

Stock Code: 6208

# **Highlight Tech Corp.**

## **2024 Annual Report**

**(Translation)**

Printed on April 8, 2025

Annual Report website

Market Observation Post System : <https://mops.twse.com.tw>

Company Website : <https://www.htcvacuum.com>

### **DISCLAIMER :**

THIS IS A TRANSLATION OF 2024 ANNUAL REPORT OF HIGHLIGHT TECH CORP. THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

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## **Stock Transfer Agency**

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## **Auditors**

Accountant : Lin, Yung-Chih, 、 Yu, Chih-Fan

CPA firm : PwC Taiwan

Address : 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan

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## **Overseas Listings and Access to the Listing Information** : None.

**Website** : <https://www.htcvacuum.com>

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# Chapter I. Report to Shareholders

Ladies and gentlemen, Dear Shareholders:

Thank you for your long-term attention, support, love, and guidance to the Company. I would like to share with you our business results for 2024 and briefly introduce our business plan for 2025, future development strategy, as well as the impact of the external competitive environment, regulatory environment, and the overall business environment:

## I. Results of the Company's business performance in the Year 2024

### (I) Results of enforcement of the Business Plan

In 2024, Htc's annual consolidated revenue was NT\$3,934,267 thousand (same as below), a decrease of NT\$271,169 thousand or 6% over 2023; the operating gross profit was NT\$1,359,804 thousand with a gross profit margin of 35%, a decrease of NT\$77,737 thousand or a decrease of 5% over 2023; the after-tax net income was NT\$385,874 thousand, a decrease of 8% over 2023 and the after-tax basic earnings per share (EPS) was NT\$3.01, a decrease of NT\$0.01 over NT\$3.02 in 2023.

### (II) Budget execution

Unit: NTD thousand

Items	Actual for the Year 2024	Budget for the Year 2024	Amount in increase/decrease	Percentage of achievement (%)
Net operating revenues	3,934,267	4,658,407	(724,140)	84%
Gross profit	1,359,804	1,644,544	(284,740)	83%
Net operating income	454,276	608,435	(154,159)	75%
Non-operating income and expense	(5,384)	(47,801)	42,417	11%
Net income before tax	448,892	560,634	(111,742)	80%
Income tax expense	63,018	109,229	(46,211)	58%
Net income of the current year	385,874	451,404	(65,530)	85%

### (III) Financial and Profitability Analysis

Unit: NTD thousand

Items	2024	2023	Amount in increase/decrease	Percentage of changes (%)
Net operating revenues	3,934,267	4,205,436	(271,169)	(6%)
Net operating income	454,276	550,775	(96,449)	(18%)
Non-operating income and expense	(5,384)	(27,139)	21,755	80%
Net income before tax	448,892	523,636	(74,744)	(14%)
Income tax expense	63,018	105,409	(42,391)	(40%)
Net income of the current year	385,874	418,227	(32,353)	(8%)

Items	2024	2023
Return rate on assets (%)	6	6
Return rate on shareholders, equity (%)	11	12
Ratio of net income before tax to paid-in capital (%)	47	44
Net profit margin (%)	10	10
Earnings per share (EPS) (NT\$)	3.01	3.02

#### (IV) Performance in research & development

The semiconductor market is highly competitive and technological challenges continue to escalate. The Innovation Research & Development Center focuses on the integration of semiconductor Fab and Sub-fab demands, and combines cross-divisional technology and human resources within the group to drive innovation and development, and strengthen brand value and market positioning to ensure that the Company maintains a leading competitive edge in the global semiconductor industry.

##### 1. Main technologies and applications:

Development of core technologies: valves, system control integration, electromechanical integration, and firmware development.

Expanding technology fields: semiconductor process optimization, testing platforms, Sub-fab solutions, Pump rotor technology.

##### 2. Solution and technology development process:

Provide appropriate technical solutions, conduct simulation tests and customer verification to ensure the implementation of the technology, understand the market demand in-depth, master cutting-edge technology, and continue to expand the technology fields.

##### 3. Market analysis and development strategy:

Through systematic analysis of market demand, we formulate annual goals and development plans, balance R&D innovation and customer relationship maintenance through project management, ensure traceability of technology development, and provide a basis for future optimization.

### II. Summary of the business plan 2025

#### (I) Business strategies

The Company takes talent cultivation, innovation culture, excellent management, and professional services as the foundation and promotes business model transformation to enhance industry positioning and product value. The main strategies are as follows:

1. Developing an integrated service and component platform for semiconductor equipment.
2. Strengthening the supply chain for third-generation semiconductor equipment and materials.

#### (II) Estimated sales and basis

As the Company did not voluntarily publish financial forecast information, relevant forecast data is not provided.

(III) Important production and sales policies

Sales policy

1. Global promotion programs for overseas markets

(1) Market development focus

Target regions: United States, Japan, Singapore, Malaysia.

Strategic planning:

■ Cooperating with local agents and trading companies to conduct product introductions, after-sales services, and exhibition promotion activities to increase brand market share.

■ Expanding agent and distributor incentive measures in North America and Europe to develop new customer resources and increase revenue.

A. Japan's market

a. Establishing sales and repair and maintenance bases in Kumamoto (completed in February 2025) to deepen localized services and further expand the Japanese semiconductor market.

b. Providing competitive costs and immediate services to enhance customer trust.

B. Singapore and Malaysia markets

a. Contacting the top three semiconductor foundry customers to promote the Company's own brand WEH® Coating and sustainable energy-saving heating belts.

b. Integrating local service provider resources to increase sales scale and market penetration.

C. U.S. market

a. Relying on existing business channels and engineering partners to develop equipment manufacturers as the main target customer group, with small-scale production expected in 2025 and significant revenue growth in 2026.

b. Obtaining maintenance certification, promoting WEH® Coating, and increasing CIP product revenue.

(2) Htc's brand market share and promotion

A. Market promotion focus

a. Strengthening the penetration rate of the Htc brand in construction and engineering projects, especially in Singapore and Malaysia.

b. Engaging professional public relations firms to enhance brand awareness through websites, media, and exhibitions, and entering the supply chains of first-tier semiconductor vendors.

B. Revenue growth from equipment manufacturers

a. Continuously developing vacuum valves and chamber-related products for Tier 1 equipment manufacturers in the United States and Japan to expand the influence of the Htc brand.

C. Internet marketing and promotion

a. Implementing and optimizing keyword advertising to increase new customer conversion rates and brand exposure.

- D. New product layout and promotion
  - a. Aluminum alloy welded chambers: Addressing the demand of the quantum technology market.
  - b. All-metal gate valves: Meeting ultra-high vacuum application demands.
  - c. Fast-closing gate valves: Enhancing application performance in Fabs.
  - d. WEH® Coating & ESG heating belts: Emphasizing sustainability benefits and providing market introduction services.
  - e. Participation in international exhibitions: Showcasing new products and attracting potential customers.
- 2. Increase of domestic industry market share
  - (1) Providing sales services for complete solutions
    - A. Focusing on semiconductors, international equipment manufacturers, etc., and providing integrated chamber, valve, and WEH® Coating services.
    - B. Strengthening the vacuum industry value chain and further conducting equipment pipeline design and improvement.
  - (2) Cooperating with system integrators and engineering companies
    - A. Jointly receiving orders and expanding new product application fields according to semiconductor market demands.
  - (3) Agency/distribution of products
    - A. 3M carrier tape: Serving the packaging industry and developing new applications.
    - B. Antifreeze: Completing new distribution agreements and entering the testing stage in response to EU regulatory changes.
- 3. New product and service promotion
  - (1) Environmental protection and energy-saving technology applications
 

Combining ozone technology with clean equipment to reduce chemical usage and waste gas emissions.
  - (2) High value-added services
 

Providing parts cleaning, plasma spraying, and consumable production for semiconductor and optoelectronic companies.
  - (3) High-end equipment market promotion
 

Promoting XRT/SAM wafer inspection equipment and ozone crystal wafer cleaning technology to expand relevant market demands.

#### Production policy

- 1. Management system
  - (1) Organizational management: Assigning the right people to the right jobs, specializing in specific roles, improving work efficiency, and reducing operational errors.
  - (2) Education and training: Using digital teaching and simulation platforms to achieve fast, centralized, and efficient employee training, saving costs.
  - (3) Knowledge management: Establishing a systematic knowledge management platform to support knowledge storage, sharing, and application.

2. Productivity improvement

(1) CIP continuous improvement

Adopting lean production concepts and using ECRS methods to optimize processes, reduce waste, and improve efficiency.

