 for employees and NTD 80,748,886 for directors. The estimated ratios were 6.1% and 3.1% respectively, comply with the Articles of Incorporation of the Company.
 - (2) The proportion of the number of shares for employees as remunerations to net profits after tax and the total of employee bonuses of the individual or individual financial reports in the current period: Not applicable.
4. The actual distribution of employee remuneration and director remuneration in the previous year
 - (1) The employee remunerations distributed in cash were NTD 381,681,219 in 2023.
 - (2) The director remunerations distributed in cash were NTD 190,840,610 in 2023.
 - (3) No differences between the actual distribution and the proposed amount approved by the Board Meeting.

(ix) **Stock buyback:** None.

ii. Issuance of Corporate Bonds: None

iii. Issuance of Preferred Shares: None

iv. Issuance of Global Depositary Receipts (GDR): None

v. Issuance of Employee Stock Option Plan (ESOP): None

vi. Issuance of Restricted Stock Awards: None

vii. M&A or Transferred of New Shares Issued by Other Companies:
None

viii. Execution of Capital Utilization Plan:

As of the publication date of this Annual Report, the Company hasn't issued or completed the private placement of marketable securities, nor has it completed such actions in the last three years with no effects shown yet.

V. Business Overview

i. Business Operations

(i) Business Scope

1. HIWIN's main businesses:

HIWIN is mainly engaged in the R&D, design, manufacture, sale, maintenance, and pre-sales and after-sales services of linear guideway (GW), ball screws (BS), industrial robots, various robot arms, Torque Motor rotary tables, reducers, precision bearings, and medical equipment.

2. Business proportion:

The turnover of 2022: GW for 64%, BS for 22%, industrial robots for 7%, others 7%.

3. Current products (services):

HIWIN provides key components, industrial robots, special machines, and after-sales services for machine tools, industrial machinery, bioscience, medical equipment, equipment of the electronics industry, opto-electronics, semiconductor devices, automation, etc. The current main products of the company are listed below:

Product Category		Series
1	GW	Self-lubricating, quiet, roller, overload, micro-miniature, intelligent, dustproof, high rigidity, light weight, high torque resistance, cross configuration, extremely-low, four-row stainless steel
2	BS	Precision grinding, precision rolling, self-lubricating, high speed, heavy load, air cleaning, nut rotary, tangent circulating, quiet, cooling, intelligent, economical, precision rotary cut
3	Industrial Robot	Single axis robot, articulated robot arm series, parallel robot arm series, scale robotic arm series, wafer robotic arm series, electric gripper, end effector, panel robotic arm series, wafer transfer module series, wafer box robotic arm series
4	Rotary Tables	Biaxial two-arm rotary table, biaxial one-arm rotary table, single-axis vertical rotary table, single-axis horizontal rotary table, composite high-speed turntable
5	Reducer	Harmonic reducer
6	Precision Bearing	Crossed roller bearing, ball screw bearing, bearing block
7	Medical equipment	Rehabilitation equipment, nursing equipment, equipment of minimally invasive surgeries

4. New products (services) to be developed:

- (1) Expansion of the smart linear guideway specifications.
- (2) Expansion of the smart ball screw specifications.
- (3) Expansion of the specifications of turntables for EDM equipment.
- (4) Expansion of the specifications of the compound high-speed turntable.

(ii) Industry Overview

1. Development and current situation of the industry

In recent fiscal years, the machine tool industry has actively invested in digitalization and automation technology innovation to provide solutions that combine efficiency and quality. This trend will help meet the evolving global market demand, especially in emerging industries such as automotive and electric vehicles. Furthermore, advancements in application technologies for machine tools in sectors like wind energy and aerospace are driving global machine tool upgrades towards multi-axis and high-efficiency capabilities. The shift towards high-end five-axis and composite processing machines, paired with highly precise and efficient four-axis and five-axis rotary worktables, is augmenting the industry. Fully electric

torque motor rotary worktables are gradually becoming a trend in the mechanical industry, expected to grow to 40% within a few years. This confirms that mid-to-high-end machine tool products will be the mainstream demand for global manufacturing industry transformation and upgrades. Equipment needed for 5G network infrastructure in the industry's digital transformation will also bring business opportunities for industrial machinery. The emerging markets are expected to rise in 2024, driven by smart manufacturing and the dual axes of intelligence and green initiatives, bringing hope and vitality to the machine tool market and offering more opportunities for industry players.

The aging population coupled with declining birth rates has accelerated the overall trend towards an aging society, with an increasing proportion of pure elderly households. This has led to a growing concern regarding elderly care, prompting efforts to strengthen the foundation of family-based elderly care while also expanding into community and home-based rehabilitation. Consequently, transitioning elderly individuals from merely "living" to "living healthily" is a trend in the future development of the rehabilitation industry. Additionally, the rapid growth of the chronic disease population and the shortage of healthcare personnel have increased the demand for assistive robotics in rehabilitation, with Mordor Intelligence predicting a compound annual growth rate of 26.12% for global rehabilitation robotics between 2024 and 2029.

The medical rehabilitation industry is becoming more diverse in both products and models, moving towards integrated clinical rehabilitation solutions. Many manufacturers now offer products for upper and lower limbs, as well as various rehabilitation aids, extending to home-based rehabilitation management.

The threat of extreme weather due to climate change has made achieving "net zero carbon emissions" an urgent survival issue for businesses. Over 130 countries worldwide have announced plans to achieve net zero carbon emissions by 2050. Various countries have proposed related strategies and regulations, such as the upcoming US Clean Competitiveness Act, signaling the arrival of the carbon pricing era. With regulations on carbon emissions strengthening domestically and internationally, and strong pressure from international clients and investors, companies with lower carbon footprints command higher market premiums. The transition to a low-carbon economy will redefine market rules, ushering in a new wave of green industrial revolution. This involves leveraging digital and technological advancements for industry innovation, collaborating with upstream and downstream stakeholders to build a robust sustainable supply chain, reduce energy consumption, minimize environmental impact, lower carbon tax costs, and enhance corporate competitiveness.

2. The relevance of the upper stream, midstream and lower stream of the industry:

Raw Materials (Upper Stream)	Main Products	Main Application (Lower Stream)
Steel, steel ball	BS GW	Semiconductor, opto-electronics manufacturing and test equipment, automation equipment, medical equipment of bioscience, electronic industry, machine tool, industrial machinery

3. Development trend of products:

The development of IoT and AI artificial intelligence technologies in recent fiscal years has driven the increasing intelligence of machinery. While products on the market currently mainly focus on recording or alerting based on detection results, they still lack predictive capabilities. In response to the demand for uninterrupted production capacity and maintaining product precision, especially in components like ball screws that are critical to equipment, HIWIN's smart ball screws have become a leading indicator in the industry. These smart ball screws come with built-in sensors developed in-house, coupled with real-time collection of big data online. They can monitor screw temperature, vibration levels, lubrication status, and predict product lifespan through algorithms, enabling proactive maintenance. This enhances production efficiency by providing real-time feedback on maintenance schedules, allowing

customers to schedule maintenance in advance, maintain production uptime, and avoid losses due to downtime, thus achieving the goals of Industry 4.0. Smart lubrication further allows factories to save 40-70% on oil consumption, equivalent to reducing approximately 80 kilograms of CO2 emissions per year for each equipment installed with smart screws.

In the highly automated semiconductor industry, the engineer-to-machine ratio has gradually increased from one engineer per machine to one engineer managing six or more machines. Enhancing Overall Equipment Effectiveness (OEE) has become a significant challenge for semiconductor equipment manufacturers and related industries. Pursuing maximum OEE often involves increasing equipment operating speeds, but this can inadvertently raise the risk of component degradation, leading to unplanned downtime, product scrap, and capacity issues. The imperfect surface morphology of components in linear slides inevitably causes vibration and generates heat due to friction during operation. HIWIN Technologies provides a solution with smart linear slides that monitor key physical parameters such as vibration and temperature using dedicated sensors. They have developed four functionalities: condition monitoring, anomaly alerts, intelligent maintenance, and predictive repairs. The goal is to assist customers in reducing scrap due to unplanned downtime and extending the average lifespan of equipment.

HIWIN continues to focus on developing key equipment for the semiconductor industry, such as various specifications of wafer arms integrated with walking shafts and wafer aligners that can be paired with special fork-like tools. Apart from continuously improving parts from a component perspective to meet industry needs, HIWIN also integrates various single-axis robots into its self-made Wafer Transfer Module (EFEM). This diversity and modularity allow customers to choose and customize options, reducing integration and debugging time between products from different manufacturers. By offering a one-stop service through product selection and integration, HIWIN creates significant cost advantages and control models for customers. Moreover, adhering to the semiconductor industry standard Semi S2 for design and verification, HIWIN actively obtains relevant third-party certifications and test reports, ensuring customers can use HIWIN's semiconductor products with confidence.

In the machine arm industry, key components account for over 50% of the total arm cost, including harmonic reducers, servo motors, and control units. Traditionally, the technology for these key components has been primarily held by European, American, and Japanese manufacturers, with major arm manufacturers each mastering at least one key component technology. They also horizontally integrate other manufacturers' technologies to form a complete supply chain for key components, thus increasing product profitability. Recognizing this, HIWIN Technologies adopts self-developed servo motors from HIWIN Mikrosystem, along with self-made harmonic reducers and control units. This not only significantly reduces outsourcing costs but also enhances profitability, industry leadership, and the ability to manage technological development, customer service timelines, component maintenance lead times, and system integration.

In response to increasingly complex processing requirements, the machine tool industry has developed five-axis composite machining machines to improve efficiency and precision. Thus, advanced five-axis machine tools have become crucial equipment for global manufacturing industry transformation and are essential indicators of a country's machine tool industry standards. HIWIN's self-developed Torque motor rotary worktable, featuring fast response speed, high torque, and precise absolute encoder feedback, effectively meets the rotational axis module technology needs of high-end machine tools. To meet market demands for high-end five-axis composite machine tools, HIWIN has developed high-speed rotary worktables to address traditional mechanical rotary worktable limitations, aligning with future product development trends.

Under the trends of aging populations and shortages in healthcare personnel, rehabilitation products have expanded from "rehabilitation therapy" to "functional care," with a focus on integrated training and assessment functionalities. They are also moving towards intelligent

training. Combining new technologies such as human-machine interaction, brain-machine interfaces, and image analysis, these products integrate more precise sensor technologies and intelligent algorithms to provide optimal training programs. They also incorporate new mirror therapy techniques to enhance coordination and introduce VR to increase the enjoyment of rehabilitation. Integration of assessment reports into a data-driven format reduces subjectivity and bias. Through management and execution within the healthcare system, these products assist in comprehensive rehabilitation management. HIWIN's interactive lower limb rehabilitation machine can instantly detect patient performance, dynamically adjust difficulty levels during training, and achieve personalized training effects. Visual feedback and guidance enhance patient engagement, achieving standardized intensity beyond human capabilities and reducing rehabilitation durations.

As demand rises in markets such as semiconductors, electric vehicles, and healthcare, the application of gear reducers has also grown. In recent fiscal years, harmonic gear reducers have extended into various professional fields, including service-oriented, assistive robots, collaborative robotic arms, and power-assisted devices. Recognizing this, HIWIN Technologies integrates its self-developed servo motors with self-made harmonic gear reducers and control units. Besides advantages like compact size, light weight, high repeatability, high torque, good rigidity, and adaptability-free operation, their modular and shared design simplifies user design and development timelines, facilitates flexible integration into various fields, and reduces costs by eliminating additional component procurement and assembly time.

4. Competition of products:

HIWIN's products have the advantages of integrated group resources, innovative technologies, and self-produced key components. HIWIN has long been devoted to electromechanical integration, robot manufacturing, and the self-production of smart machinery components. As a result, HIWIN has established clear differentiation and competitive advantages against linear motion products from competing manufacturers in Germany, Japan, and mainland China. Our products differentiate from competitors and offer greater diversity, consolidating HIWIN's position as a benchmark in the global transmission components and systems market. This high-end product development strategy allows HIWIN to flexibly adapt and stay ahead in the ever-changing international economic landscape, reducing the impact of market fluctuations.

Regarding the competition in key components, in addition to continuing research in material science and actively seeking alternative or superior raw materials, HIWIN is also developing fast production and assembly techniques to capture potential customers. HIWIN develops smart components and intelligent robots and provides electrical control software and system services to offer customers comprehensive solutions and gain significant competitive advantages in the market.

HIWIN leads the industry by introducing intelligent ball screws with four diagnostic functions for temperature, preload, vibration, and lubrication. The level of intelligence surpasses that of European and Japanese competitors. HIWIN i4.0BS is the starting point for the intellectualization of mechanical equipment. In compliance with epidemic control policies, customers can monitor the operation of their machinery remotely without entering the factory. The i4.0BS provides real-time feedback to assist in maintenance and management operations in smart factories. Micro-miniature ball screws, mainly provided by Japanese manufacturers, are applied in micro-precision positioning tables, 3C products, and medical testing equipment.

The competitive landscape of linear products has undergone structural changes in recent fiscal years. While major brands dominate the market in various industries, new competitors have emerged in the low-end market, seizing customer orders with significantly lower prices. Most of these competitors come from mainland China and Korea, selling their low-cost products into the European and Asian markets after rebranding and repackaging.

Facing these new competitors, HIWIN enhances its competitiveness through modular portfolios, saving customers the time of procuring other accessories and providing differentiated services.

The main competition in the torque motor rotary table market comes from well-established European suppliers. Due to overall cost and maintenance difficulty, Asian machine tool manufacturers still rely on mechanical rotary tables. However, these rotary tables have limited processing accuracy due to backlash, which hampers the development of high-end Asian machine tools. HIWIN's torque motor rotary table integrates self-produced water-cooled torque motors and cross-roller bearings, offering high precision and zero backlashes while significantly reducing manufacturing costs. This product resolves the previous reliance on imported European products and may ignite competition for high-end products in the Asian machine tool industry. Furthermore, leveraging the competitiveness of HIWIN's products and services, the company plans to penetrate Europe's high-end machine tool market.

In response to the post-pandemic era and the global trend of declining birth rates, the application of robots in industries continues to thrive. Industrial robotic arms remain dominated by the four major families. ABB showcases applications in metal processing, automotive, plastics, and electronics industries. FANUC focuses on collaborative robots' integration with peripheral sensors and grippers from various brands. KUKA emphasizes the ease of use and compatibility of industrial robotic arms, while YASKAWA presents lightweight collaborative robot technology. Compared to this, other Taiwanese robot manufacturers are currently unable to challenge their position in the short term. However, HIWIN Technologies has quietly cultivated its presence in the semiconductor industry for several years, with a certain level of technology and recognition in assisting semiconductor automation. By continuing to invest in the development of robotic key components, HIWIN has started to stand out in the integration of standalone products and system components.

HIWIN has a complete range of Industry 4.0 trend products, providing customers with one-stop services for transformation and upgrades. In several major factory-wide smart production line projects, HIWIN is the sole supplier, demonstrating strong competitiveness in electromechanical integration system services. HIWIN flexibly utilizes the group's high-precision electromechanical components to supply suitable product combinations according to different customer needs, adding value for customers. Additionally, HIWIN Technologies actively implements ESG sustainability strategies, capturing green opportunities, and continuously developing low-carbon products to enhance product efficiency. They execute energy-saving projects in processes and adopt measures such as ISO certification to strengthen the resilience and sustainability of the HIWIN brand.

(iii) Technology and R&D Overview

HIWIN filed a total of 72 applications of domestic and international patents and obtained 132 patents in 2023. As of the end of 2023, the company owned 2,331 valid patents.

1. R&D expenses in the most recent fiscal year and as of the as of the publication date of this Annual Report

Unit: Thousand (TWD)		
Subject	2023	2022
R&D Expenses	943,458	1,129,207

2. Technologies and products developed successfully in the most recent five years

Year	Product
2019	1. Test production of the intelligent ball screw i4.0BS. 2. Prototype development of non-circulating ball screw. 3. Developed and mass-produced for multiple versions of the micro-miniature linear guideways 4. Development of the SCARA robotic arm RS405/RS410-LU series 5. Developed the prototype of small robotic arms.

Year	Product
2020	1. The precision screws for vehicles have passed the IATF 16949 automotive quality management system certification. 2. The endoscope supports the robotic arm fastener family to complete the development, medical certification, and mass production. 3. Completed the prototype development of composite high-speed turntable. 4. Development and mass production of dust-proof version of Scala robotic arm. 5. Mass production of the intelligent ball screw i4.0BS.
2021	1. Prototype development of intelligent linear guideway i4.0GW. 2. Mass production of MRG-P110, a new generation of lower body strength training machine. 3. The E-series of wafer robots has been developed and currently under test-production. 4. Prototype development of composite high-speed turntable completed
2022	1. Completed the prototype development of the turntable for EDM equipment, RCH-100E. 2. Mass production of the next-generation servo rotary actuator. 3. Mass production of the four-row stainless steel linear guideway. 4. The A-series of wafer robotic arms has been developed and certified, and currently under test-production.
2023	1. Expansion of standard and customized stainless steel linear guideway. 2. Smart single-axis robot prototype completed. 3. Prototype development of EDM equipment specialized rotary table RAS-125E completed.

(iv)Long Term And Short Term Business Development Plan

1. Short-Term Business Development Plan

- (1) Commit to diversifying industrial applications, providing innovative value-added solutions for customers across industries through integrated electromechanical products.
- (2) Continuously optimize linear motion products, strengthen competitiveness, and maintain market leadership.
- (3) Increase the sales proportion of new electromechanical products, including torque motor rotary tables, robot arms, keyways, gearboxes, and electromechanical integration products, to explore new niche markets.
- (4) Expand the customer base in metal processing, promote the 3+1 axis machine upgrade model, and drive the upgrade of the machinery industry.
- (5) Assist high-end 5-axis machines with HIWIN all-electric Torque Motor rotary tables, providing customers with breakthrough solutions with high precision and speed.
- (6) Deepen involvement in the semiconductor industry, positioning HIWIN components, robots, subsystems, system components, and Total Solution as critical in the supply chain for trending industrial processes.
- (7) Focus on the trend of green energy, develop customer applications related to solar energy, wind power generation, and other related industries.
- (8) Seize opportunities in the development of new energy vehicles and the replacement of fuel-powered vehicles with electric ones.
- (9) Promote robot module systems for use in industries such as semiconductors, PCB, healthcare, food, machine tools, and welding.

- (10) Utilize research and development capabilities to continuously provide customers with intelligent products featuring predictive maintenance capabilities.
- (11) Demonstrate achievements in ESG initiatives and offer customers products compliant with net-zero carbon emissions and energy-saving and carbon-reducing standards, aiding customers in accelerating their ESG deployment.

2. Long-Term Business Development Plan

- (1) Leverage group resources and the integration advantage of electromechanical products to diversify industrial applications and provide customers with innovative value-added holistic solutions.
- (2) Develop partnerships with system integrators and expand beyond existing distributor sales channels to create a comprehensive and efficient sales network, maximizing the synergies of integrated electromechanical product marketing.
- (3) Extend sales channels and service networks to end customers, assisting in the overall transformation and upgrade of the industry chain.
- (4) Focus on equipment needs and business opportunities related to global infrastructure projects, including wind power, solar energy, nuclear power generation, and rail transit facilities.
- (5) Develop green business opportunities and collaborate with customers to achieve ESG goals.
- (6) Monitor geopolitical trends and global supply chain restructuring, accelerating efforts in regions such as Eastern Europe, Canada, Mexico, Southeast Asia, and India. Expand localized service networks to support regional industrial opportunities.
- (7) Continuously drive ESG initiatives to achieve established milestones, providing international customers with products that meet net-zero carbon emissions requirements, and collaborating with customers to foster sustainable development.
- (8) Expand the application industries for Torque Motor rotary tables, becoming a key supplier for the upgrade of new-generation manufacturing and new technology applications. Seize the global demand trends in the semiconductor industry by providing customers with integrated product solutions for wafer equipment, including system/subsystem components like Wafer Robot, EFEM, Load port, transmission products like ball screws, linear guideways, keyways, gearboxes, as well as group electromechanical products like DD motors, linear motors, stages, SSA, etc.

ii. Market, Production, and Sales Status

(i) Market analysis

1. Sales Regions Of Main Products:

The main sales of HIWIN products are conducted in the following regions, i.e. Taiwan, Germany, China, Japan, and the USA:

Business Operating Locations	Unit: Thousand (TWD)	
	2023	2022
Taiwan	10,757,040	13,678,110
China	4,874,839	5,988,915
Germany	4,168,497	4,076,353
USA	1,254,724	1,438,834
Japan	988,724	1,307,180
Others	2,588,948	2,825,256
Total	24,632,772	29,314,648

2. Market Future Supply and Demand Dynamics and Growth Prospects:

The International Monetary Fund (IMF) anticipates a slowdown in global economic growth in 2024, with the United States expected to grow at a rate of 2.1%, the Eurozone and Japan at 0.9% each, and China revising its GDP growth rate down to 4.6% due to the real estate crisis and weak external demand. The United Kingdom faces severe impacts from persistently high energy prices, with growth expectations at only 0.6%.

While the global economy is gradually recovering from the COVID-19 pandemic, the Russian invasion of Ukraine, and energy crises, supply chains continue to face multiple disruptions. Geopolitical conflicts, climate change, and labor-management negotiations in the United States are pushing companies to accelerate the adoption of new supply chain strategies. At the beginning of 2024, disruptions in the Panama Canal and Suez Canal, along with escalating tensions in the Red Sea, led several shipping and energy companies to announce route changes. Geopolitical tensions further affect procurement and distribution, prompting some countries and companies to adjust trade routes.

Global trade flows are shifting toward regions outside mainland China, including Vietnam, India, and Mexico, as alternative suppliers. Demand for alternative suppliers is expected to continue rising in 2024. Meanwhile, startups and existing companies are actively establishing new supply chains based on clean energy. These transformations are impacting supply chains from semiconductors to consumer goods, challenging shipping, trucking, and other freight and logistics companies to enhance operational resilience and flexibility to cope with changes in cargo flows and demand.

From the perspective of industry demand, as of late 2023, channel inventory adjustments are nearing completion, and end-market demand is picking up. Initiatives driving applications like artificial intelligence (AI), 5G, high-performance computing, and the growth in electric vehicles are expected to create significant business opportunities. Additionally, the European Union's Carbon Border Adjustment Mechanism (CBAM), trialed in October 2023 and set to be fully implemented in 2026, is leading countries to enact carbon tariff legislation. With the onset of a carbon-priced era, global focus on green competitiveness is rising, and the dual transformation of energy and digital is becoming imperative.

Facing these market supply and demand changes, HIWIN Technologies will leverage group resources to supply critical components and automation solutions needed for production equipment, accelerating the establishment of production bases and providing rapid and stable short-chain supply through global locations to respond swiftly to market changes. HIWIN Technologies is also actively implementing ESG carbon audits and decarbonization production actions, preemptively aligning with future EU market regulatory requirements, and committing to green production and manufacturing processes that meet international standards. Overall, HIWIN Technologies is proactively addressing future uncertainties, aiming to maintain a leading position in the market while continuously pursuing innovation and excellence.

3. Competitive Niche:

- (1) HIWIN offers comprehensive electromechanical products and provides total solutions for intelligent automation and transformational upgrades.
- (2) HIWIN has a high self-production rate of system components, ensuring advantages in cost, quality, lead time, and design flexibility.
- (3) With a broad presence in various industries and global markets, HIWIN mitigates regional and industry-specific financial fluctuations risks.
- (4) Collaboration within the group creates synergy and sets HIWIN apart from its competitors.
- (5) HIWIN leads in multiple technologies, enabling its products to cater to the mid-to-high-end market with less competition from peers.
- (6) HIWIN provides flexible electromechanical integration applications and customized services tailored to customer needs. Customize services directly apply HIWIN's designs to customer products, showcasing the manufacturing capabilities of "Design in" and ESI and proactively creating customer value.

4. Factors Favorable and Unfavorable to Future Development and Response Strategies:

(1) Favorable Factors:

- (1-1) Strong brand reputation and customer satisfaction enhance company competitiveness.
- (1-2) Advanced deployment of key technologies and products ensures a solid technical foundation.
- (1-3) Linear motion products have a wide customer base.
- (1-4) Continued improvement in market share for integrated electromechanical system and subsystem products in industries like machine tools and semiconductors.
- (1-5) Increasing demand for automation and smart manufacturing due to global trends in aging populations.
- (1-6) Opportunities in industry transformation and upgrades are promising.
- (1-7) Global recognition of semiconductors as strategic commodities, leading to the establishment of semiconductor wafer plants worldwide and the development of local industry ecosystems, presenting ongoing opportunities.
- (1-8) Innovative product offerings and value-added services position the company as a partner in industry upgrades.
- (1-9) Key position and influence within industrial supply chains.
- (1-10) Rapid feedback from global distribution channels allows for proactive market responsiveness.
- (2) Unfavorable Factors:
 - (2-1) Increasing competition and pricing pressures in the mature linear product market.
 - (2-2) Insufficient production capacity for new products.
 - (2-3) Challenges in finding suitable partners for system integration services.
 - (2-4) Difficulty in acquiring talent for smart system information.
 - (2-5) Need for Taiwanese managers to have a global perspective and cultural intelligence to support subsidiary teams globally.
 - (2-6) Continued impact of inflation on global economic development leading to cautious industry investment attitudes.
 - (2-7) Imitation of HIWIN's strategies by competitors may limit market opportunities.
 - (2-8) Geopolitical tensions and global economic uncertainties add to unfavorable conditions.
- (3) Strategies for Dealing with Unfavorable Factors:
 - (3-1) Provide differentiated services and value through integrated electromechanical solutions.
 - (3-2) Strengthen team organization for new product development and expand production capacity continuously.
 - (3-3) Dynamically adjust collaboration strategies with system integrators to attract partners with shared goals.
 - (3-4) Foster industry-academia partnerships and interdisciplinary cooperation to develop AI technology and cultivate talent in integrated information software and system control.
 - (3-5) Enhance talent development, strengthen managers' cultural intelligence, respect diverse cultures, and optimize cross-border communication skills.
 - (3-6) Strengthen global distribution channels, stabilize local industries, and mitigate or reduce the impact of global fluctuations.
 - (3-7) Leverage brand advantages, utilize successful models of industry pioneers, exert influence, and increase market share.
 - (3-8) Increase market surveillance density in local global networks and adjust local market strategies swiftly.

(ii) Important Use And Manufacturing Process Of Main Products

1. Primary Use Of Products:

HIWIN's drive control products are mainly applied in semiconductor and optoelectronic manufacturing and testing equipment, automation equipment, biochemical and medical equipment, electronic equipment, machine tool, solar equipment, LED, industrial machinery, etc. The

Company's series of drive control products correspond to the requirements of the rising environmental awareness and pursuit of high-quality life in modern society, including low pollution, low noise, low power consumption, automatic control, and refinement. Therefore, the more advanced the industry, the larger the demand.

2. Manufacturing Process Of Main Products:

(1) Ball Screw

Tapping → thermal treatment → thread-cutting → shoulder machining → external diameter processing → precision shaping → test → assemble → inspect

(2) Linear Guideway

Thermal treatment → drill hole → precision forming → inspect → assemble → final inspection

(iii) Supply Of Main Raw Materials

Material	Country	Supply status
Steel	Taiwan	Good
Steel	Japan	Good
Steel	Germany	Good
Steel	South Korea	Good

(iv) Customers With Over 10% Of Gross Purchase Or Gross Sales In Any Year Of The Most Recent 2 Fiscal Years:

1. List of manufacturers with over 10% of gross purchase

Unit: Thousand (TWD)

2022				2023			
Name	Amount	% to Net Purchases	Relationship with the Issuer	Name	Amount	% to Net Purchases	Relationship with the Issuer
Supplier A	1,149,051	11.0	None	No manufacturers that take up more than 10% of total purchase			
Others	9,344,213	89.0					
Net Purchases	10,493,264	100.0		Net Purchases	7,949,578	100.0	

Cause of increase or decrease: Mainly due to the impact of the Russia-Ukraine war and the US-China trade tensions. To ensure a steady supply of materials, the company procured a larger quantity of steel from supplier A in advance.

2. List of customers with over 10% of gross sales

Unit: Thousand (TWD)

2022				2023			
Name	Amount	% to Net Sales	Relationship with the Issuer	Name	Amount	% to Net Sales	Relationship with the Issuer
Client A	4,442,513	15.2	None	Client A	3,385,931	13.7	None
Client B	3,052,680	10.4	None	Client B	3,151,394	12.8	None
Others	21,819,455	74.4		Others	18,095,447	73.5	
Net Sales	29,314,648	100.0		Net Sales	24,632,772	100.0	

Cause of increase or decrease: No major changes in the last two terms.

(v) Production quantity and value of the most recent 2 fiscal years

Unit: Thousand (TWD)

Quantity \ Year Commodity	2022			2023		
	Capacity	Production Quantity	Production Value	Capacity	Production Quantity	Production Value
BS	2,750	2,272	6,350,096	2,750	2,272	6,350,096
GW	33,700	32,169	20,517,181	33,700	32,169	20,517,181

(vi) Sales quantity and value of the most recent 2 fiscal years

Unit: Thousand (TWD)

Commodity	Quantity	Year	2022				2023			
			Domestic Sales		Export Sales		Domestic Sales		Export Sales	
			Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
BS	204		850,240	2,113	5,461,797	204	850,240	2,113	5,461,797	
GW	585		685,609	30,773	18,053.563	585	685,609	30,773	18,053.563	
Other	—		435,965	—	3,827,474	—	435,965	—	3,827,474	
Total	—		1,971,814	—	27,342,834	—	1,971,814	—	27,342,834	

iii. Employee Data Of The Most Recent Two Years And Up To The Publication Date Of This Annual Report

Year		2022	2023	As of March 31, 2024
Number of Employees (Note)	Indirect Employees	2,482	2,473	
	Direct Employees	3,968	3,980	
	Total (people)	6,450	6,453	
Average Age (Note)		35.32	35.4	
Average Length of Service (Note)		6.47	8.0	
Education Background (%)	Doctor	0.25	0.25	
	Master	11.12	10.60	
	Junior College	53.05	52.74	
	High School	31.74	32.05	
	Without A High School Diploma	3.84	4.37	

Note: Information of number of employees, average age, average length of service, and education background include that of subsidiaries

iv. Information Regarding Expenditure On Environmental Protection

Information of the Company's environmental safety and health:

(i) Environmental Safety And Health Management Performance:

1. Passed the ISO 14001 environmental management system verification in 1997.
2. Gong Plant I passed OHSAS 18001 Occupational Safety and Health Management System verification in 2002.
3. Gong Plant I passed Taiwan Occupational Safety and Health Management System (CNS15506) verification in 2008.
4. Gong Plant I was awarded Outstanding Unit with No Disasters in Working Hours (no disabling injuries for 7,593,510 hours) by the Council of Labor Affairs, Executive Yuan, in 2011.
5. Passed BSI ISO14064-1 (Greenhouse Gas) external audit in 2012 and continues to conduct external audits yearly.
6. The ball screw passed PAS 2050 (Product Carbon Footprint) external audit in 2012.
7. The Operational Headquarters, Gong Plant II, Tanzi Plant, and Yunke Plant I & II passed TUV OHSAS 18001 and Occupational Safety and Health Management System (CNS15506) verifications and gained Performance Recognition of the Occupational Safety and Health Management System, Ministry of Labor, in 2013.
8. The Operational Headquarters acquired Cleaner Production Evaluation System Certificate from Industrial Development Bureau, MOEA, in 2013.
9. The Operational Headquarters passed TUV ISO 50001 energy management system verification in 2014.
10. Gong Plant II and Yunke Plant passed TUV ISO 50001 energy management system verification in 2015.

11. The Operational Headquarters, Gong Plant II, Tanzi Plant, and Yunke Plant I & II passed the annual certificate changing of TUV OHSAS 18001 and Occupational Safety and Health Management System (CNS15506).
12. Gong Plant I and Tanzi Plant passed TUV ISO 50001 energy management system verification in 2016.
13. The operating headquarters and Plant I passed ISO 14001: 2015 edition verification in 2017.
14. Yunke Plant II passed TUV ISO 50001 energy management system verification in 2018.
15. Gong Plant I was awarded the Gold Medal of the Republic of China Industrial Safety and Health Association for the award of the Excellent Unit for Disaster-free Working Hours (accumulated 12,058,371 hours without disability injury) in 2018.
16. Received the Occupational Safety and Health Management System ISO 45001 International Standard Certification in 2019.
17. Passed the ISO50001:2018 transition verification in 2019.
18. In 2020, the R16 ball screw and RGW45 linear guideway passed the ISO14067:2018 external verification.
19. Passed the ISO14046:2014 external organization water footprint verification in 2020.
20. Passed the ISO14064-1:2018 transition in 2021.
21. Jingke Plant 2, Yunke Plant 1 to 4, and Dapumei Plant 1 and 3 passed ISO 14001:2015 edition verification in 2022.
22. The Operating Headquarters passed ISO 46001: 2019 edition verification in 2022.

(ii) Air Pollution Control

1. According to the stationary pollution source process under environmental regulations, the Company installs pollution prevention equipment and maintains them regularly to improve their stability and ensure the exhaust meets regulatory requirements.
2. The Company regularly measures various pollutant concentrations and confirms they are far below regulatory limits.

(iii) Water Resource And Wastewater Management

1. Every plant has wastewater treatment equipment that processes wastewater and discharges it into the sewage system after it meets effluent standards.
2. Each plant has applied for a water pollution prevention and control measure license by law and regularly commissions a testing agency accredited by the Environmental Protection Agency to the factory to detect the wastewater discharge situation to monitor the discharge water quality regularly and effectively. In 2022, the wastewater discharge met regulatory standards.
3. The Company holds regular drills according to the wastewater treatment procedure every year to reduce the impact of improper wastewater treatment on the environment.
4. To implement water resource management, the Department of Industrial Safety and Environmental Protection calculates tap water consumption weekly to confirm whether the water consumption is normal.
5. For domestic sewage: HIWIN set up reclaimed water recycling systems at the Operational Headquarters, Jingke Plant 2, Yunke Plant 1, 2, and 3, and Dapumei Plant 3. The recovered domestic sewage is mostly used for flushing toilets and irrigating plants. The wastewater from Yunke Plant 2 & 3 and Dapumei Plant 3 is treated and used for its process. In 2023, 81,098 metric tons of water were recovered, which was an increase of 24,347 metric tons from 56,751 metric tons in 2022.

(iv) Waste Management

1. The types of waste generated by HIWIN include general business waste and hazardous business waste. These wastes are temporarily stored in different designated waste storage areas for their type and then transported by an approved cleaning agency recognized by the Environmental Protection Agency. Occasionally, personnel accompany the waste shipment to the disposal facility to ensure compliance with environmental regulations and prevent any leaks or violations. In 2022, there were two violations involving the failure to transport waste within

- the specified time limit and improper storage in the designated area. Subsequently, HIWIN amended its waste management plan and corrected its standard operating procedure.
2. HIWIN continues to promote waste reduction activities by providing waste management and recycling education to new employees upon entering the company. HIWIN also organizes regular training programs for employees on the job and inspects waste management efforts in various departments. The waste management status of each department is reported in meetings to implement waste classification and reduction goals effectively. In 2022, the training completion rate reached 100%.
 3. HIWIN's waste management adheres to the principle of recycling to avoid ineffective waste treatment and minimize environmental impact. HIWIN conducted life cycle assessments of raw materials, products, transportation, packaging, and other factors. In 2023, the total waste output was 10,280 metric tons (9,806 metric tons of general business waste and 474 metric tons of hazardous business waste). All wastes were recycled or directly disposed of (incinerated and buried). Among the general business waste, 8,492 metric tons (83% of the total waste output) were recycled, representing a 5.6% decrease in utilization compared to 2022.

(v) Energy Management And Reduction

1. Total losses (including compensation) and punishment, future countermeasures (including improvement measures), and possible expenditures (including the estimated amount of losses, punishment, and compensation due to failure to take countermeasures; those not able to be estimated reasonably should be stated clearly) in the most recent fiscal year and as of the publication date of this Annual Report: Not applicable since HIWIN hasn't suffered any loss (including compensation) or punishment due to environment pollution in the most recent fiscal year and as of the publication date of this Annual Report.
2. HIWIN's Operational Headquarters, Gong Plant II, Jingke Plant 2, Yunke Plants, and Chiayi Dapumei Plants established the ISO 50001 energy management system. Through system implementation and energy diagnosis, the Company effectively managed its energy usage, formulated energy management policies, advocated energy-saving policies, and set reduction goals. After the implementation and improvement in 2023, the Company saved 10,542 kWh electricity, resulting in an annual cost savings of approximately 38.23 million yuan. In addition, the Company reduced 5,214 metric tons of carbon dioxide emissions.

Energy Saving Issue	Plans	Annual energy saved (kWh)	Annual savings (10k NTD)	Carbon reduction (tons of CO ₂ e)
Air compressor system	9	1,159	421	574
Air conditioner system	3	1,416	514	701
Improvement of process	4	298	108	148
Energy-saving standby	8	7,659	2,780	3,791
Total	24	10,532	3,823	5,214

3. Setting energy-saving goals: HIWIN will set another 29 energy-saving goals in 2024, estimated to save 7,637 kWh electricity, approximately NTD 27.72 million of annual cost, and directly reduce 3.780 metric tons of carbon emissions.

v. Labor-Management Relationships

- (i) **Employee welfare measures, further education, trainings, retirement system and implementation, labor-management agreement and employee benefit protection measures:**

HIWIN places great importance on its employees. To pursue sustainable operations, create a safe, clean, and high-quality working environment, and make employees enjoy work, HIWIN joins hands with Taiwan's industry and commerce to promote a "Happy Enterprise," paying attention to the balance between employees' work and life. HIWIN referenced international human rights conventions to formulate and disclose its safeguarding human rights policies. HIWIN also provides employees a stage for development, cultivates talents, and offers generous salaries and welfare. To make employees have a sound mind and body, HIWIN holds occasional activities, such as mountain climbing, hiking, and sports day events regularly, and provides professional health consultation by inviting doctors to plants. HIWIN provides employees with diverse communication channels, such as labor meetings, departmental meetings, monthly meetings, suggestion boxes, and hotlines, to listen to their opinions and facilitate harmony between employees and the employer.

Since its foundation, HIWIN has considered employees its greatest asset, showing its appreciation for talents. HIWIN hires workers fairly and openly, implements gender equality, and treats employees equally, regardless of gender, religion, race, nationality, or political party. HIWIN respects all talents and actively employs people with disabilities to care for them and achieve sustainable operations. To recruit talents (such as R&D alternative service personnel) from various backgrounds, HIWIN actively collaborates with universities and colleges to facilitate internships, industry-academia cooperation, and corporate visits.

1. Employee welfare measures

(1) Taiwan Headquarters

HIWIN provides employee welfare policies such as medical care, comprehensive insurance plans for employees, meal subsidies, wedding and funeral subsidies, childcare subsidies, employee dormitories, and employee compensation. These policies ensure that each employee receives care for their physical and mental health and that their families have a better quality of life and, in turn, become the tower of strength for HIWIN employees. HIWIN provides a comprehensive welfare system as follows:

Welfare system	Items
Insurance/Medical Care	Group insurance, regular health examination, flu shots
Comprehensive insurance plans for employees	In accordance with the law, HIWIN provide labor insurance and national health insurance coverage for each employee to ensure comprehensive protection. Additionally, to ensure the livelihood of the employees and their families, HIWIN also has group insurance coverage for medical care, accidents, critical illnesses, and other insurance for employees and their dependents.
Epidemic prevention leave	In response to COVID-19, during the pandemic, HIWIN provide paid "Business-related Quarantine Leave" to employees traveling abroad. For employees taking care of their family members or undergoing self-isolation, HIWIN provide "Quarantine Leave" without affecting their attendance record, allowing employees to contribute to the epidemic prevention efforts.
Meal subsidy	To promote development and motivate employees and teams, the Company provides quarterly "Meal Subsidies" to departments for employees to arrange group meals or entertainment activities, enabling them to relax and get closer to each other outside of work.
Wedding and funeral subsidy	To enhance employee well-being, the Company offers marriage bonuses ranging from NTD 3,600 to 60,000 based on their position and years of service. In the unfortunate event of the employee or their dependents passing away, the Company provides funeral condolences ranging from 3,100 to NTD 110,000.
Employee dormitory	Considering the accommodation expenses and safety concerns of out-of-town employees, HIWIN provides affordable and secure employee dormitories with a comprehensive safety management system. The dormitories have 24/7 security and organize disaster prevention drills. Dorm supervisors also care for the employees to ensure a comfortable living environment, promote

	interactions, and save expenses for employees.
Employee compensation	If the Company has earnings at the end of a fiscal year, it should allocate a maximum of 10% and a minimum of 1% for employee remuneration, allowing labor and management to share in the Company's success.
Female employee welfare	1.Childcare subsidy: Recognizing that the declining birth rate in Taiwan has become a future national concern, the Company provides a childcare subsidy of NTD 180,000 per child over three years to encourage employees to have children and share the burden of childcare expenses, fulfilling the Company's social responsibility. The subsidy plan was initially for two years and was extended to three years on October 1, 2017. Accumulative to the end of 2023, 1,486 employees have received childcare subsidies. 2.Parental Leave: In 2023, 37 employees applied for parental leave. Among these employees, 42 were expected to return to work, and 29 have returned. 3.Employee retention after returning to work: Among the 12 employees who returned in 2023, 10 remained employed by the end of 2023.
Others	Employee cafeteria, employee parking lot, provision of free meals and snacks for overtime work, travel subsidies, holiday vouchers, birthday vouchers, discounts at designated stores, sports competition bonuses, massage services, occasional cultural and art activities, and various activities that enhance physical and mental health.

Since 2012, HIWIN has been implementing the "Childcare Subsidy" policy to enhance Taiwan's birth rate and economic development. Regardless of gender, employees who have newborns are eligible for a monthly subsidy of NTD 5,000 for three consecutive years (up to a maximum of NTD 180,000). This policy values the employees' work contributions and enables them to establish happy families and fulfill their generational responsibilities.

(2)Subsidiaries

- The subsidiaries implement employee welfare measures under local laws and labor market conditions. Performance bonuses are provided based on the business conditions of each subsidiary.

2. Continuing education and training:

(1) Taiwan Headquarters

- Excellent human resources are the cornerstone of sustainable business operations. To enhance the capabilities and qualities of the employees and maintain a long-term competitive advantage, the Company's chairman of the board, general manager, and first-level senior managers serve as internal instructors. Over the past five years, the Company has spent tens of millions annually on employee education and training, with a per capita training cost of at least NTD2,000/person per year, ensuring that every employee has training opportunities.
- The Company's training program includes recruit training, core competency training, professional competency training, management competency training, and off-site training. Employees can receive appropriate education through diversified and enriching training programs including classroom training, on-the-job training, off-site training, study groups, lectures, advanced studies for degrees, job rotation, and project assignments.
- The Company provides tuition reimbursement programs for employees interested in continuing education to get degrees. The Company has also collaborated with schools to offer two-year college programs for employees who wish to continue their education.

(2) Subsidiaries

- Each subsidiary provides new recruit training, core competency training and professional competency training, and gives employees opportunities to further their education depending on the situation.

3. Retirement system:

HIWIN has a sound financial system and has established employee retirement programs in accordance with the Labor Standards Laws and the Labor Pension Act, allocating stable pension and benefits to its employees. The Company also commissions actuaries to provide regular pension reports to ensure the pension balance and safeguard the rights of employees to receive retirement benefits in the future.

(1) Taiwan Headquarters

- Excellent human resources are the cornerstone of sustainable business operations. To enhance the capabilities and qualities of the employees and maintain a long-term competitive advantage, the Company's chairman of the board, general manager, and first-level senior managers serve as internal instructors. Over the past five years, the Company has spent tens of millions annually on employee education and training, with a per capita training cost of at least NTD2,000/person per year, ensuring that every employee has training opportunities.
- The Company's training program includes recruit training, core competency training, professional competency training, management competency training, and off-site training. Employees can receive appropriate education through diversified and enriching training programs including classroom training, on-the-job training, off-site training, study groups, lectures, advanced studies for degrees, job rotation, and project assignments.
- The Company provides tuition reimbursement programs for employees interested in continuing education to get degrees. The Company has also collaborated with schools to offer two-year college programs for employees who wish to continue their education.
- Retirement system and implementation:

Pension System	Old system	New system
Applicable law	Labor Standards Law	Labor Pension Statutes
Distribution method	2% of the employee's monthly salary, deposited in the name of the company into a Bank of Taiwan account	6% of the employee insurance level is paid to the individual account of the Labor Insurance Bureau
Distribution Amount	Labor Retirement Reserves amounted to NTD 216,225,000 as of the end of December, 2023	New pensions of NTD 153,339,000 in 2023

(2) Subsidiaries

- Each subsidiary implements according to the local laws.

4. Labor agreement and employee benefit protection measures:

- HIWIN Technologies has always attached great importance to employee welfare. HIWIN adopts a two-way communication and coordination approach in labor management and holds regular labor-management meetings to harmonize labor relations and discuss labor cooperation promotion, labor conditions, and employee welfare. As a result, the labor-management relationship has been harmonious since the establishment of the company, and no significant labor disputes have occurred.
- In addition to providing group insurance, HIWIN organizes occasional environmental health and safety lectures and courses and regularly publishes electronic newsletters on environmental health and safety to ensure the personal safety of employees and enable them to handle emergencies appropriately.

(ii) **Losses Caused By Labor Disputes In The most recent fiscal years And As Of The Publication Date Of This Annual Report:**

As of the publication date of this Annual Report, HIWIN (including the parent company and its subsidiaries) has a harmonious relationship between employers and employees, and there are no major losses arising from labor disputes and conflicts.

(iii) **Any Code Of Conduct On Employee Behavior Or Code Of Ethics?**

HIWIN Technologies has work rules in place to regulate matters such as employees' working hours, rewards and penalties, promotions, and welfare measures.

vi. Information Security Management

Information security management is one of the essential risks in corporate governance. To fulfill the responsibility of protecting information for customers, suppliers, and employees, HIWIN has been implementing various information security systems and tools. To achieve systematic information security management and verify its effectiveness through external third-party validation, the Company began developing and introducing the ISO 27001 Information Security Management System in mid-2022. By the end of 2022, the Company conducted an audit, approved the information security objectives and policies, and established the Information Security Management Committee. The progress of these efforts demonstrates the management's determination and support for promoting information security, allowing employees to recognize the managers' commitment and the importance of organizational information security.

(i) Organization and management structure:

HIWIN has established a dedicated information supervision unit based on the original information management organization. The senior executives oversee its operations and submit regular reports on information security management efforts to the Chairman. Regarding horizontal integration within the organization, department managers are included in the information supervision organization to ensure the implementation of information security management across the organization.

1. Organizational responsibilities: The Company established the Information Security Management Committee, with General Manager as the Chairman and departmental managers from the Information Department (consisting of five divisions, including the Risk Management Division), the Audit Office, and other departments. Together, they formulate information security objectives and development strategies and coordinate the management of information security matters.
2. Senior management participation: The Chairman announces the Company's information security objectives and policies and oversees the implementation of these objectives through performance evaluation systems. This top-down approach promotes the establishment, implementation, and risk management of information security systems.
3. Implementation and promotion: Each departmental manager is included in the Information Security Management Committee to collectively promote and manage information security affairs, ensuring that all employees recognize the necessity and importance of information security and implementing related control measures.
4. System and culture: The Company introduced the ISO 27001 Information Security Management System and the Trusted Information Security Assessment Exchange (TISAX) platform. Using the Plan-Do-Check-Act (PDCA) management method, the Company pursues continuous improvement to enhance existing information security management measures and make it an integral part of the corporate culture.

The Company incorporates information security regulations into its internal control management. The Board of Directors is responsible for decision-making and annual reviews to ensure the confidentiality, integrity, availability, and legality of information assets.

(ii) Information security policies:

Goals:

Effectively managing the security of the Company's data, systems, equipment, and networks is the best assurance for the Company, its shareholders, employees, customers, and suppliers. To this end, the Company not only constantly strengthens its ability to protect information security but also enhances employees' understanding and awareness of information security to reduce risks related to information operations. The Company also mandates its outsourced service providers and visitors to comply with applicable security management regulations to reduce information security risks. The Company received international standard certification consulting for the ISO 27001 Information Security Management

System" in 2022 and obtained ISO 27001 certification on March 31, 2023 (valid from March 31, 2023, to October 31, 2025). By implementing the Information Security Management System, the Company aims to strengthen its ability to respond to information security incidents and protect the Company's and its customers' assets. The information personnel and security managers in the Information Department are responsible for coordinating and implementing information security policies. They regularly report the implementation status to General Manager or higher-level management. They also assist the Human Resources Department in providing information security education and training to enhance employee awareness of information security. The Audit Office conducts annual audits of information security internal controls to assess the effectiveness of the Company's information operations and internal controls.

Implementation method:

- (1) Formulating information security operating regulations, defining security management objectives and operational guidelines, and promoting their implementation.
- (2) Establishing security measures such as identity authentication and access control and strengthening the management and review of internal and external information dissemination processes to prevent the unauthorized disclosure, errors, or tampering of confidential data.
- (3) Establishing a cross-departmental information security organization to formulate, promote, implement, evaluate, and improve measures for information security management to ensure the Company has an environment supporting business continuity.
- (4) Organizing information security education and training to enhance employees' awareness of and compliance with information security measures.
- (5) Establishing and implementing risk assessment mechanisms for information security to ensure the effectiveness and timeliness of information security management.
- (6) Implementing an internal audit system for information security to ensure the implementation of information security management.
- (7) Regularly reviewing and continuously improving the Company's information security management system.

(iii) Specific information security management plans and resource allocation:

In 2022, HIWIN Technologies invested in additional cybersecurity measures by subscribing to the top-ranked MDR (Managed Detection and Response) threat detection and response service by international Gartner ratings. This service provides 24/7 monitoring of system activities by dedicated personnel, enhancing protection for servers and endpoints. Upon threat detection, the system and personnel intervene promptly to achieve better passive defense. The actual cybersecurity management data for 2022 includes convening 14 cybersecurity meetings, adding/revising 51 cybersecurity-related forms, completing cybersecurity education training for 559 new employees, with 92% of system administrators completing advanced cybersecurity training courses, and 85% of system users completing cybersecurity awareness training. Additionally, four cybersecurity-related awareness emails were issued, and two email social engineering drills were conducted, evaluating the cybersecurity awareness capabilities of approximately 5,000 individuals.

Effectively managing the security of the company's data, systems, equipment, and networks is crucial for the best interests of the company, shareholders, employees, customers, and suppliers. Therefore, the company not only continues to strengthen its information security protection capabilities and enhance employees' correct concepts and awareness of information security protection to reduce information operation-related risks but also requires outsourced service providers and visitors to comply with relevant security management regulations. Any actions that jeopardize information security, regardless of the person involved, will be subject to civil, criminal, and administrative responsibilities or dealt with according to the company's regulations, demonstrating the company's determination to safeguard information security. The company has also established the following specification points and management plans for information security objectives:

Category/Item/Topic	Specific Management Plan/Resources
Firewall Protection	■ Upgraded to the Layer 7 Firewall

	■ Establish protocols for connection and communication control ■ Block identifiable threats and attacks.
Internet Access Control Mechanism	■ All internet communications must pass through a securely managed gateway. ■ Prohibit access to websites that pose security risks or are unrelated to work. ■ Record and audit unnecessary access actions.
Endpoint Protection	■ Deploy multi-layered and multi-dimensional endpoint protection systems, utilize virus patterns, and provide sandbox protection for unknown program behaviors ■ Subscribe to highly-rated MDR threat detection and incident response services for servers and important hosts
Operating System Updates	■ Establish Microsoft's automatic security update system to update computer operating systems proactively. ■ Identify and update hosts listed as "update incomplete" in the endpoint security protection system. ■ Gradually phase out computers with operating systems or applications no longer receiving security updates
Email Security Management	■ Implement a gateway system that filters SPAM (junk) emails and multi-layered security threat emails. ■ Activate virus scanning engines in the SPAM system to prevent harmful attachments.
Mobile Device Management	■ Prohibit the use of mobile phones or smartphones with Wi-Fi ■ Manage business phones through Android Enterprise registration ■ Install mobile device management systems such as MDM/MAM/MCM
Network Access Control	■ Implement internal network security control systems such as NAC (Network Access Control), IPAM (IP Address Management), and IAM (Identity and Access Management).

To implement information security objectives and policies, HIWIN provides education and training to raise the information security awareness of all system users:

1. Announce information security messages through multiple channels

- (1) Include information security awareness and general security management principles in the new employee training to ensure that employees understand the concepts and necessary attitudes towards information security from the start of their employment.
- (2) Continue broadcasting information security awareness messages through check-in KIOSK devices installed in various workplaces.
- (3) Whenever an employee logs in to a computer, a mandatory pop-up window shows messages on information protection, intellectual property rights, and basic system security management principles, integrating information security management requirements into employees' daily operations.
- (4) Employees who violate information security management or information protection regulations are subject to disciplinary actions based on the severity of the violation, demonstrating the Company's determination to maintain information security.

2. Perform drills to verify the level of security protection:

- (1) Outsource social engineering attack drills to assess the effectiveness of HIWIN's education and training in enhancing employee awareness and behavioral understanding of information security and make improvements based on the results.
- (2) Commission the Institute for Information Industry (III) to conduct security assessments using the MITRE framework on benchmark industrial control products to validate the security requirements in product development.

(iv) Response to emerging new types of information security threats:

1. Offsite backup: The Company primarily uses the virtualized infrastructure of data centers for its servers. Based on the virtualization architecture with Changed Block Tracking (CBT) technology, the

Company performs continuous drive snapshots and backups and transmits them to storage devices in offsite data centers daily. This enables quick system restoration in the event of a severe security incident.

2. Heterogeneous backup: For critical information assets with high risks, in addition to offsite backups, heterogeneous backup software and hardware with heterogeneous communication protocols are implemented to enhance the ability to respond to severe security incidents involving encryption ransomware.

(v) Continuous improvement of information security applications:

Since most of HIWIN's core information applications are self-developed, steady improvement of security features is necessary to achieve the Company's security objectives and strategies. In 2022, a total of 92 application security improvement designs were implemented in eight areas, including external system protection, technical risk improvement, system permission control, enhanced identification tracking, software development protection, data protection, physical file protection, and optimization of authentication mechanisms. The Company will continue to focus on these areas for the upcoming years.

(vi) Major information security incidents:

The Company has established an emergency reporting procedure for information security incidents. The Company will take appropriate measures or legal actions for any violation of the information security regulations. In addition, all employees should understand that any information obtained during working hours is company property, and unauthorized use is strictly prohibited. When an urgent security incident occurs, information personnel reports the abnormal event to the supervisor for evaluation and proposes immediate measures to mitigate damage and initiate recovery.

If it is deemed a major security incident, the Company will disclose the critical information within the timeframe specified by the law. After handling the abnormal event, the Company will commission an external information security company to investigate the incident and develop improvement plans. The proposed plans are submitted to the Chairman and General Manager for approval and implementation.

In addition to regular security policy reviews, the Company reports the results of information security implementation to the Board of Directors at least once a year. In 2023, the Company performed well, with no significant security incidents.

vii. Important Contracts

2024/03/31

Nature of Contract	Involved Party	Duration	Content	Restrictions
Contract of Factory Lease	William Tools Co., Ltd.	2014.11.16-2024.11.15	Factory Lease	None
	Wei-Chen Co., Ltd.	2020.08.01-2022.07.31 2022.08.01-2025.07.31	Factory Lease	None
	UDIFA Co., Ltd.	2022.01.01-2023.12.31	Factory Lease	None
	Yunlin Technology-based Industrial Park Service Center, MOEA	2016.12.19-2036.12.18	Land Lease	None
	Hsieh Cheng Co., Ltd.	2020.09.16-2027.07.31	Factory Lease	None
	HIWIN Mikrosystem Corp.	2022.01.01-2023.12.31	Factory Lease	None
Long-Term Loan	Bank of Taiwan	2011.06.16-2026.06.16	Secured Loan	None
	Bank of Taiwan	2012.08.22-2027.08.22	Secured Loan	None
	Bank of Taiwan	2014.07.21-2029.07.21	Secured Loan	None
	Bank of Taiwan	2014.07.30-2029.07.30	Secured Loan	None
	Bank of Taiwan	2015.05.04-2030.05.04	Secured Loan	None
	Bank of Taiwan	2016.11.21-2031.11.21	Secured Loan	None
	Bank of Taiwan	2016.11.21-2023.11.21	Secured Loan	None
	Bank of Taiwan	2016.02.04-2031.02.04	Secured Loan	None
	Bank of Taiwan	2019.02.21-2026.02.21	Secured Loan	None

	Bank of Taiwan	2019.02.21-2034.02.21	Secured Loan	N/A
	Bank of Taiwan	2020.05.06-2027.04.15	Secured Loan	N/A
	Bank of Taiwan	2020.04.21-2030.04.15	Secured Loan	N/A
	Bank of Taiwan	2020.04.21-2027.04.15	Secured Loan	N/A
	Chang Hwa Bank	2020.05.26-2027.05.15	Secured Loan	N/A
	Chang Hwa Bank	2020.03.26-2030.03.26	Secured Loan	N/A
	Chang Hwa Bank	2020.03.26-2035.03.26	Secured Loan	N/A
	China Export and Import Bank	2020.04.30-2027.04.15	Secured Loan	N/A
	Land Bank of Taiwan	2021.02.04-2026.02.04	Secured Loan	N/A
	KGI Bank	2022.12.05-2024.12.05	Credit Loan	N/A

VI. Financial Overview

i. Condensed balance sheets and comprehensive income statements of the most recent five fiscal years

(i) Condensed balance sheet - International Financial Reporting Standards (consolidated)

Unit: Thousand (TWD)

Subject \ Year		2019	2020	2021	2022	2023
Liquid Assets		14,847,455	15,609,183	18,553,372	20,318,800	19,228,208
Immovable Property, Plant and Equipment		28,279,428	27,864,527	27,354,252	27,678,842	28,214,864
Intangible Assets		256,163	256,163	256,163	256,163	256,163
Other Assets		4,948,810	4,307,909	4,868,032	3,885,861	3,737,555
Total Assets		48,331,856	48,037,782	51,031,819	52,139,666	51,436,790
Liquid Liabilities	Before Distribution	15,622,870	12,451,303	13,852,541	9,410,217	7,959,998
	After Distribution	16,180,112	13,113,036	15,386,106	11,356,074	Note 2
Non-Liquid Liabilities		9,054,509	8,197,085	6,712,163	7,764,782	8,362,467
Total Liabilities	Before Distribution	24,677,379	20,648,388	20,564,704	17,174,999	16,322,465
	After Distribution	25,234,621	21,310,121	22,098,269	19,120,856	Note 2
Equity Attributable to the Parent Company		23,743,253	27,562,128	30,280,285	34,751,330	34,998,024
Capital Stock		3,095,789	3,308,663	3,407,923	3,537,923	3,537,923
Capital reserve		3,236,274	5,600,568	5,516,470	7,479,735	7,479,735
Retained Earnings	Before Distribution	17,116,355	18,256,261	20,680,752	23,459,261	23,588,350
	After Distribution	16,559,113	17,594,528	19,147,187	21,513,404	Note 2
Other Equities		294,835	396,636	675,140	274,411	392,016
Non-Controlling Equities		(88,776)	(172,734)	186,830	213,337	116,301
Total Equity	Before Distribution	23,654,477	27,389,394	30,467,115	34,964,667	35,114,325
	After Distribution	23,097,235	26,727,661	28,933,550	33,018,810	Note 2

Note 1: The consolidated balance sheet is based on International Financial Reporting Standards and audited and certified by account

Note 2: The 2023 dividend distribution was approved by the Board of Directors on February 27, 2024, but it has not yet been approved by the shareholders meeting.

(ii) Condensed balance sheet - International Financial Reporting Standards (individual)

Unit: Thousand (TWD)

Subject \ Year		2019	2020	2021	2022	2023
Current assets		11,161,567	11,602,773	13,634,036	13,505,839	12,504,564
Property, plant and equipment		22,336,826	21,629,762	21,339,966	21,166,992	21,488,817
Intangible assets		-	-	-	-	-
Other assets		8,495,812	8,581,402	8,995,177	10,124,351	10,405,269
Total assets		41,994,205	41,813,937	43,969,179	44,797,182	44,398,650
Liquid	Before Distribution	10,998,741	7,571,678	9,009,642	5,923,664	4,953,511
Liabilities	After Distribution	11,555,983	8,233,411	10,543,207	7,869,521	Note 2
Non-Liquid Liabilities		7,252,211	6,680,131	4,679,252	4,122,188	4,447,115
Total Liabilities	Before Distribution	18,250,952	14,251,809	13,688,894	10,045,852	9,400,626
	After Distribution	18,808,194	14,912,542	15,222,459	11,991,709	Note 2
Equity Attributable to the Parent Company		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Capital Stock		3,095,789	3,308,663	3,407,923	3,537,923	3,537,923
Capital reserve		3,236,274	5,600,568	5,516,470	7,479,735	7,479,735
Retained	Before Distribution	17,116,355	18,256,261	20,680,752	23,459,261	23,588,350
Earnings	After Distribution	16,559,113	17,594,528	19,147,187	21,513,404	Note 2
Other Equities		294,835	396,636	675,140	274,411	392,016
Non-Controlling Equities		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Total Equity	Before Distribution	23,743,253	27,562,128	30,280,285	34,751,330	34,998,024
	After Distribution	23,186,011	26,900,395	28,746,720	32,805,473	Note 2

Note 1: The individual balance sheet is based on International Financial Reporting Standards and audited and certified by accountants.

Note 2: The 2023 dividend distribution was approved by the Board of Directors on February 27, 2024, but it has not yet been approved by the shareholders meeting.

(iii) Condensed income statement - International Financial Reporting Standards (consolidated)

Unit: Thousand (TWD) (Earnings per Share is 1 NTD)

Item \ Year	2019	2020	2021	2022	2023
Operating Revenue	20,209,798	21,266,659	27,265,162	29,314,648	24,632,772
Operating Margin	6,775,015	5,790,407	9,815,408	10,715,350	7,655,250
Operating Profit and Loss	2,400,890	1,732,474	5,114,593	5,572,449	2,650,950
Non-Operating Income and Expenses	(191,041)	570,997	(639,773)	245,501	(110,900)
Net Profit Before Tax	2,209,849	2,303,471	4,474,820	5,817,950	2,540,050
Net Profit of the Term	1,640,877	1,698,779	3,154,693	4,311,735	1,831,510
Other Consolidated Profit and Loss of the Term (Net of Tax)	(34,226)	93,724	281,444	(374,883)	157,015
Total Consolidated Profit and Loss of the Term	1,606,651	1,792,503	3,436,137	3,936,852	1,988,525
Net Profits Attributable to Owners of the Parent Company	1,865,316	1,929,730	3,532,230	4,479,381	2,034,748
Net Profit Attributable to Non-Controlling Equities	(224,439)	(230,951)	(377,537)	(167,646)	(203,238)
Total Consolidated Profit and Loss Attributable to Owners of the Parent Company	1,827,643	2,017,501	3,814,946	4,102,206	2,192,551
Total Consolidated Profit and Loss Attributable to Non-Controlling Equities	(220,992)	(224,998)	(378,809)	(165,354)	(204,026)
Earnings per Share	5.85	5.87	10.36	12.98	5.75

Note: The consolidated income statement is based on International Financial Reporting Standards and audited and certified by accountants.

(iv) Condensed income statement - International Financial Reporting Standards (individual)

Item \ Year	2019	2020	2021	2022	2023
Operating Revenue	14,831,319	16,783,132	23,005,899	22,314,862	17,657,613
Operating Margin	4,199,689	3,849,949	7,767,170	7,288,780	4,435,732
Operating Profit and Loss	2,918,580	2,175,984	4,702,018	4,887,424	2,878,283
Non-Operating Income and Expenses	(593,695)	220,347	(170,632)	737,092	(286,599)
Net Profit Before Tax	2,324,885	2,396,331	4,531,386	5,624,516	2,591,684
Profit (loss) from continuing operations	1,865,316	1,929,730	3,532,230	4,479,381	2,034,748
Other Consolidated Profit and Loss of the Term (Net of Tax)	(37,673)	87,771	282,716	(377,175)	157,803
Total Consolidated Profit and Loss of the Term	1,827,643	2,017,501	3,814,946	4,102,206	2,192,551
Net Profits Attributable to Owners of the Parent Company	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Net Profit Attributable to Non-Controlling Equities	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Item \ Year	2019	2020	2021	2022	2023
Total Consolidated Profit and Loss Attributable to Owners of the Parent Company	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Total Consolidated Profit and Loss Attributable to Non-Controlling Equities	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Earnings per share	5.85	5.87	10.36	12.98	5.75

Note: The individual income statement is based on International Financial Reporting Standards and audited and certified by accountants.