(2) Automated production

Promoting the introduction of automated equipment to reduce costs and increase production capacity.

(3) Production site management

Adopting management systems, improving the traffic flow of handling vehicles, and adding storage location indicators to improve turnover efficiency.

(4) Technology application

Using orbital welding machines and evaluating collaborative robots to improve the accuracy and efficiency of welding operations.

(5) Personnel training

Conducting regular cross-training to create multi-skilled workers to enhance flexible support capabilities.

3. Quality control

(1) Quality-oriented: Adhering to international standards to ensure that products meet customer needs.

(2) Continuous improvement: Using failure mode analysis and statistical process control to regularly review risks and propose preventive measures.

(3) Participation of all employees: Implementing an online self-inspection system to reduce defect rates and ensure the rigor of production processes.

4. Cost control

Precise analysis: Taking measures, such as saving materials, improving efficiency, and avoiding rework, through the analysis of material, labor, and cost structure, to achieve comprehensive cost control.

5. Production form

Flexible response to demand: Adopting a mixed production model according to product line characteristics.

Item	Engineer to order (ETO)	Make to order (MTO)	Assemble to order (ATO)	Make to stock (MTS)
Vacuum parts		50%		50%
Vacuum modules		100%		
Vacuum valves	15%	10%	55%	20%
Vacuum chambers	15%	75%		10%

6. Adoption of Product Lifecycle Management (PLM) System
  - (1) Digital transformation and integration  
Integrating with the ERP system to optimize production processes and achieving cost reduction and efficiency improvement goals.
  - (2) Core functions  
Document management: Realizing full document and part number search with data linking.  
Material management: Accurately controlling inventory and versions to ensure optimal resource utilization.  
Design change: Closely associating attachments, BOMs, and drawings to improve change efficiency.  
Project management: Systematic notification and tracking to significantly improve project execution performance.

### III. Future Company Development Strategy

- Technology upgrade: Deepening market application fields for high-reliability products, such as vacuum valves.
- Customer relationship: Integrating into the supply chains of major customers to provide customized products and improvement projects.
- Sustainable operation: Implementing ESG goals, developing energy-saving and environmentally friendly solutions, and enhancing product and service value.

### IV. Impact from external competitive environment, regulatory environment, and overall business environment

#### 1. Global economy:

2024 trends: Order in chaos, slow economic growth, geopolitical (Russo-Ukrainian War, Israeli-Palestinian conflict), and regional economic weakness (Europe, Japan, and China) continue to affect the globe.

Challenges: Supply chain pressures, high interest rates, inflation, and concentrated demand have led to uneven production capacity utilization.

#### 2. Taiwan economy

In 2024, AI and emerging technology applications drove exports, with real GDP growth of 5.19% in the first three quarters and an estimated 4.23% for the whole year. The economy was steadily recovering, and the economic outlook continued to develop positively.

Response strategies: Expanding overseas markets, balancing production capacity, and improving efficiency through VMI and inventory management.

#### 3. Legal compliance and risk control

Export control: Strictly complying with the latest regulations of the US Bureau of Industry and Security (BIS) for Taiwan's manufacturers.

For product projects with doubts, applying for written identification from the Ministry of Economic Affairs to ensure compliance.

#### 4. Industry challenges and strategies

Challenges: Due to rapid changes in the semiconductor and AI markets and intense competition, technological innovation and service quality have become the key.

Strategies: Integrating market demand and customer feedback, improving product applicability and value, expanding information collection, and conducting flexible responses and professional assessments.

#### 5. 2025 Outlook

Uncertainties in U.S. policies and China's economy affect trade recovery. Electronic product demand is rebounding, AI applications are expanding, and Taiwan's economic growth rate is estimated to be around 3%. The overall outlook is cautiously optimistic.

Lastly, I would like to wish all shareholders

Good health and good luck

**Chairman: Wu, Sheng-Hsien**

## Chapter II. Corporate Governance

### I. Data of Directors, President, Vice President, Assistant Manager, and heads of various departments and branches

#### (I) Profile of directors

Apr. 8, 2025; Unit: shares; %

Title (Note 1)	Nationality and registry	Name	Gender / Age	Date elected date	Term	Date first elected	Shares at election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark (Note 2)
							Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding			Title	Name	Relation	
Chairman	Republic of China	Sherng Tar Industrial Co., Ltd.	--	Jun. 7, 2024	3 years	Jun. 28, 2006	5,450,582	5.76	0	-	0	-	5,450,582	5.76	Master of Mechanical Engineering, Yuan Ze University	Highlight Tech Corp./ Chief Administrative Officer Finesse Technology Co., Ltd./ Director (Representative of juristic person) Highlight Tech (Shanghai) Corp./ Supervisor Highlight Tech Japan Co., Ltd./ Chairman (Representative of juristic person) Schmidt Scientific Taiwan Ltd./ Chairman (Representative of juristic person) Shanorm Tech Co., Ltd./ Chairman (Representative of juristic person) Litho Med Trading Co., Ltd./ Chairman (Representative of juristic person) TetraTrio Tech Co., Ltd./ Chairman (Representative of juristic person) Sherng Tar Industrial Co., Ltd./ Chairman	Director	Wu, Ming- Tien	Father and son	None
			Representative: Wu, Sheng-Hsien				6,540,728	5.53	1,923,192	2.03	176,674	0.19	1,923,192	2.03						

Title (Note 1)	Nationality and registry	Name	Gender / Age	Date elected date	Term	Date first elected	Shares at election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark (Note 2)
							Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding			Title	Name	Relation	
Director	Republic of China	Sherng Tar Industrial Co., Ltd.	--	Jun. 7, 2024	3 years	Jun. 28, 2006	6,540,728	5.53	5,450,582	5.76	0	-	0	-	Kuang Hua Senior Commercial Vocational Continuation School	Highlight Tech Corp./ Director (representative of juristic person), Highlight Tech (Shanghai) Corp./ Executive Director Dexin Corporation / Independent Director and member of Remuneration Committee iTEST High Tech Corp./ Chairman (representative of juristic person), Tester Soft Ltd./ Director	Chairman CAO	Wu, Sheng- Hsien	Father and son	None
			Male 71 or over						5,180,482	5.48	0	-	0	-						
Director	Republic of China	Vic Hon Enterprise Co., Ltd.	--	Jun. 7, 2024	3 years	Jun. 7, 2024	400,000	0.34	320,000	0.34	0	-	0	-	Taipei Municipal Shilin High School of Commerce	Finesse Technology Co., Ltd./ Director National Petroleum Corporation/ Chairman Vic Fong Asphalt Co., Ltd./ Chairman Shengfeng Chemical Building Materials Co., Ltd./ Director	None	None	None	None
			Male 71 or over						0	-	0	-	0	-						
Director	Republic of China	Shen, Pin-Hsiu	Female Age 61-70	Jun. 7, 2024	3 years	Jun. 8, 2018	3,662,489	3.10	2,659,991	2.81	0	-	0	-	Department of Business Administration, Tamkang University	None	None	None	None	None

Title (Note 1)	Nationality and registry	Name	Gender / Age	Date elected date	Term	Date first elected	Shares at election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark (Note 2)
							Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding			Title	Name	Relation	
Director	Republic of China	Lo, Chun-Hsuan	Male Under 60	Jun. 7, 2024	3 years	Jun. 8, 2018	2,183,911	1.85	1,747,128	1.85	485,377	0.51	0	-	Bachelor of Medicine, National Taiwan University Bachelor of Law, National Taiwan University Passed the physician exam	Ginar Technology Co., Ltd./ Director Caarlogic Biomed Co. Ltd./ Chairman Zoomlaw Attorneys- at-Law/ Consultant	None	None	None	None
Director	Republic of China	Kaiyang Capital Co., Ltd.	--	Jun. 7, 2024	3 years	Jun. 7, 2024	864,000	0.91	0	-	0	-	0	-	Department of Cooperative Economics, National Chung Hsing University	Finesse Technology Co., Ltd./ Director (Representative of juristic person) Plotech Technology Co. Ltd./ Independent Director New Era Electronics Co., Ltd./ Independent Director Kingray Technology Co. Ltd./ Director Kaiyang Capital Co., Ltd./ Chairman Dingshuo Capital Investment Co., Ltd./ Chairman	None	None	None	None
		Huang, Chun-Yu	Male Age 61-70				1,080,000	0.91	416,000	0.44	0	-	1,440,000	1.52						
Director	Republic of China	Wu, Chih-Siang	Male Age 61-70	Jun. 7, 2024	3 years	Jun. 16, 2009	1,228,548	1.04	990,838	1.05	160,000	0.17	0	-	Department of Economics, Chinese Culture University	None	None	None	None	None