(v) CPA name and audit opinions of the most recent 5 years

Year	Accounting firm	CPA	Audit opinion
2019	Deloitte & Touche	Tseng Dong-Yun, Wu Li-Tung	No opinion reserved
2020	Deloitte & Touche	Tseng Dong-Yun, Wu Li-Tung	No opinion reserved
2021	Deloitte & Touche	Wu Li-Tung, Tseng Dong-Yun	No opinion reserved
2022	Deloitte & Touche	Wu Li-Tung, Yan Xiao-Fang	No opinion reserved
2023	Deloitte & Touche	Wu Li-Tung, Yan Xiao-Fang	No opinion reserved

ii. Financial Analysis for the Most Recent Five Fiscal Years

(i) International Financial Reporting Standards (Consolidated)

Year		2019	2020	2021	2022	2023
Item						
Financial Structure (%)	Liability-Asset Ratio	51.06	42.98	40.30	32.94	31.73
	Ratio of Long-Term Capital to Immovable Property, Plant and Equipment	115.66	120.47	135.92	154.38	154.09
Debt- Paying Ability	Liquidity Ratio (%)	95.04	125.36	133.93	215.92	241.56
	Quick Ratio (%)	45.90	74.49	72.85	119.41	145.76
	Interest Guarantee (times)	12.20	11.43	27.45	32.13	14.04
Operating Ability	Collection Turnover Ratio (times)	3.69	3.79	5.12	7.66	7.11
	Average Collection Days	99	96	71	48	51
	Inventory Turnover Ratio (times)	1.51	2.00	2.11	1.93	1.85
	Payables Turnover Ratio (times)	3.41	5.54	4.69	5.21	5.82
	Average Inventory Conversion Days	242	183	173	189	198
	Immovable Property, Plant and Equipment Turnover (times)	0.76	0.76	0.99	1.07	0.88
	Total Assets Turnover (times)	0.42	0.44	0.55	0.57	0.48
Profitability	Return on Assets (%)	3.71	3.91	6.65	8.66	3.84
	Return on Equity (%)	6.82	6.93	11.30	13.18	5.23
	Net Profit Before Tax to Paid-up Capital Ratio (%)	71.38	69.62	131.31	164.45	71.79
	Net Profit Ratio (%)	8.12	7.99	11.57	14.71	7.44
	Earnings per Share (NTD)	5.68	5.87	10.36	12.98	5.75

Cash Flow (%)	Cash Flow Ratio	8.92	42.18	58.91	64.58	59.93
	Cash Flow Adequacy Ratio	52.46	70.06	79.69	85.62	108.95
	Cash Reinvestment Ratio	(2.17)	13.19	20.17	10.63	6.50
Degree of Leverage	Degree of Operating Leverage	3.07	3.91	2.04	1.99	3.05
	Degree of Financial Leverage	1.09	1.15	1.03	1.03	1.08
Reasons why each financial ratio has changed by 20% in the last two years: 1. The quick and liquidity ratios decreased mainly due to the repayment of loans, resulting in a decrease in liquid liabilities. 2. The collection turnover ratio increased while the average collection days decreased primarily due to a good collection of receivables, resulting in decreased receivable balance. 3. The return on assets, net profit before tax to paid-up capital ratio, net profit ratio, and earnings per share increased, mainly due to the good operating performance this year. 4. The cash reinvestment ratio decreased, primarily due to lower cash generated from business operations and higher dividend payments in this term.						

Note: The consolidated financial statement is based on International Financial Reporting Standards and audited and certified by accountants.

(ii) International Financial Reporting Standards (Individual)

Item \ Year		2019	2020	2021	2022	2023
Financial Structure (%)	Liability-Asset Ratio	43.46	34.08	31.13	22.43	21.17
	Ratio of Long-Term Capital to Immovable Property, Plant and Equipment	138.76	158.31	163.82	183.65	183.56
Debt-Paying Ability	Liquidity Ratio (%)	101.48	153.24	151.33	228.00	252.44
	Quick Ratio (%)	55.69	103.86	98.64	143.43	171.94
	Interest Guarantee (times)	23.42	21.21	67.23	99.17	57.64
Operating Ability	Collection Turnover Ratio (times)	2.54	3.12	3.66	4.36	4.71
	Average Collection Days	144	117	100	84	78
	Inventory Turnover Ratio (times)	1.87	2.81	3.35	2.87	2.71
	Payables Turnover Ratio (times)	2.92	5.03	4.50	4.84	5.18
	Average Inventory Conversion Days	195	130	109	127	135
	Immovable Property, Plant and Equipment Turnover (times)	0.69	0.76	1.07	1.05	0.83
	Total Assets Turnover (times)	0.34	0.40	0.54	0.50	0.40
Profitability	Return on Assets (%)	4.53	4.84	8.37	10.20	4.64
	Return on Equity (%)	7.78	7.52	12.21	13.78	5.83
	Net Profit Before Tax to Paid-up Capital Ratio (%)	75.10	72.43	132.97	158.98	73.25
	Net Profit Ratio (%)	12.58	11.50	15.35	20.07	11.52
	Earnings per share (NTD)	5.68	5.87	10.36	12.98	5.75
Cash Flow (%)	Cash Flow Ratio	18.59	66.18	79.90	123.31	85.85
	Cash Flow Adequacy Ratio	67.51	84.70	92.64	97.88	121.89
	Cash Reinvestment Ratio	(0.19)	13.10	18.70	14.85	5.85
Degree of Leverage	Degree of Operating Leverage	1.79	2.45	1.93	1.74	2.01
	Degree of Financial Leverage	1.04	1.06	1.01	1.01	1.02

Reasons why each financial ratio has changed by 20% in the last two years:

1. The liability ratio, quick ratio, and current ratio decreased while the cash flow ratio increased, mainly due to the repayment of loans, resulting in a decrease in liquid liabilities.
2. The interest guarantee ratio, return on assets, net profit ratio, and earnings per share increased, primarily due to the good operating performance this year.
3. The cash reinvestment ratio decreased, primarily due to lower cash generated from business operations and higher dividend payments in this term.

Note: The individual financial statement is based on International Financial Reporting Standards and audited and certified by accountants.

1. Financial Structure

(1) Debt Asset Ratio = $\text{Total Liabilities} / \text{Total Assets}$

(2) Ratio of Long-Term Capital to Immovable Property, Plant and Equipment = $(\text{Total Equity} + \text{Non-Current Liabilities}) / \text{Net Amount of Immovable Property, Plant and Equipment}$

2. Debt-Paying Ability

(1) Liquid Ratio = $\text{Liquid Assets} / \text{Liquid Liabilities}$

(2) Quick Ratio = $(\text{Liquid Assets} - \text{Inventory} - \text{Upfront Fees}) / \text{Liquid Liabilities}$

(3) Interest Protection Multiples = $\text{Profit before Income Tax and Interest Expense} / \text{Interest Expense of This Period}$

3. Operating Ability

(1) Receivables (Including Receivables and Notes Receivable from Operating Activities)

Turnover Ratio = $\text{Net Sales} / \text{Balance of Average Receivables of Each Period (Including Receivables and Notes Receivable from Operating Activities)}$

(2) Average Collection Days = $365 / \text{Receivables Turnover Ratio}$

(3) Inventory Turnover Ratio = $\text{Cost of Sales} / \text{Average Inventory}$

(4) Payables (Including Payables and Notes Payable from Operating Activities)

Turnover Ratio = $\text{Cost of Sales} / \text{Balance of Average Payables of Each Period (Including Payables and Notes Payable from Operating Activities)}$

(5) Average Inventory Conversion Days = $365 / \text{Inventory Turnover Ratio}$

(6) Ratio of Long-Term Capital to Immovable Property, Plant and Equipment = $(\text{Total Equity} + \text{Non-Current Liabilities}) / \text{Net Amount of Immovable Property, Plant and Equipment}$

(7) Total Assets Turnover Ratio = $\text{Net Sales} / \text{Total Assets}$

4. Profitability

(1) Return on Assets = $[\text{Profit and Loss After Tax} + \text{Interest Expense} * (1 - \text{Tax Rate})] / \text{Average Total Assets}$

(2) Return on Equity = $\text{Profit and Loss After Tax} / \text{Average Net Shareholders' Equity}$

(3) Net Profit Ratio = $\text{Profit and Loss After Tax} / \text{Net Sales}$

(4) Earnings per Share = $(\text{Profit And Loss Attributable to the owners of the parent company} - \text{Dividend on Preferred Stock}) / \text{Weighted Average Outstanding Shares}$

5. Cash Flow

(1) Cash Flow Ratio = $\text{Cash Flow from Operating Activities} / \text{Liquid Liabilities}$

(2) Cash Flow Adequacy Ratio = $\text{Cash Flow from Operating Activities of the last 5 years} / (\text{Capital Expenditure} + \text{Inventory Increase} + \text{Cash Dividend}) \text{ of the last 5 years}$

(3) Cash Reinvestment Ratio = $(\text{Cash Flow from Operating Activities} - \text{Cash Dividend}) / (\text{Gross Amount of Immovable Property, Plant and Equipment} + \text{Permanent Investment} + \text{Other Non-liquid Assets} + \text{Working Capital})$

6. Degree of Leverage

(1) Degree of Operating Leverage = $(\text{Net Operating Revenue} - \text{Variable Operating Costs and Expenses}) / \text{Operating Profit}$

(2) Degree of Financial Leverage = $\text{Operating Profit} / (\text{Operating Profit} - \text{Interest Expense})$

iii. The Audit Committee's Audit Report of the Financial Report for the most recent fiscal year

HIWIN Technologies Corp. The Audit Committee's Audit Report

The Board of Directors has prepared the Company's business report, financial statements, and profit distribution proposal for the fiscal year 2023. The financial statements have been audited and completed by Deloitte & Touche, jointly appointed as the auditors, and an audit report has been issued. The aforementioned business report, financial statements, and profit distribution proposal have been reviewed by our Audit Committee, and no discrepancies have been found. Therefore, in accordance with relevant regulations under the Securities and Exchange Act and the Company Act, we hereby submit the above report for your review and approval.

HIWIN Technologies Corp.

Audit Committee Convener: Cheng-He Chiang

February 27, 2024

iv. The Financial Statements and Independent Auditor's Report for the most recent year

Please refer to Appendix 1.

v. The Standalone Financial Statements for the most recent year audited by CPA

Please refer to Appendix 2.

vi. The impacts of any financial difficulties encountered by the Company or its affiliates in the past year and as of the publication date of this annual report on the company's financial status: None.

VII. Review and Analysis of Financial Status, Financial Performance, and Risk Management

i. Financial Status

(i) Financial Position Analysis

Unit: Thousand (TWD)

Item \ Year	2022	2023	Difference	
			Sum	%
Current assets	20,318,800	19,228,208	(1,090,592)	(5.37)
Fund and Investment	1,176,887	1,227,679	50,792	4.32
Property, plant and equipment	27,678,842	28,214,864	536,022	1.94
Other assets	2,965,137	2,766,039	(199,098)	(6.71)
Total assets	52,139,666	51,436,790	(702,876)	(1.35)
Liquid Liabilities	9,410,217	7,959,998	(1,450,219)	(15.41)
Long-Term Liabilities	6,309,496	6,954,779	645,283	10.23
Other Liabilities	1,455,286	1,407,688	(47,598)	(3.27)
Total Liabilities	17,174,999	16,322,465	(852,534)	(4.96)
Equity Attributable to the Parent Company	34,751,330	34,998,024	246,694	0.71
Equity	3,537,923	3,537,923	-	-
Capital reserve	7,479,735	7,479,735	-	-
Retained Earnings	20,343,538	23,588,350	3,244,812	15.95
Other Equities	274,411	392,016	117,605	42.86
Non-Controlling Equities	213,337	116,301	(97,036)	(45.48)
Total Equity	34,964,667	35,114,325	149,658	0.43

Note: The consolidated income statement is based on International Financial Reporting Standards and audited and certified by accountants.

(ii) Analysis of changes in the increase or decrease ratio exceeding 20%:

1. The increase in other equity is mainly due to the unrealized gains from financial assets recognized as a result of the increase in the stock prices of the investment targets.
2. The decrease in non-controlling interests is primarily due to increased losses in subsidiaries accounted for as non-controlling interests.

ii. Financial Performance

(i) Operating results analysis

Unit: Thousand (TWD)

Item \ Year	2022	2023	Increased (Decreased) Amount	Rate of Change (%)
Net Operating Revenue	29,314,648	24,632,772	(4,681,876)	(15.97%)
Operating Costs	18,599,298	16,977,522	(1,621,776)	(8.72%)
Operating Margin	10,715,350	7,655,250	(3,060,100)	(28.56%)
Operating Expenses	5,142,901	5,004,300	(138,601)	(2.69%)
Operating Profit	5,572,449	2,650,950	(2,921,499)	(52.43%)
Non-Operating Income and Expenses	245,501	(110,900)	(356,401)	(145.17%)
Profit Before Tax	5,817,950	2,540,050	(3,277,900)	(56.34%)
Income Tax Expense	1,506,215	708,540	(797,675)	(52.96%)
Net Profit of This Year	4,311,735	1,831,510	(2,480,225)	(57.52%)
Other Consolidated Profit and Loss of the Term (Net of Tax)	(374,883)	157,015	531,898	(141.88%)
Total Consolidated Profit and Loss of the Term	3,936,852	1,988,525	(1,948,327)	(49.49%)
Net Profits Attributable to Owners of the Parent Company	4,479,381	2,034,748	(2,444,633)	(54.58%)
Net Profit Attributable to Non-Controlling Equities	(167,646)	(203,238)	(35,592)	21.23%
Total Consolidated Profit and Loss Attributable to Owners of the Parent Company	4,102,206	2,192,551	(1,909,655)	(46.55%)
Total Consolidated Profit and Loss Attributable to Non-Controlling Equities	(165,354)	(204,026)	(38,672)	23.39%

Note: The consolidated income statement is based on International Financial Reporting Standards and audited and certified by accountants.

(ii) Analysis of changes in the increase or decrease ratio exceeding 20%:

1. The decrease in gross profit, operating profit, pre-tax profit, income tax expense, net profit for the period, total comprehensive income for the period, net profit attributable to owners of the parent, and total comprehensive income attributable to owners of the parent is mainly due to the decline in sales during the period, leading to a decline in performance across operational metrics.
2. The increase in non-operating expenses is primarily due to significant appreciation of the US dollar and RMB during the fiscal year, resulting in higher amounts of recognized exchange gains.
3. The increase in other comprehensive income (net of tax) is mainly due to unrealized gains on financial assets recognized as a result of the increase in the stock prices of the investment targets.
4. The decrease in net profit attributable to non-controlling interests and total comprehensive income attributable to non-controlling interests is primarily due to increased losses in subsidiaries accounted for as non-controlling interests.

(iii) Possible effects of expected sales quantity and its basis on the Company's future financial business and the Company's countermeasures:

The Company doesn't have any publicly disclosed financial forecasts. For more information, please refer to the "Letter to Shareholders".

iii. Cash Flow

(i) Liquidity analysis of the most recent 2 fiscal years:

Item \ Year	2022	2023	Increase (Decrease) Percentage (%)
Cash Flow Ratio (%)	64.58	59.93	(7.20)
Cash Flow Adequacy Ratio (%)	85.62	108.95	27.25
Cash Reinvestment Ratio (%)	10.63	6.50	(38.85)
Analysis for the changes over 20%: 1. The increase in the adequacy ratio of cash flow is primarily due to the decrease in capital expenditures and inventory growth over the past five years. 2. The decrease in the reinvestment rate of cash is mainly attributed to the reduction in net cash inflows from operating activities in the current period and an increase in cash dividend payments.			

Note: The consolidated financial statement is based on International Financial Reporting Standards.

(ii) Improvement plan for insufficient liquidity: The Company has no lack of liquidity.

(iii) Analysis of cash liquidity in the coming year: The company expects that the cash on hand and cash flows from operating activities in the next year should be sufficient to support investment and financing activities. There are no concerns regarding cash liquidity in the coming year.

iv. Effects of Major Capital Expenditure on Financial Business of the most recent fiscal year

(i) Major capital expenditure and capital source

Unit: Thousand (TWD)

Projects	Actual or expected capital source	Actual or expected completion date	Total capital required in 2023 and 2024	Actual capital expenditure in 2023 and planned capital expenditure in 2024	
				2023	2024
Building factories	Own funds, financing	2024.12	4,239,942	1,939,942	2,300,000
Production equipment expansion	Own funds, financing	2024.12	2,104,529	1,004,529	1,100,000

(ii) Estimated benefits

The capital expenditure is mainly for capacity expansion for future business growth and vertical integration of the manufacturing process to keep strengthening the product quality, the flexibility of the delivery time, and the optimum cost competitiveness.

v. Reinvestment policy of the past year, main causes for profits or losses, improvement plan and reinvestment plan for the coming year

HIWIN's re-investment strategy is to strengthen the comprehensive development of products, processes, key technologies, marketing, and customer service. The goal is to replicate the company's successful production and management experience through re-investments to reduce production costs and provide localized customer service, thus accelerating global deployment.

In 2023, HIWIN's subsidiaries in Germany, the United States, Singapore, China, Italy, Switzerland, and Mega Fabs were all profitable. The Japanese subsidiary incurred losses due to the ongoing expansion of its scale, resulting in increased personnel, management, and sales expenses. The benefits of revenue growth have yet to show in the short term, so the Japanese subsidiary incurred a loss in 2023. In recent fiscal years, the South Korean subsidiary has been dedicated to market development and has gradually achieved results. Still, the subsidiary has yet to reach its desired economic scale, so it also incurred a loss in 2023. By continuing to expand the market, recruit talented workers, and further improve the completeness of the product line, future business conditions will gradually improve.

Matrix Precision Co., Ltd. collaborates with MATRIX, a major British gear machine tool manufacturer, in marketing, developing, improving processing efficiency, and enhancing automation to advance toward smart manufacturing. Matrix Precision's products are positioned in the mid-to-high-end market, emphasizing their precision and quality that are on par with leading international manufacturers' products and their advantage of a high cost-performance ratio compared to commercial general-purpose machines. In recent fiscal years, the Company's efforts to establish sales channels in emerging markets have paid off, yielding positive results and increasing urgent orders and conversions. Furthermore, in response to the boom of electric vehicles, demands for gear processing precision become higher, which has driven the need for high-end gear grinding machines. By integrating mechanical and electrical resources and software upgrades within the group, the Company enhances processing efficiency and automation while strengthening its customization capabilities, significantly increasing the added value of machine tools.

Eterbright Solar Corporation's production of CIGS solar modules has faced challenges due to low-price dumping by Chinese solar energy competitors, leading to a collapse in solar module prices globally. Additionally, ongoing inflation has contributed to increased production costs, and several raw material suppliers have exited the market. Considering these unfavorable factors, the company has assessed that the situation is unlikely to improve in the medium to long term and may even worsen. To avoid further expanding losses from reinvestment, Eterbright Solar Corporation passed a liquidation resolution in November 2023, with the dissolution effective on February 29, 2024. Currently, the company is undergoing liquidation procedures.

For overseas markets where subsidiaries have yet to be established, the Company will evaluate setting direct business locations in suitable places at the right time to provide timely support to agents or directly supply customers in those regions.

vi. Risk Analysis

(i) Risk factors: Analyze and evaluate the following items in the most recent fiscal year and as of the publication date of this annual report

1. Impact of interest rate, change in the exchange rate, and inflation on company profit and loss and the future response measures
 - (1) Interest rate:
As of the publication date of this Annual Report, HIWIN's short-term borrowings can be used cyclically within the contractual period. To improve the financial structure and reduce the risk of interest rate fluctuations, the Company regularly evaluates the bank borrowing and market interest rates to negotiate better financing rates with banks. Therefore, interest rate fluctuations have not had a significant impact on HIWIN.
 - (2) Exchange rate:
In 2023, HIWIN's foreign currency revenue mainly came from RMB, euros, and US dollars, while major raw material and machinery equipment purchases were made in US dollars, euros, and Japanese yen. HIWIN has implemented foreign exchange risk management policies for asset and liability management over the years. They also use forward exchange contracts to reduce the exchange rate risk produced by assets and liabilities. To cope with exchange rate fluctuations, HIWIN constantly collects information on exchange rate changes to understand and assess exchange rate trends. HIWIN maintains a good relationship with banks and takes appropriate measures in response to exchange rate fluctuations to avoid exchange rate risk.
 - (3) Inflation:
According to the data released by the Directorate-General of Budget, Accounting, and Statistics, the annual increase rate for Taiwan's Consumer Price Index (CPI) in 2023 and 2024 were 2.50% and 1.88%, respectively. The assessed inflation risks are still within an acceptable range. HIWIN Technologies continues to reduce costs through raw material inventory management, procurement strategies, and innovative process research and adjusts prices appropriately to increase profits. These plans are sufficient to cope with environmental changes and mitigate the impact of inflation on the company.
2. Engaging in high-risk, high-leverage investments, lending funds to others, endorsing guarantees, and trading in derivative products, along with the policy, primary reasons for

profit or loss, and future response measures.

- (1) HIWIN Technologies has never engaged in high-risk and high-leverage investment transactions.
- (2) As of the publication date of this Annual Report, apart from lending funds to subsidiaries to meet their operational needs, HIWIN Technologies has never lent funds to others except for HIWIN Japan. The year-end balance and actual disbursement amount for 2023 were both NTD 177,194,000. The lending of the funds above to others was conducted following the Procedures for Lending Funds and approved by the Board of Directors.
- (3) When providing endorsements and guarantees, HIWIN follows the Procedures for Endorsements and Guarantees and obtains approval from the Board of Directors. The year-end balance for 2023 was NTD4,441,222,000, and the actual disbursement amount was NTD2,391,900,000. This endorsement and guarantee can effectively reduce the need for capital increase by the parent company and facilitate tax planning.
- (4) HIWIN Technologies engages in financial derivatives transactions conservatively and cautiously, primarily to avoid risks. These transactions use actual foreign exchange receipts and payments to mitigate the substantial exchange rate fluctuation risk arising from sales and purchases. HIWIN has never engaged in speculative operations.

3. Future R&D plans and estimated R&D expenses

The research and development expenses on HIWIN's 2023 consolidated financial statements was NTD 943,458,000, accounting for 4% of the consolidated revenue, an decrease of NTD7185,749 or 16% compared to NTD1,129,207,000 in 2022. HIWIN will continue investing in R&D to enhance long-term development capabilities, including new products such as smart linear guideways and ball screws, torque motor rotary tables, and various multi-axis robots. The key projects for R&D are as follows:

Project title	Current progress	Important factors that decide the success of future R&D
Smart BS	Under development	Shall be developed successfully
Specifications expansion of the linear guideway and single-axis robots	Under development	Shall be developed successfully
Specification expansion of the turntables for EDM equipment	Under development	Shall be developed successfully
Specification expansion of the of the compound high-speed turntable	Under development	Shall be developed successfully

HIWIN's projected R&D expenses for 2024 are expected to increase by 10% to 15% compared to NTD943,458 in 2023, reaching approximately NTD1,000,000,000 to NTD1,100,000,000. The long-term goal is to maintain an R&D expenditure that accounts for 10% of the Company's operating revenue. The focus of R&D will be on smart manufacturing, intelligent automation, Industry 4.0, environmental protection, green energy, and ESG. While meeting customer needs, HIWIN will continue integrating processes and restructuring internal workflows to reduce costs and boost its market competitiveness.

4. Impact of significant domestic and international policies and regulation changes on the Company's financial operations and its response measures:

HIWIN manufactures transmission control and system product that are key components and necessities for economic development. Therefore, changes in domestic and international policy or regulation have little effect on HIWIN's business and finances. As of the publication date of this annual report, no significant domestic or international policy or regulation changes have affected the Company's financial and business operations. The Company's management team is vigilant about significant domestic and international policy and regulation changes, fully aware of the industry status, and responsive to market changes to minimize potential adverse impacts.

5. Impact of technology and industry changes on the Company's financial operations and its response measures:

In the post-pandemic era, market risks mainly stem from the continued mutation of viruses, limiting the recovery of developed countries. Economic recovery is even slower in emerging

countries due to inadequate vaccine distribution. As a major economy, the Chinese market's uncertainty affects the supply chain layout. The rising raw material prices due to disruptions in shipping and supply chains and inflation risk are both unsolvable problems in the short term. Labor shortages and wage increases have also become common challenges across industries. Additionally, environmental risks require urgent actions to comply with global decarbonization policies.

In the face of these environmental risks, companies must adapt by adjusting materials, processes, and production methods. HIWIN, with its electromechanical integration capabilities, provides intelligent automation solutions for various industries to address the need for labor and local manufacturing. Regarding the net-zero carbon emission objective, HIWIN also advocates for green production and sustainable supply chain management.

The ongoing trade tensions between the US and China and the most recent trends of short-chains and decentralized manufacturing have led industries such as semiconductors, 5G, ADAS intelligent fuel vehicles, and electric vehicles to plan investments in Eastern Europe and Southeast Asia for localized production. Therefore, Eastern Europe and Southeast Asia will play increasingly important roles in the future manufacturing value chain. Due to carbon neutrality and energy-saving trends in the global automotive industry, all car manufacturers are shifting towards electric vehicles, resulting in a decline in customer demand for HIWIN's existing fuel vehicle industry chain. However, the emergence of new transmission methods, battery peripherals, and intelligent automation solutions related to electric vehicles has created more business opportunities. HIWIN will provide customers from various industries with eco-friendly, energy-efficient, high-added-value products and services for smart manufacturing.

The purpose of technological and industrial evolution is to enhance the well-being of humanity, which aligns with HIWIN's business philosophy. Therefore, HIWIN will continue to strengthen its research and development capabilities, constantly expand the range and value of its products, grasp long-term trends in technology and industry, and adjust short, medium, and long-term development strategies to achieve sustainable operations.

6. Impact of corporate image changes on crisis management and response measures

HIWIN has long been committed to sustainable development, public welfare, and educational activities (refer to Section III. iii.(V) for details) and has received numerous awards. For example, the "Submersible High-Speed Rotary Worktable" and the "Interactive Lower Limb Rehabilitation Training Machine" both received the Taiwan Excellence Silver Award. HIWIN has been selected as one of Taiwan's top 25 international brands for three consecutive years. HIWIN also actively promotes ESG and plans comprehensive energy and carbon reduction initiatives to advance toward the 2050 net-zero emissions goal. HIWIN has received the "Award for Outstanding Sustainability and Resilience" from British Standards Institute (BSI), the "Best Action Plan - Silver Award" from Taiwan Sustainability Action Awards (TSAA), the "Comprehensive Performance - Taiwan TOP 50 Sustainability Corporate Award" and the "Corporate Sustainability Report - Electronic Information Manufacturing Industry - First Class Gold Award" from Taiwan Corporate Sustainability Awards (TCSA). HIWIN has also obtained the world's first ISO 46001 Water Resource Management Certificate issued by TÜV Rheinland Germany, demonstrating governmental and external recognition of HIWIN's exemplary corporate image. In the event of any crisis that may affect HIWIN's corporate image, the risk management team will take necessary measures.

7. Anticipated benefits, potential risks and response measures to M&A

In the most recent fiscal year and as of the publication date of this Annual Report, the Company has not engaged in any merger and acquisition activities.

8. Anticipated benefits, potential risks and response measures of plant expansion

Please refer to VII. iv of this Annual Report for plant expansion information. Over the years, HIWIN has laid a solid foundation in R&D and process improvement, resulting in rich experience and positive outcomes. In addition to controlling the source of raw materials and reducing material costs, HIWIN also constantly improves its processes to achieve the most

efficient production. Therefore, the expansion of plants is expected to bring significant benefits compared to the existing facilities.

Although expanding plants requires capital investment, the newly developed products can meet the requirements of economies of scale to reduce production costs and complete the Company's product portfolio, providing customers with a one-stop service to buy all component and subsystem products at once. The financial analysis also indicates that the expansion can increase production capacity, reduce product costs, and improve gross profit margins. In conclusion, even in the face of economic cycles and temporary reductions in demand, HIWIN possesses the advantage of the ownership of key technologies, flexible scheduling of production lines, and free allocation of product capacity. Therefore, the risks associated with factory expansion should be limited.

9. Risks and response measures of centralized purchases or sales

Please refer to Section V. ii.(iv), "Customers with over 10% of gross purchase or gross sales in any year of the recent 2 fiscal years", of this report. In 2023, the largest supplier accounted for 11% of the Company's total annual purchases, and the purchased item was steel. The purchase ratio was higher because the Company procured a larger quantity of steel in advance from Supplier A to ensure a continuous supply of steel facing the impact of the Russia-Ukraine conflict and the US-China trade war. In the 2022 fiscal year, no supplier accounted for more than 10% of the Company's purchases, indicating no concentration of procurement. The largest sales customer in 2022 and 2023 accounted for 15.2% and 13.7% of the total net sales for the respective years. The higher sales ratio of Customer A was due to its business with multiple end customers in the semiconductor industry; as the demand for the semiconductor industry continued to rise, orders increased for Customer A. Customer B's end customers were mainly large 5G and mobile phone enterprises. In summary, the end customers of Customer A and Customer B from various industries, mostly large enterprises in their respective industries. There is no excessive sales concentration on a single customer. The Company closely monitors and understands its business situation and evaluates and adjusts credit conditions timely to respond accordingly. Therefore, the risk should be limited.

i. The impact, risks, and response measures regarding significant transfers or changes in share ownership by directors or major shareholders holding over 10% of the company shares

In the most recent fiscal year and as of the publication date of this Annual Report, there have been no significant transfers or changes in share ownership by directors or major shareholders of HIWIN.

ii. The impact, risks, and response measures regarding the change of management right on the Company

HIWIN's management right hasn't changed in the most recent fiscal year and as of the publication date of this Annual Report.

1. Litigation & Non-litigation

There have been no litigation and non-litigation cases as of the publication date of this Annual Report.

2. Other important risks and countermeasures

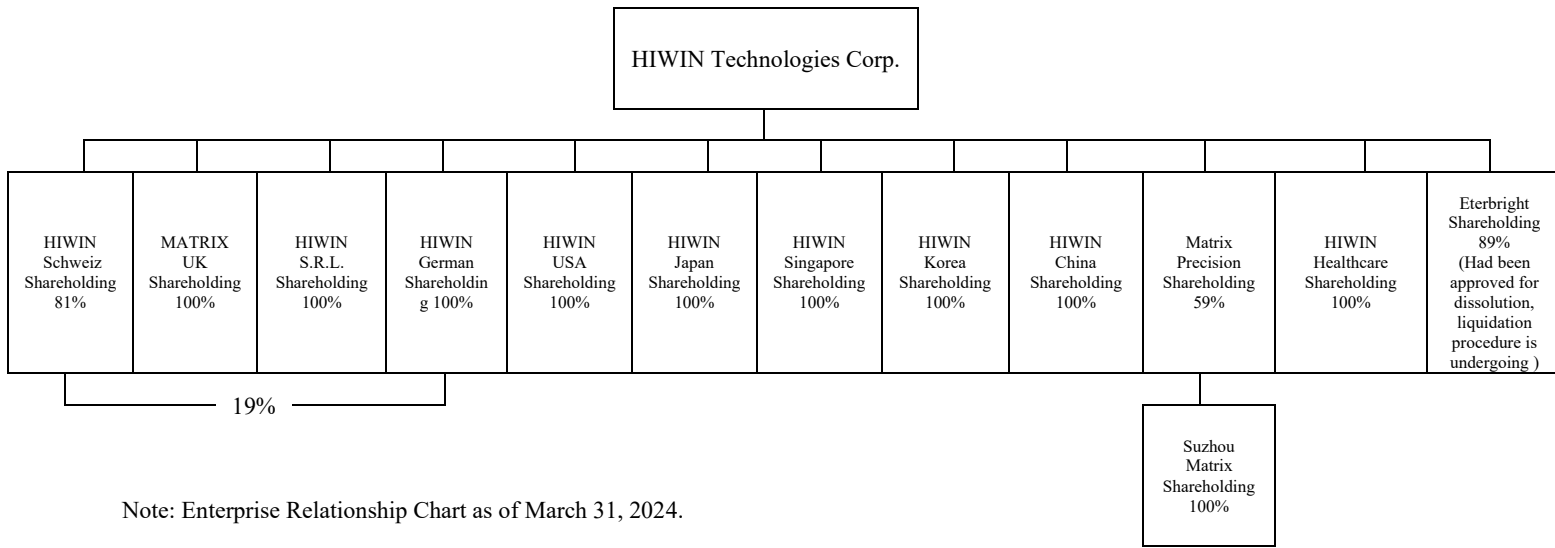
There have been no such risks in the most recent fiscal year and as of the publication date of this Annual Report.

vii. Other Important Matters: None

VIII. Special Disclosures

i. Affiliates Information

(i) Organizational Structure of Affiliates



Note: Enterprise Relationship Chart as of March 31, 2024.