Title (Note 1)	Nationality and registry	Name	Gender / Age	Date elected date	Term	Date first elected	Shares at election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark (Note 2)
							Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding			Title	Name	Relation	
Director	Republic of China	Ma, Chien-Yung	Male Age 61-70	Jun. 7, 2024	3 years	Jun. 24, 2011	52,716	0.05	42,172	0.04	0	-	0	-	Ph. D. in Materials Science, University of Stuttgart	Forcera Materials Co., Ltd./ Chairman Sino-American Silicon Products Inc./ Independent Director Gallant Precision Machining Co., Ltd./ Independent Director Advanced Wireless Semiconductor Company/ Independent Director Heyi Special- Purpose Materials Co., Ltd./ Chairman CynLing Renewables INC./ Director EASY FIELD CORPORATION/ Director	None	None	None	None
Independent Director	Republic of China	Huang, Yung- Chang	Male 71 or over	Jun. 7, 2024	3 years	Jul. 23, 2021	8,000	0.01	12,000	0.01	0	-	0	-	Department of Business Administration, Tamkang University	Tah Tong Textile Co., Ltd./ Director (Representative of juristic person) Tah Tong Textile Co., Ltd./ Consultant and Special Assistant to the Chairman Yunghuang Education Foundation/	None	None	None	None

Title (Note 1)	Nationality and registry	Name	Gender / Age	Date elected date	Term	Date first elected	Shares at election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark (Note 2)
							Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding			Title	Name	Relation	
																Chairman Great Bell Printing & Dyeing Co., Ltd./ Supervisor (Representative of juristic person) Buddhist Sangha Health Care Foundation/ Financial Consultant				
Independent Director	Republic of China	Hsueh, Ming-Hung	Male Under 60	Jun. 7, 2024	3 years	Jun. 8, 2018	36,592	0.03	29,273	0.03	0	-	0	-	Master of Laws, Fu Jen Catholic University Passed the attorney qualification examinations	Zhaixin Law Firm/ Director (practicing attorney) Jinghong Enterprise Co., Ltd./ Director	None	None	None	None
Independent Director	Republic of China	Lai, Ching-Yi	Male Under 60	Jun. 7, 2024	3 years	Jun. 8, 2018	10,456	0.01	8,364	0.01	1,600	0.00	0	-	Master of Accountancy, Taipei University Passed the Senior Professional and Technical Examination for Certified Public Accountants	Lai, Ching-Yi CPA Firm/ Director (practicing CPA)	None	None	None	None

Note 1: Please refer to Table 1 below for major juristic person shareholders.

Note 2: The chairman of the Company and the president or equivalent (highest manager) are not the same person, spouse or first-degree relative.

**Table 1: Major Juristic Person Shareholders**

Apr. 8, 2025

Corporate Shareholder Name	Major Shareholders and Shareholding %	
Sherng Tar Industrial Co., Ltd.	Wu, Sheng-Hsien	58.9%
	Wu, Chia-Ying	12.5%
	Wu, Min-Hsing	12.5%
	Wu, Chia-Jou	12.5%
	Wang, Wei-Ling	3.6%
Vic Hon Enterprise Co., Ltd.	Lai, Chih-Hung	40.0%
	Lai, Pei-Yu	20.0%
	Lai, Chiao-En	20.0%
	Lai, Yi-En	20.0%
Kaiyang Capital Co., Ltd.	Hsu, Shu-Hui	34.5%
	Huang, Wei-Kai	27.6%
	Huang, Wei-Yang	27.6%
	Huang, Chun-Yu	10.3%

**Table 2: Table 1 Major shareholders of those institutions which are major shareholders of Htc institutional shareholders:** Not applicable.

### 1. Disclosure of professional qualification of the directors and independence of directors:

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
Sherng Tar Industrial Co., Ltd. Representative of juristic person: Wu, Sheng-Hsien	<p>1. Does not meet any descriptions stated in Article 30 of the Company Act.</p> <p>2. Wu, Sheng-Hsien is the Chairman of the Company and concurrently serves as the chairman of a subsidiary and the CEO of the Company. He has experienced the Company's R&amp;D units and business units and possesses industry experience, business management ability, and perspective of the international market, and coordinates the operation of various departments, integrates and allocates resources, and continues to establish and improve the management system and cost control.</p>	Not applicable	0
Sherng Tar Industrial Co., Ltd. Representative of juristic person: Wu, Ming-Tien	<p>1. Does not meet any descriptions stated in Article 30 of the Company Act.</p> <p>2. Wu, Ming-Tien is the former Chairman of the Company and possesses experience as directors and independent directors of other listed companies with industry experience, leadership and decision making, communication and coordination, financial analysis, operational judgment, and crisis management abilities to supervise the continuous development and business expansion of the Company.</p>	Not applicable	1

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence	(Note 2) Number of positions as an Independent Director in other public listed companies
Vic Hon Enterprise Co., Ltd. Representative: Lai, Cheng-Shih	<p>1. Does not meet any descriptions stated in Article 30 of the Company Act.</p> <p>2. Lai, Cheng-Shih is the chairman of National Petroleum Co., Ltd. and possesses rich industrial knowledge and management experience, leadership, communication and coordination, risk management, industry analysis and market strategic plannings abilities with excellent insight, judgment, and highly praised reputation.</p>	Not applicable	0
Shen, Pin-Hsiu	<p>1. Does not meet any descriptions stated in Article 30 of the Company Act.</p> <p>2. Shen, Pin-Hsiu has served as the Company's supervisor and director for many years and is familiar with the operation, provides valuable guidance and contributions to the Company's operations. As a female director of the, she provides timely diversified opinions on operation and management, so that the corporate operations can be more diversified in the aspects of and management strategies.</p>	Not applicable	0
Lo, Chun-Hsuan	<p>1. Does not meet any descriptions stated in Article 30 of the Company Act.</p> <p>2. Lo, Chun-Hsuan possesses legal and medical professional knowledge, and currently serve as a consultant in a legal firm, a clinical practitioner, and a manager in the medical and biotechnology industry; through the integration of cross-field skills, he provides guidance in industrial management and innovative development. He has been actively promoting ESG and possess the ability of decision-making, judgment, communication and coordination, and strategic analysis. He also has extensive perspective of the international market and social trend. He provides industry strategy and development suggestions for the Company to maintain its industrial competitive advantage.</p>	Not applicable	0
Kaiyang Capital Co., Ltd. Representative of juristic person: Huang, Chun-Yu	<p>1. Does not meet any descriptions stated in Article 30 of the Company Act.</p> <p>2. Huang, Chun-Yu is the chairman of Triple H Capital Co., Ltd. and has experience as a director and independent director of another publicly listed company, while possessing accounting and financial analysis, business judgment and management abilities with industrial knowledge. He has served as the Company's supervisor and director for many years and is familiar with the operation, provides professional and constructive opinions, enhances the Company' operating value and fulfills his supervision responsibility.</p>	Not applicable	2

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
Wu, Chih-Siang	<p>1. Does not meet any descriptions stated in Article 30 of the Company Act.</p> <p>2. Wu, Chih-Siang has extensive experience as an independent director of a listed company and has served as a director of the Company for several terms and concurrently as a director of a subsidiary. He is familiar with Company operations, and possesses industry analysis and financial analysis abilities, with extensive experience in industry development and investment decision-making.</p>	Not applicable	0
Ma, Chien-Yung	<p>1. Does not meet any descriptions stated in Article 30 of the Company Act.</p> <p>2. Ma, Chien-Yung is currently the chairman of Forcera Materials Co., Ltd., has experience as a director and independent director of another publicly listed company, and served as the chairman and CEO of Solar Applied Materials Technology Corp., the president of Touch Micro-System Tech., and the director of the Materials and Electro-Optics Research Division of NCSIST. He possesses rich industrial knowledge and management experience, and has leadership, decision-making, strategic planning, crisis management abilities and perspective of the international market with professional technical expertise and a deep understanding of the industry trend.</p>	Not applicable	3
Huang, Yung-Chang	<p>1. Does not meet any descriptions stated in Article 30 of the Company Act.</p> <p>2. Professional financial expertise: serves as a senior manager and director in the financial industry and possesses extensive experience in financial industry.</p> <p>3. Major career achievements:</p> <p>(1) Yuanta Bank/ Senior Vice President</p> <p>(2) Yuanta International Leasing Co., Ltd./ Director</p> <p>(3) Yuanta Life Insurance Agent Co., Ltd./ Director</p> <p>(4) Yuanta Property Insurance Agent Ltd./ Director</p> <p>(5) Qingyin Wealth Management Co., Ltd./ Chairman</p> <p>(6) Buddhist Sangha Health Care Foundation/ Director and Financial consultant</p> <p>(7) Legal Finance Department, Cathay United Bank/ Senior Business Assistant Manager</p> <p>(8) Cathay United Bank/ Manager</p>	The three independent directors listed on the left all comply with the relevant provisions of Article 14-2 of the Securities and Exchange Act issued by the FSC and the “Regulations Governing	0

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
Hsueh, Ming-Hung	<ol style="list-style-type: none"> <li>1. Does not meet any descriptions stated in Article 30 of the Company Act.</li> <li>2. Professional legal expertise: passed the attorney qualification examinations and possesses professional and extensive legal experience (practicing lawyers).</li> <li>3. Major career achievements:           <ol style="list-style-type: none"> <li>(1) Zhaoxin Law Firm/ Director (practicing attorney)</li> <li>(2) Member of the Criminal Procedure Law Committee of the Taiwan Bar Associations</li> <li>(3) Member of Taipei City Election Commission</li> <li>(4) Judgment Practice Research Committee of the Taipei Bar Association/ Chairman</li> <li>(5) Fu Jen University, Department of Law/ Visiting Lecturer</li> </ol> </li> </ol>	Appointment of Independent Directors and Compliance Matters for Public Companies” (Note 3).	0
Lai, Ching-Yi	<ol style="list-style-type: none"> <li>1. Does not meet any descriptions stated in Article 30 of the Company Act.</li> <li>2. Professional accounting ability: Passed the senior professional and technical examination for CPA and possess professional and extensive CPA experience</li> <li>3. Major career achievements:           <ol style="list-style-type: none"> <li>(1) Lai, Ching-Yi CPA Firm/ Director (practicing CPA)</li> <li>(2) Lai Mingfu Accounting Firm/ Accountant</li> <li>(3) Extension Education Center, National Open University/ Lecturer</li> <li>(4) Extension Education Center, Hsing Wu University/ Lecturer</li> <li>(5) Department of Financial and Tax Planning, JinWen University of Science and Technology/ Lecturer</li> </ol> </li> </ol>		0

Note 1: Professional Qualifications and Experience: The professional qualifications and experience of individual directors shall be described. If a member of the Audit Committee with accounting or financial expertise, the accounting or financial background and work experience shall be described, and where there are circumstances under the provisions of Article 30 of the Company Act shall be stated.

Note 2: Describe the independence of the independent director, including but not limited to whether the person, spouse, and lineal relatives within the second degree are the directors, supervisors or employees of the Company or its affiliated companies; shares and shareholding percentage of a natural-person shareholder who holds shares, together with those held by the person's spouse or held by the person under others' names; whether the person is a director, supervisor or employee of a company that has a specific relationship with the Company (refer to Subparagraph 5-8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount of remuneration obtained for providing commercial, legal, financial, accounting or related services to the Company or any affiliate of the company in the last two years.

Note 3: 1. Not elected as a government agency, a juristic person or the representative as stipulated in Article 27 of the Company Act.

2. During the two years before the election and during the term of office, there are no circumstances listed in Subparagraph 1-9, Paragraph 1, Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.

(For the number and percentage of shares held by them, their spouses, their relatives within 2nd degree of kinship (or by using the names of others), please refer to the Shares Held by the Directors)

3. The number of positions as an Independent Director in other public listed companies has not exceeded 3.

## 2. Diversity and independence of Board of Directors

### (1) Diversity of Board of Directors

#### A. Diversity policy

The Company has formulated the “Corporate Governance Best Practice Principles”, which clearly stipulates the diversity policy of the Board of Directors in Article 20. The nomination and selection of members of the Board of Directors of the Company follows the provisions of the Articles of Association with a candidate nomination system, and handles it in accordance with the “Procedures for Election of Directors” and “Corporate Governance Best Practice Principles” to ensure the director diversity and independence.

#### B. Formulate specific diversification management goals according to the diversity policy:

- Less than 1/3 of directors concurrently serve as managers in the Company.
- Respect for gender equality: There is at least one female director on the Board of Directors.
- Professional knowledge and skills: The Board possesses professional knowledge and skills in law, finance and accounting, and industry experience.

#### C. The 11th Board of Directors is composed of 11 directors and the diversity is shown below:

Name of director	Gender	Current positions in our company	Age			Tenure of Independent Director		Profession	Professional knowledge and skills			
			Under 60	61-70	71 or over	4-6 years	7-9 years		Construction	Medicine	Legal	Information technology
Wu, Sheng-Hsien	Male	✓	✓						✓			
Wu, Ming-Tien	Male				✓				✓			
Lai, Cheng-Shih	Male				✓					✓		
Shen, Pin-Hsiu	Female				✓							✓
Lo, Chun-Hsuan	Male			✓				Physician			✓	✓
Huang, Chun-Yu	Male				✓				✓			
Wu, Chih-Siang	Male				✓				✓			

Name of director	Gender	Current positions in our company	Age			Tenure of Independent Director		Professional	Professional knowledge and skills				Construction
			Under 60	61-70	71 or over	4-6 years	7-9 years		Information technology	Medicine	Legal	Manufacturing	
Ma, Chien-Yung	Male			✓						✓		✓	
Huang, Yung-Chang (Independent Director)	Male					✓	✓			✓			
Hsueh, Ming-Hung (Independent Director)	Male		✓				✓	Lawyer				✓	
Lai, Ching-Yi (Independent Director)	Male		✓				✓	CPA		✓		✓	

Diversity situation:

- The number of directors who are also employees of the Company is 1, accounting for 9% and less than 1/3 of the number of directors. (Meet management objectives)
- The gender composition is diversified, with 1 female director, accounting for 9% of the directors. (Meet management objectives)
- The age distribution is diversified, with 4 members of the Board of Directors under the age of 60 (36.4%), 4 (36.4%) between the ages of 61 and 70, and 3 (27.2%) over the age of 71.
- The tenure of independent directors has not exceeded three terms, and one of them have a seniority of 4 to 6 years, and two has a seniority of 7 to 9 years.
- Professional knowledge and skills are diversified. The professional background of the Board members includes law, accounting, finance, machining and manufacturing, electronic materials, fuel energy, medical care, construction, management and other expertise in various fields. Thus, all the Company's Board of Directors have the necessary knowledge and skills with diversified industry experience to perform their duties.
- The Board members generally possess diversified skills and experiences including operational judgment, accounting and financial analysis, business administration, crisis management, industry knowledge, international market perspective, leadership, and decision-making skills.

D. Reasons for the Board of Directors' failure to achieve at least a third of female directors and measures planned to enhance gender diversity:

a. Reasons:

The Company's industry predominantly features male professionals, with a relatively lower proportion of women. Additionally, the current Board of Directors' terms are ongoing, making immediate adjustments to the gender ratio difficult in the short term.

b. Measures planned to enhance gender diversity:

Before the Board of Directors' term expires and a new election is held, we will seek professional talent through various channels to facilitate the implementation of the Board of Directors' gender diversity policy.

(2) Independence of Board of Directors

The Company currently has 11 members of the Board of Directors (including 3 independent directors), and the number of independent director accounts for 27% of all directors where no more than two directors have spouses or relatives within the second degree or closer, and there is no circumstance stipulated in Paragraph 3 of Article 26-3 of Securities and Exchange Act.