(ii) Basic Information of each Affiliates

Company Name	Establishment Date	Address	Paid-in Capital (Note)	Major Business or Production
HIWIN Corporation, U.S.A	19920915	12455 Jim Dhamer Drive, Huntley, IL 60142, U.S.A.	USD10,740,000	Manufacturing and sales of precision drive parts, ball screws, linear guideways and industrial robots
HIWIN GmbH, Germany	19930401	Brücklesbünd 2 D-77654 Offenburg, Germany	EUR5,635,000	Manufacturing and sale of precision drive parts, ball screws, linear guideways and industrial robots
HIWIN Corporation, Japan	19991101	7-4-4, Ibukidai Higashimachi, Kobe Shi, Nishi Ku, 651-2242 Hyogo Pref, Japan	JPY440,000,000	Manufacturing and sale of precision drive parts, ball screws, linear guideways and industrial robots
Eterbright Solar Corporation	20101201	No. 442-1, Zhonghua Rd., Toufen City, Miaoli County	NTD5,661,514,690	Research, development, design, manufacture and sales of solar cells, electronic components, power generation, power transmission, and power distribution products, etc.
HIWIN S.R.L.	20130329	Via Pitagora 4, 20861 Brugherio (MB)	EUR8,500,000	Manufacturing and sales of precision drive parts, ball screws, linear guideways and industrial robots
HIWIN Singapore Pte. Ltd.	20130807	Block 203 Woodlands Avenue 9 #06-51 Woodlands Spectrum II Singapore 738956	SGD5,000,000	Manufacturing and sales of precision drive parts, ball screws, linear guideways and industrial robots
HIWIN Corporation, Korea	20131008	3F,228-92, Saneop-ro, 155 beon-gil, Gwonseon-gu, Suwon-si, Gyeonggi-do, Republic of Korea	KRW8,800,000,000	Manufacturing and sales of precision drive parts, ball screws, linear guideways and industrial robots

Company Name	Establishment Date	Address	Paid-in Capital (Note)	Major Business or Production
HIWIN Corporation, China	20140408	No. 2, Xiazhuang Road, Suzhou Industrial Park	CNY300,000,000	Manufacturing and sales of precision drive parts, ball screws, linear guideways and industrial robots
HIWIN Healthcare Corp.	20150421	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD100,000	Sales of medical robots
Matrix Precision Co., Ltd.	19940502	No. 1-9, Lixing 1st Road, Hsinchu Science Park, Hsinchu City	NTD1,084,525,000	Development, design, manufacturing and sales of high precision gear cutter and gear lapping machine tool.
Suzhou Matrix Precision Machinery Co., Ltd.	20190522	No. 2, Xiazhuang Road, Suzhou Industrial Park	CNY2,000,000	Sales of precision gear cutters and machine tools.
Matrix Machine Tool (Coventry) Ltd.	20031021	Herald Avenue, Coventry Business Park CV5 6UB United Kingdom	GBP6,449,500	Design, manufacture and sales of thread forming machines.
HIWIN (Schweiz) GmbH	19990707	Eichwiesstrasse 20, 8645 Jona, Switzerland	CHF300,000	Manufacturing and sales of precision drive parts, ball screws, linear guideways and industrial robots

Note: The base date of paid-in capital is March 31, 2024. Unit: "Dollar" in each currency

(iii) Information of the same shareholders of affiliates deemed to be controlling corporates and subsidiary corporates: None

(vi) The industries covered by business of affiliates. If the businesses of affiliates are connected, state the division of work:

The industries covered by businesses of HIWIN's affiliates mainly include the products manufacturing services for drive control and system technology, the gear tools machine industry, and the solar photovoltaic industry. Overall, the affiliates create maximum comprehensive benefits through mutual technology, capacity, marketing, and service support and provide customers with the "Global Innovative Value-Added Service" to ensure HIWIN's leading position in the global market.

(v) Information of directors, supervisors and general managers of each affiliates

Company Name	Title	Name or representative	Unit: Share; %	
			Shares held	Shareholding ratio
HIWIN Corporation, U.S.A.	Chairman	Eddie W.H. Chuo	-	-
	Director	Hsiu-Yu Chuo, Enid H.C. Tsai., Yan-Qi Peng	-	-
	Director/General Manager	Shih-Rong Chiu	-	-
HIWIN GmbH, Germany	Chairman	Eric, Y. T. Chuo	-	-
	Director/General Manager	Werner Mäurer	-	-
HIWIN Corporation, Japan	Chairman	Enid H.C. Tsai.	-	-
	Vice Chairman	Yu-Zhi Lin	-	-
	Director	Eddie W.H. Chuo, Hsiu-Yu Chuo, Shuda Nakata	-	-
	Supervisor	Ke-Huang Liao	-	-
Eterbright Solar Corporation	Liquidator	Ming-Yao Lin	89,437	0%
	Supervisor	Ke-Huang Liao	66,377	0%
HIWIN S.R.L.	Director	Eddie W.H. Chuo, Ke-Huang Liao	-	-
	Director/General Manager	Chuang-Bao Yang	-	-
HIWIN Singapore Pte. Ltd.	Director	Eddie W.H. Chuo, Hsiu-Yu Chuo, Kai-Sheng You	-	-

Company Name	Title	Name or representative	Shares held	Shareholding ratio
	Director/General Manager	Yong-Hsiang Chen	-	-
HIWIN Corporation, Korea	Director	Eddie W.H. Chuo, Enid H.C. Tsai., Kai-Sheng You	-	-
	Supervisor	Guan-Ying Wu	-	-
	General Manager	Rong-Bang Kao	-	-
HIWIN Corporation, China	Chairman	Yan-Qi Peng	-	-
	Director	Enid H.C. Tsai., Kai-Sheng You	-	-
	Supervisor	Yue-Qin Wu	-	-
	General Manager	Hong-Ming Chen	-	-
HIWIN Healthcare Corp.	Chairman	Enid H.C. Tsai.	-	-
Matrix Precision Co., Ltd.	Chairman/CEO	Eddie W.H. Chuo	-	-
	Deputy Chairman/Co-CEO	Hsiu-Yu Chuo	-	-
	Director	HIWIN Technologies Corp. Representative: Yue-Ling Chu	2,000,634	2%
	Director/Co-CEO	Representative of HIWIN Investments: Eric, Y. T. Chuo	3,377,986	3%
	Director	All Horng Gear Industry Co., Ltd. Representative: Ying-Che Hung	63,595,071	59%
	Supervisor	Yue-Qin Wu	18,124,109	17%
	General Manager	Yue-Ling Chu	960,164	1%
Matrix Suzhou	Chairman	Chi-Hsiung Hong	-	-
	Director	Wen-Zhen Chuo	210,000	0%
	Director/General Manager	Zhi-Hong Wang	-	-
	Supervisor	Ke-Huang Liao	-	-
Matrix Machine Tool (Coventry) Ltd.	Director	Eddie W.H. Chuo, Yue-Ling Chu, Guan-Ying Wu, Nelson Chiow, Paul Farndon	-	-
	General Manager	Yue-Ling Chu	-	-
HIWIN (Schweiz) GmbH	General Manager	Mei-Li Liu	-	-

Note 1: Data as of March 31, 2024.

Note 2: Dissolution of Eterbright Solar Corporation was effective on February 29, 2024. Currently, the company is undergoing liquidation procedures.

(vi) Business Status Of Affiliates

Unit: Thousand (TWD)

Company Name	Paid-in Capital	Total assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit (Loss)	Profit (Loss) of the Current Period	Earnings per share (NTD)
HIWIN Corporation, U.S.A.	303,495	1,470,082	349,707	1,120,375	1,254,724	85,289	61,918	28.83
HIWIN GmbH, Germany	224,494	3,549,158	735,843	2,813,315	4,233,460	118,717	114,462	Note 1
HIWIN Corporation, Japan	121,676	2,025,094	2,085,895	(60,801)	988,740	(108,228)	(131,045)	(2,106.84)
Eterbright Solar Corporation	5,661,515	710,007	134,859	575,148	19,309	(338,144)	(546,394)	(0.97)
HIWIN S.R.L. Italy	289,170	1,536,996	1,108,899	428,097	1,407,108	129,235	76,898	Note 1
HIWIN Singapore Pte. Ltd.	117,550	130,066	77,829	52,237	234,464	(19,663)	(22,064)	(4.41)
HIWIN Corporation, Korea	242,707	281,015	389,541	(108,526)	433,769	(27,438)	(44,206)	(25.12)
HIWIN Corporation, China	1,498,040	4,942,971	2,341,416	2,601,555	4,874,839	170,363	133,775	Note 1
HIWIN Healthcare Corp.	3,108	3,020	160	2,860	15,434	(41)	24	0.25
Matrix Precision Co., Ltd.	684,525	2,409,830	2,210,899	198,931	214,834	(244,660)	(290,722)	(4.25)
Suzhou Matrix Precision Machinery Co., Ltd.	9,076	54,918	59,332	(4,414)	89,758	(8,241)	(7,298)	Note 1
Matrix Machine Tool (Coventry) Ltd.	293,596	347,016	43,189	303,827	28,459	(55,118)	(59,722)	(8.02)

Company Name	Paid-in Capital	Total assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit (Loss)	Profit (Loss) of the Current Period	Earnings per share (NTD)
HIWIN (Schweiz) GmbH	9,414	533,292	66,882	466,410	475,004	60,729	48,528	161.76

Note 1: No shares issued.

Note 2: If the affiliates are foreign companies, the figures are converted into NTD at the rate on the report date:

	Closing Rate	Average Rate
USD 1	NTD 30.075	NTD 31.155
EUR 1	NTD 33.98	NTD 33.70
JPY 1	NTD 0.2172	NTD 0.2221
SGD 1	NTD 23.29	NTD 23.20
KRW 1	NTD 0.02391	NTD 0.02407
CNY 1	NTD 4.327	NTD 4.396
GBP 1	NTD 39.15	NTD 38.74
CHF 1	NTD 36.49	NTD 34.70

Note 3: The base date of the financial information of Affiliates' business status is December 31, 2023.

Note 4: Dissolution of Eterbright Solar Corporation was effective on February 29, 2024. Currently, the company is undergoing liquidation procedures.

(vii) Consolidated financial statements of affiliates: Please refer to Appendix i.

(viii) Related Reports: None

- ii. Private Placement Of Securities During The Most Recent Fiscal Year And Up To The Publication Date Of This Annual Report: None.**
- iii. The Company's Shares Held or Disposal Status By Subsidiaries In The Most Recent Fiscal Year And Up To The Publication Date of This Annual Report : None.**
- iv. Other Necessary Supplemental Information: None.**
- v. Events Having Significant Impacts On Shareholders' Equity Or Security Price Pursuant To Article 36, Paragraph 2, Item 2 Of The Securities and Exchange Act In The Most Recent Fiscal Year And Up To The Publication Date Of This Annual Report: None.**

Appendix i : Financial Statement and Auditor’s Report Prepared by a CPA for the Most Recent Fiscal Year

The Board of Directors and Shareholders
Hiwin Technologies Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

Revenue Recognition

The sales of the Group mainly rely on distribution channels. Revenue from the sale of goods is recognized when the Group satisfied the performance obligations. There is a risk that revenue might be recognized even when specific conditions have not been satisfied. Because of the risk of misstatement and materiality of sales revenue generated by distribution channels, we identified the recognition of sales revenue as a key audit matter. The accounting policy on sales revenue recognition is disclosed in Note 4 to the consolidated financial statements. Our key audit procedures performed in respect of revenue recognition included the following:

1. We understood the internal controls, evaluated the design and implementation of key controls and tested the operating effectiveness of relevant controls over order acceptance and shipping procedures. We selected sample sales transactions from distribution channels and verified that order receipts and the timing of revenue recognition were in accordance with the terms of the transaction.
2. We validated the terms of transactions against sales contracts and orders from major distributors to ensure

the consistency between terms of transactions and the timing of revenue recognition. We tested the records of sales returns against source documents and checked whether there was any unusual item during the year and after the balance sheet date.

Valuation and Impairment Assessment of Inventory

As of December 31, 2023, the carrying amount of inventory was \$7,489,605 thousand. Such carrying amount of inventory is measured at the lower of cost or net realizable value, which subject to the management's judgment and estimation uncertainty. Therefore, valuation and impairment assessment of inventory was identified as a key audit matter. The accounting policy on the valuation and impairment assessment of inventory and the details of inventory are disclosed in Notes 4, 5 and 10 to the consolidated financial statements.

Our key audit procedures performed in respect of the valuation and impairment assessment included the following:

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

Other Matter

We have also audited the parent company only financial statements of Hiwin Technologies Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Li-Tung Wu and Hsiao-Fang Yen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

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

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

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

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

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 7,564,000	15	\$ 7,457,770	14
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	9,874	-	228	-
Notes receivable from unrelated parties, net (Notes 4 and 9)	577,892	1	705,055	2
Notes receivable from related parties, net (Notes 4, 9 and 26)	418	-	937	-
Trade receivables from unrelated parties, net (Notes 4 and 9)	2,937,815	6	2,634,214	5
Trade receivables from related parties, net (Notes 4, 9 and 26)	36,627	-	16,773	-
Inventories (Notes 4, 5 and 10)	7,489,605	14	8,937,842	17
Other current assets (Notes 6, 26 and 27)	611,977	1	565,981	1
Total current assets	19,228,208	37	20,318,800	39
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	849,509	2	846,591	2
Financial assets at amortized cost - non-current (Note 4)	-	-	2,873	-
Investments accounted for using the equity method (Notes 4 and 12)	378,170	1	327,423	1
Property, plant and equipment (Notes 4, 13, 26 and 27)	28,214,864	55	27,678,842	53
Right-of-use assets (Notes 4, 14, 26 and 27)	614,429	1	676,501	1
Goodwill (Note 4)	256,163	1	256,163	-
Deferred tax assets (Notes 4 and 21)	491,237	1	577,194	1
Prepayments for machinery and equipment (Note 15)	1,048,381	2	1,094,142	2
Refundable deposits (Note 4)	110,967	-	103,594	-
Other non-current assets (Notes 4 and 9)	244,862	-	257,543	1
Total non-current assets	32,208,582	63	31,820,866	61
TOTAL	\$ 51,436,790	100	\$ 52,139,666	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16, 26 and 27)	\$ 1,488,466	3	\$ 1,856,941	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	136	-	4,757	-
Contract liabilities - current (Note 4)	137,391	-	154,384	-
Notes payable (Note 26)	6,510	-	2,591	-
Trade payables to unrelated parties	2,671,351	5	2,714,102	5
Trade payables to related parties (Note 26)	161,153	1	280,445	1
Other payables (Notes 17 and 26)	2,029,697	4	2,255,990	4
Current tax liabilities (Notes 4 and 21)	559,567	1	1,102,488	2
Lease liabilities - current (Notes 4, 14 and 26)	105,088	-	157,542	-
Current portion of long-term borrowings (Notes 16 and 27)	615,124	1	794,019	2
Other current liabilities (Note 4)	185,515	1	86,958	-
Total current liabilities	7,959,998	16	9,410,217	18
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 27)	6,954,779	13	6,309,496	12
Deferred tax liabilities (Notes 4 and 21)	846,873	2	854,128	2
Lease liabilities - non-current (Notes 4, 14 and 26)	370,677	1	375,256	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	140,836	-	191,481	-
Other non-current liabilities	49,302	-	34,421	-
Total non-current liabilities	8,362,467	16	7,764,782	15
Total liabilities	16,322,465	32	17,174,999	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares	3,537,923	7	3,537,923	7
Capital surplus	7,479,735	14	7,479,735	14
Retained earnings				
Legal reserve	3,821,341	7	3,390,134	7
Unappropriated earnings	19,767,009	39	20,069,127	38
Other equity	392,016	1	274,411	1
Total equity attributable to owners of the Corporation	34,998,024	68	34,751,330	67
NON-CONTROLLING INTERESTS				
	116,301	-	213,337	-
Total equity	35,114,325	68	34,964,667	67
TOTAL	\$ 51,436,790	100	\$ 52,139,666	100

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

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

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

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

	2023		2022	
	Amount	%	Amount	%
SALES (Notes 4 and 26)	\$ 24,632,772	100	\$ 29,314,648	100
COST OF GOODS SOLD (Notes 10, 20 and 26)	<u>16,977,522</u>	<u>69</u>	<u>18,599,298</u>	<u>63</u>
GROSS PROFIT	<u>7,655,250</u>	<u>31</u>	<u>10,715,350</u>	<u>37</u>
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing expenses	1,905,243	7	1,854,045	6
General and administrative expenses	2,155,599	9	2,159,649	8
Research and development expenses	<u>943,458</u>	<u>4</u>	<u>1,129,207</u>	<u>4</u>
Total operating expenses	<u>5,004,300</u>	<u>20</u>	<u>5,142,901</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>2,650,950</u>	<u>11</u>	<u>5,572,449</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidized revenue (Notes 4 and 16)	34,435	-	48,654	-
Finance costs (Notes 4, 20 and 26)	(194,843)	(1)	(186,879)	(1)
Share of profit of associates accounted for using the equity method (Notes 4 and 12)	48,717	-	79,727	-
Interest income (Note 4)	62,421	-	53,909	-
Other income (Notes 4 and 26)	146,676	1	103,486	-
Net foreign exchange gain (Notes 4 and 29)	16,423	-	301,085	1
Other expenses (Note 26)	(63,732)	-	(10,403)	-
Loss on disposal of property, plant and equipment (Notes 4 and 26)	(166,282)	(1)	(123,430)	-
Valuation gain (loss) on financial assets (liabilities) at fair value through profit or loss (Note 4)	<u>5,285</u>	<u>-</u>	<u>(20,648)</u>	<u>-</u>
Total non-operating income and expenses	<u>(110,900)</u>	<u>(1)</u>	<u>245,501</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	2,540,050	10	5,817,950	19
INCOME TAX EXPENSE (Notes 4 and 21)	<u>708,540</u>	<u>3</u>	<u>1,506,215</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>1,831,510</u>	<u>7</u>	<u>4,311,735</u>	<u>14</u>

(Continued)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

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

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	\$ (13,592)	-	\$ 29,718	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	69,397	-	(619,689)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	<u>1,314</u>	<u>-</u>	<u>(3,924)</u>	<u>-</u>
	<u>57,119</u>	<u>-</u>	<u>(593,895)</u>	<u>(2)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	124,854	1	273,739	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 21)	<u>(24,958)</u>	<u>-</u>	<u>(54,727)</u>	<u>-</u>
	<u>99,896</u>	<u>1</u>	<u>219,012</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>157,015</u>	<u>1</u>	<u>(374,883)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,988,525</u>	<u>8</u>	<u>\$ 3,936,852</u>	<u>13</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,034,748	8	\$ 4,479,381	15
Non-controlling interests	<u>(203,238)</u>	<u>(1)</u>	<u>(167,646)</u>	<u>-</u>
	<u>\$ 1,831,510</u>	<u>7</u>	<u>\$ 4,311,735</u>	<u>15</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,192,551	9	\$ 4,102,206	14
Non-controlling interests	<u>(204,026)</u>	<u>(1)</u>	<u>(165,354)</u>	<u>(1)</u>
	<u>\$ 1,988,525</u>	<u>8</u>	<u>\$ 3,936,852</u>	<u>13</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 5.75</u>		<u>\$ 12.98</u>	
Diluted	<u>\$ 5.74</u>		<u>\$ 12.89</u>	

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

(Concluded)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Notes 19 and 23)								
	Ordinary Shares	Capital Surplus	Retained Earnings		Other Equity		Total	Non-controlling Interests (Notes 11 and 23)	Total Equity
			Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2022	\$ 3,407,923	\$ 5,516,470	\$ 3,071,586	\$ 17,609,166	\$ (599,662)	\$ 1,274,802	\$ 30,280,285	\$ 186,830	\$ 30,467,115
Appropriation of 2021 earnings									
Legal reserve	-	-	318,548	(318,548)	-	-	-	-	-
Cash dividends - NT\$4.5 per share	-	-	-	(1,533,565)	-	-	(1,533,565)	-	(1,533,565)
	-	-	318,548	(1,852,113)	-	-	(1,533,565)	-	(1,533,565)
Issuance of ordinary shares for cash	130,000	1,945,000	-	-	-	-	2,075,000	-	2,075,000
Share-based payment arrangements	-	18,265	-	-	-	-	18,265	-	18,265
Changes in non-controlling interests	-	-	-	-	-	-	-	1,000	1,000
Changes in percentage of ownership interests in subsidiaries	-	-	-	(190,861)	-	-	(190,861)	190,861	-
Net profit (loss) for the year ended December 31, 2022	-	-	-	4,479,381	-	-	4,479,381	(167,646)	4,311,735
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	23,554	218,960	(619,689)	(377,175)	2,292	(374,883)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	4,502,935	218,960	(619,689)	4,102,206	(165,354)	3,936,852
BALANCE AT DECEMBER 31, 2022	3,537,923	7,479,735	3,390,134	20,069,127	(380,702)	655,113	34,751,330	213,337	34,964,667
Appropriation of 2022 earnings									
Legal reserve	-	-	431,207	(431,207)	-	-	-	-	-
Cash dividends - NT\$5.5 per share	-	-	-	(1,945,857)	-	-	(1,945,857)	-	(1,945,857)
	-	-	431,207	(2,377,064)	-	-	(1,945,857)	-	(1,945,857)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	51,655	-	(51,655)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	106,990	106,990
Net profit (loss) for the year ended December 31, 2023	-	-	-	2,034,748	-	-	2,034,748	(203,238)	1,831,510
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	(11,457)	99,863	69,397	157,803	(788)	157,015
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	2,023,291	99,863	69,397	2,192,551	(204,026)	1,988,525
BALANCE AT DECEMBER 31, 2023	\$ 3,537,923	\$ 7,479,735	\$ 3,821,341	\$ 19,767,009	\$ (280,839)	\$ 672,855	\$ 34,998,024	\$ 116,301	\$ 35,114,325

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

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,540,050	\$ 5,817,950
Adjustments for:		
Depreciation expenses	2,263,216	2,137,424
Amortization expenses	62,593	64,146
Expected credit loss reversed	(2,319)	(5,640)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(9,738)	4,529
Finance costs	194,843	186,879
Interest income	(62,421)	(53,909)
Dividend income	(9,531)	(9,531)
Share-based compensation	-	18,265
Share of profit of associates accounted for using the equity method	(48,717)	(79,727)
Loss on disposal of property, plant and equipment	166,282	123,430
Impairment loss recognized on non-financial assets	13,360	73,859
Unrealized foreign currency exchange gain, net	(289)	(194)
Others	(434)	(2,036)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(4,529)	315
Notes receivable	105,343	376,666
Trade receivables	(315,633)	603,696
Inventories	1,771,413	(255,836)
Other current assets	21,016	(39,813)
Contract liabilities	(16,993)	(18,361)
Notes payable	3,919	926
Trade payables	(156,257)	(1,242,570)
Other payables	(381,022)	34,185
Other current liabilities	97,580	(6,220)
Net defined benefit liabilities	(65,744)	(11,666)
Cash generated from operations	6,165,988	7,716,767
Interest received	62,278	53,791
Dividend received	9,531	9,531
Interest paid	(199,771)	(194,842)
Income tax paid	(1,267,660)	(1,507,707)
Net cash generated from operating activities	<u>4,770,366</u>	<u>6,077,540</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	61,333	-
Proceeds from refunds from financial assets at fair value through other comprehensive income capital premium	5,146	-
Proceeds from sale of financial assets at amortized cost	2,794	-
Payments for property, plant and equipment	(2,299,799)	(1,605,045)
Proceeds from disposal of property, plant and equipment	72,667	23,693

(Continued)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

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

	2023	2022
Increase in refundable deposits	\$ (8,639)	\$ (1,271)
Increase in other non-current assets	(42,184)	(51,832)
Increase in prepayments for machinery and equipment	(644,672)	(572,089)
Dividends received from associates	<u>7,320</u>	<u>3,309</u>
Net cash used in investing activities	<u>(2,846,034)</u>	<u>(2,203,235)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(354,462)	(3,063,211)
Repayments of short-term bills payable	-	(89,923)
Proceeds from long-term borrowings	1,471,892	1,653,720
Repayments of long-term borrowings	(913,454)	(807,037)
Repayment of the principal portion of lease liabilities	(181,045)	(178,223)
Increase in other non-current liabilities	15,728	20,742
Dividends paid to owners of the Corporation	(1,945,857)	(1,533,565)
Proceeds from issuance of ordinary shares	-	2,075,000
Changes in non-controlling interests	<u>106,990</u>	<u>1,000</u>
Net cash used in financing activities	<u>(1,800,208)</u>	<u>(1,921,497)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(17,894)</u>	<u>71,909</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	106,230	2,024,717
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,457,770</u>	<u>5,433,053</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,564,000</u>	<u>\$ 7,457,770</u>

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

(Concluded)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Hiwin Technologies Corporation (the “Corporation”) was incorporated on October 11, 1989. It manufactures and sells ballscrews, linear guideways, industrial robots, aerospace automation equipment parts, computer numerical control (CNC) milling machines and medical equipment.

The Corporation obtained approval from the Securities and Futures Bureau (SFB), Financial Supervisory Commission (FSC) to become a public company on April 16, 1997. The shares of the Corporation have been listed on the Taiwan Stock Exchange (TWSE) since June 26, 2009.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on February 27, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC.

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the accounting policies of the Corporation and its subsidiaries (collectively referred to as the “Group”).

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of the above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of above standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
 - 3) Level 3 inputs are unobservable inputs for an asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 11, Tables 7 and 8 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

f. Foreign currencies

In preparing the financial statements of the entities in the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including the subsidiaries or associates in other countries that use currencies which are different from the Corporation) are translated into the New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income and attributed to the owners of the Corporation and non-controlling interests as appropriate.

g. Inventories

Inventories consist of raw materials, supplies, work-in-process, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h. Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling and the cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2) Internally generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) The intention to complete the intangible asset and use or sell it;

- c) The ability to use or sell the intangible asset;
- d) How the intangible asset will generate probable future economic benefits;
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial asset at FVTPL

A financial asset is classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, and refundable deposits at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial asset; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;

- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit loss (ECL) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 360 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all the financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The fair value is determined in the manner described in Note 25.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into foreign exchange forward to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

n. Provision

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agree-upon specifications are recognized on the date of sale of the relevant products at the best estimate of the expenditure required to settle the Group's obligation.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contract where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped/the goods are picked up because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivable is recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Corporation's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options; The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Corporation revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When the Group develops material accounting estimates, the estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty - Write-down of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 1,929	\$ 2,145
Checking accounts and demand deposits	4,980,123	6,200,658
Pledged time deposits	30	300
Cash equivalents		
Time deposits (investments with original maturities of 3 months or less)	2,581,948	1,254,967
	7,564,030	7,458,070
Less: Pledged time deposits (classified as other current assets)	(30)	(300)
	<u>\$ 7,564,000</u>	<u>\$ 7,457,770</u>
<u>Rate of interest per annum (%)</u>		
Cash in bank	0.00-1.80	0.00-1.25
Time deposits (investments with original maturities of 3 months or less)	0.70-5.45	0.05-4.20
Pledged time deposits (Note 27)	0.05-3.00	1.44

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's financial assets and liabilities mandatorily designated as at fair value through profit or loss (FVTPL) are all generated from its derivative financial products of foreign exchange forward contracts. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting are as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
Sell	EUR/NTD	2024.1.16-2024.3.28	EUR6,300/NTD215,150
Sell	RMB/NTD	2024.1.12-2024.2.29	CNY90,000/NTD393,636
Sell	USD/NTD	2024.1.16-2024.3.29	USD4,600/NTD143,909
<u>December 31, 2022</u>			
Sell	EUR/NTD	2023.1.19-2023.3.31	EUR4,800/NTD153,578
Sell	RMB/NTD	2023.1.17-2023.3.24	CNY40,000/NTD175,395
Sell	USD/NTD	2023.1.19-2023.2.24	USD2,400/NTD73,376

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2023	2022
<u>Name of Investee Company</u>		
Domestic listed ordinary shares		
Hiwin Mikrosystem Corp. (Hiwin Mikrosystem)	\$ 652,509	\$ 660,129
Ever Fortune. AI Co., Ltd. (Ever Fortune)	193,000	182,812
Domestic unlisted ordinary shares		
Taichung International Country Club	4,000	3,650
Sunengine Corporation Ltd. (Sunengine)	-	-
King Kong Iron Work Ltd.	-	-
	<u>\$ 849,509</u>	<u>\$ 846,591</u>

Ever Fortune's shares have been listed on the over-the-counter market in March 2023.

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

From June to September 2023, the Group sold its partial shares in Ever Fortune at a fair value of \$61,333 thousand and its related unrealized valuation gain of \$51,655 thousand was transferred from other equity to retained earnings.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 578,332	\$ 706,028
Less: Allowance for impairment loss	<u>(22)</u>	<u>(36)</u>
	<u>\$ 578,310</u>	<u>\$ 705,992</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 2,984,071	\$ 2,664,402
Less: Allowance for impairment loss	<u>(9,629)</u>	<u>(13,415)</u>
	<u>\$ 2,974,442</u>	<u>\$ 2,650,987</u>

a. Notes receivable

The Group's aging of notes receivable is as follows:

	December 31	
	2023	2022
Not past due	\$ 578,332	\$ 706,028
Past due	<u>-</u>	<u>-</u>
	<u>\$ 578,332</u>	<u>\$ 706,028</u>

The above aging schedule was based on the past due days.

b. Trade receivables

The Group determines the credit period of sales of goods based on the counterparty's credit rating, location and transaction terms.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlooks. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables:

	Not Past Due	1 to 120 Days	121 to 360 Days	Over 360 Days	Total
<u>December 31, 2023</u>					
Gross carrying amount	\$ 2,889,359	\$ 85,462	\$ 7,218	\$ 2,032	\$ 2,984,071
Loss allowance (Lifetime ECL)	<u>(4,509)</u>	<u>(966)</u>	<u>(2,122)</u>	<u>(2,032)</u>	<u>(9,629)</u>
Amortized cost	<u>\$ 2,884,850</u>	<u>\$ 84,496</u>	<u>\$ 5,096</u>	<u>\$ -</u>	<u>\$ 2,974,442</u>
<u>December 31, 2022</u>					
Gross carrying amount	\$ 2,554,104	\$ 103,958	\$ 1,379	\$ 4,961	\$ 2,664,402
Loss allowance (Lifetime ECL)	<u>(5,648)</u>	<u>(2,476)</u>	<u>(330)</u>	<u>(4,961)</u>	<u>(13,415)</u>
Amortized cost	<u>\$ 2,548,456</u>	<u>\$ 101,482</u>	<u>\$ 1,049</u>	<u>\$ -</u>	<u>\$ 2,650,987</u>

The movements of the loss allowance were as follows (other receivables are classified as other non-current assets):

	For the Year Ended December 31, 2023		
	Notes Receivable	Trade Receivables	Other Receivables
Balance at January 1, 2023	\$ 36	\$ 13,415	\$ 27,395
Net remeasurement of loss allowance	(14)	(2,305)	-
Amounts written off	-	(1,772)	-
Foreign exchange gains and losses	-	291	-
Balance at December 31, 2023	<u>\$ 22</u>	<u>\$ 9,629</u>	<u>\$ 27,395</u>

	For the Year Ended December 31, 2022		
	Notes Receivable	Trade Receivables	Other Receivables
Balance at January 1, 2022	\$ 1,884	\$ 16,890	\$ 27,395
Net remeasurement of loss allowance	(1,848)	(3,792)	-
Foreign exchange gains and losses	-	317	-
Balance at December 31, 2022	<u>\$ 36</u>	<u>\$ 13,415</u>	<u>\$ 27,395</u>

10. INVENTORIES

	December 31	
	2023	2022
Merchandise	\$ 180	\$ 4,172
Finished goods	3,424,836	4,092,583
Work in process	1,429,492	1,396,857
Raw materials and supplies	2,423,080	3,084,782
Inventory in transit	<u>212,017</u>	<u>359,448</u>
	<u>\$ 7,489,605</u>	<u>\$ 8,937,842</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$16,977,522 thousand and \$18,599,298 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 included inventory write-downs of \$13,360 thousand and \$73,859 thousand, respectively, and unallocated fixed overhead of \$417,846 thousand and \$405,557 thousand, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership	
			2023	2022
The Corporation	Hiwin Corporation, U.S.A. ("Hiwin USA")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Hiwin Corporation, Japan ("Hiwin Japan")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Hiwin GmbH ("Hiwin Germany")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Eterbright Solar Corporation ("Eterbright") (Note 23)	Research, development, design, manufacture and sale of solar cell, electronic components, electric power supply, electric transmission and power distribution machinery products	89	89
	Hiwin Singapore Pte. Ltd. ("Hiwin Singapore")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Hiwin Corporation ("Hiwin Korea")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Hiwin Technologies (China) Corporation ("Hiwin China")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Matrix Precision Co., Ltd. ("Matrix Precision")	Research, development, production, manufacture and sale of gear cutting tools and machinery	50	50
	Hiwin Healthcare Corp.	Sale of medical robots	100	100
	Hiwin S.R.L. ("Hiwin Italy")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Matrix Machine Tool (Coventry) Limited (Matrix)	Design, integrated application, research, development, manufacture and sale of thread forming machinery	100	100
	Hiwin (Schweiz) GmbH ("Hiwin Schweiz")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	81	81
Hiwin Germany	Hiwin Schweiz	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	19	19
Matrix Precision	Suzhou Matrix Precision Machinery Co., Ltd. ("Suzhou Matrix")	Sale of gear cutting tools and machinery	100	100

The resolution to liquidate and dissolve Eterbright has been approved by the extraordinary shareholders in their extraordinary meeting on November 27, 2023. The base date for dissolution is February 29, 2024.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2023	2022
Eterbright	11%	11%
Matrix Precision	50%	50%

See Tables 7 and 8 for the information on places of incorporation and principal places of business.

Name of Subsidiary	Loss and Comprehensive Loss Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Eterbright	\$ (58,683)	\$ (51,680)	\$ 61,771	\$ 120,453
Matrix Precision	<u>(145,343)</u>	<u>(113,674)</u>	<u>54,530</u>	<u>92,884</u>
	<u>\$ (204,026)</u>	<u>\$ (165,354)</u>	<u>\$ 116,301</u>	<u>\$ 213,337</u>

The summarized financial information below represents amounts before intragroup eliminations.