**(II) Background information of President, Vice Presidents, Assistant Managers, and the heads of various departments and branches**

Apr. 8, 2025; Unit: shares; %

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managerial officers			Remark (Note)
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
CEO	Republic of China	Kou, Chung-Shan	Male	Sep. 1, 2016	167,478	0.18	0	-	0	-	Ph.D. in Electrical Engineering, University of California, Los Angeles	Finesse Technology Co., Ltd./ Chairman and CSO Finesse Technology (Shanghai) Co., Ltd./ Chairman (Representative of juristic person) Highlight Tech System (SHANGHAI) Corp./ Chairman (Representative of juristic person) Highlight Tech System Corp./ Chairman (Representative of juristic person) Htc & Solar Tech Service Limited/ Director (Representative of juristic person) Finesse Technology Co., Ltd./ Director (Representative of juristic person)	None	None	None	None
CAO	Republic of China	Wu, Sheng-Hsien	Male	Sep. 1, 2024	1,923,192	2.03	176,674	0.19	5,450,582	5.76	Master of Mechanical Engineering, Yuan Ze University	Highlight Tech Corp./ Chairman (Representative of juristic person) Finesse Technology Co., Ltd./ Director (Representative of juristic person) Highlight Tech (Shanghai) Corp./ Supervisor Highlight Tech Japan Co., Ltd./ Chairman (Representative of juristic person) Schmidt Scientific Taiwan Ltd./ Chairman (Representative of juristic person) Shanorm Tech Co., Ltd./ Chairman (Representative of	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managerial officers			Remark (Note)	
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation		
												juristic person) Litho Med Trading Co., Ltd./ Chairman (Representative of juristic person) TetraTrio Tech Co., Ltd./ Chairman (Representative of juristic person) Sherng Tar Industrial Co., Ltd./ Chairman Htc & Solar Tech Service Limited/ Supervisor iTEST High Tech Corp./ Supervisor					
CFO	Republic of China	Chiang, Ching-Wei	Male	Sep. 1, 2023	10,000	0.01	0	-	0	-	Master of Accountancy, Taipei University	Schmidt Scientific Taiwan Ltd./ Supervisor TetraTrio Tech Co., Ltd./ Supervisor	None	None	None	None	
CTO	Republic of China	Yeh, Wen-Yung	Male	Jan. 1, 2024	0	-	0	-	0	-	Ph.D. in Materials Science and Engineering, National Tsing Hua University	None	None	None	None		
Group Executive Vice President	Republic of China	Chang, Po-Chang	Male	Sep. 1, 2024	0	-	0	-	0	-	Department of Mechanical and Mechatronic Engineering, National Taiwan Ocean University	Schmidt Scientific Taiwan Ltd./ President	None	None	None	None	
Group Vice President and President of Market Development	Republic of China	Hsu, Yuan-Hua	Male	Jan. 1, 2025	4,000	0.00	0	-	0	-	Master of Biomedical Engineering, National Taiwan University	TetraTrio Tech Co., Ltd./ Director Shanorm Tech Co., Ltd./ President	None	None	None	None	
President of Vacuum Manufacturing	Republic of China	Wang, Yen-Sheng	Male	Jan. 1, 2021	38,340	0.04	16	0.00	0	-	Master of Mechanical Engineering, National Cheng Kung University	None	None	None	None		
President of System Integration	Republic of China	Lai, Wen-Cheng	Male	Sep. 1, 2024	0	-	0	-	0	-	Master of Institute of Management of Technology, National Yang Ming Chiao Tung University	None	None	None	None		

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managerial officers			Remark (Note)
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Highlight Tech (Shanghai) Corp./ President	Republic of China	Wang, Chih-Hung	Male	Jan. 1, 2021	11,747	0.01	0	-	0	-	Department of Bio-Industrial Mechatronics Engineering, National Chung Hsing University	None	None	None	None	None
Vice Presidents	Republic of China	Yang, Hung-Chin	Male	Feb. 1, 2011	208,000	0.22	0	-	0	-	Department of Business Administration, Chung Yuan Christian University	None	None	None	None	None
Vice President of Business	Republic of China	Hui-Jen, Huang	Male	Jan. 1, 2025	0	-	0	-	0	-	Department of Accounting, Tunghai University	None	None	None	None	None

Note: The chairman and the president or equivalent (highest manager) are not the same person, spouse or first-degree relative.

## II. Remuneration payment to directors, supervisor, president, and vice president in the latest year

### (I) Remuneration for directors and independent directors

Unit: NTD thousand

Title	Name	Remuneration to Directors				The sum of A, B, C and D as a percentage of after-tax profit (%)	Remuneration as an employee			The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (%)	Remuneration received from the invested companies other than the subsidiaries and the parent company									
		Remuneration (A)	Pension (B)	Remuneration to directors (C)	Fees for services rendered (D)		Salaries, bonuses, special allowances etc. (E)	Pension (F)	Remuneration to employees (G)											
							Stock amount	Cash amount	The Company											
Chairman	Sherng Tar Industrial Co., Ltd. Representative: Wu, Sheng-Hsien	3,336	3,756	-	5,961	7,085	230	335	9,527 2.95%	11,176 3.46%	2,760	3,149	108	1,721	-	1,721	-	14,116 4.37%	16,154 5.00%	18
Director	Sherng Tar Industrial Co., Ltd. Representative: Wu, Ming-Tien																			
Director	Vic Hon Enterprise Co., Ltd. Representative: Lai, Cheng-Shih																			
Director	Shen, Pin-Hsui																			
Director	Lo, Chun-Hsuan																			
Director	Kaiyang Capital Co., Ltd. Representative: Huang, Chun-Yu																			
Director	Wu, Chih-Siang																			
Director	Ma, Chien-Yung																			

Title	Name	Remuneration to Directors				The sum of A, B, C and D as a percentage of after-tax profit (%)	Remuneration as an employee			The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (%)	Remuneration received from the invested companies other than the subsidiaries and the parent company
		Remuneration (A)	Pension (B)	Remuneration to directors (C)	Fees for services rendered (D)		Pension (F)	Remuneration to employees (G)			
							All companies shown in the financial report	All companies shown in the financial report			
Independent Director	Huang, Yung-Chang										
Independent Director	Hsueh, Ming-Hung										
Independent Director	Lai, Ching-Yi										
<p>1. Please describe the remuneration policy, system, standard and structure of independent directors, and describe the linkage to the remuneration amount according to the responsibilities, risks, time, and other factors:</p> <p>(1) The Company has formulated the “Rules for Performance Evaluation of Board of Directors”, which formulates scoring items and weights, calculates the scores based on the annual implementation status and submits them to the Board of Directors and functional committees.</p> <p>(2) The remuneration of directors and independent directors is authorized to the Board of Directors to negotiate with reference to the levels of domestic and foreign industries with adjustment based on the Company’s operation scale and conditions.</p> <p>2. Other than those disposed in the Table above, remunerations received by the Company's directors in the most recent year for providing services (such as acting as consultants to the parent company/all companies in the financial report/investees without the title of an employee): None.</p>											

Table of salaries scale

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	Total of the aforementioned 4 items (A+B+C+D)		Total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report
> NTD1,000,000	Wu, Chih-Siang; Ma, Chien-Yung; Vic Hon Enterprise Co., Ltd. _Lai, Cheng-Shih; Kaiyang Capital Co., Ltd. _Huang, Chun-Yu; Shen, Pin-Hsiu; Lo, Chun-Hsuan; Hsueh, Ming-Hung; Lai, Ching-Yi; Huang, Yung-Chang	Wu, Chih-Siang; Ma, Chien-Yung; Shen, Pin-Hsiu; Lo, Chun-Hsuan; Hsueh, Ming-Hung; Lai, Ching-Yi; Huang, Yung-Chang	Wu, Chih-Siang; Ma, Chien-Yung; Vic Hon Enterprise Co., Ltd. _Lai, Cheng-Shih; Kaiyang Capital Co., Ltd. _Huang, Chun-Yu; Shen, Pin-Hsiu; Lo, Chun-Hsuan; Hsueh, Ming-Hung; Lai, Ching-Yi; Huang, Yung-Chang	Wu, Chih-Siang; Ma, Chien-Yung; Shen, Pin-Hsiu; Lo, Chun-Hsuan; Hsueh, Ming-Hung; Lai, Ching-Yi; Huang, Yung-Chang
NTD1,000,000 - NTD2,000,000 (exclusive)	Sherng Tar Industrial Co., Ltd. _Wu, Ming-Tien	Sherng Tar Industrial Co., Ltd. _Wu, Ming-Tien	Sherng Tar Industrial Co., Ltd. _Wu, Ming-Tien	Vic Hon Enterprise Co., Ltd. _Lai, Cheng-Shih; Kaiyang Capital Co., Ltd. _Huang, Chun-Yu
NTD2,000,000 - NTD3,500,000 (exclusive)	Sherng Tar Industrial Co., Ltd. _Wu, Sheng-Hsien	Sherng Tar Industrial Co., Ltd. _Wu, Sheng-Hsien	—	Sherng Tar Industrial Co., Ltd. _Wu, Ming-Tien
NTD3,500,000 - NTD5,000,000 (exclusive)	—	—	—	—
NTD5,000,000 - NTD10,000,000 (exclusive)	—	—	Sherng Tar Industrial Co., Ltd. _Wu, Sheng-Hsien	Sherng Tar Industrial Co., Ltd. _Wu, Sheng-Hsien
NTD10,000,000 - NTD15,000,000 (exclusive)	—	—	—	—
NTD15,000,000 - NTD30,000,000 (exclusive)	—	—	—	—
NTD30,000,000 - NTD50,000,000 (exclusive)	—	—	—	—
NTD50,000,000 - NTD100,000,000 (exclusive)	—	—	—	—
> NTD100,000,000	—	—	—	—
Total	11	11	11	11