Eterbright

	December 31	
	2023	2022
Current assets	\$ 647,258	\$ 855,074
Non-current assets	62,749	418,741
Current liabilities	(134,859)	(98,379)
Non-current liabilities	<u>-</u>	<u>(53,894)</u>
Equity	<u>\$ 575,148</u>	<u>\$ 1,121,542</u>
Equity attributable to:		
Owners of Eterbright	\$ 513,377	\$ 1,001,089
Non-controlling interests of Eterbright	<u>61,771</u>	<u>120,453</u>
	<u>\$ 575,148</u>	<u>\$ 1,121,542</u>

	For the Year Ended December 31	
	2023	2022
Revenue	\$ 19,309	\$ 26,760
Net loss for the year	\$ (546,394)	\$ (346,418)
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	\$ (546,394)	\$ (346,418)
Loss and total comprehensive loss attributable to:		
Owners of Eterbright	\$ (487,711)	\$ (294,738)
Non-controlling interests of Eterbright	<u>(58,683)</u>	<u>(51,680)</u>
	\$ (546,394)	\$ (346,418)
Net cash inflow (outflow) from:		
Operating activities	\$ (229,013)	\$ (254,524)
Investing activities	57,892	(4,077)
Financing activities	<u>(25,242)</u>	<u>920,359</u>
Net cash inflow (outflow)	\$ (196,363)	\$ 661,758

Matrix Precision and Matrix Precision's subsidiaries

	December 31	
	2023	2022
Current assets	\$ 471,918	\$ 548,092
Non-current assets	1,942,736	1,354,236
Current liabilities	(772,885)	(742,666)
Non-current liabilities	<u>(1,442,838)</u>	<u>(955,772)</u>
Equity	\$ 198,931	\$ 203,890
Equity attributable to:		
Owners of Matrix Precision	\$ 136,061	\$ 102,149
Non-controlling interests of Matrix Precision	<u>62,870</u>	<u>101,741</u>
	\$ 198,931	\$ 203,890

	For the Year Ended December 31	
	2023	2022
Revenue	\$ 224,250	\$ 316,034
Net loss for the year	\$ (290,722)	\$ (221,645)
Other comprehensive income (loss) for the year	<u>(1,583)</u>	<u>4,593</u>
Total comprehensive loss for the year	\$ (292,305)	\$ (217,052)

	For the Year Ended December 31	
	2023	2022
Loss attributable to:		
Owners of Matrix Precision	\$ (145,651)	\$ (111,044)
Non-controlling interests of Matrix Precision	<u>(145,070)</u>	<u>(110,601)</u>
	<u>\$ (290,721)</u>	<u>\$ (221,645)</u>
Total comprehensive loss attributable to:		
Owners of Matrix Precision	\$ (146,447)	\$ (108,743)
Non-controlling interests of Matrix Precision	<u>(145,858)</u>	<u>(108,309)</u>
	<u>\$ (292,305)</u>	<u>\$ (217,052)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (65,399)	\$ (176,087)
Investing activities	(533,262)	(23,309)
Financing activities	<u>533,667</u>	<u>252,531</u>
Net cash inflow (outflow)	<u>\$ (64,994)</u>	<u>\$ 53,135</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Associates that are not individually material	<u>\$ 378,170</u>	<u>\$ 327,423</u>
	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Profit for the year	\$ 48,717	\$ 79,727
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 48,717</u>	<u>\$ 79,727</u>

13. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2023						
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 5,428,566	\$ 67,524	\$ -	\$ -	\$ (25,341)	\$ 5,470,749
Buildings and improvements	15,843,551	216,120	(85)	1,043,295	(55,845)	17,047,036
Machinery and equipment	15,656,424	215,689	(2,660,372)	676,974	11,581	13,900,296
Transportation equipment	266,724	43,784	(37,176)	2,621	6,392	282,345
Leasehold improvements	116,137	5,815	(72,421)	-	(1,393)	48,138
Miscellaneous equipment	2,833,600	161,290	(712,747)	48,944	(785)	2,330,302
Construction in progress	631,389	1,758,700	(167)	(1,080,618)	2,311	1,311,615
	<u>40,776,391</u>	<u>\$ 2,468,922</u>	<u>\$ (3,482,968)</u>	<u>\$ 691,216</u>	<u>\$ (63,080)</u>	<u>40,390,481</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and improvements	2,633,980	\$ 428,669	\$ (25)	\$ -	\$ 2,987	3,065,611
Machinery and equipment	8,282,212	1,581,127	(2,437,407)	-	7,196	7,433,128
Transportation equipment	152,496	39,728	(32,179)	-	3,389	163,434
Leasehold improvements	107,425	3,010	(71,985)	-	(1,089)	37,361
Miscellaneous equipment	1,921,436	252,982	(702,403)	-	4,088	1,476,083
	<u>13,097,549</u>	<u>\$ 2,305,516</u>	<u>\$ (3,244,019)</u>	<u>\$ -</u>	<u>\$ 16,571</u>	<u>12,175,617</u>
	<u>\$ 27,678,842</u>					<u>\$ 28,214,864</u>
For the Year Ended December 31, 2022						
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 5,424,124	\$ 8,220	\$ -	\$ -	\$ (3,778)	\$ 5,428,566
Buildings and improvements	14,019,116	185,776	(216,959)	1,767,138	88,480	15,843,551
Machinery and equipment	15,107,593	256,549	(684,494)	932,247	44,529	15,656,424
Transportation equipment	240,647	23,871	(9,377)	3,226	8,357	266,724
Leasehold improvements	121,948	1,160	(7,659)	-	688	116,137
Miscellaneous equipment	2,676,669	151,346	(180,278)	165,316	20,547	2,833,600
Construction in progress	1,577,851	1,007,109	-	(1,935,878)	(17,693)	631,389
	<u>39,167,948</u>	<u>\$ 1,634,031</u>	<u>\$ (1,098,767)</u>	<u>\$ 932,049</u>	<u>\$ 141,130</u>	<u>40,776,391</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and improvements	2,329,595	\$ 388,798	\$ (102,192)	\$ -	\$ 17,779	2,633,980
Machinery and equipment	7,403,997	1,524,289	(668,667)	-	22,593	8,282,212
Transportation equipment	119,973	36,710	(9,119)	-	4,932	152,496
Leasehold improvements	110,650	3,598	(7,396)	-	573	107,425
Miscellaneous equipment	1,849,481	222,324	(164,270)	-	13,901	1,921,436
	<u>11,813,696</u>	<u>\$ 2,175,719</u>	<u>\$ (951,644)</u>	<u>\$ -</u>	<u>\$ 59,778</u>	<u>13,097,549</u>
	<u>\$ 27,354,252</u>					<u>\$ 27,678,842</u>

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	
Main buildings	8-55 years
Electrical power equipment	5-35 years
Engineering system	5-55 years
Machinery and equipment	
Machinery equipment	3-20 years
Inspection equipment	3-20 years
Transportation equipment	2-10 years
Leasehold improvements	2-17 years
Miscellaneous equipment	1-15 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 27.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts (Note 27)</u>		
Land	\$ 385,314	\$ 292,211
Buildings	212,808	365,901
Transportation equipment	15,491	17,916
Miscellaneous equipment	<u>816</u>	<u>473</u>
	<u>\$ 614,429</u>	<u>\$ 676,501</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 172,577</u>	<u>\$ 193,934</u>
Depreciation charge for right-of-use assets		
Land	\$ 20,354	\$ 20,262
Buildings	158,823	157,426
Transportation equipment	4,601	5,530
Miscellaneous equipment	<u>208</u>	<u>243</u>
	<u>\$ 183,986</u>	<u>\$ 183,461</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 105,088</u>	<u>\$ 157,542</u>
Non-current	<u>\$ 370,677</u>	<u>\$ 375,256</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.45%-1.85%	1.45%-1.50%
Buildings	0.90%-5.35%	0.90%-4.90%
Transportation equipment	1.23%-4.10%	1.23%-4.10%
Miscellaneous equipment	1.48%-4.10%	1.48%-4.10%

c. Material leasing activities and terms

The Group leases certain transportation and miscellaneous equipment for the use of product manufacturing and marketing with lease terms of 1 to 7 years. These arrangements do not contain renewal or purchase options.

The Group also leases land and buildings for the use of plants and offices with lease terms of 2 to 50 years. The lease contract for land located in the Republic of China specifies that lease payments will be adjusted on the basis of changes in the consumer price index or announced land value prices. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 18,858	\$ 20,272
Expenses relating to low-value asset leases	\$ 12,203	\$ 6,685
Total cash outflow for leases	\$ (220,376)	\$ (215,214)

The Group's leases of certain equipment qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. PREPAYMENTS FOR MACHINERY AND EQUIPMENT

The aging of prepayments for machinery and equipment is as follows:

	December 31	
The Date of Initial Cost Contribution	2023	2022
Within 1 year	\$ 296,126	\$ 344,212
1-2 years	335,563	252,110
2-5 years	226,740	389,751
More than 5 years	<u>189,952</u>	<u>108,069</u>
	<u>\$ 1,048,381</u>	<u>\$ 1,094,142</u>

In order to maintain key manufacturing technologies, reduce product costs and improve automation of the equipment, the Group designed, developed, and assembled the equipment by itself. The abovementioned prepayments for machinery and equipment include both internally-developed and outsourced equipment.

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings</u> (Note 27)		
Working capital loans	\$ 1,445,026	\$ 1,856,941
<u>Unsecured borrowings</u>		
Line of credit borrowings	43,440	-
	<u>\$ 1,488,466</u>	<u>\$ 1,856,941</u>
<u>Rate of interest per annum (%)</u>		
Working capital loans	1.95-8.25	0.58-4.30
Line of credit borrowings	0.95	-

b. Long-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings</u> (Note 27)		
Secured loans - Expired from March 2024 to July 2038	\$ 6,548,071	\$ 6,799,647
<u>Unsecured borrowings</u>		
Unsecured loans - Expired from April 2027 to October 2029	1,021,832	303,868
	7,569,903	7,103,515
Less: Current portion	(615,124)	(794,019)
Long-term borrowings	<u>\$ 6,954,779</u>	<u>\$ 6,309,496</u>
<u>Rate of interest per annum (%)</u>		
Secured loans	0.93-7.25	0.93-5.50
Unsecured loans	0.90-5.40	0.90-2.80

In August 2019, the Corporation received a qualification letter for the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan from the Ministry of Economic Affairs, and therefore received the subsidy for processing fee of long-term borrowings. As of December 31, 2023, \$23,500 thousand was drawn down for the purchase of machinery and equipment and the use of operating capital. The Corporation recognized \$501 thousand as a government grant, which is the difference between the loan amount obtained at a lower-than-market interest rate and the fair value, which was accounted for as deferred revenue and would be subsequently recognized in profit or loss over the useful life of the asset.

17. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries and bonuses	\$ 901,458	\$ 967,123
Payables for purchases of building and equipment	238,373	69,250
Payables for annual leave	185,031	184,429
Payables for compensation of employees	161,498	381,681
Payables for remuneration of directors	81,229	191,082
Others	<u>462,108</u>	<u>462,425</u>
	<u>\$ 2,029,697</u>	<u>\$ 2,255,990</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation, Eterbright and Matrix Precision adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Hiwin Germany, Hiwin Schweiz, Hiwin Japan, Hiwin Singapore, Hiwin Korea, Hiwin China, Matrix and Suzhou Matrix have pension plans which pay for an annuity and certain types of insurance under the local regulations. Hiwin USA has defined contribution pension plans, which are independently administered.

b. Defined benefit plans

The defined benefit plans adopted by the Corporation and Matrix Precision of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation and Matrix Precision contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy. Hiwin Italy also adopted the defined benefit plans in accordance with the local laws.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 423,708	\$ 404,430
Fair value of plan assets	<u>(282,872)</u>	<u>(212,949)</u>
Net defined benefit liabilities	<u>\$ 140,836</u>	<u>\$ 191,481</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	\$ 404,430	\$ (212,949)	\$ 191,481
Service cost			
Current service cost	10,406	-	10,406
Net interest expense (income)	5,291	(2,496)	2,795
Recognized in profit or loss	15,697	(2,496)	13,201
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,718)	(2,718)
Actuarial gain - changes in financial assumptions	(1,146)	-	(1,146)
Actuarial loss - experience adjustments	17,456	-	17,456
Recognized in other comprehensive income	16,310	(2,718)	13,592
Contributions from the employer	-	(78,876)	(78,876)
Benefits paid	(14,014)	14,014	-
Exchange differences on foreign plans	1,285	153	1,438
Balance at December 31, 2023	\$ 423,708	\$ (282,872)	\$ 140,836
Balance at January 1, 2022	\$ 437,041	\$ (206,990)	\$ 230,051
Service cost			
Current service cost	12,118	-	12,118
Net interest expense (income)	3,124	(1,471)	1,653
Recognized in profit or loss	15,242	(1,471)	13,771
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(15,475)	(15,475)
Actuarial loss - changes in demographic assumptions	740	-	740
Actuarial gain - changes in financial assumptions	(15,545)	-	(15,545)
Actuarial loss - experience adjustments	562	-	562
Recognized in other comprehensive income	(14,243)	(15,475)	(29,718)
Contributions from the employer	-	(24,643)	(24,643)
Benefits paid	(35,412)	35,412	-
Exchange differences on foreign plans	1,802	218	2,020
Balance at December 31, 2022	\$ 404,430	\$ (212,949)	\$ 191,481

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rates	1.20%, 1.25%, 3.17%	1.05%, 1.25%, 3.77%
Expected rates of salary increase	2.00%, 3.00%	2.00%, 3.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
<u>The Corporation</u>		
Discount rate		
0.25% increase	\$ (4,321)	\$ (5,114)
0.25% decrease	\$ 4,454	\$ 5,290
Expected rate of salary increase/decrease		
0.25% increase	\$ 4,396	\$ 5,445
0.25% decrease	\$ (4,288)	\$ (4,861)

Matrix Precision

Discount rate		
0.25% increase	\$ (878)	\$ (745)
0.25% decrease	\$ 912	\$ 767
Expected rate of salary increase/decrease		
0.25% increase	\$ 941	\$ 779
0.25% decrease	\$ (824)	\$ (710)

Hiwin Italy

Discount rate		
0.25% increase	\$ (45,452)	\$ (35,269)
0.25% decrease	\$ 47,028	\$ 36,430

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plan for the next year	\$ <u>24,631</u>	\$ <u>25,100</u>
Average duration of the defined benefit obligation	10.3 years 10.7 years 11.2 years	11.5 years 10 years 11 years

19. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>353,792</u>	<u>353,792</u>
Shares issued	<u>\$ 3,537,923</u>	<u>\$ 3,537,923</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

On May 10, 2022, the Corporation's board of directors resolved to issue 13,000 thousand ordinary shares, with a par value of \$10, for a consideration of \$160 per share. On June 24, 2022, the above transaction was approved by the SFB and the subscription base date set August 30, 2022 as determined by the board of directors.

According to the Company Act, the issuance of ordinary shares shall appropriate 10% of the total amount of new shares for subscription by employees. According to IFRS 2 "Share-based Payment", the Corporation recognized salary expense and capital surplus amounted to \$18,265 thousand in 2022.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of ordinary shares	\$ 7,469,101	\$ 7,469,101
Invalid employee shares	<u>10,634</u>	<u>10,634</u>
	<u>\$ 7,479,735</u>	<u>\$ 7,479,735</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the Corporation's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit shall be distributed as dividends, where the dividends distributed should not exceed 6% of the remaining profit. The Corporation's profit may be distributed in the form of cash or share dividends; however, the ratio of share dividends distributed shall not exceed two-thirds of the Corporation's total amount of dividends and bonuses distributed to shareholders. A distribution plan is also to be made by the board of directors and should be resolved in the shareholder's meeting. The dividends could be distributed in whole or in part by cash after the resolution has been passed by more than half of the directors present at the meeting of the board of directors, in which at least two-thirds of the total number of directors should be present. In addition, a report of such distribution shall be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 20-c.

The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Legal reserve	\$ 431,207	\$ 318,548		
Cash dividends	1,945,857	1,533,565	\$ 5.5	\$ 4.5

The appropriations of cash dividends for 2022 and 2021 were approved by the Corporation's board of directors on February 24, 2023 and February 25, 2022, respectively; the other appropriations of earnings for 2022 and 2021 were approved by the shareholders in their meetings on May 31, 2023 and June 27, 2022, respectively.

The appropriation of earnings for 2023, which was proposed by the Corporation's board of directors on February 27, 2024 was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 207,495	
Cash dividends	884,481	\$ 2.5

The above-mentioned cash dividends were approved by the Corporation's board of directors for distribution, and the other appropriation of earnings is subject to the resolution of the shareholders in their meeting to be held on May 31, 2024.

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 186,573	\$ 177,108
Interest on lease liabilities	<u>8,270</u>	<u>9,771</u>
	<u>\$ 194,843</u>	<u>\$ 186,879</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest	\$ 29,638	\$ 16,497
Capitalization rates (%)	1.27-2.20	1.10-4.90

b. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Year Ended December 31, 2023</u>			
Short-term employee benefits	\$ 3,460,725	\$ 2,800,081	\$ 6,260,806
Post-employment benefits			
Defined contribution plans	121,282	85,417	206,699
Defined benefit plans (Note 18)	5,369	7,832	13,201
Other employee benefits	154,061	76,520	230,581
Depreciation expenses	1,886,657	376,559	2,263,216
Amortization expenses	3,598	58,995	62,593
<u>For the Year Ended December 31, 2022</u>			
Short-term employee benefits	4,243,788	2,687,395	6,931,183
Post-employment benefits			
Defined contribution plans	144,935	84,668	229,603
Defined benefit plans (Note 18)	2,805	10,966	13,771
Other employee benefits	172,775	94,030	266,805
Depreciation expenses	1,790,297	347,127	2,137,424
Amortization expenses	23,036	41,110	64,146

c. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Corporation, the Corporation accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 4%, respectively, of net profit before income tax, compensation of employees, and the remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Corporation's board of directors on February 27, 2024 and February 24, 2023, respectively, were as follows:

Cash	For the Year Ended December 31			
	2023		2022	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	5.7%	\$ 161,498	6.2%	\$ 381,681
Remuneration of directors	2.8%	80,749	3.1%	190,841

If there will be a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES

- a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 626,369	\$ 1,232,906
Income tax on unappropriated earnings	48,711	66,553
Adjustments for prior years	(21,598)	6,434
Deferred tax		
In respect of the current year	<u>55,058</u>	<u>200,322</u>
Income tax expense recognized in profit or loss	<u>\$ 708,540</u>	<u>\$ 1,506,215</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Income tax expense calculated at the statutory rate	\$ 619,407	\$ 1,434,502
Non-deductible expenses in determining taxable income	458	1,222
Tax-exempt income	(3,681)	(975)
Others	(19,227)	(397)
Income tax on unappropriated earnings	106,294	84,217
Investment tax credits used	(137,938)	(127,265)
Loss carryforwards used	<u>-</u>	<u>(5,177)</u>
Current tax	565,313	1,386,127
Unrecognized deductible temporary differences and loss carryforwards	164,012	113,654
Adjustments for prior years' tax	(21,598)	6,434
Others	813	-
Income tax expense recognized in profit or loss	<u>\$ 708,540</u>	<u>\$ 1,506,215</u>

The tax rate applicable to companies subject to the Income Tax Act in the ROC is 20%; the tax rate applicable to subsidiaries in China is 25%. Tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax expense (gain) recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year:		
Translation of foreign operations	\$ 24,958	\$ 54,727
Remeasurement of defined benefit plans	<u>(1,314)</u>	<u>3,924</u>
	<u>\$ 23,644</u>	<u>\$ 58,651</u>

c. Deferred tax assets and liabilities

	For the Year Ended December 31, 2023			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized intercompany profit	\$ 291,120	\$ (81,519)	\$ -	\$ 209,601
Allowance for impairment loss	993	17	-	1,010
Allowance for inventory devaluation	116,625	5,935	-	122,560
Payables for annual leave	24,975	2,306	-	27,281
Defined benefit obligation	19,660	(507)	1,314	20,467
Impairment loss on financial assets	4,071	-	-	4,071
Provisions	21,734	(18,167)	-	3,567
Financial liabilities at FVTPL	906	(906)	-	-
Exchange differences on foreign operations	95,111	-	(24,958)	70,153
Unrealized loss on foreign currency exchange	-	12,125	-	12,125
Deferred expenses	-	16,796	-	16,796
Others	<u>1,999</u>	<u>1,607</u>	<u>-</u>	<u>3,606</u>
	<u>\$ 577,194</u>	<u>\$ (62,313)</u>	<u>\$ (23,644)</u>	<u>\$ 491,237</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 783,475	\$ 13,355	\$ -	\$ 796,830
Unrealized gain on foreign currency exchange	15,548	(15,548)	-	-
Financial assets at FVTPL	-	1,948	-	1,948
Intangible assets	2,299	(682)	-	1,617
Others	<u>52,806</u>	<u>(6,328)</u>	<u>-</u>	<u>46,478</u>
	<u>\$ 854,128</u>	<u>\$ (7,255)</u>	<u>\$ -</u>	<u>\$ 846,873</u>

For the Year Ended December 31, 2022				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized intercompany profit	\$ 289,703	\$ 1,417	\$ -	\$ 291,120
Allowance for impairment loss	1,731	(738)	-	993
Allowance for inventory devaluation	138,761	(22,136)	-	116,625
Payables for annual leave	25,468	(493)	-	24,975
Defined benefit obligation	24,118	(534)	(3,924)	19,660
Impairment loss on financial assets	4,071	-	-	4,071
Provisions	16,318	5,416	-	21,734
Financial liabilities at FVTPL	-	906	-	906
Exchange differences on foreign operations	149,838	-	(54,727)	95,111
Unrealized loss on foreign currency exchange	5,330	(5,330)	-	-
Others	<u>8,124</u>	<u>(6,125)</u>	<u>-</u>	<u>1,999</u>
	<u>\$ 663,462</u>	<u>\$ (27,617)</u>	<u>\$ (58,651)</u>	<u>\$ 577,194</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 635,153	\$ 148,322	\$ -	\$ 783,475
Unrealized gain on foreign currency exchange	1	15,547	-	15,548
Financial assets at FVTPL	63	(63)	-	-
Intangible assets	2,910	(611)	-	2,299
Others	<u>43,296</u>	<u>9,510</u>	<u>-</u>	<u>52,806</u>
	<u>\$ 681,423</u>	<u>\$ 172,705</u>	<u>\$ -</u>	<u>\$ 854,128</u>

- d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Loss carryforwards	\$ 9,426,528	\$ 8,151,375
Investment loss	3,872,585	3,384,874
Deductible temporary difference	<u>108,873</u>	<u>879,674</u>
	<u>\$ 13,407,986</u>	<u>\$ 12,415,923</u>

e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Investee	Unused Amount	Expiry Year
Eterbright	\$ 6,716,420	2024-2023
Matrix Precision	1,653,798	2024-2023
Hiwin Japan	423,956	2024-2023
Hiwin Korea	276,150	2024-2023
Matrix	<u>356,204</u>	no limit
	<u>\$ 9,426,528</u>	

f. Income tax assessments

The tax returns of the Corporation, Eterbright and Matrix Precision through 2021 have been assessed by the tax authorities.

g. Pillar Two income tax legislation

In 2023, the government of Hiwin Japan, Hiwin Korea, Matrix, Hiwin Germany, Hiwin Schweiz and Hiwin Italy are incorporated, enacted or substantively enacted the Pillar Two income tax legislation effective from April 1, 2024 and January 1, 2024, respectively. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

Under the legislation, Matrix, Hiwin Germany, Hiwin Schweiz and Hiwin Italy will be required to pay, in United Kingdom, Germany, Schweiz and Italy, respectively, a top-up tax on the profits of its group entities that are taxed at an effective tax rate of less than 15 percent. As of December 31, 2023, approximately 12 percent of the Group's annual profits may be subject to tax, which is currently taxed at the effective tax rate applicable to those profits of 15 percent to 37 percent. This information is based on the profits and tax expenses determined as part of the preparation of the Group's consolidated financial statements, without considering that only the application of certain adjustments may have been required by the legislation. Because not all adjustments that would have been required by the legislation were made, the actual impact of the Pillar Two income tax legislation on the Group's results had it been in effect for the year ending December 31, 2023 may be significantly different.

22. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Year Ended December 31, 2023</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 2,034,748	353,792	<u>\$ 5.75</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>918</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 2,034,748</u>	<u>354,710</u>	<u>\$ 5.74</u>

	Net Profit Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Year Ended December 31, 2022</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 4,479,381	345,209	<u>\$ 12.98</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>2,258</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 4,479,381</u>	<u>347,467</u>	<u>\$ 12.89</u>

Since the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On December 30, 2022, the Corporation subscribed for additional new shares of Eterbright at a percentage different from its existing ownership percentage, thereby increasing its continuing interest from 85% to 89%, and recognized a decrease of \$190,861 thousand in retained earnings.

The above transactions were accounted for as equity transactions, since the Corporation did not cease to have control over these subsidiaries.

24. CAPITAL MANAGEMENT

To support the needs for expansion and upgrade of its plant and equipment, the Group has to maintain an appropriate amount of capital. Therefore, the Group manages its capital to ensure it has the necessary financial resources and operating plan to support the required operating funds, capital expenditures, research and development fees, debt repayment and dividend payments in the next 12 months to achieve an overall balanced capital structure.

Key management personnel of the Group review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders and the amount of new debt issued or existing debt redeemed.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

The Group's financial assets and liabilities at FVTPL are measured at fair value using Level 2 inputs, and the financial assets at FVTOCI are measured at fair value using Level 1 inputs and Level 3 inputs.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

b. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 9,874	\$ 228
Financial assets at amortized cost (1)	11,227,719	10,921,216
Financial assets at FVTOCI		
Equity instruments	849,509	846,591
<u>Financial liabilities</u>		
FVTPL		
Mandatorily classified as at FVTPL	136	4,757
Financial liabilities at amortized cost (2)	13,927,080	14,213,584

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable (including from related parties), trade receivables (including from related parties), financial assets at amortized cost - non-current and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables (including from related parties), other payables and long-term borrowings (including those due within one year).

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, lease liabilities and borrowings. The Group's corporate treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The plans for material treasury activities are reviewed by the audit committee and the board of directors in accordance with procedures required by relevant regulations and internal controls.

1) Market risk

The Group entered into some derivative financial instruments, mainly forward foreign exchange contracts, to manage its exposure to foreign currency risk arising on translation of sales and receivables from the export of precision component to USA, Germany, Japan and China.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group's operating activities and net investment in foreign operations are denominated in foreign currencies. Consequently, the Group is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group utilizes foreign exchange forward contracts to hedge its currency exposure. These instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

Since the Group's net investments in foreign operations are held for strategic purposes, they are not hedged.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Group was mainly exposed to the USD, EUR, JPY and RMB.

The sensitivity analysis of foreign currency risk used when reporting foreign currency risk internally to key management personnel mainly focuses on foreign currency denominated monetary items at the end of the reporting period. When the NTD had increased by 1% against the relevant foreign currency, the post-tax profit for the years ended December 31, 2023 and 2022 would have decreased by \$36,396 thousand and \$35,750 thousand, respectively.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Deposits in bank	\$ 2,581,978	\$ 1,255,267
Lease liabilities	475,765	532,798
Short-term borrowings	710,329	1,085,012
Long-term borrowings	224,143	278,976

	December 31	
	2023	2022
Cash flow interest rate risk		
Deposits in bank	\$ 4,917,809	\$ 6,102,849
Short-term borrowings	778,137	771,929
Long-term borrowings	7,345,760	6,824,539

Sensitivity analysis

For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Group's post-tax profit for the years ended December 31, 2023 and 2022 would have decreased by \$25,649 thousand and \$11,949 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the counterparties are all creditworthy organizations; thus, no significant credit risk is expected.

The counterparties of the Group's trade receivables cover a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of the counterparties of trade receivables.

The Group's credit risk by geographical locations was mainly in Asia, which accounted for 69% and 53% of the total trade receivables as of December 31, 2023 and 2022, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized bank loan facilities of \$15,519,329 thousand and \$13,984,978 thousand, respectively.

The following table details the Group's remaining contractual obligations for its financial liabilities with agreed repayment periods. The tables below had been drawn up based on the undiscounted contractual maturities of the financial liabilities.

	Less Than 1 Year	1-5 Years	More Than 5 Years
<u>December 31, 2023</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 4,868,711	\$ -	\$ -
Lease liabilities	126,269	223,287	181,757
Fixed interest rate liabilities	763,767	170,705	-
Variable interest rate liabilities	<u>1,339,823</u>	<u>3,172,167</u>	<u>3,611,907</u>
	<u>\$ 7,098,570</u>	<u>\$ 3,566,159</u>	<u>\$ 3,793,664</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2022</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 5,253,128	\$ -	\$ -
Lease liabilities	172,407	294,098	112,633
Fixed interest rate liabilities	1,161,449	202,539	-
Variable interest rate liabilities	<u>1,489,511</u>	<u>3,949,559</u>	<u>2,157,398</u>
	<u>\$ 8,076,495</u>	<u>\$ 4,446,196</u>	<u>\$ 2,270,031</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 4,757</u>	<u>\$ -</u>	<u>\$ -</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
<u>December 31, 2023</u>					
Lease liabilities	\$ 126,269	\$ 223,287	\$ 93,024	\$ 61,667	\$ 27,066
Fixed interest rate liabilities	763,767	170,705	-	-	-
Variable interest rate liabilities	<u>1,339,823</u>	<u>3,172,167</u>	<u>2,853,412</u>	<u>581,995</u>	<u>176,500</u>
	<u>\$ 2,229,859</u>	<u>\$ 3,566,159</u>	<u>\$ 2,946,436</u>	<u>\$ 643,662</u>	<u>\$ 203,566</u>
<u>December 31, 2022</u>					
Lease liabilities	\$ 172,407	\$ 294,098	\$ 68,433	\$ 43,844	\$ 356
Fixed interest rate liabilities	1,161,449	202,539	-	-	-
Variable interest rate liabilities	<u>1,489,511</u>	<u>3,949,559</u>	<u>1,572,338</u>	<u>390,060</u>	<u>195,000</u>
	<u>\$ 2,823,367</u>	<u>\$ 4,446,196</u>	<u>\$ 1,640,771</u>	<u>\$ 433,904</u>	<u>\$ 195,356</u>

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

<u>Related Party</u>	<u>Relationship with the Group</u>
Hiwin S.R.O.	Associate
Mega-Fabs Motion Systems Ltd. (Mega-Fabs)	Associate
Hiwin Mikrosystem	Other related party
Hiwin Investment and Holding Corporation (Hiwin Investment Corporation)	Other related party
Hiwin Technologies Foundation in Education (Hiwin Education Foundation)	Other related party
All Horng Gear Industry Co., Ltd.	Other related party
Chuo, Yung-Tsai	Key management personnel
Chuo, Wen-Hen	Key management personnel

b. Operating transactions

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
1) Sales of goods		
Associates	\$ 201,021	\$ 205,435
Other related parties	<u>58,161</u>	<u>118,138</u>
	<u>\$ 259,182</u>	<u>\$ 323,573</u>

Due to the differences in product specifications, the selling prices of goods sold to related parties and those sold to third parties are not comparable. The selling price is quoted at cost plus a reasonable margin based on the market and competitor pricing.

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
2) Purchases of goods		
Other related parties	\$ 734,758	\$ 994,685
Associates	<u>7</u>	<u>149</u>
	<u>\$ 734,765</u>	<u>\$ 994,834</u>

The products purchased from related parties and those from third parties are not the same; therefore, their prices are not comparable.

3) Other operating transactions

	For the Year Ended December 31	
	2023	2022
Non-operating income - dividend income (classified as other income)		
Hiwin Mikrosystem	\$ <u>9,526</u>	\$ <u>9,526</u>
Non-operating income - other income		
Other related parties	\$ <u>6,024</u>	\$ <u>3,571</u>
Non-operating expense - other expenses		
Other related parties	\$ <u>3,445</u>	\$ <u>1,824</u>
Manufacturing and operating expenses		
Other related parties	\$ <u>70,824</u>	\$ <u>48,921</u>
Operating expenses - donations		
Hiwin Education Foundation	\$ <u>3,500</u>	\$ <u>4,000</u>
	December 31	
	2023	2022
4) Notes receivable		
Other related parties	\$ <u>418</u>	\$ <u>937</u>
5) Trade receivables		
Associates	\$ 20,682	\$ 417
Other related parties	<u>15,945</u>	<u>16,356</u>
	\$ <u>36,627</u>	\$ <u>16,773</u>
6) Other receivables (classified as other current assets)		
Other related parties	\$ <u>348</u>	\$ <u>453</u>
7) Notes payables		
Other related parties	\$ <u>365</u>	\$ <u>-</u>
8) Trade payables		
Other related parties	\$ <u>161,153</u>	\$ <u>280,445</u>
9) Other payables		
Other related parties	\$ 3,216	\$ 5,088
Key management personnel	<u>1,294</u>	<u>1,078</u>
	\$ <u>4,510</u>	\$ <u>6,166</u>

c. Acquisition of property, plant and equipment

	Purchase Price	
	For the Year Ended December 31	
	2023	2022
Other related parties	\$ <u>3,094</u>	\$ <u>1,566</u>

d. Disposal of property, plant and equipment

	Disposal Price		Gain on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Other related parties	\$ <u>1,235</u>	\$ <u>-</u>	\$ <u>309</u>	\$ <u>-</u>

e. Lease arrangements

Lease arrangements represented the lease prices of the Corporation's factory. The lease prices were determined in accordance with mutual agreements and were based on the market price of the nearby factories and the lease area. The rental expenses were paid monthly.

	For the Year Ended December 31	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
Other related parties	\$ <u>-</u>	\$ <u>31,246</u>

	December 31	
	2023	2022
<u>Lease liabilities</u>		
Other related parties	\$ <u>7,592</u>	\$ <u>26,746</u>

	For the Year Ended December 31	
	2023	2022
<u>Finance costs</u>		
Other related parties	\$ <u>237</u>	\$ <u>445</u>

f. Endorsements and guarantees

Endorsements and guarantees given by related parties

Related Party Category	December 31	
	2023	2022
Key management personnel		
Amount endorsed	\$ <u>2,595,093</u>	\$ <u>2,298,095</u>
Amount utilized (classified as short-term borrowings)	\$ <u>1,415,003</u>	\$ <u>1,113,134</u>
Other related parties		
Amount endorsed	\$ <u>489,000</u>	\$ <u>320,000</u>

g. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 234,035	\$ 357,165
Post-employment benefits	919	962
Share-based payments	<u>-</u>	<u>927</u>
	<u>\$ 234,954</u>	<u>\$ 359,054</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral for short-term and long-term bank loans :

	December 31	
	2023	2022
Property, plant and equipment	\$ 17,921,571	\$19,579,033
Right-of-use assets	144,291	150,488
Pledged deposits (classified as other current assets)	<u>30</u>	<u>300</u>
	<u>\$ 18,065,892</u>	<u>\$ 19,729,821</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- As of December 31, 2023 and 2022, unused letters of credit for purchases of raw materials and machinery and equipment amounted to \$366,552 thousand and \$361,737 thousand, respectively.
- As of December 31, 2023 and 2022, commitment for acquisition of property, plant and equipment amounted to \$2,492,659 thousand and \$3,195,663 thousand, respectively.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$	28,544	30.705	\$	876,442	\$ 36,537
EUR		35,925	33.98		1,220,724	39,090
JPY		2,776,685	0.2172		603,096	3,767,327
RMB		611,328	4.327		2,645,216	441,333
						4,408
						\$ 1,122,053
						1,279,039
						875,527
						1,945,399

(Continued)

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
Non-monetary items						
ILS	\$ 28,605	8.897	\$ 254,492	\$ 24,542	8.647	\$ 212,213
<u>Financial liabilities</u>						
Monetary items						
USD	11,947	30.705	366,830	15,224	30.710	467,525
EUR	9,507	33.98	323,056	4,001	32.72	130,919
JPY	439,453	0.2172	95,449	631,501	0.2324	146,761
RMB	2,448	4.327	10,594	1,829	4.408	8,062
						(Concluded)

The Group is mainly exposed to the USD, EUR, JPY and RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant (realized and unrealized) foreign exchange gain (loss) are as follows:

	For the Year Ended December 31			
	2023		2022	
	Foreign Currencies	Exchange Rate Net Foreign Exchange Gain	Exchange Rate Net Foreign Exchange Gain	
NTD	1 (NTD:NTD)	\$ 24,701	1 (NTD:NTD)	\$ 327,445

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities). (Table 3)
- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments. (Notes 7 and 25)
- 10) Other: intercompany relationships and significant intercompany transactions. (Table 6)

11) Information on investees. (Table 7)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Tables 4 and 6)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (None)
 - e) The highest balance, the end of year balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

31. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments are linear guideways, ballscrews and others.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	For the Year Ended December 31			
	Segment Revenue		Segment Profit	
	2023	2022	2023	2022
Linear guideways	\$ 15,878,031	\$ 18,739,172	\$ 2,439,137	\$ 4,210,975
Ballscrews	4,693,057	6,312,037	632,873	1,473,140
Others	<u>4,061,684</u>	<u>4,263,439</u>	<u>(421,060)</u>	<u>(111,666)</u>
Total from continuing operations	<u>\$ 24,632,772</u>	<u>\$ 29,314,648</u>	2,650,950	5,572,449

(Continued)

For the Year Ended December 31			
Segment Revenue		Segment Profit	
2023	2022	2023	2022
Subsidy revenue		\$ 34,435	\$ 48,654
Finance costs		(194,843)	(186,879)
Share of profit of associates accounted for using the equity method		48,717	79,727
Interest income		62,421	53,909
Other income		146,676	103,486
Net foreign exchange gain		16,423	301,085
Valuation gain (loss) on financial assets (liabilities) at FVTPL		5,285	(20,648)
Other expenses		(63,732)	(10,403)
Loss on disposal of property, plant and equipment		<u>(166,282)</u>	<u>(123,430)</u>
Profit before income tax		<u>\$ 2,540,050</u>	<u>\$ 5,817,950</u>
			(Concluded)

Segment revenue reported above represents revenue generated from external customers. The intersegment sales are eliminated for the years ended December 31, 2023 and 2022.

Segment profit represents the profit before tax earned by each segment without subsidy revenue, finance costs, share of profit of associates accounted for using the equity method, interest income, other income, net foreign exchange gain, valuation gain (loss) on financial assets (liabilities) at FVTPL, other expenses, loss on disposal of property, plant and equipment and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The Group had not reported segment assets and liabilities information to the chief operating decision maker. Thus, no disclosure is made.

c. Geographical information

The Group operates in Taiwan, Germany, China, Japan, and the USA.

The Group's revenue from continuing operations from external customers and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Taiwan	\$ 10,757,040	\$ 13,678,110	\$ 24,590,633	\$ 24,132,854
China	4,874,839	5,988,915	1,959,723	2,103,006
Germany	4,168,497	4,076,353	1,124,526	1,091,415
USA	1,254,724	1,438,834	445,034	472,154
Japan	988,724	1,307,180	1,426,855	1,601,024
Others	<u>2,588,948</u>	<u>2,825,256</u>	<u>686,732</u>	<u>410,169</u>
	<u>\$ 24,632,772</u>	<u>\$ 29,314,648</u>	<u>\$ 30,233,503</u>	<u>\$ 29,810,622</u>

Non-current assets exclude financial instruments, goodwill and deferred tax assets.

d. Information about major customers

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Customer A	\$ 3,385,931	14	\$ 4,442,513	15
Customer B	3,151,394	13	3,052,680	10

TABLE 1

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Amount Borrowed (Note 5)	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 3)
													Item	Value		
0	The Corporation	Hiwin Japan	Other receivables from related parties	Yes	\$ 204,415	\$ 177,194	\$ 177,194	1.9891%	1	Sales \$801,653	-	\$ -	-	\$ -	\$ 5,249,703	\$ 10,499,407

Note 1: The total amount for lending to a single company shall not exceed 15% of the net assets of the Corporation based on its latest financial statements. For financing provided by the Corporation due to business dealings, other than the aforementioned restrictions, the amount of financing is also limited to the higher of the total purchase or sales amount between the 2 parties within 1 year from the date of financing or in the most recent year based on the principle that business transactions have already occurred between the two parties.

Note 2: The nature of financing is numbered as follows:

- 1. A company that has business dealings with the lender.
- 2. A company with short-term financing needs.

Note 3: The total amount of the Corporation’s accumulated financing provided should not exceed 30% of the Corporation’s net assets as shown in its latest financial statements.

Note 4: The ending balance has been approved by the board of directors.

Note 5: Significant intercompany accounts and transactions have been eliminated.

TABLE 2

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Endorser/Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 1 and 2)	Maximum Amount Endorsed/ Guaranteed During the Year (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Year (Notes 4 and 5)	Actual Amount Borrowed (Note 5)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Matrix	Subsidiary	\$ 3,499,802	\$ 81,040 (GBP 2,000)	\$ 78,300 (GBP 2,000)	\$ 27,405 (GBP 700)	\$ -	0.2	\$ 12,249,308	Yes	-	-
0	The Corporation	Hiwin Italy	Subsidiary	3,499,802	978,822 (EUR 28,200)	950,094 (EUR 27,960)	504,868 (EUR 14,858)	-	2.7	12,249,308	Yes	-	-
0	The Corporation	Hiwin Singapore	Subsidiary	3,499,802	194,550 (USD 6,000)	184,230 (USD 6,000)	-	-	0.5	12,249,308	Yes	-	-
0	The Corporation	Hiwin Korea	Subsidiary	3,499,802	389,100 (USD 12,000)	368,460 (USD 12,000)	179,624 (USD 5,850)	-	1.1	12,249,308	Yes	-	-
0	The Corporation	Hiwin Japan	Subsidiary	3,499,802	1,618,147 (JPY 7,008,000)	1,522,138 (JPY 7,008,000)	1,413,538 (JPY 6,508,000)	-	4.3	12,249,308	Yes	-	-
0	The Corporation	Matrix Precision	Subsidiary	3,499,802	1,050,000	1,050,000	405,000	-	3.0	12,249,308	Yes	-	-
1	Matrix Precision	Hiwin Mikrosystem	Other related party	2,053,575	288,000	288,000	-	-	144.77	2,053,575	No	-	-

Note 1: The limit on the endorsements/guarantees provided for a single enterprise is 10% of the Corporation's net assets as shown in its most recent financial statements. If approved by the board of directors, the amount of endorsements/guarantees provided by the Corporation for its subsidiaries is not subject to the foregoing limitations; however, it must not exceed 50% of the Corporation's net assets in its most recent financial statements.

Note 2: The limit on the endorsements/guarantees provided for a single enterprise is 10% of Matrix Precision's net assets as shown in its most recent financial statements. The aggregate endorsement/guarantee limit is 35% of Matrix Precision's net assets as shown in its most recent financial statements. Because both applicants have signed a contract for mutual insurance, the amount of endorsements/guarantees provided by Matrix Precision is not subject to the foregoing limitations; however, it must not exceed 300% of Matrix Precision's higher amounts of paid-in capital or net assets in its most recent financial statements.

Note 3: The aggregate endorsement/guarantee limit is 35% of the Corporation's net assets as shown in its latest financial statements.

Note 4: The ending balance has been approved by the board of directors.

Note 5: The amounts denominated in foreign currencies were translated into the New Taiwan dollar at the exchange rate prevailing at the end of last month.

TABLE 3

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	<u>Shares</u>							
	Hiwin Mikrosystem	Other related party	Financial assets at FVTOCI - non-current	9,525,676	\$ 652,509	8	\$ 652,509	
	Ever Fortune	-	Financial assets at FVTOCI - non-current	2,000,000	193,000	2	193,000	
	Taichung International Country Club	-	Financial assets at FVTOCI - non-current	1	4,000	-	4,000	
	Sunengine	-	Financial assets at FVTOCI - non-current	588,149	-	9	-	
	King Kong Iron Work Ltd.	-	Financial assets at FVTOCI - non-current	76,300	-	-	-	

Note: For information on the investments in subsidiaries and associates, see Tables 7 and 8.

TABLE 4

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% to Total	
The Corporation	Hiwin China	Subsidiary	Sale	\$ (3,810,854)	(22)	O/A 90 days	\$ -	-	\$ 895,260	24	
	Hiwin Germany	Subsidiary	Sale	(1,312,438)	(7)	O/A 90 days	-	-	291,274	8	
	Hiwin Italy	Subsidiary	Sale	(663,180)	(4)	O/A 180 days	-	-	362,805	10	
	Hiwin Japan	Subsidiary	Sale	(481,613)	(3)	O/A 150 days	-	-	299,694	8	
	Hiwin USA	Subsidiary	Sale	(295,595)	(2)	O/A 120 days	-	-	114,305	3	
	Hiwin Korea	Subsidiary	Sale	(279,616)	(2)	O/A 180 days	-	-	121,400	3	
	Hiwin Schweiz	Subsidiary	Sale	(160,288)	(1)	O/A 60 days	-	-	15,075	-	
	Hiwin Singapore	Subsidiary	Sale	(106,787)	(1)	O/A 120 days	-	-	30,848	1	
	Hiwin Mikrosystem	Other related party	Purchase	166,833	2	O/A 90 days	-	-	(88,277)	(3)	
Hiwin China	The Corporation	Parent company	Purchase	3,810,854	98	O/A 90 days	-	-	(895,260)	(96)	
Hiwin Germany	The Corporation	Parent company	Purchase	1,312,438	66	O/A 90 days	-	-	(291,274)	(75)	
	Hiwin Mikrosystem	Other related party	Purchase	247,965	13	O/A 90 days	-	-	20,309	9	
	Hiwin S.R.O	Other related party	Sale	(199,606)	(5)	O/A 45 days	-	-	15,945	7	
Hiwin Italy	The Corporation	Parent company	Purchase	663,180	88	O/A 180 days	-	-	(362,805)	(91)	
Hiwin Japan	The Corporation	Parent company	Purchase	481,613	80	O/A 150 days	-	-	(299,694)	(95)	
Hiwin USA	The Corporation	Parent company	Purchase	295,595	66	O/A 120 days	-	-	(114,305)	(72)	
Hiwin Korea	The Corporation	Parent company	Purchase	279,616	95	O/A 180 days	-	-	(121,400)	(98)	
Hiwin Schweiz	The Corporation	Parent company	Purchase	160,288	66	O/A 60 days	-	-	(15,075)	(53)	
Hiwin Singapore	The Corporation	Parent company	Purchase	106,787	74	O/A 120 days	-	-	(30,848)	(65)	

Note: Except for Hiwin Mikrosystem and Hiwin S.R.O, significant intercompany accounts and transactions have been eliminated.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Corporation	Hiwin Japan	Subsidiary	Trade receivables from related parties \$ 299,694	1.18	\$ -	-	\$ -	\$ -
			Other receivables from related parties 178,784	-	-	-	34,069	-
	Hiwin Germany	Subsidiary	Trade receivables from related parties 291,274	3.68	-	-	86,233	-
	Hiwin Italy	Subsidiary	Trade receivables from related parties 362,805	1.56	-	-	134,359	-
	Hiwin China	Subsidiary	Trade receivables from related parties 895,260	4.78	-	-	339,470	-
	Hiwin Korea	Subsidiary	Trade receivables from related parties 121,400	1.95	-	-	22,600	-
	Hiwin USA	Subsidiary	Trade receivables from related parties 114,305	2.28	-	-	13,194	-

Note : Significant intercompany accounts and transactions have been eliminated.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount (Note 2)	Payment Terms	% to Total Sales or Assets
0	The Corporation	Hiwin Germany	1	Sales	\$ 1,312,438	O/A 90 days	5
			1	Trade receivables	291,274	O/A 90 days	1
		Hiwin Japan	1	Sales	481,613	O/A 150 days	2
			1	Trade receivables	299,694	O/A 150 days	1
			1	Other receivables	178,784	-	-
		Hiwin China	1	Sales	3,810,854	O/A 90 days	15
			1	Trade receivables	895,260	O/A 90 days	2
		Hiwin Italy	1	Sales	663,180	O/A 180 days	3
			1	Trade receivables	362,805	O/A 180 days	1
		Hiwin USA	1	Sales	295,595	O/A 120 days	1
			1	Trade receivables	114,305	O/A 120 days	-
		Hiwin Korea	1	Sales	279,616	O/A 180 days	1
			1	Trade receivables	121,400	O/A 180 days	-
		Hiwin Schweiz	1	Sales	160,288	O/A 60 days	1
			1	Trade receivables	15,075	O/A 60 days	-

Note 1: Relationship of investee company to counterparty: (1) parent company to subsidiary; (2) subsidiary to parent company.

Note 2: Significant intercompany accounts and transactions have been eliminated.

Note 3: Unrealized gains from Hiwin China totaled \$195,562 thousand.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Corporation	Hiwin Germany	Germany	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	\$ 224,257	\$ 224,257	-	100	\$ 2,364,547	\$ 114,462	\$ 114,462	Subsidiary
	Hiwin USA	United States of America	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	353,844	353,844	2,148,000	100	1,030,307	61,918	61,918	Subsidiary
	Hiwin Japan	Japan	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	918,602	918,602	62,200	100	(99,209)	(131,045)	(131,045)	Subsidiary
	Mega-Fabs	Israel	Research, manufacture and sale of drivers and controllers	42,444	42,444	240,000	40	287,321	90,363	36,145	Investment accounted for using the equity method
	Eterbright	Taiwan	Research, development, design, manufacture and sale of solar cell, electronic components, electric power supply, electric transmission and power distribution machinery products	6,322,668	6,322,668	505,360,592	89	513,377	(546,394)	(487,711)	Subsidiary
	Hiwin Singapore	Singapore	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	117,550	117,550	5,000,000	100	41,151	(22,064)	(22,064)	Subsidiary
	Hiwin Korea	Korea	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	242,707	242,707	1,760,000	100	(137,979)	(44,206)	(44,206)	Subsidiary
	Matrix Precision	Taiwan	Research, development, production, manufacture and sale of gear cutting tools and machinery	1,022,664	1,022,664	34,294,075	50	124,414	(290,722)	(145,783)	Subsidiary
	Hiwin Healthcare Corp.	Samoa	Sale of medical robots	3,108	3,108	100,000	100	2,859	24	24	Subsidiary
	Hiwin Italy	Italy	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	296,580	296,580	-	100	249,298	76,898	76,898	Subsidiary
	Matrix	United Kingdom	Design integrated application, research, development, manufacture and sale of thread forming machinery	729,454	630,154	7,449,500	100	351,496	(59,722)	(61,863)	Subsidiary
	Hiwin Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	266,300	266,300	243,000	81	368,846	48,528	48,528	Subsidiary
Hiwin Germany	Hiwin S.R.O.	Czech Republic	Sale of aerospace parts, ballscrews, linear guideways, and industrial robots	104 (CZK 70)	104 (CZK 70)	-	32	90,849 (EUR 2,674)	(Note 1)	(Note 1)	Investment accounted for using the equity method
	Hiwin Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	3,320 (EUR 72)	3,320 (EUR 72)	57,000	19	43,727	48,528	-	Subsidiary

Note 1: Exempted from disclosure in accordance with regulations.

Note 2: Except for Mega-Fabs and Hiwin S.R.O., the remaining investee companies are all consolidated entities and the significant intercompany accounts and transactions have been eliminated.

Note 3: For information on investments in mainland China, see Table 8.

TABLE 8

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Hiwin China	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	\$ 1,498,040 (RMB 300,000)	(Note 1)	\$ 1,498,040 (RMB 300,000)	\$ -	\$ -	\$ 1,498,040 (RMB 300,000)	\$ 133,775	100	\$ 133,775 (Notes 2 and 4)	\$ 2,405,992 (Note 4)	\$ -
Suzhou Matrix	Sale of gear cutting tools and machinery	9,076 (RMB 2,000)	(Note 1)	9,076 (RMB 2,000)	-	-	9,076 (RMB 2,000)	(7,298)	50.1	(3,656) (Notes 2 and 4)	(2,211) (Note 4)	-

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation	\$ 1,498,040 (RMB 300,000)	\$ 1,498,040 (RMB 300,000)	(Note 3)
Matrix Precision	\$ 9,076 (RMB 2,000)	\$ 9,076 (RMB 2,000)	\$ 119,359 (Note 3)

- Note 1: The investment in mainland China was made directly.
- Note 2: The investment gain (loss) is recognized according to the financial statements audited by the Corporation’s independent auditors.
- Note 3: Calculated in accordance with the “Regulations on Screening and Approval of Investment and Technical Cooperation in Mainland China” issued by the Investment Commission of the Ministry of Economic Affairs, the Corporation has been certified by the Industrial Development Bureau of the Ministry of Economic Affairs as an enterprise that has conformed to the scope of operations of the headquarters; therefore, there is no investment limit. The upper limit on the amount of investments in Matrix Precision is 60% of the net assets of Matrix Precision.
- Note 4: Significant intercompany accounts and transactions have been eliminated.

TABLE 9**HIWIN TECHNOLOGIES CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Hiwin Investment Corporation	28,829,898	8.14%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Corporation's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2: If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor's account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.

Appendix ii : Individual Financial Statement Certified by a CPA for the Most Recent Fiscal Year

The Board of Directors and Shareholders
HIWIN TECHNOLOGIES CORPORATION

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters of the parent company only financial statements for the year ended December 31, 2023 are described as follows:

Revenue Recognition

The sales of the Company mainly rely on distribution channels. Revenue from the sale of goods is recognized when the Company satisfies the performance obligations. There is a risk that revenue might be recognized even when specific conditions have not been satisfied. Because of the risk of misstatement and materiality of sales revenue generated by distribution channels, we identified the recognition of sales revenue as a key audit matter. The accounting policy on sales revenue recognition is disclosed in Note 4 to the parent company only financial statements.

Our key audit procedures performed in respect of revenue recognition included the following:

1. We understood the internal controls and evaluated the design and implementation of key controls and tested the operating effectiveness of relevant controls over order acceptance and shipping procedures. We selected sample sales transactions from distribution channels and verified that order receipts and the timing of the revenue recognition were in accordance with the terms of the transaction.
2. We validated the terms of transactions against sales contracts and orders from major distributors to ensure

the consistency between terms of transactions and the timing of the revenue recognition. We tested the records of sales returns against source documents and checked whether there was any unusual item during the year and after the balance sheet date.

Valuation and Impairment Assessment of Inventory

As of December 31, 2023, the carrying amount of inventory was \$3,934,868 thousand. Such carrying amount of inventory is measured at the lower of cost or net realizable value, which subject to the management's judgment and estimation uncertainty. Therefore, valuation and impairment assessment of inventory was identified as a key audit matter. The accounting policy on the valuation and impairment assessment of inventory and the details of inventory are disclosed in Notes 4, 5 and 10 to the parent company only financial statements.

Our key audit procedures performed in respect of the valuation and impairment assessment included the following:

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

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Li-Tung Wu and Hsiao-Fang Yen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

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

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

HIWIN TECHNOLOGIES CORPORATION

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,481,180	10	\$ 4,378,863	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	9,874	-	228	-
Notes receivable from unrelated parties, net (Notes 4 and 9)	82,734	-	75,014	-
Trade receivables from unrelated parties, net (Notes 4 and 9)	1,492,227	3	1,205,812	3
Trade receivables from related parties, net (Notes 4, 9 and 25)	2,134,914	5	2,514,522	5
Inventories (Notes 4, 5 and 10)	3,934,868	9	4,950,982	11
Other current assets (Note 25)	368,767	1	380,418	1
Total current assets	12,504,564	28	13,505,839	30
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	849,509	2	846,591	2
Financial assets at amortized cost - non-current (Note 4)	-	-	2,873	-
Investments accounted for using the equity method (Notes 4, 11, 22and 25)	7,739,608	18	7,409,794	17
Property, plant and equipment (Notes 4, 12, 25 and 26)	21,488,817	48	21,166,992	47
Right-of-use assets (Notes 4, 13 and 25)	186,038	1	258,602	1
Deferred tax assets (Notes 4 and 20)	437,588	1	525,605	1
Prepayments for machinery and equipment (Notes 14 and 25)	974,682	2	1,047,669	2
Refundable deposits (Note 4)	15,039	-	15,107	-
Prepaid investments (Note 11)	180,357	-	-	-
Other non-current assets (Notes 4 and 25)	22,448	-	18,110	-
Total non-current assets	31,894,086	72	31,291,343	70
TOTAL	\$ 44,398,650	100	\$ 44,797,182	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ 136	-	\$ 4,757	-
Contract liabilities - current (Note 4)	49,294	-	75,527	-
Notes payable	6,145	-	2,591	-
Trade payables to unrelated parties	2,482,742	6	2,454,193	6
Trade payables to related parties (Note 25)	93,105	-	64,342	-
Other payables (Notes 16 and 25)	1,345,176	3	1,746,870	4
Current tax liabilities (Notes 4 and 20)	502,276	1	977,940	2
Lease liabilities - current (Notes 4, 13 and 25)	42,446	-	76,304	-
Current portion of long-term borrowings (Notes 15 and 26)	385,081	1	472,893	1
Other current liabilities (Note 4)	47,110	-	48,247	-
Total current liabilities	4,953,511	11	5,923,664	13
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 26)	3,143,577	7	2,846,570	6
Deferred tax liabilities (Notes 4 and 20)	808,032	2	808,232	2
Lease liabilities - non-current (Notes 4, 13 and 25)	144,557	-	183,416	1
Net defined benefit liabilities - non-current (Notes 4 and 17)	110,609	-	168,915	-
Guarantee deposits	2,880	-	2,750	-
Credit balance for investments accounted for using the equity method (Notes 4 and 11)	237,188	1	111,971	-
Other non-current liabilities (Note 15)	272	-	334	-
Total non-current liabilities	4,447,115	10	4,122,188	9
Total liabilities	9,400,626	21	10,045,852	22
EQUITY				
Ordinary shares	3,537,923	8	3,537,923	8
Capital surplus	7,479,735	17	7,479,735	17
Retained earnings				
Legal reserve	3,821,341	9	3,390,134	7
Unappropriated earnings	19,767,009	44	20,069,127	45
Other equity	392,016	1	274,411	1
Total equity	34,998,024	79	34,751,330	78
TOTAL	\$ 44,398,650	100	\$ 44,797,182	100

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

HIWIN TECHNOLOGIES CORPORATION

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

	2023		2022	
	Amount	%	Amount	%
SALES (Notes 4 and 25)	\$ 17,657,613	100	\$ 22,314,862	100
COST OF GOODS SOLD (Notes 10, 19 and 25)	<u>13,221,881</u>	<u>75</u>	<u>15,026,082</u>	<u>67</u>
GROSS PROFIT	4,435,732	25	7,288,780	33
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATE (Note 4)	<u>407,598</u>	<u>2</u>	<u>(7,085)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>4,843,330</u>	<u>27</u>	<u>7,281,695</u>	<u>33</u>
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	361,597	2	456,838	2
General and administrative expenses	840,920	5	998,488	5
Research and development expenses	<u>762,530</u>	<u>4</u>	<u>938,945</u>	<u>4</u>
Total operating expenses	<u>1,965,047</u>	<u>11</u>	<u>2,394,271</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>2,878,283</u>	<u>16</u>	<u>4,887,424</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidized revenue (Notes 4 and 15)	16,653	-	28,682	-
Finance costs (Notes 4, 19 and 25)	(45,755)	-	(57,291)	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 4)	(420,922)	(2)	446,868	2
Interest income (Notes 4 and 25)	32,327	-	36,163	-
Other income (Note 25)	104,716	-	102,406	1
Net foreign exchange gain (Notes 4 and 28)	25,971	-	325,222	1
Valuation gain (loss) on financial assets (liabilities) at fair value through profit or loss (Note 4)	5,285	-	(20,648)	-
Other expenses	(120)	-	(566)	-
Loss on disposal of property, plant and equipment (Note 4)	<u>(4,754)</u>	<u>-</u>	<u>(123,744)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(286,599)</u>	<u>(2)</u>	<u>737,092</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	2,591,684	14	5,624,516	25
INCOME TAX EXPENSE (Notes 4 and 20)	<u>556,936</u>	<u>3</u>	<u>1,145,135</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>2,034,748</u>	<u>11</u>	<u>4,479,381</u>	<u>20</u>

(Continued)

HIWIN TECHNOLOGIES CORPORATION

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

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	\$ (6,571)	-	\$ 19,618	-
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income	69,397	-	(619,689)	(3)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(6,200)	-	7,860	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>1,314</u>	<u>-</u>	<u>(3,924)</u>	<u>-</u>
	<u>57,940</u>	<u>-</u>	<u>(596,135)</u>	<u>(3)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	124,790	1	273,635	1
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	31	-	52	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 20)	<u>(24,958)</u>	<u>-</u>	<u>(54,727)</u>	<u>-</u>
	<u>99,863</u>	<u>1</u>	<u>218,960</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>157,803</u>	<u>1</u>	<u>(377,175)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,192,551</u>	<u>12</u>	<u>\$ 4,102,206</u>	<u>18</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 5.75</u>		<u>\$ 12.98</u>	
Diluted	<u>\$ 5.74</u>		<u>\$ 12.89</u>	

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

HIWIN TECHNOLOGIES CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Ordinary Shares (Note 18)	Capital Surplus (Note 18)	Retained Earnings (Notes 18 and 22)		Other Equity (Note 4)		Total Equity
			Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	\$ 3,407,923	\$ 5,516,470	\$ 3,071,586	\$ 17,609,166	\$ (599,662)	\$ 1,274,802	\$ 30,280,285
Appropriation of 2021 earnings							
Legal reserve	-	-	318,548	(318,548)	-	-	-
Cash dividends - NT\$4.5 per share	-	-	-	(1,533,565)	-	-	(1,533,565)
	-	-	318,548	(1,852,113)	-	-	(1,533,565)
Issuance of ordinary shares for cash	130,000	1,945,000	-	-	-	-	2,075,000
Share-based payments arrangements	-	18,265	-	-	-	-	18,265
Changes in percentage of ownership interests in subsidiaries	-	-	-	(190,861)	-	-	(190,861)
Net profit for the year ended December 31, 2022	-	-	-	4,479,381	-	-	4,479,381
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	23,554	218,960	(619,689)	(377,175)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	4,502,935	218,960	(619,689)	4,102,206
BALANCE AT DECEMBER 31, 2022	3,537,923	7,479,735	3,390,134	20,069,127	(380,702)	655,113	34,751,330
Appropriation of 2022 earnings							
Legal reserve	-	-	431,207	(431,207)	-	-	-
Cash dividends - NT\$5.5 per share	-	-	-	(1,945,857)	-	-	(1,945,857)
	-	-	431,207	(2,377,064)	-	-	(1,945,857)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	51,655	-	(51,655)	-
Net profit for the year ended December 31, 2023	-	-	-	2,034,748	-	-	2,034,748
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	(11,457)	99,863	69,397	157,803
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	2,023,291	99,863	69,397	2,192,551
BALANCE AT DECEMBER 31, 2023	\$ 3,537,923	\$ 7,479,735	\$ 3,821,341	\$ 19,767,009	\$ (280,839)	\$ 672,855	\$ 34,998,024

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

HIWIN TECHNOLOGIES CORPORATION

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,591,684	\$ 5,624,516
Adjustments for:		
Depreciation expenses	1,713,762	1,662,741
Amortization expenses	6,100	2,853
Expected credit loss reversed	-	(1,840)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(9,738)	4,529
Finance costs	45,755	57,291
Interest income	(32,327)	(36,163)
Dividend income	(9,531)	(9,531)
Share-based compensation	-	18,265
Share of profit or loss of subsidiaries and associates accounted for using the equity method	420,922	(446,868)
Loss on disposal of property, plant and equipment	4,754	123,744
Impairment loss recognized on non-financial assets	24,000	15,346
Unrealized (realized) gains on transactions with associate	(407,598)	7,085
Unrealized foreign currency exchange loss (gain), net	50,266	(64,020)
Others	(838)	(1,314)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(4,529)	315
Notes receivable	(7,720)	99,569
Trade receivables	37,866	2,610,811
Inventories	1,218,546	(63,102)
Other current assets	26,511	(99,970)
Contract liabilities	(26,233)	(23,422)
Notes payable	3,554	926
Trade payables	62,373	(1,175,802)
Other payables	(402,455)	130,553
Other current liabilities	(1,137)	(4,270)
Net defined benefit liabilities	(64,878)	(10,654)
Cash generated from operations	5,239,109	8,421,588
Interest received	31,991	35,962
Dividend received	9,531	9,531
Interest paid	(45,028)	(56,516)
Income tax paid	(982,951)	(1,105,971)
Net cash generated from operating activities	<u>4,252,652</u>	<u>7,304,594</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	61,333	-
Proceeds from refunds from financial assets at fair value through other comprehensive income capital premium	5,146	-
Proceeds from sale of financial assets at amortized cost	2,794	-

(Continued)

HIWIN TECHNOLOGIES CORPORATION

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

	2023	2022
Increase in prepayments for investments	\$ (180,357)	\$ -
Payments for property, plant and equipment	(1,522,601)	(934,267)
Proceeds from disposal of property, plant and equipment	2,967	22,665
Decrease in refundable deposits	68	302
Increase in other non-current assets	(10,614)	(5,611)
Increase in prepayments for machinery and equipment	<u>(595,551)</u>	<u>(522,728)</u>
Net cash used in investing activities	<u>(2,236,815)</u>	<u>(1,439,639)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(1,940,000)
Proceeds from long-term borrowings	780,400	2,000
Repayments of long-term borrowings	(571,313)	(572,777)
Increase (decrease) in guarantee deposit received	130	(1,850)
Repayment of the principal portion of lease liabilities	(77,580)	(74,348)
Dividends paid	(1,945,857)	(1,533,565)
Proceeds from issuance of ordinary shares	-	2,075,000
Acquisition of additional shares of subsidiary	<u>(99,300)</u>	<u>(1,693,250)</u>
Net cash used in financing activities	<u>(1,913,520)</u>	<u>(3,738,790)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	102,317	2,126,165
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,378,863</u>	<u>2,252,698</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,481,180</u>	<u>\$ 4,378,863</u>

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

HIWIN TECHNOLOGIES CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

HIWIN Technologies Corporation (the “Company”) was incorporated on October 11, 1989. It manufactures and sells ballscrews, linear guideways, industrial robots, aerospace automation equipment parts, computer numerical control (CNC) milling machines and medical equipment.