## (II) President's and Vice Presidents' remuneration

Unit: NTD thousand

Title	Name	Salary (A)	Pension (B)	Bonuses and allowances etc. (C)	Remuneration to employees (D)		The sum of A, B, C and D as a percentage of after-tax profit (%)	Remuneration received from the invested companies other than the subsidiaries and the parent company
					All companies shown in the financial report	The Company		
CEO	Kou, Chung-Shan				All companies shown in the financial report			
CAO	Wu, Sheng-Hsien				The Company			
CFO	Chiang, Ching-Wei				All companies shown in the financial report			
CTO	Yeh, Wen-Yung				The Company			
Group Executive Vice President	Chang, Po-Chang				All companies shown in the financial report			
Group Vice President and President of Market Development	Hsu, Yuan-Hua	33,121	35,854	827	7,973	9,072	15,800	57,721 17.85%
President of Vacuum Manufacturing	Wang, Yen-Sheng						16,225	61,978 19.17%
President of System Integration	Lai, Wen-Cheng							
Highlight Tech (Shanghai) Corp./President	Wang, Chih-Hung							
Vice Presidents	Yang, Hung-Chin							

Note: Yeh, Wen-Yung started on Jan. 1, 2024; Lai, Wen-Cheng started on Sep. 1, 2024; Hui-Jen, Huang started on Jan. 1, 2025 (Not listed in the above table)

Table of salaries scale

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Names of the Presidents and the Vice Presidents	
	The Company	All companies shown in the financial report
> NTD1,000,000	—	—
NTD1,000,000 - NTD2,000,000 (exclusive)	Yang, Hung-Chin	Yang, Hung-Chin
NTD2,000,000 - NTD3,500,000 (exclusive)	Yeh, Wen-Yung; Wang, Chih-Hung	Yeh, Wen-Yung
NTD3,500,000 - NTD5,000,000 (exclusive)	Wu, Sheng-Hsien; Lai, Wen-Cheng; Chiang, Ching-Wei	Wu, Sheng-Hsien; Lai, Wen-Cheng; Chiang, Ching-Wei; Wang, Chih-Hung
NTD5,000,000 - NTD10,000,000 (exclusive)	Hsu, Yuan-Hua; Chang, Po-Chang; Wang, Yen-Sheng	Hsu, Yuan-Hua; Chang, Po-Chang; Wang, Yen-Sheng
NTD10,000,000 - NTD15,000,000 (exclusive)	—	—
NTD15,000,000 - NTD30,000,000 (exclusive)	Kou, Chung-Shan	Kou, Chung-Shan
NTD30,000,000 - NTD50,000,000 (exclusive)	—	—
NTD50,000,000 - NTD100,000,000 (exclusive)	—	—
> NTD100,000,000	—	—
Total	10	10

Note: Yeh, Wen-Yung started on Jan. 1, 2024; Lai, Wen-Cheng started on Sep. 1, 2024; Hui-Jen, Huang started on Jan. 1, 2025 (Not listed in the above table)

**(III) Name of the managers received remuneration and the distribution of remuneration**

Apr. 8, 2025; Unit: NTD thousand

Title	Name	Stock amount	Cash amount	Total	As a percentage of net profit after tax (%)
CEO	Chung-Shan Kou				
CAO	Wu, Sheng-Hsien				
CFO	Chiang, Ching-Wei				
CTO	Yeh, Wen-Yung				
Group Executive Vice President	Chang, Po-Chang				
Group Vice President and President of Market Development	Hsu, Yuan-Hua	0	15,800	15,800	4.89
President of Vacuum Manufacturing	Wang, Yen-Sheng				
President of System Integration	Lai, Wen-Cheng				
Highlight Tech (Shanghai) Corp./ President	Wang, Chih-Hung				
Vice Presidents	Yang, Hung-Chin				

Note: As of the publication date of the annual report, the employee compensation list for 2024 has not yet been formulated, so the proposed distribution for this year is temporarily calculated based on last year's percentage of actual distribution. The company's employee compensation in 2024 was approved by the board of directors, and it is planned to allocate employee compensation of NT\$40,985 thousand.

**(IV) Separately compare and describe total remuneration, as a percentage of reports or individual financial reports net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the individual or consolidated financial statements during the last two years to directors, supervisors, president, and vice president, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:**

1. Total remuneration, as a percentage of net income paid by this company during the last two years to directors, supervisors, supervisors, president, and vice president:

Unit: NTD thousand

Year Title	2023				2024			
	The Company		Consolidated financial statements		The Company		Consolidated financial statements	
	Remuneration	As a percentage of net profit after tax	Remuneration	As a percentage of net profit after tax	Remuneration	As a percentage of net profit after tax	Remuneration	As a percentage of net profit after tax
Director	15,464	4.33%	16,825	4.71%	12,288	3.80%	13,937	4.31%
Presidents and the Vice Presidents	42,919	12.02%	46,848	13.12%	57,721	17.85%	61,978	19.17%

Note: The directors' remuneration includes remuneration, pension, director's remuneration and expenses for conducting the business; the remuneration of the President and Vice President includes salary, pension, bonus and special disbursement, and employee remuneration.

2. Policies, standards, and packages for payment of remuneration, the procedures for determining remuneration and its linkage to business performance

- (1) Policy, Standard and Packages of Remuneration

A. The Company established the "Directors and Managers Salary and Remuneration Regulations" on Aug. 9, 2024. The Company's director remuneration, including remuneration, salaries, and fees for services rendered: 1. The pay to the chairman and directors in accordance with Article 18 of the Article of Association, shall be determined considering the level of involvement and value of contribution of each director and by reference to the usual level of such pay in the industry; 2. If the final annual accounts of the Company show a net profit for a given year, it shall allocate not more than 2 percent of the net profit as remuneration to directors; 3. Fees for services rendered include travel allowance and various allowances.

B. The remuneration of the Company's managerial personnel and employees is paid in accordance with the relevant provisions of the "Salary Management Regulation". Among them, the managerial personnel's remuneration is stipulated in accordance with Article 29 of the Articles of Association, and its appointment, dismissal and remuneration are handled in accordance with the provisions of Article 29 of the Company Act. The remuneration are evaluated and determined by the Remuneration Committee and submitted to the Board of Directors for resolution.

The combination of remuneration includes fixed salary and performance remuneration, of which performance remuneration is divided into quarterly performance bonus (based on the achievement rate of operating goals), year-end bonus (based on the achievement rate of profit target) and employee remuneration (according to Article 31 of the Articles of Association, if the Company makes a profit

in the year, 10~15% shall be allocated as employee remuneration, and the Board of Directors will determine the distribution in stock or cash).

(2) Procedures for determining remuneration

The Company's directors and managerial officers' remuneration determination and remuneration distribution are handled in accordance with the Articles of Association, and are discussed by the Remuneration Committee and the Board of Directors in accordance with regulations.

The Company regularly conducts directors performance evaluations in accordance with the "Rules for Performance Evaluation of Board of Directors", and uses the performance evaluation results of individual directors as a reference for determining their individual remuneration. The items for the directors performance evaluation of the Company include the following six aspects: director's awareness toward the Company's goals and missions, director's responsibilities cognition, level of participation in the Company's operations, management and communication of internal relations, professionalism and ongoing education of directors, and internal control. The Remuneration Committee has formulated the 2024 directors performance evaluation indicators on Jan. 6, 2025, including understanding strategic goals, knowledge of the industry and risks, complying with confidentiality obligations, understanding meeting materials before the meeting, understanding the Company's management team and the industry, interaction with the management team, communication with the CPAs, possessing the expertise required for decision execution, continuous education on professional knowledge and skills, supervision of the Company's financial accounting and audit reports. The evaluation results have been discussed on Mar. 3, 2025, where a Board report was submitted on Mar. 4, 2025. Under the circumstances with excellent individual evaluation results, the remuneration is to be distributed equally.

The Company regularly discusses the performance evaluation of managers every year. The Board of Directors evaluates the following: financial performance, market performance, and non-quantitative performance indicators (including strategic planning, market development, product R&D, and talent cultivation, etc.). The Board of Directors also regularly submit the evaluation performance report every year to the Remuneration Committee and the Board of Directors, and it is submitted the Board of Directors approval after the Remuneration Committee evaluation.

(3) Linkage to operating performance and future risk exposure

For the directors' and managerial personnel's remuneration policy related payment standards and system review, in addition to referring to the industry's standards, the Company takes the overall operating performance as the main consideration. The material decisions of the Company's management are made after balancing various risk factors

where the outcome of said decisions is reflected in the Company's profit. The directors' and managerial personnel's remuneration is related to the performance on risk control.

The Company also sets up an Employee Stock Ownership Trust Plan according to their grades (the voluntarily contribution is allocated from the employee's salary every month, and the Company allocates the same amount of incentives). In addition to rewarding employees to invest in Company stocks at a lower cost, it encourages employees to share future business risks with the Company and to accumulate long-term stock savings and retirement assets, where the actual value is related to future stock prices.

### III. Corporate governance

#### (I) Facts about performance by the board of directors:

The Board of Directors convened 6 meetings (A) in 2024 and the participation of the directors are shown below:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A)	Remark
Chairman (11th Chairman)	Sherng Tar Industrial Co., Ltd. Representative: Wu, Sheng-Hsien	6	0	100%	Re-elected at the re-election on Jun. 7, 2024 (Representative of the juristic person elected as a director)
Director (10th Chairman)	Sherng Tar Industrial Co., Ltd. Representative: Wu, Ming-Tien	6	0	100%	Re-elected at the re-election on Jun. 7, 2024 (Representative of the juristic person elected as a director)
Director	Vic Hon Enterprise Co., Ltd. Representative: Lai, Cheng-Shih	6	0	100%	Re-elected at the re-election on Jun. 7, 2024 (Representative of the juristic person elected as a director)
Director	Shen, Pin-Hsiu	5	1	83%	Re-elected at the re-election on Jun. 7, 2024
Director	Lo, Chun-Hsuan	6	0	100%	Re-elected at the re-election on Jun. 7, 2024
Director	Kaiyang Capital Co., Ltd. Representative: Huang, Chun-Yu	6	0	100%	Re-elected at the re-election on Jun. 7, 2024 (Representative of the juristic person elected as a director)
Director	Wu, Chih-Siang	5	1	83%	Re-elected at the re-election on Jun. 7, 2024
Director	Ma, Chien-Yung	5	1	83%	Re-elected at the re-election on Jun. 7, 2024
Independent Director	Huang, Yung- Chang	6	0	100%	Re-elected at the re-election on Jun. 7, 2024
Independent Director	Hsueh, Ming-Hung	6	0	100%	Re-elected at the re-election on Jun. 7, 2024
Independent Director	Lai, Ching-Yi	6	0	100%	Re-elected at the re-election on Jun. 7, 2024

Other remarks:

I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:

(I) Issues required under Article 14-3 of the Securities and Exchange Act: Not applicable.

(II) Other than the aforementioned issues, the issue objected by an independent director or where an independent director maintain a qualified opinion with record or documented declaration in a decision resolved by the Board of Directors: None.

II. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date of Meeting (Term of Board of Directors)	Discussion	Name of director	Reasons to act on recusal due to	Participation in voting
2024/3/8 (18th meeting of the 10th Board Meeting)	Proposal for cancellation of the non-competition restriction on the new directors	Wu, Ming-Tien Wu, Sheng-Hsien Lo, Chun-Hsuan Huang, Chun-Yu Lai, Cheng-Shih Ma, Chien-Yung Huang, Yung- Chang	Parties involved in this case:	The parties involved recused themselves from participating in discussions and voting. (This proposal was resolved at the shareholders' meeting on Jun. 7, 2024)
2024/6/7 (1st meeting of the 11th Board Meeting)	Proposal for appointment of Remuneration Committee members	Huang, Yung- Chang Hsueh, Ming- Hung Ching-I, Lai	Parties involved in this case:	Did not participate in discussion and voting
	Proposal for appointment of Sustainable Committee members	Huang, Yung- Chang Hsueh, Ming- Hung Ching-I, Lai Wu, Sheng-Hsien	Parties involved in this case:	Did not participate in discussion and voting
2024/8/9 (2nd meeting of the 11th Board Meeting)	Proposal for retrospective ratification of the acquisition of real property right-of-use assets from a related party	Wu, Sheng-Hsien Wu, Ming-Tien	Parties involved in this case (serving as the chairman of Shanorm Tech Co., Ltd.) and relatives within the first degree of kinship	Did not participate in discussion and voting
	Proposal for the Chairman's remuneration	Wu, Sheng-Hsien Wu, Ming-Tien	The parties involved in this case and relatives within the first degree of kinship	Did not participate in discussion and voting
	Retrospective ratification of the Technical Cooperation Development Contract signed between the Company and its subsidiary, Finesse Technology Co., Ltd.	Wu, Sheng-Hsien Huang, Chun-Yu Lai, Cheng-Shih Wu, Ming-Tien	Parties involved in this case (serving as the chairman of Finesse Technology Co., Ltd.) and relatives within the first degree of kinship	Did not participate in discussion and voting

III. Board performance evaluation implementation: The evaluation cycle, period, scope, method, and evaluation content are as follows: (Note)

IV. Targets for strengthening of the functions of the board during the current and immediately preceding fiscal years

(I) The operation of the Board of Directors is performed in accordance with laws and regulations. All directors possess professional knowledge, skills and experience necessary to perform the duties. In the composition of the current (11th) Board of Directors, directors have diverse professional abilities and experience backgrounds and Audit Committee members have professional backgrounds in accounting, finance and law, which can improve the quality of decision-making.

(II) To establish a good governance system for the Board of Directors, the Company has amended the “Corporate Governance Best Practice Principles” on Jan. 12, 2023 with reference to the corporate governance guidelines stipulated by the competent authority to maintain the operation of corporate governance.

(III) The Company has formulated the “Sustainable Development Best Practice Principles” on Aug. 4, 2022, and set up the “Sustainable Development Committee” under the Board of Directors on Jun. 7, 2024., and formulated the “Risk Management Best Practice Principles” on Nov. 10, 2022, and the Audit Committee supervises risk management, and the Company set up the “Risk Management Committee” where the operation of the committees are regularly reported to the Audit Committee and the Board of Directors to strengthen the supervision function.

(IV) The Company held an operational development strategy meeting on Jan. 11, 2024 where the management team reported the Operation Development Plan to the directors to allow the directors to participate and discuss the strategic development.

(Note) The implementation of the Board of Directors evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Evaluation performed once a year	Jan. 1, 2024 to Dec. 31, 2024	Board of directors	Internal self-evaluation (Assessment performed by chairman, functional committee convener)	I. Level of participation in the Company's operations. II. Improvement of board's/functional committee's decision quality. III. Board/functional committee composition. IV. Election and ongoing education of directors. V. Internal control.
		Individual Board member	Self-assessment (Assessment performed by Board members)	I. Director's awareness toward the Company's goals and missions. II. Director's awareness to duties. III. Level of participation in the Company's operations. IV. Management and communication of internal relations. V. Professionalism and ongoing education of directors. VI. Internal control.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
		Audit Committee	Internal self-evaluation (Assessment performed by independent directors)	I. Level of participation in the Company's operations. II. Awareness of the duties of functional committee. III. Improve the quality of functional committees' decision-making. IV. Composition of functional committees and election of members. V. Internal control.
		Remuneration Committee	Internal self-evaluation (Assessment performed by independent directors)	I. Level of participation in the Company's operations. II. Awareness of the duties of functional committee. III. Improve the quality of functional committees' decision-making. IV. Composition of functional committees and election of members.
		Sustainable Development Committee	Internal self-evaluation (Assessment performed by the Chairman and Independent Directors)	I. Level of participation in the Company's operations. II. Awareness of the duties of functional committee. III. Improve the quality of functional committees' decision-making. IV. Composition of functional committees and election of members.

## (II) The state of operations of Audit Committee

The Audit Committee convened 6 meetings (A) in 2024 and the participation of the independent director are shown below:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A)	Remark
Convener (Convener, 3rd term)	Huang, Yung-Chang	6	0	100%	Independent Director (Re-elected at the re-election on Jun. 7, 2024)
Committee (Convener, 2nd term)	Hsueh, Ming-Hung	6	0	100%	Independent Director (Re-elected at the re-election on Jun. 7, 2024)
Committee	Lai, Ching-Yi	6	0	100%	Independent Director (Re-elected at the re-election on Jun. 7, 2024)

Other remarks:

- Where any one among those enumerated below exists as the performance by the Audit Committee, the convention date, term, contents of agenda, outcome of the decision resolved in the Audit Committee as well as the Company's opinions toward the Audit Committee's opinions should be expressly remarked.