The Company obtained approval from the Securities and Futures Bureau (SFB), Financial Supervisory Commission (FSC) to become a public company on April 16, 1997. The shares of the Company have been listed on the Taiwan Stock Exchange (TWSE) since June 26, 2009.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF PARENT COMPANY ONLY FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on February 27, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the accounting policies of the Company.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of the above standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method

to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries, associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

For the purpose of presenting the parent company only financial statements, the functional currencies of the Company (including subsidiaries and associates in other countries or those that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, work-in-process, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investment in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant, and equipment

Property, plant and equipment are measured at cost less recognized accumulated depreciation.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling and the cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant, and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i. Financial asset at FVTPL

A financial asset is classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 24.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, and refundable deposits at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial asset; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by

applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit loss (ECL) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 360 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all the financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The fair value is determined in the manner described in Note 24.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

l. Provision

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agree-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditure required to settle the Company's obligation.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contract where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped/the goods are picked up because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivable is recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as

expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options; the expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When the Company develops material accounting estimates, the estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty - Write-down of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 1,164	\$ 1,749
Checking accounts and demand deposits	3,065,546	3,896,128
Cash equivalents		
Time deposits (investments with original maturities of 3 months or less)	<u>1,414,470</u>	<u>480,986</u>
	<u>\$ 4,481,180</u>	<u>\$ 4,378,863</u>
<u>Rate of interest per annum (%)</u>		
Cash in bank	0.00-1.45	0.00-1.05
Time deposits (investments with original maturities of 3 months or less)	0.82-5.45	1.05-4.20

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company's financial assets and liabilities mandatorily designated as at fair value through profit or loss (FVTPL) are all generated from its derivative financial products of foreign exchange forward contracts. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting are as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
Sell	EUR/NTD	2024.1.16-2024.3.28	EUR6,300/NTD215,150
Sell	RMB/NTD	2024.1.12-2024.2.29	CNY90,000/NTD393,636
Sell	USD/NTD	2024.1.16-2024.3.29	USD4,600/NTD143,909
<u>December 31, 2022</u>			
Sell	EUR/NTD	2023.1.19-2023.3.31	EUR4,800/NTD153,578
Sell	RMB/NTD	2023.1.17-2023.3.24	CNY40,000/NTD175,395
Sell	USD/NTD	2023.1.19-2023.2.24	USD2,400/NTD73,376

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2023	2022
<u>Name of Investee Company</u>		
Domestic listed ordinary shares		
HIWIN Mikrosystem Corp. (HIWIN Mikrosystem)	\$ 652,509	\$ 660,129
Ever Fortune. AI Co., Ltd. (Ever Fortune)	193,000	182,812
Domestic unlisted ordinary shares		
Taichung International Country Club	4,000	3,650
Sunengine Corporation Ltd. (Sunengine)	-	-
King Kong Iron Work Ltd.	-	-
	<u>\$ 849,509</u>	<u>\$ 846,591</u>

Ever Fortune's shares have been listed on the over-the-counter market in March 2023.

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

From June to September 2023, the Company sold its partial shares in Ever Fortune at a fair value of \$61,333 thousand and its related unrealized valuation gain of \$51,655 thousand was transferred from other equity to retained earnings.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 82,734	\$ 75,014
Less: Allowance for impairment loss	-	-
	<u>\$ 82,734</u>	<u>\$ 75,014</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 3,627,141	\$ 3,720,334
Less: Allowance for impairment loss	-	-
	<u>\$ 3,627,141</u>	<u>\$ 3,720,334</u>

a. Notes receivable

The Company's aging of notes receivable is as follows:

	December 31	
	2023	2022
Not past due	\$ 82,734	\$ 75,014
Past due	<u>-</u>	<u>-</u>
	<u>\$ 82,734</u>	<u>\$ 75,014</u>

The above aging schedule was based on the past due days.

b. Trade receivables

The Company determines the credit period of sales of goods based on the counterparty's credit rating, location and transaction terms.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlooks. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables:

	Not Past Due	1 to 120 Days	121 to 360 Days	Over 360 Days	Total
<u>December 31, 2023</u>					
Gross carrying amount	\$ 3,347,277	\$ 279,864	\$ -	\$ -	\$ 3,627,141
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 3,347,277</u>	<u>\$ 279,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,627,141</u>
<u>December 31, 2022</u>					
Gross carrying amount	\$ 3,302,910	\$ 417,424	\$ -	\$ -	\$ 3,720,334
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 3,302,910</u>	<u>\$ 417,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,720,334</u>

The movements of loss allowance were as follows:

For the Year Ended December 31, 2023		
	Notes Receivable	Trade Receivables
Balance at January 1, 2023	\$ -	\$ -
Net remeasurement of loss allowance	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>

For the Year Ended December 31, 2022		
	Notes Receivable	Trade Receivables
Balance at January 1, 2022	\$ 1,746	\$ 94
Net remeasurement of loss allowance	<u>(1,746)</u>	<u>(94)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>

10. INVENTORIES

December 31		
	2023	2022
Merchandise	\$ 180	\$ 972
Finished goods	576,575	879,450
Work in process	936,216	945,642
Raw materials and supplies	2,226,223	2,850,197
Inventory in transit	<u>195,674</u>	<u>274,721</u>
	<u>\$ 3,934,868</u>	<u>\$ 4,950,982</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$13,221,881 thousand and \$15,026,082 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 included inventory write-downs of \$24,000 thousand and \$15,346 thousand, respectively, and unallocated fixed overhead of 253,261 thousand and \$215,737 thousand, respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

December 31		
	2023	2022
Investments in subsidiaries	\$ 7,452,287	\$ 7,164,752
Investments in associates	<u>287,321</u>	<u>245,042</u>
	<u>\$ 7,739,608</u>	<u>\$ 7,409,794</u>

a. Investments in subsidiaries

	December 31	
	2023	2022
HIWIN GmbH (“HIWIN Germany”)	\$ 2,364,547	\$ 2,019,545
HIWIN Corporation, U.S.A. (“HIWIN USA”)	1,030,307	893,296
HIWIN Corporation, Japan (“HIWIN Japan”)	(99,209)	(9,156)
Eterbright Solar Corporation (“Eterbright”)	513,377	990,966
HIWIN Singapore Pte. Ltd. (“HIWIN Singapore”)	41,151	53,389
HIWIN Corporation (“HIWIN Korea”)	(137,979)	(102,815)
HIWIN Technologies (China) Corporation (“HIWIN China”)	2,405,992	2,256,997
Matrix Precision Co., Ltd. (“Matrix Precision”)	124,414	270,693
HIWIN Healthcare Corp.	2,859	2,836
HIWIN S.R.L. (“HIWIN Italy”)	249,298	108,189
Matrix Machine Tool (Coventry) Limited (“Matrix”)	351,496	302,094
HIWIN (Schweiz) GmbH (“HIWIN Schweiz”)	<u>368,846</u>	<u>266,747</u>
	7,215,099	7,052,781
Add: Credit balance of investments accounted for using the equity method transferred to non-current liabilities	<u>237,188</u>	<u>111,971</u>
	<u>\$ 7,452,287</u>	<u>\$ 7,164,752</u>

	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
<u>Name of subsidiary</u>		
HIWIN Germany	100%	100%
HIWIN USA	100%	100%
HIWIN Japan	100%	100%
Eterbright (Note 22)	89%	89%
HIWIN Singapore	100%	100%
HIWIN Korea	100%	100%
HIWIN China	100%	100%
Matrix Precision	50%	50%
HIWIN Healthcare Corp.	100%	100%
HIWIN Italy	100%	100%
Matrix	100%	100%
HIWIN Schweiz	81%	81%

The Company participated in the cash capital increase of Matrix Precision Co., Ltd. in November 2023 for \$180,357 thousand, and it is under “Prepaid investments”.

The resolution to liquidate and dissolve Eterbright has been approved by the extraordinary shareholders in their extraordinary meeting on November 27, 2023. The base date for dissolution is February 29, 2024.

b. Investments in associates

	December 31	
	2023	2022
Associates that are not individually material	<u>\$ 287,321</u>	<u>\$ 245,042</u>

	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Profit for the year	\$ 36,145	\$ 65,556
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 36,145</u>	<u>\$ 65,556</u>

12. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2023				
	Beginning Balance	Additions	Disposals	Reclassified Amount	Ending Balance
<u>Cost</u>					
Land	\$ 3,890,629	\$ -	\$ -	\$ -	\$ 3,890,629
Buildings and improvements	11,425,490	17,586	(85)	1,042,824	12,485,815
Machinery and equipment	12,121,784	161,143	(543,621)	634,493	12,373,799
Transportation equipment	77,822	-	(4,061)	2,621	76,382
Miscellaneous equipment	1,685,803	115,382	(111,643)	22,811	1,712,353
Construction in progress	559,979	1,228,632	-	(1,034,211)	754,400
	<u>29,761,507</u>	<u>\$ 1,522,743</u>	<u>\$ (659,410)</u>	<u>\$ 668,538</u>	<u>31,293,378</u>
<u>Accumulated depreciation</u>					
Buildings and improvements	1,908,901	\$ 242,860	\$ (25)	\$ -	2,151,736
Machinery and equipment	5,631,125	1,416,784	(538,316)	-	6,509,593
Transportation equipment	39,261	12,171	(3,995)	-	47,437
Miscellaneous equipment	1,015,228	189,920	(109,353)	-	1,095,795
	<u>8,594,515</u>	<u>\$ 1,861,735</u>	<u>\$ (651,689)</u>	<u>\$ -</u>	<u>9,804,561</u>
	<u>\$ 21,166,992</u>				<u>\$ 21,488,817</u>
	For the Year Ended December 31, 2022				
	Beginning Balance	Additions	Disposals	Reclassified Amount	Ending Balance
<u>Cost</u>					
Land	\$ 3,890,629	\$ -	\$ -	\$ -	\$ 3,890,629
Buildings and improvements	11,469,752	17,350	(216,959)	155,347	11,425,490
Machinery and equipment	11,767,140	222,508	(663,936)	796,072	12,121,784
Transportation equipment	81,202	565	(3,945)	-	77,822
Miscellaneous equipment	1,681,219	120,760	(166,405)	50,229	1,685,803
Construction in progress	140,576	573,793	-	(154,390)	559,979
	<u>29,030,518</u>	<u>\$ 934,976</u>	<u>\$ (1,051,245)</u>	<u>\$ 847,258</u>	<u>29,761,507</u>
<u>Accumulated depreciation</u>					
Buildings and improvements	1,770,442	\$ 240,651	\$ (102,192)	\$ -	1,908,901
Machinery and equipment	4,904,160	1,375,212	(648,247)	-	5,631,125
Transportation equipment	30,333	12,873	(3,945)	-	39,261
Miscellaneous equipment	985,617	180,063	(150,452)	-	1,015,228
	<u>7,690,552</u>	<u>\$ 1,808,799</u>	<u>\$ (904,836)</u>	<u>\$ -</u>	<u>8,594,515</u>
	<u>\$ 21,339,966</u>				<u>\$ 21,166,992</u>

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	
Main buildings	8-55 years
Electrical power equipment	35 years
Engineering system	8-20 years
Machinery and equipment	
Machinery equipment	5-10 years
Inspection equipment	6-10 years
Transportation equipment	5-10 years
Miscellaneous equipment	3-15 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 26.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Land	\$ 109,190	\$ 114,607
Buildings	<u>76,848</u>	<u>143,995</u>
	<u>\$ 186,038</u>	<u>\$ 258,602</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 6,414</u>	<u>\$ 116,481</u>
Depreciation charge for right-of-use assets		
Land	\$ 8,399	\$ 8,186
Buildings	<u>69,884</u>	<u>67,512</u>
	<u>\$ 78,283</u>	<u>\$ 75,698</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 42,446</u>	<u>\$ 76,304</u>
Non-current	<u>\$ 144,557</u>	<u>\$ 183,416</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.45%	1.45%
Buildings	1.45%	1.45%

c. Material lease-in activities and terms

The Company leases certain land and buildings for the use of plants and offices with lease terms of 2 to 20 years. The lease contract for land specifies that lease payments will be adjusted on the basis of changes in the consumer price index or announced land value prices. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 1,105	\$ 1,058
Expenses relating to low-value asset leases	\$ 2,487	\$ 2,441
Total cash outflow for leases	\$ (84,383)	\$ (81,691)

The Company's leases of certain equipment qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. PREPAYMENTS FOR MACHINERY AND EQUIPMENT

The aging of prepayments for machinery and equipment is as follows:

	December 31	
The Date of Initial Cost Contribution	2023	2022
Within 1 year	\$ 260,016	\$ 330,216
1-2 years	288,459	234,461
2-5 years	236,255	374,923
More than 5 years	<u>189,952</u>	<u>108,069</u>
	<u>\$ 974,682</u>	<u>\$ 1,047,669</u>

In order to maintain key manufacturing technologies, reduce product costs and improve automation of the equipment, the Company designed, developed, and assembled the equipment by itself. The abovementioned prepayments for machinery and equipment include both internally developed and outsourced equipment.

15. LONG-TERM BORROWINGS

	December 31	
	2023	2022
<u>Secured borrowings</u> (Note 26)		
Secured loans - Expired from February 2026 to March 2038	\$ 3,526,254	\$ 3,316,590
<u>Unsecured borrowings</u>		
Unsecured loans - Expired in April 2027	<u>2,404</u>	<u>2,873</u>
	3,528,658	3,319,463
Less: Current portion	<u>(385,081)</u>	<u>(472,893)</u>
Long-term borrowings	<u>\$ 3,143,577</u>	<u>\$ 2,846,570</u>
<u>Rate of interest per annum (%)</u>		
Secured loans	1.15-1.99	1.02-1.91
Unsecured loans	1.20	1.07

In August 2019, the Company received a qualification letter for the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan from the Ministry of Economic Affairs, and therefore received the subsidy for processing fee of long-term borrowings. As of December 31, 2023, \$23,500 thousand was drawn down for the purchase of machinery and equipment and the use of operating capital. The Company recognized \$501 thousand as a government grant, which is the difference between the loan amount obtained at a lower-than-market interest rate and the fair value, which was accounted for as deferred revenue and would be subsequently recognized in profit or loss over the useful life of the asset.

16. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries and bonuses	\$ 701,889	\$ 780,157
Payables for compensation of employees	161,498	381,681
Payables for annual leave	136,405	124,874
Payables for remuneration of directors	80,749	190,841
Payables for purchases of building and equipment	16,844	16,702
Others	<u>247,791</u>	<u>252,615</u>
	<u>\$ 1,345,176</u>	<u>\$ 1,746,870</u>

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 329,078	\$ 321,822
Fair value of plan assets	<u>(218,469)</u>	<u>(152,907)</u>
Net defined benefit liabilities	<u>\$ 110,609</u>	<u>\$ 168,915</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	<u>\$ 321,822</u>	<u>\$ (152,907)</u>	<u>\$ 168,915</u>
Service cost			
Current service cost	984	-	984
Net interest expense (income)	<u>3,379</u>	<u>(1,676)</u>	<u>1,703</u>
Recognized in profit or loss	<u>4,363</u>	<u>(1,676)</u>	<u>2,687</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,178)	(2,178)
Actuarial gain - changes in financial assumptions	(2,656)	-	(2,656)
Actuarial loss - experience adjustments	<u>11,405</u>	<u>-</u>	<u>11,405</u>
Recognized in other comprehensive income	<u>8,749</u>	<u>(2,178)</u>	<u>6,571</u>
Contributions from the employer	-	(67,564)	(67,564)
Benefits paid	<u>(5,856)</u>	<u>5,856</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 329,078</u>	<u>\$ (218,469)</u>	<u>\$ 110,609</u>

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 353,684</u>	<u>\$ (154,497)</u>	<u>\$ 199,187</u>
Service cost			
Current service cost	1,486	-	1,486
Net interest expense (income)	<u>2,448</u>	<u>(1,074)</u>	<u>1,374</u>
Recognized in profit or loss	<u>3,934</u>	<u>(1,074)</u>	<u>2,860</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,197)	(11,197)
Actuarial loss - changes in demographic assumptions	660	-	660
Actuarial gain - changes in financial assumptions	(7,406)	-	(7,406)
Actuarial gain - experience adjustments	<u>(1,675)</u>	<u>-</u>	<u>(1,675)</u>
Recognized in other comprehensive income	<u>(8,421)</u>	<u>(11,197)</u>	<u>(19,618)</u>
Contributions from the employer	-	(13,514)	(13,514)
Benefits paid	<u>(27,375)</u>	<u>27,375</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 321,822</u>	<u>\$ (152,907)</u>	<u>\$ 168,915</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rates	1.20%	1.05%
Expected rates of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	\$ (4,321)	\$ (5,114)
0.25% decrease	\$ 4,454	\$ 5,290
Expected rate of salary increase/decrease		
0.25% increase	\$ 4,396	\$ 5,445
0.25% decrease	\$ (4,288)	\$ (4,861)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plan for the next year	\$ 11,224	\$ 13,513
Average duration of the defined benefit obligation	10.3 years	11.5 years

18. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	1,000,000	1,000,000
Shares authorized	\$ 10,000,000	\$ 10,000,000
Number of shares issued and fully paid (in thousands)	353,792	353,792
Shares issued	\$ 3,537,923	\$ 3,537,923

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

On May 10, 2022, the Company's board of directors resolved to issue 13,000 thousand ordinary shares, with a par value of \$10, for a consideration of \$160 per share. On June 24, 2022, the above transaction was approved by the SFB and FSC and the subscription base date set August 30, 2022 as determined by the board of directors.

According to the Company Act, the issuance of ordinary shares shall appropriate 10% of the total amount of new shares for subscription by employees. According to IFRS 2 "Share-based Payment", the Company recognized salary expense and capital surplus amounted to \$18,265 thousand in 2022.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of ordinary shares	\$ 7,469,101	\$ 7,469,101
Invalid employee shares	<u>10,634</u>	<u>10,634</u>
	<u>\$ 7,479,735</u>	<u>\$ 7,479,735</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the Company's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit shall be distributed as dividends, where the dividends distributed should not exceed 6% of the remaining profit. The Company's profit may be distributed in the form of cash or share dividends; however, the ratio of share dividends distributed shall not exceed two-thirds of the Company's total amount of dividends and bonuses distributed to shareholders. A distribution plan is also to be made by the board of directors and should be resolved in the shareholder's meeting. The dividends could be distributed in whole or in part by cash after the resolution has been passed by more than half of the directors present at the meeting of the board of directors, in which at least two-thirds of the total number of directors should be present. In addition, a report of such distribution shall be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 19-c.

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Legal reserve	\$ 431,207	\$ 318,548		
Cash dividends	1,945,857	1,533,565	\$ 5.5	\$ 4.5

The appropriations of cash dividends for 2022 and 2021 were approved by the Company's board of directors on February 24, 2023 and February 25, 2022, respectively; the other appropriations of earnings for 2022 and 2021 were approved by the shareholders in their meetings on May 31, 2023 and June 27, 2022, respectively.

The appropriation of earnings for 2023, which was proposed by the Company's board of directors on February 27, 2024, was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 207,495	
Cash dividends	884,481	\$ 2.5

The above-mentioned cash dividends were approved by the Company's board of directors for distribution, and the other appropriation of earnings is subject to the resolution of the shareholders in their meeting held on May 31, 2024.

19. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 42,544	\$ 53,447
Interest on lease liabilities	<u>3,211</u>	<u>3,844</u>
	<u>\$ 45,755</u>	<u>\$ 57,291</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest	\$ 24,453	\$ 8,545
Capitalization rates (%)	1.27-1.90	1.10-1.72

b. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Year Ended December 31, 2023</u>			
Short-term employee benefits			
Salary	\$ 2,319,297	\$ 868,624	\$ 3,187,921
Labor and health insurance	253,999	82,687	336,686
Post-employment benefits			
Defined contribution plans	102,178	41,194	143,372
Defined benefit plans (Note 17)	2,379	308	2,687
Remuneration of directors	-	89,509	89,509
Other employee benefits	129,114	35,441	164,555
Depreciation expenses	1,542,338	171,424	1,713,762
Amortization expenses	3,084	3,016	6,100

	Operating Costs	Operating Expenses	Total
<u>For the Year Ended December 31, 2022</u>			
Short-term employee benefits			
Salary	\$ 3,025,034	\$ 1,198,943	\$ 4,223,977
Labor and health insurance	294,181	76,870	371,051
Post-employment benefits			
Defined contribution plans	124,317	36,974	161,291
Defined benefit plans (Note 17)	2,627	233	2,860
Remuneration of directors	-	199,901	199,901
Other employee benefits	152,178	44,925	197,103
Depreciation expenses	1,487,614	175,127	1,662,741
Amortization expenses	1,939	914	2,853

For the years ended December 31, 2023 and 2022, the Company had an average of 4,659 and 4,782 employees, respectively. There were 7 directors who did not serve concurrently as employees.

For the years ended December 31, 2023 and 2022, the average of employee benefits expense was \$824 thousand and \$1,038 thousand, respectively, and the average of employee salaries was \$685 thousand and \$885 thousand, respectively, and the change in the average employee salaries was (23%)

The annual salary provided by the Company to employees is higher than the industry average, and the salary of new employees in Taiwan and around the world is higher than the local minimum salary. Adhering to the concept of equal pay for equal work and retaining employees, all assessments are taken into consideration. Through new assessments, quarterly assessments, year-end assessments, and project assessments, the Company encourages and rewards the contributions of outstanding employees. Payment of different bonuses is also a key feature of the reward scheme; for example, the lifetime premium system, which is the new technology developed by employees to make more profits. The Company will regularly pay bonuses equivalent to the authorization fee to employees, so that employees and the Company can share their achievements.

In addition, the managers of the Company are regarded as ordinary employees receiving salaries, and various bonuses, dividends and benefits are paid according to the operation and profit status, taking into account the Company's operating results and the scope of management and responsibility of each manager in the Company. The condition and the results of the annual performance evaluation are given reasonable remuneration; the policy for remuneration of managers is based on the Company's salary scale, salary treatment method and the scope of rights and responsibilities of the position in the Company and the contribution to the Company's operating performance for the payment of dividends, year-end bonuses and other remuneration.

The Company sets the remuneration procedures for directors, which is based on director's performance evaluation and remuneration system, board performance evaluation method and manager's performance evaluation and bonus system as the basis of evaluation; In addition to the Company's overall operating performance, future risks and development trends of the industry, it also refers to the results obtained from the performance evaluation standards and its contribution to the Company which pays reasonable remuneration; the remuneration of the general manager and deputy general manager is based on salary and various treatment procedures and takes into account the relevance of the manager's performance and the Company's overall business performance and future risks, and the salary and compensation committee will make recommendations to the board of directors for resolution, based on the actual operating conditions and relevant regulations of the remuneration system to balance the Company's sustainable operation and risk control measures.

c. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 4%, respectively, of net profit before income tax, compensation of employees, and the remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on February 27, 2024 and February 24, 2023, respectively, were as follows:

Cash	For the Year Ended December 31			
	2023		2022	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	5.7%	\$ 161,498	6.2%	\$ 381,681
Remuneration of directors	2.8%	80,749	3.1%	190,841

If there will be a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 456,940	\$ 900,485
Income tax on unappropriated earnings	48,711	66,553
Adjustments for prior years	(12,888)	7,147
Deferred tax		
In respect of the current year	<u>64,173</u>	<u>170,950</u>
Income tax expense recognized in profit or loss	<u>\$ 556,936</u>	<u>\$ 1,145,135</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Income tax expense calculated at the statutory rate	\$ 518,337	\$ 1,124,903
Non-deductible expenses in determining taxable income	458	1,222
Others	(14,869)	(4,037)
Income tax on unappropriated earnings	106,294	84,217
Investment tax credits used	<u>(137,938)</u>	<u>(127,265)</u>
Current tax	472,282	1,079,040
Unrecognized deductible temporary differences	97,542	58,948
Adjustments for prior years' tax	<u>(12,888)</u>	<u>7,147</u>
Income tax expense recognized in profit or loss	<u>\$ 556,936</u>	<u>\$ 1,145,135</u>

b. Income tax expense (gain) recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year:		
Translation of foreign operations	\$ 24,958	\$ 54,727
Remeasurement of defined benefit plans	<u>(1,314)</u>	<u>3,924</u>
	<u>\$ 23,644</u>	<u>\$ 58,651</u>

c. Deferred tax assets and liabilities

	For the Year Ended December 31, 2023			
	Recognized in			
	Opening	Recognized in	Other	Closing
	Balance	Profit or Loss	Comprehensive	Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized intercompany profit	\$ 291,120	\$ (81,519)	\$ -	\$ 209,601
Defined benefit obligations	19,153	-	1,314	20,467
Allowance for inventory devaluation	85,600	4,800	-	90,400
Impairment loss on financial assets	4,071	-	-	4,071
Payables for annual leave	24,975	2,306	-	27,281
Financial liabilities at FVTPL	906	(906)	-	-
Provisions	4,641	(1,177)	-	3,464
Exchange differences on foreign operations	95,111	-	(24,958)	70,153
Unrealized loss on foreign currency exchange	-	12,125	-	12,125
Others	<u>28</u>	<u>(2)</u>	<u>-</u>	<u>26</u>
	<u>\$ 525,605</u>	<u>\$ (64,373)</u>	<u>\$ (23,644)</u>	<u>\$ 437,588</u>

For the Year Ended December 31, 2023				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 783,475	\$ 13,355	\$ -	\$ 796,830
Gain from bargain purchase	9,254	-	-	9,254
Unrealized gain on foreign currency exchange	15,503	(15,503)	-	-
Financial assets at FVTPL	<u>-</u>	<u>1,948</u>	<u>-</u>	<u>1,948</u>
	<u>\$ 808,232</u>	<u>\$ (200)</u>	<u>\$ -</u>	<u>\$ 808,032</u>

For the Year Ended December 31, 2022				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized intercompany profit	\$ 289,703	\$ 1,417	\$ -	\$ 291,120
Defined benefit obligations	23,077	-	(3,924)	19,153
Allowance for inventory devaluation	82,531	3,069	-	85,600
Impairment loss on financial assets	4,071	-	-	4,071
Payables for annual leave	25,468	(493)	-	24,975
Financial liabilities at FVTPL	-	906	-	906
Provisions	4,553	88	-	4,641
Exchange differences on foreign operations	149,838	-	(54,727)	95,111
Unrealized loss on foreign currency exchange	5,330	(5,330)	-	-
Others	<u>6,873</u>	<u>(6,845)</u>	<u>-</u>	<u>28</u>
	<u>\$ 591,444</u>	<u>\$ (7,188)</u>	<u>\$ (58,651)</u>	<u>\$ 525,605</u>

<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 635,153	\$ 148,322	\$ -	\$ 783,475
Gain from bargain purchase	9,254	-	-	9,254
Unrealized gain on foreign currency exchange	-	15,503	-	15,503
Financial assets at FVTPL	<u>63</u>	<u>(63)</u>	<u>-</u>	<u>-</u>
	<u>\$ 644,470</u>	<u>\$ 163,762</u>	<u>\$ -</u>	<u>\$ 808,232</u>

- d. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2023	2022
Investment loss	<u>\$ 3,872,585</u>	<u>\$ 3,384,874</u>

- e. Income tax assessments

The tax returns of the Company through 2021 have been assessed by the tax authorities.

21. EARNINGS PER SHARE

	Net Profit	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Year Ended December 31, 2023</u>			
Basic earnings per share			
Profit for the year	\$ 2,034,748	353,792	<u>\$ 5.75</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>918</u>	
Diluted earnings per share			
Profit for the year plus effect of potentially dilutive ordinary shares	<u>\$ 2,034,748</u>	<u>354,710</u>	<u>\$ 5.74</u>
<u>For the Year Ended December 31, 2022</u>			
Basic earnings per share			
Profit for the year	\$ 4,479,381	345,209	<u>\$12.98</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>2,258</u>	
Diluted earnings per share			
Profit for the year plus effect of potentially dilutive ordinary shares	<u>\$ 4,479,381</u>	<u>347,467</u>	<u>\$12.89</u>

Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

On December 30, 2022, the Company subscribed for additional new shares of Eterbright at a percentage different from its existing ownership percentage, thereby increasing its continuing interest from 85% to 89%, and recognized a decrease of \$190,861 thousand in retained earnings.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries.

23. CAPITAL MANAGEMENT

To support the needs for expansion and upgrade of its plant and equipment, the Company has to maintain an appropriate amount of capital. Therefore, the Company manages its capital to ensure it has the necessary financial resources and operating plan to support the required operating funds, capital expenditures, research and development fees, debt repayment and dividend payments in the next 12 months to achieve an overall balanced capital structure.

Key management personnel of the Company review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders and the amount of new debt issued or existing debt redeemed.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

The Company's financial assets and liabilities at FVTPL are measured at fair value using Level 2 inputs, and the financial assets at FVTOCI are measured at fair value using Level 1 inputs and Level 3 inputs.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

b. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 9,874	\$ 228
Financial assets at amortized cost (1)	8,206,094	8,192,191
Financial assets at FVTOCI		
Equity instruments	849,509	846,591
<u>Financial liabilities</u>		
FVTPL		
Mandatorily classified as at FVTPL	136	4,757
Financial liabilities at amortized cost (2)	7,458,706	7,590,209

- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (including from related parties), financial assets at amortized cost - non-current and refundable deposits.
- 2) The balances included financial liabilities measured at amortized cost, which comprise notes payable, trade payables (including from related parties), other payables, long-term borrowings (including those due within one year) and guarantee deposits received.

c. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, trade receivables, trade payables, lease liabilities and borrowings. The Company's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The plans for material treasury activities are reviewed by the audit committee and the board of directors in accordance with procedures required by relevant regulations and internal controls.

1) Market risk

The Company entered into some derivative financial instruments, mainly forward foreign exchange contracts, to manage its exposure to foreign currency risk arising on translation of sales and receivables from the export of precision component to USA, Germany, Japan and China.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company's operating activities and net investment in foreign operations are denominated in foreign currencies. Consequently, the Company is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company utilizes foreign exchange forward contracts to hedge its currency exposure. These instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

Since the Company's net investments in foreign operations are held for strategic purposes, they are not hedged.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 28.

Sensitivity analysis

The Company was mainly exposed to the USD, EUR, JPY and RMB.

The sensitivity analysis of foreign currency risk used when reporting foreign currency risk internally to key management personnel mainly focuses on foreign currency denominated monetary items at the end of the reporting period. When the NTD had increased by 1% against the relevant foreign currency, the post-tax profit for the years ended December 31, 2023 and 2022 would have decreased by \$38,480 thousand and \$38,507 thousand, respectively.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2023	2022
Fair value interest rate risk		
Deposits in bank	\$ 1,414,470	\$ 480,986
Lease liabilities	187,003	259,720
Cash flow interest rate risk		
Deposits in bank	3,003,231	3,798,319
Long-term borrowings	3,528,658	3,319,463

Sensitivity analysis

For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Company's post-tax profit for the years ended December 31, 2023 and 2022 would have decreased by \$4,203 thousand and increased by \$3,831 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the reporting period, the counterparties are all creditworthy organizations; thus, no significant credit risk is expected.

The counterparties of the Company's trade receivables cover a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of the counterparties of trade receivables.

The Company's credit risk by geographical locations was mainly concentrated in Asia, which accounted for 73%, 65% of the total trade receivables as of December 31, 2023 and 2022, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized bank loan facilities of \$10,672,991 thousand and \$10,572,056 thousand, respectively.

The following table details the Company's remaining contractual obligations for its financial liabilities with agreed repayment periods. The tables below had been drawn up based on the undiscounted contractual maturities of the financial liabilities.

	Less Than 1 Year	1-5 Years	More than 5 Years
<u>December 31, 2023</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 3,927,168	\$ -	\$ -
Lease liabilities	45,606	80,133	74,195
Variable interest rate liabilities	<u>385,081</u>	<u>1,778,541</u>	<u>1,365,036</u>
	<u>\$ 4,357,855</u>	<u>\$ 1,858,674</u>	<u>\$ 1,439,231</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2022</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 4,267,996	\$ -	\$ -
Lease liabilities	80,238	113,404	81,924
Variable interest rate liabilities	<u>472,893</u>	<u>1,705,584</u>	<u>1,140,986</u>
	<u>\$ 4,821,127</u>	<u>\$ 1,818,988</u>	<u>\$ 1,222,910</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 4,757</u>	<u>\$ -</u>	<u>\$ -</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
<u>December 31, 2023</u>				
Lease liabilities	\$ 45,606	\$ 80,133	\$ 46,372	\$ 27,823
Variable interest rate liabilities	<u>385,081</u>	<u>1,778,541</u>	<u>1,127,054</u>	<u>237,982</u>
	<u>\$ 430,687</u>	<u>\$ 1,858,674</u>	<u>\$ 1,173,426</u>	<u>\$ 265,805</u>
<u>December 31, 2022</u>				
Lease liabilities	\$ 80,238	\$ 113,404	\$ 45,513	\$ 36,411
Variable interest rate liabilities	<u>472,893</u>	<u>1,705,584</u>	<u>1,034,055</u>	<u>106,931</u>
	<u>\$ 553,131</u>	<u>\$ 1,818,988</u>	<u>\$ 1,079,568</u>	<u>\$ 143,342</u>

25. TRANSACTIONS WITH RELATED PARTIES

The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

a. Related party name and categories

Related Party Name	Related Party Categories
HIWIN Germany	Subsidiary
HIWIN USA	Subsidiary
HIWIN Japan	Subsidiary
Eterbright	Subsidiary
HIWIN Singapore	Subsidiary
HIWIN Korea	Subsidiary
HIWIN China	Subsidiary
Matrix Precision	Subsidiary
HIWIN Healthcare Corp.	Subsidiary
HIWIN Italy	Subsidiary
Matrix	Subsidiary
HIWIN Schweiz	Subsidiary
Suzhou Matrix Precision Machinery Co., Ltd. ("Suzhou Matrix")	Sub-subsidiary
Mega-Fabs Motion Systems Ltd. (Mega-Fabs)	Associate
HIWIN Mikrosystem	Other related party
HIWIN Investment and Holding Corporation (HIWIN Investment Corporation)	Other related party
HIWIN Technologies Foundation in Education (HIWIN Education Foundation)	Other related party

b. Operating transactions

	For the Year Ended December 31	
	2023	2022
1) Sales of goods		
HIWIN China	\$ 3,810,854	\$ 4,345,534
Subsidiaries	3,319,210	4,502,756
Other related parties	<u>51,623</u>	<u>99,248</u>
	<u>\$ 7,181,687</u>	<u>\$ 8,947,538</u>

Due to the differences in product specifications, the selling prices of goods sold to related parties and those sold to third parties are not comparable. The selling price is quoted at cost plus a reasonable margin based on the market and competitor pricing.

	For the Year Ended December 31	
	2023	2022
2) Purchases of goods		
Other related parties	\$ 166,833	\$ 191,329
Subsidiaries	20,065	18,326
Sub-subsidiaries	<u>6</u>	<u>32</u>
	<u>\$ 186,904</u>	<u>\$ 209,687</u>

The products purchased from related parties and those from third parties are not the same, therefore, their prices are not comparable.

3) Other operating transactions

	For the Year Ended December 31	
	2023	2022
Non-operating income - dividend income (classified as other income)		
HIWIN Mikrosystem	<u>\$ 9,526</u>	<u>\$ 9,526</u>
Non-operating income - other income		
Subsidiaries	\$ 39,514	\$ 53,736
Other related parties	<u>2,156</u>	<u>1,086</u>
	<u>\$ 41,670</u>	<u>\$ 54,822</u>
Manufacturing and operating expenses		
Other related parties	\$ 70,430	\$ 48,641
Subsidiaries	<u>14,627</u>	<u>11,019</u>
	<u>\$ 85,057</u>	<u>\$ 59,660</u>
Operating expenses - donations		
HIWIN Education Foundation	<u>\$ 3,500</u>	<u>\$ 4,000</u>

	December 31	
	2023	2022
4) Trade receivables		
HIWIN China	\$ 895,260	\$ 698,995
HIWIN Italy	362,805	489,973
HIWIN Japan	299,694	515,387
HIWIN Germany	291,274	421,275
Subsidiaries	<u>285,881</u>	<u>388,892</u>
	<u>\$ 2,134,914</u>	<u>\$ 2,514,522</u>

		December 31	
		2023	2022
5) Other receivables (classified as other current assets)			
Subsidiaries		\$ <u>3,769</u>	\$ <u>3,566</u>
6) Prepaid investments			
Matrix Precision		\$ <u>180,357</u>	\$ <u>-</u>
7) Trade payables			
Other related parties		\$ 88,277	\$ 56,835
Subsidiaries		<u>4,828</u>	<u>7,507</u>
		\$ <u>93,105</u>	\$ <u>64,342</u>
8) Other payables			
Other related parties		\$ 2,796	\$ 4,810
Subsidiaries		<u>2,252</u>	<u>2,565</u>
		\$ <u>5,048</u>	\$ <u>7,375</u>
9) Prepayments for machinery and equipment			
Subsidiaries		\$ <u>20,755</u>	\$ <u>33,074</u>
c. Loans to related parties			
		December 31	
		2023	2022
<u>Other receivables (classified as other current assets)</u>			
HIWIN Japan		\$ <u>177,194</u>	\$ <u>212,693</u>
		For the Year Ended December 31	
		2023	2022
<u>Interest income</u>			
Subsidiaries		\$ <u>3,235</u>	\$ <u>1,533</u>
The Company provided HIWIN Japan with short-term loans at rates comparable to market interest rates.			

d. Acquisition of property, plant and equipment

	Purchase Price	
	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 29,462	\$ 36,566
Other related parties	<u>3,068</u>	<u>1,566</u>
	<u>\$ 32,530</u>	<u>\$ 38,132</u>

e. Disposal of property, plant and equipment

	Disposal Price		Gain on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
Related Party Category	2023	2022	2023	2022
Subsidiaries	\$ 1,301	\$ -	\$ 312	\$ -
Other related parties	<u>1,235</u>	<u>-</u>	<u>309</u>	<u>-</u>
	<u>\$ 2,536</u>	<u>\$ -</u>	<u>\$ 621</u>	<u>\$ -</u>

f. Lease arrangements

Lease arrangements represented the lease prices of the Company's factory. The lease prices were determined in accordance with mutual agreements and were based on the market price of the nearby factories and the lease area. The rental expenses were paid monthly.

	For the Year Ended December 31	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
Other related parties	<u>\$ -</u>	<u>\$ 31,246</u>
	December 31	
	2023	2022
<u>Lease liabilities</u>		
Other related parties	<u>\$ 7,592</u>	<u>\$ 26,746</u>
	For the Year Ended December 31	
	2023	2022
<u>Finance costs</u>		
Other related parties	<u>\$ 237</u>	<u>\$ 445</u>

g. Endorsements and guarantees

For the information about the endorsements and guarantees for subsidiaries given by the Company as of December 31, 2023, is disclosed in Table 2.

h. Acquisition of additional interests in related parties

	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 99,300	\$ 94,250
Eterbright	<u>-</u>	<u>1,599,000</u>
	<u>\$ 99,300</u>	<u>\$ 1,693,250</u>

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 188,986	\$ 300,370
Post-employment benefits	699	542
Share-based payments	<u>-</u>	<u>927</u>
	<u>\$ 189,685</u>	<u>\$ 301,839</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral for long-term bank loans:

	December 31	
	2023	2022
Property, plant and equipment	<u>\$ 13,546,117</u>	<u>\$ 15,318,423</u>

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of December 31, 2023 and 2022, unused letters of credit for purchases of raw materials and machinery and equipment amounted to \$ 111,137 thousand and \$ 100,112 thousand, respectively.
- b. As of December 31, 2023 and 2022, commitment for acquisition of property, plant and equipment amounted to \$ 1,805,267 thousand and \$ 3,074,985 thousand, respectively.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 26,314	30.705	\$ 807,967	\$ 34,577	30.710	\$1,061,873
EUR	35,844	33.98	1,217,982	39,068	32.72	1,278,317
JPY	2,774,267	0.2172	602,571	3,766,485	0.2324	875,331
RMB	610,516	4.327	2,641,703	441,333	4.408	1,945,395
Non-monetary items						
USD	36,582	30.705	1,123,235	34,593	30.710	1,062,360
EUR	95,392	33.98	3,241,412	89,873	32.72	2,940,642
ILS	28,605	8.897	254,492	24,542	8.647	212,213
RMB	601,237	4.327	2,601,555	570,806	4.408	2,516,115
JPY	-	-	-	310,096	0.2324	72,066
GBP	7,761	39.15	303,827	6,802	37.09	252,294
CHF	10,353	36.49	377,792	9,221	33.21	306,213
SGD	2,243	23.29	52,237	3,194	22.88	73,077
<u>Financial liabilities</u>						
Monetary items						
USD	1,887	30.705	57,934	3,490	30.710	107,165
EUR	8,800	33.98	299,040	2,664	32.72	87,161
JPY	438,806	0.2172	95,309	630,770	0.2324	146,591
RMB	1,838	4.327	7,952	1,490	4.408	6,566
Non-monetary items						
KRW	4,538,956	0.02391	108,526	2,702,409	0.02457	66,398
JPY	279,933	0.2172	60,801	-	-	-

The significant (realized and unrealized) foreign exchange gain (loss) were as follows:

	For the Year Ended December 31				
	2023		2022		
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)	
USD	31.155	\$ 2,454	29.805	\$ 106,716	
JPY	0.2221	(39,983)	0.2275	(2,558)	
EUR	33.70	61,594	31.36	87,713	
RMB	4.396	(3,248)	4.422	131,921	
		<u>\$ 20,817</u>		<u>\$ 323,792</u>	

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities). (Table 3)
- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 7) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 8) Trading in derivative instruments. (Notes 7 and 24)
- 9) Information on investees. (Table 6)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 4)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (None)
 - e) The highest balance, the end of year balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

TABLE 1

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Amount Borrowed	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 3)
													Item	Value		
0	The Company	HIWIN Japan	Other receivables from related parties	Yes	\$ 204,415	\$ 177,194	\$ 177,194	1.9891%	1	Sales \$801,653	-	\$ -	-	\$ -	\$ 5,249,703	\$ 10,499,407

Note 1: The total amount for lending to a single company shall not exceed 15% of the net assets of the Company based on its latest parent company only financial statements. For financing provided by the Company due to business dealings, other than the aforementioned restrictions, the amount of financing is also limited to the higher of the total purchase or sales amount between the 2 parties within 1 year from the date of financing or in the most recent year based on the principle that business transactions have already occurred between the two parties.

Note 2: The nature of financing is numbered as follows:

- 1. A company that has business dealings with the lender.
- 2. A company with short-term financing needs.

Note 3: The total amount of the Company’s accumulated financing provided should not exceed 30% of the Company’s net assets as shown in its latest parent company only financial statements.

Note 4: The ending balance has been approved by the board of directors.

TABLE 2

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Endorser/Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 1 and 2)	Maximum Amount Endorsed/ Guaranteed During the Year (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Year (Notes 4 and 5)	Actual Amount Borrowed (Note 5)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Matrix	Subsidiary	\$ 3,499,802	\$ 81,040 (GBP 2,000)	\$ 78,300 (GBP 2,000)	\$ 27,405 (GBP 700)	\$ -	0.2	\$ 12,249,308	Yes	-	-
0	The Company	HIWIN Italy	Subsidiary	3,499,802	978,822 (EUR 28,200)	950,094 (EUR 27,960)	504,868 (EUR 14,858)	-	2.7	12,249,308	Yes	-	-
0	The Company	HIWIN Singapore	Subsidiary	3,499,802	194,550 (USD 6,000)	184,230 (USD 6,000)	-	-	0.5	12,249,308	Yes	-	-
0	The Company	HIWIN Korea	Subsidiary	3,499,802	389,100 (USD 12,000)	368,460 (USD 12,000)	179,624 (USD 5,850)	-	1.1	12,249,308	Yes	-	-
0	The Company	HIWIN Japan	Subsidiary	3,499,802	1,618,147 (JPY 7,008,000)	1,522,138 (JPY 7,008,000)	1,413,538 (JPY 6,508,000)	-	4.3	12,249,308	Yes	-	-
0	The Company	Matrix Precision	Subsidiary	3,499,802	1,050,000	1,050,000	405,000	-	3.0	12,249,308	Yes	-	-
1	Matrix Precision	HIWIN Mikrosystem	Other related party	2,053,575	288,000	288,000	-	-	144.77	2,053,575	No	-	-

Note 1: The limit on the endorsements/guarantees provided for a single enterprise is 10% of the Company's net assets as shown in its most recent parent company only financial statements. If approved by the board of directors, the amount of endorsements/guarantees provided by the Company for its subsidiaries is not subject to the foregoing limitations; however, it must not exceed 50% of the Company's net assets in its most recent parent company only financial statements.

Note 2: The limit on the endorsements/guarantees provided for a single enterprise is 10% of Matrix Precision's net assets as shown in its most recent parent company only financial statements. The parent company only aggregate endorsement/guarantee limit is 35% of Matrix Precision's net assets as shown in its most recent financial statements. Because both applicants have signed a contract for mutual insurance, the amount of endorsements/guarantees provided by Matrix Precision is not subject to the foregoing limitations; however, it must not exceed 300% of Matrix Precision's higher amounts of paid-in capital or net assets in its most recent financial statements.

Note 3: The aggregate endorsement/guarantee limit is 35% of the Company's net assets as shown in its latest parent company only financial statements.

Note 4: The ending balance has been approved by the board of directors.

Note 5: The amounts denominated in foreign currencies were translated into the New Taiwan dollar at the exchange rate prevailing at the end of last month.

TABLE 3

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u>							
	HIWIN Mikrosystem	Other related party	Financial assets at FVTOCI - non-current	9,525,676	\$ 652,509	8	\$ 652,509	
	Ever Fortune.	-	Financial assets at FVTOCI - non-current	2,000,000	193,000	2	193,000	
	Taichung International Country Club	-	Financial assets at FVTOCI - non-current	1	4,000	-	4,000	
	Sunengine	-	Financial assets at FVTOCI - non-current	588,149	-	9	-	
	King Kong Iron Work Ltd.	-	Financial assets at FVTOCI - non-current	76,300	-	-	-	

Note: For information on the investments in subsidiaries and associates, see Tables 6 and 7.

TABLE 4

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	HIWIN China	Subsidiary	Sale	\$ (3,810,854)	(22)	O/A 90 days	\$ -	-	\$ 895,260	24	Note
	HIWIN Germany	Subsidiary	Sale	(1,312,438)	(7)	O/A 90 days	-	-	291,274	8	
	HIWIN Italy	Subsidiary	Sale	(663,180)	(4)	O/A 180 days	-	-	362,805	10	
	HIWIN Japan	Subsidiary	Sale	(481,613)	(3)	O/A 150 days	-	-	299,694	8	
	HIWIN USA	Subsidiary	Sale	(295,595)	(2)	O/A 120 days	-	-	114,305	3	
	HIWIN Korea	Subsidiary	Sale	(279,616)	(2)	O/A 180 days	-	-	121,400	3	
	HIWIN Schweiz	Subsidiary	Sale	(160,288)	(1)	O/A 60 days	-	-	15,075	-	
	HIWIN Singapore	Subsidiary	Sale	(106,787)	(1)	O/A 120 days	-	-	30,848	1	
	HIWIN Mikrosystem	Other related party	Purchase	166,833	2	O/A 90 days	-	-	(88,277)	(3)	
HIWIN China	The Company	Parent company	Purchase	3,810,854	98	O/A 90 days	-	-	(895,260)	(96)	
HIWIN Germany	The Company	Parent company	Purchase	1,312,438	66	O/A 90 days	-	-	(291,274)	(75)	
	HIWIN Mikrosystem	Other related party	Purchase	247,965	13	O/A 90 days	-	-	20,309	9	
	HIWIN S.R.O	Other related party	Sale	(199,606)	(5)	O/A 45 days	-	-	15,945	7	
HIWIN Italy	The Company	Parent company	Purchase	663,180	88	O/A 180 days	-	-	(362,805)	(91)	
HIWIN Japan	The Company	Parent company	Purchase	481,613	80	O/A 150 days	-	-	(299,694)	(95)	
HIWIN USA	The Company	Parent company	Purchase	295,595	66	O/A 120 days	-	-	(114,305)	(72)	
HIWIN Korea	The Company	Parent company	Purchase	279,616	95	O/A 180 days	-	-	(121,400)	(98)	
HIWIN Schweiz	The Company	Parent company	Purchase	160,288	66	O/A 60 days	-	-	(15,075)	(53)	
HIWIN Singapore	The Company	Parent company	Purchase	106,787	74	O/A 120 days	-	-	(30,848)	(65)	

Note: Unrealized gains from HIWIN China totaled \$ 195,562 thousand.

TABLE 5

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	HIWIN Japan	Subsidiary	Trade receivables from related parties \$ 299,694	1.18	\$ -	-	\$ -	\$ -
			Other receivables from related parties 178,784	-	-	-	34,069	-
	HIWIN Germany	Subsidiary	Trade receivables from related parties 291,274	3.68	-	-	86,233	-
	HIWIN Italy	Subsidiary	Trade receivables from related parties 362,805	1.56	-	-	134,359	-
	HIWIN China	Subsidiary	Trade receivables from related parties 895,260	4.78	-	-	339,470	-
	HIWIN Korea	Subsidiary	Trade receivables from related parties 121,400	1.95	-	-	22,600	-
	HIWIN USA	Subsidiary	Trade receivables from related parties 114,305	2.28	-	-	13,194	-

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	HIWIN Germany	Germany	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	\$ 224,257	\$ 224,257	-	100	\$ 2,364,547	\$ 114,462	\$ 114,462	Subsidiary
	HIWIN USA	United States of America	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	353,844	353,844	2,148,000	100	1,030,307	61,918	61,918	Subsidiary
	HIWIN Japan	Japan	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	918,602	918,602	62,200	100	(99,209)	(131,045)	(131,045)	Subsidiary
	Mega-Fabs	Israel	Research, manufacture and sale of drivers and controllers	42,444	42,444	240,000	40	287,321	90,363	36,145	Investment accounted for using the equity method
	Eterbright	Taiwan	Research, development, design, manufacture and sale of solar cell, electronic components, electric power supply, electric transmission and power distribution machinery products	6,322,668	6,322,668	505,360,592	89	513,377	(546,394)	(487,711)	Subsidiary
	HIWIN Singapore	Singapore	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	117,550	117,550	5,000,000	100	41,151	(22,064)	(22,064)	Subsidiary
	HIWIN Korea	Korea	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	242,707	242,707	1,760,000	100	(137,979)	(44,206)	(44,206)	Subsidiary
	Matrix Precision	Taiwan	Research, development, production, manufacture and sale of gear cutting tools and machinery	1,022,664	1,022,664	34,294,075	50	124,414	(290,722)	(145,783)	Subsidiary
	HIWIN Healthcare Corp.	Samoa	Sale of medical robots	3,108	3,108	100,000	100	2,859	24	24	Subsidiary
	HIWIN Italy	Italy	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	296,580	296,580	-	100	249,298	76,898	76,898	Subsidiary
	Matrix	United Kingdom	Design integrated application, research, development, manufacture and sale of thread forming machinery	729,454	630,154	7,449,500	100	351,496	(59,722)	(61,863)	Subsidiary
	HIWIN Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	266,300	266,300	243,000	81	368,846	48,528	48,528	Subsidiary
HIWIN Germany	HIWIN S.R.O.	Czech Republic	Sale of aerospace parts, ballscrews, linear guideways, and industrial robots	104 (CZK 70)	104 (CZK 70)	-	32	90,849 (EUR 2,674)	(Note 1)	(Note 1)	Investment accounted for using the equity method
	HIWIN Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	3,320 (EUR 72)	3,320 (EUR 72)	57,000	19	43,727	48,528	-	Subsidiary

Note 1: Exempted from disclosure in accordance with regulations.

Note 2: For information on investments in mainland China, see Table 7.

TABLE 7

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
HIWIN China	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	\$ 1,498,040 (RMB 300,000)	(Note 1)	\$ 1,498,040 (RMB 300,000)	\$ -	\$ -	\$ 1,498,040 (RMB 300,000)	\$ 133,775	100	\$ 133,775 (Note 2)	\$ 2,405,992	\$ -
Suzhou Matrix	Sale of gear cutting tools and machinery	9,076 (RMB 2,000)	(Note 1)	9,076 (RMB 2,000)	-	-	9,076 (RMB 2,000)	(7,298)	50.1	(3,656) (Note 2)	(2,211)	-

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Company	\$ 1,498,040 (RMB 300,000)	\$ 1,498,040 (RMB 300,000)	(Note 3)
Matrix Precision	\$ 9,076 (RMB 2,000)	\$ 9,076 (RMB 2,000)	\$ 119,359 (Note 3)

- Note 1: The investment in mainland China was made directly.
- Note 2: The investment gain (loss) is recognized according to the parent company only financial statements audited by the Company’s independent auditors.
- Note 3: Calculated in accordance with the “Regulations on Screening and Approval of Investment and Technical Cooperation in Mainland China” issued by the Investment Commission of the Ministry of Economic Affairs, the Company has been certified by the Industrial Development Bureau of the Ministry of Economic Affairs as an enterprise that has conformed to the scope of operations of the headquarters; therefore, there is no investment limit. The upper limit on the amount of investments in Matrix Precision is 60% of the net assets of Matrix Precision.

HIWIN TECHNOLOGIES CORPORATION**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
HIWIN Investment Corporation	28,829,898	8.14%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the parent company only parent company only financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2: If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor's account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

ITEM	STATEMENT INDEX
MAJOR ACCOUNTING ITEMS IN ASSETS, LIABILITIES AND EQUITY	
STATEMENT OF CASH AND CASH EQUIVALENTS	1
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	Note 7
STATEMENT OF NOTES RECEIVABLE	2
STATEMENT OF TRADE RECEIVABLES FROM UNRELATED PARTIES	3
STATEMENT OF INVENTORIES	4
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT	5
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	6
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Note 12
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	Note 12
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS	7
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS	7
STATEMENT OF DEFERRED INCOME TAX ASSETS	Note 20
STATEMENT OF TRADE PAYABLES TO UNRELATED PARTIES	8
STATEMENT OF OTHER PAYABLES	Note 16
STATEMENT OF LONG-TERM BANK BORROWINGS	9
STATEMENT OF LEASE LIABILITIES	10
STATEMENT OF DEFERRED INCOME TAX LIABILITIES	Note 20
MAJOR ACCOUNTING ITEMS IN PROFIT OR LOSS	
STATEMENT OF NET REVENUE	11
STATEMENT OF OPERATING COSTS	12
STATEMENT OF OPERATING EXPENSES	13
STATEMENT OF NON-OPERATING INCOME AND EXPENSES	PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME
STATEMENT OF FINANCE COSTS	Note 19
STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION	Note 19

HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars and Foreign Currencies)**

Item	Foreign Currency	Exchange Rate	Amount
Cash on hand			
NTD			\$ 420
Foreign currencies			<u>744</u>
			<u>1,164</u>
Cash in banks			
Checking accounts			62,315
Demand deposits			2,126,427
Foreign deposits			
RMB	101,975	4.327	441,248
EUR	5,077	33.98	172,512
JPY	578,635	0.2172	125,679
USD	4,014	30.705	123,237
GBP	361	39.15	<u>14,128</u>
			<u>3,065,546</u>
Cash equivalents			
Time deposits			590,000
Foreign time deposits			
RMB	110,000	4.327	475,970
EUR	7,500	33.98	254,850
USD	3,050	30.705	<u>93,650</u>
			<u>1,414,470</u>
			<u>\$ 4,481,180</u>

HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Unrelated parties	
Company 34	\$ 10,244
Company 17	7,697
Company 29	5,957
Company 35	5,178
Others (Note)	<u>53,658</u>
	82,734
Less: Allowance for impairment loss	<u>-</u>
	<u>\$ 82,734</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF TRADE RECEIVABLES FROM UNRELATED PARTIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Unrelated parties	
Company 24	\$ 233,551
Company 9	233,050
Company 14	98,974
Company 21	96,576
Company 22	80,885
Company 36	79,240
Others (Note)	<u>669,951</u>
	1,492,227
Less: Allowance for impairment loss	<u>-</u>
	<u><u>\$ 1,492,227</u></u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount	Market Price (Note 1)
Merchandise	\$ 180	\$ 180
Finished goods	576,575	888,895
Work in process	936,216	1,204,613
Raw materials	2,226,223	2,562,323
Inventories in transit	<u>195,674</u>	<u>195,674</u>
	<u>\$ 3,934,868</u>	<u>\$ 4,851,685</u>

Note 1: Inventories are stated at the lower of cost or net realizable.

Note 2: Inventories are not provided as collateral.

HIWIN TECHNOLOGIES CORPORATION

STATEMENT OF FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2023		Additions		Decrease		Balance, December 31, 2023		Collateral
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value	
HIWIN Mikrosystem	9,525,676	\$ 660,129	-	\$ -	-	(\$ 7,620)	9,525,676	\$ 652,509	None
Ever Fortune	2,573,000	182,812	-	76,667	(573,000)	(66,479)	2,000,000	193,000	None
Taichung International Country Club	1	3,650	-	350	-	-	1	4,000	None
Sunengine	588,149	-	-	-	-	-	588,149	-	None
King Kong Iron Work Ltd.	76,300	-	-	-	-	-	76,300	-	None
		<u>\$ 846,591</u>		<u>\$ 77,017</u>		<u>(\$ 74,099)</u>		<u>\$ 849,509</u>	

HIWIN TECHNOLOGIES CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2023		Additions		Decrease		Change of Subsidiaries' Ownership Equity	Share of Profit (Loss) and Other Comprehensive Income (Loss) of Subsidiaries and Associates Accounted for Using the Equity Method	Exchange Differences on Translating of Foreign Operations	Realized (Unrealized) Gain	Balance, December 31, 2023			Net Equity Value	Original Investment Cost December 31, 2023	Collateral
	Shares	Amount	Shares	Amount	Shares	Amount					Shares	Ownership (%)	Amount			
Investments in subsidiaries																
HIWIN Germany	-	\$ 2,019,545	-	\$ -	-	\$ -	\$ -	\$ 114,462	\$ 100,992	\$ 129,548	-	100	\$ 2,364,547	\$ 2,813,315	\$ 224,257	Nil
HIWIN USA	2,148,000	893,296	-	-	-	-	-	61,918	(1,067)	76,160	2,148,000	100	1,030,307	1,120,375	353,844	Nil
HIWIN Japan (Note)	62,200	(9,156)	-	-	-	-	-	(131,045)	(1,823)	42,815	62,200	100	(99,209)	(60,801)	918,602	Nil
Eterbright	505,360,592	990,966	-	-	-	-	-	(487,711)	-	10,122	505,360,592	89	513,377	513,377	6,322,668	Nil
HIWIN Singapore	5,000,000	53,389	-	-	-	-	-	(22,064)	1,224	8,602	5,000,000	100	41,151	52,237	117,550	Nil
HIWIN Korea (Note)	1,760,000	(102,815)	-	-	-	-	-	(44,206)	2,078	6,964	1,760,000	100	(137,979)	(108,526)	242,707	Nil
HIWIN China	-	2,256,997	-	-	-	-	-	133,775	(48,335)	63,555	-	100	2,405,992	2,601,555	1,498,040	Nil
Matrix Precision	34,294,075	270,693	-	-	-	-	-	(146,577)	(1)	299	34,294,075	50	124,414	(52,671)	1,022,664	Nil
HIWIN Healthcare Corp.	100,000	2,836	-	-	-	-	-	24	(1)	-	100,000	100	2,859	2,859	3,108	Nil
HIWIN Italy	-	108,189	-	-	-	-	-	71,523	13,794	55,792	-	100	249,298	428,097	296,580	Nil
Matrix	6,449,500	302,094	1,000,000	99,300	-	-	-	(61,863)	11,954	11	7,449,500	100	351,496	273,488	729,454	Nil
HIWIN Schweiz	243,000	266,747	-	-	-	-	-	48,528	39,841	13,730	243,000	81	368,846	466,410	266,300	Nil
		<u>\$ 7,052,781</u>		<u>\$ 99,300</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (463,236)</u>	<u>\$ 118,656</u>	<u>\$ 407,598</u>			<u>\$ 7,215,099</u>	<u>\$ 8,049,715</u>	<u>\$ 11,995,774</u>	
Investments in associates																
Mega-Fabs	240,000	<u>\$ 245,042</u>	-	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,145</u>	<u>\$ 6,134</u>	<u>\$ -</u>	240,000	40	<u>\$ 287,321</u>	<u>\$ 254,492</u>	<u>\$ 42,444</u>	Nil

Note: The balance as of DECEMBER 31, 2023 was accounted for as credit balance for investments accounted for using the equity method.

HIWIN TECHNOLOGIES CORPORATION

STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

	Balance at January 1, 2023	Additions	Decrease	Balance at December 31, 2023
Cost				
Land	\$ 146,887	\$ 2,982	\$ -	\$ 149,869
Building	<u>336,152</u>	<u>3,432</u>	<u>695</u>	<u>338,889</u>
Total cost	<u>483,039</u>	<u>\$ 6,414</u>	<u>\$ 695</u>	<u>488,758</u>
Accumulated depreciation				
Land	32,280	\$ 8,399	\$ -	40,679
Building	<u>192,157</u>	<u>69,884</u>	<u>-</u>	<u>262,041</u>
Total accumulated depreciation	<u>224,437</u>	<u>\$ 78,283</u>	<u>\$ -</u>	<u>302,720</u>
Right-of-use assets	<u>\$ 258,602</u>			<u>\$ 186,038</u>

HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF TRADE PAYABLES TO UNRELATED PARTIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Unrelated parties	
Others (Note)	<u>\$ 2,482,742</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

HIWIN TECHNOLOGIES CORPORATION

STATEMENT OF LONG-TERM BANK BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Type	Borrowing Period (Note 2)	Repayment	Interest Rate (%)	Current Portion	Non-Current Portion	Total
Secured loan (Note 1)						
Bank of Taiwan, Taichung Industrial Park Branch	2011.6.16-2034.2.21	Repayable monthly from July 16, 2014 in 144 installments	1.82-1.99	\$ 379,206	\$ 2,147,538	\$ 2,526,744
The Export-Import Bank of the Republic of China, Taichung Branch	2020.4.30-2027.4.15	Repayable monthly from May 15, 2023 in 48 installments	1.15	4,750	10,998	15,748
Chang Hwa Commercial Bank, Hisitun Branch	2020.5.26-2038.3.30	Repayable monthly from June 15, 2023 in 48, 84 and 114 installments	1.40-1.76	400	783,362	783,762
Land Bank of Taiwan, Taichung Branch	2021.8.2-2026.2.4	Repayment due on February 4, 2026	1.68	-	200,000	200,000
Unsecured loan						
Bank of Taiwan, Taichung Industrial Park Branch	2020.5.6-2027.4.15	Repayable monthly from May 15, 2023 in 48 installments	1.20	<u>725</u>	<u>1,679</u>	<u>2,404</u>
				<u>\$ 385,081</u>	<u>\$ 3,143,577</u>	<u>\$ 3,528,658</u>

Note 1: Property, plant and equipment pledged as collateral in the amount of \$ 13,546,117 thousand for bank borrowings.

Note 2: The period indicates the earliest loan date and the last due date of the multiple borrowings.

HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Lease Term	Discount Rate (%)	Amount
Land	20 years	1.45	\$ 109,958
Building	2 to 7 years	1.45	<u>77,045</u>
			187,003
Less: Current portion			<u>(42,446)</u>
Lease liabilities - non-current			<u>\$ 144,557</u>

HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Shipments (In thousands of units)	Amount
Linear guideways	About 20,748	\$12,120,087
Ballscrews	About 1,234	3,585,679
Others		<u>1,959,601</u>
		17,665,367
Less: Sales return		(603)
Sales discount		<u>(7,151)</u>
Sales		<u>\$17,657,613</u>

HIWIN TECHNOLOGIES CORPORATION

STATEMENT OF OPERATING COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Item	Amount	
Raw materials, beginning of year	\$ 2,763,382	
Raw materials purchased	4,933,949	
Sale of raw materials	(82,259)	
Raw materials scrapped	(21,338)	
Raw materials, end of year	<u>(2,193,907)</u>	
Raw materials used		\$ 5,399,827
Supplies, beginning of year	630,324	
Supplies purchased	1,731,737	
Sale of supplies	(9,514)	
Transferred to manufacturing expense and prepayments for machinery and equipment	(1,827,169)	
Supplies, end of year	<u>(525,378)</u>	
Supplies used		-
Direct labor		2,186,679
Manufacturing expenses		<u>5,247,814</u>
Manufacturing cost		12,834,320
Work in process, beginning of year		1,020,199
Work in process, end of year		<u>(1,016,278)</u>
Cost of finished goods		12,838,241
Finished goods, beginning of year		963,038
Finished goods, end of year		(649,569)
Transferred to operating expense and prepayments for machinery and equipment		(203,295)
Other adjustment		<u>(21,932)</u>
Cost of goods sold		12,926,483
Merchandise, beginning of year	2,038	
Merchandise purchased	8,930	
Transferred to manufacturing expense	(7,921)	
Merchandise, end of year	<u>(1,736)</u>	
Cost of merchandise sold		1,311
Cost of raw materials and supplies sold		91,773
Inventory write-downs		24,000
Loss from inventories scraps		21,338
Maintenance and warranty expense		19,638
Unallocated fixed overhead		253,261
Revenue from sale of scraps		<u>(115,923)</u>
Operating costs		<u>\$ 13,221,881</u>

HIWIN TECHNOLOGIES CORPORATION

STATEMENT OF OPERATING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salary	\$ 129,339	\$ 458,051	\$ 496,101	\$ 1,083,491
Depreciation expense	4,396	98,231	68,797	171,424
Shipping expense	60,110	603	3,078	63,791
Donation	-	23,921	-	23,921
Others	<u>167,752</u>	<u>260,114</u>	<u>194,554</u>	<u>622,420</u>
Total	<u>\$ 361,597</u>	<u>\$ 840,920</u>	<u>\$ 762,530</u>	<u>\$ 1,965,047</u>