(I) Issues required under Article 14-5 of the Securities and Exchange Act:

Dates of meeting (Term of Audit Committee )	Proposal content and follow-up processing	Results of Audit Committee resolutions	The Company's handling of the Audit Committee's opinion
2024/1/10 (17th meeting of the 2nd Audit Committee)	<ul style="list-style-type: none"> <li>▪ Proposal to increase the investment for subsidiary Htc Vacuum (Japan) Co., Ltd.</li> <li>▪ Proposal to evaluate the accounts receivable that are significant and have not been collected within 3 months of the normal credit period and are not loaning of funds</li> </ul>	Approved with the entire committee members present voting in favor.	Proposed to the 17th meeting of the 10th Board of Directors and approved by all directors present.
2024/3/7 (18th meeting of the 2nd Audit Committee)	<ul style="list-style-type: none"> <li>▪ Proposal for the 2023 annual business report and financial statements</li> <li>▪ Proposal for the 2023 earnings distribution</li> <li>▪ Proposal for the cash capital reduction</li> <li>▪ Proposal for the 2023 Internal Control Statement</li> <li>▪ Proposal to amend the internal control policies (sales and collection cycle)</li> <li>▪ Proposal for the endorsement and guarantee for bank financing of subsidiary Htc Vacuum (Japan) Co., Ltd.</li> <li>▪ Proposal to change the CPA and the assessment of independence, competency and fee.</li> </ul>	Approved with the entire committee members present voting in favor.	Proposed to the 18th meeting of the 10th Board of Directors and approved by all directors present.
	<ul style="list-style-type: none"> <li>▪ Proposal for cancellation of the non-competition restriction on the new directors</li> </ul>	Approved by all attending committee members, except for the interested parties who abstained from discussions and voting.	Submitted to the 18th meeting of the 10th Board of Directors and approved by all attending board members, except for directors with conflicts of interest, who abstained from discussions and voting.
	<ul style="list-style-type: none"> <li>▪ Proposal to pre-approve CPAs, their firm, and affiliates of the firm to provide non-assurance services to the Company and its subsidiaries</li> </ul>	Approved with the entire committee members present voting in favor.	Implemented according to the resolutions.
2024/5/9 (19th meeting of the 2nd Audit Committee)	<ul style="list-style-type: none"> <li>▪ Proposal for the Financial Statements for the First Quarter of 2024</li> <li>▪ Proposal for direct and indirect investment in Litho Med Trading Co., Ltd.</li> <li>▪ Proposal to evaluate the accounts receivable that are significant and have not been collected within 3 months of the normal credit period and are not loaning of funds</li> <li>▪ Proposal to amend the Audit Committee Charter</li> <li>▪ Proposal to amend the internal control policies</li> </ul>	Approved with the entire committee members present voting in favor.	Proposed to the 19th meeting of the 10th Board of Directors and approved by all directors present.

Dates of meeting (Term of Audit Committee )	Proposal content and follow-up processing	Results of Audit Committee resolutions	The Company's handling of the Audit Committee's opinion
2024/8/8 (2nd meeting of the 3rd Audit Committee)	<ul style="list-style-type: none"> <li>▪ Proposal for the Financial Statements for the Second Quarter of 2024</li> <li>▪ Proposal for the earnings distribution for the first half of 2024</li> <li>▪ Proposal to evaluate the accounts receivable that are significant and have not been collected within 3 months of the normal credit period and are not loaning of funds</li> <li>▪ Proposal for the endorsement and guarantee for bank financing of subsidiary Htc Vacuum (Japan) Co., Ltd.</li> </ul>	Approved with the entire committee members present voting in favor.	Proposed to the 2nd meeting of the 11th Board of Directors and approved by all directors present.
	<ul style="list-style-type: none"> <li>▪ Proposal for retrospective ratification of the acquisition of real property right-of-use assets from a related party</li> <li>▪ Retrospective ratification of the Technical Cooperation Development Contract signed between the Company and its subsidiary, Finesse Technology Co., Ltd.</li> </ul>		Approved by all attending board members, except for directors with conflicts of interest, who abstained from discussions and voting.
2024/11/7 (3rd meeting of the 3rd Audit Committee)	<ul style="list-style-type: none"> <li>▪ Proposal for the Financial Statements for the Third Quarter of 2024</li> <li>▪ Proposal for the guarantee/endorsement for Subsidiary</li> <li>▪ Proposal to formulate and amend the internal control policies.</li> </ul>	Approved with the entire committee members present voting in favor.	Proposed to the 3rd meeting of the 11th Board of Directors and approved by all directors present.

(II) Except the aforementioned issue, other issue not yet resolved in the Audit Committee but has been duly resolved by two-thirds majority of the total number of director seats: None

II. Independent directors' avoidance of motions in conflict of interest: None.

III. Facts of communications by and between independent directors and internal audit supervisors as well as CPA(s) (should include issues regarding the Company's financial conditions, facts in business operation and such key issues, the method of communications and the outcome thereof).

(I) Communication Policy:

1. Independent directors communicate with the internal audit supervisor at least once a quarter, and communicate with CPA at least twice a year.
2. The audit unit submits the audit report and the audit defect improvement tracking report to the independent directors every month, and the audit supervisor attends every regular board meeting to report the internal audit status.
3. The audit supervisor, CPAs, and independent directors may directly contact independent directors as needed.

(II) Communication between independent directors, internal audit supervisors and CPA in 2024: The independent director communicated with the internal audit supervisor for 5 times and communicated with the CPA for 3 times each and the communication is as follows:

	Date	Meeting type	Communication target	Matters	Results	
	2024/1/10	Seminar (Virtual)	Audit Supervisor	Implementation of audit business for Oct. - Nov. 2023	No comments at this meeting	
	2024/3/7	Seminar (Virtual)	Audit Supervisor	Implementation of audit business in December 2023 Implementation of audit business in January 2024	No comments at this meeting	
	2024/3/7	Seminar (Virtual)	CPA	2023 Audit Conclusion	No comments at this meeting	
	2024/5/9	Seminar (Virtual)	Audit Supervisor	Implementation of audit business for Feb. - Mar. 2024	No comments at this meeting	
	2024/5/9	Seminar (Virtual)	CPA	Completed communication with the governance unit for the review of the 2024 Q1 financial report	No comments at this meeting	
	2024/8/8	Seminar (Virtual)	Audit Supervisor	Audit results for Apr.- Jun. 2024	No comments at this meeting	
	2024/11/7	Seminar (Virtual)	Audit Supervisor	Audit results for Jul.- Sep. 2024 2025 audit plan	No comments at this meeting	
	2024/11/7	Seminar (Virtual)	CPA	Completed communication with the governance unit for the review of the 2024 Q3 financial report Communication with the governance unit during the 2024 audit planning phase	No comments at this meeting	

**(III) Performance in corporate governance and the differential gap between corporate governance and Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the cause thereof**

Assessment Items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Will the Company based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies set up and disclose the Company's	✓		The Principles were established on Nov. 11, 2021, amended on Jan. 12, 2023, passed by the Board of Directors, and disclosed on the MOPS and the Company's website.	No deviations.

Assessment Items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
corporate governance best-practice principles?				
II. Shareholding structure and shareholders' equity	✓		The Company has a spokesperson, deputy spokesperson, and stock affairs and legal personnel to handle shareholders' suggestions, questions, disputes, and lawsuits.	No deviations.
(I) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	✓			
(II) Will the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders?	✓		The stock affairs unit is responsible for managing relevant information. It possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders.	No deviations.
(III) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	✓		An internal control system and management methods have been established to control the risks between the Company and affiliates, and the personnel and financial management responsibilities of each company are clearly defined.	No deviations.
(IV) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	✓		The Company has established the "Procedures for Preventing Insider Trading", which prohibits company insiders from trading securities using information not disclosed to the market for illegal profits, and regularly conducts internal education, training and promotion.	No deviations.

Assessment Items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
III. The constitution and obligations of the board of directors	✓		The Board of Directors has formulated a diversity policy, specific management objectives, and implemented them. Please refer to pages 18-20 for detailed information.	No deviations.
(I) Has the Board of Directors formulated a diversity policy, specific management objectives, and implemented them?	✓			
(II) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?	✓		The Board of Directors established the Sustainable Development Committee on Jun. 7, 2024, composed of the Chairman and three independent directors.	No deviations.
(III) Does the company establish a method to evaluate board performance and evaluate board performance every year? Are the performance evaluation results reported to the board and used as a reference for the remuneration and nomination for re-election of directors?	✓		A method was established on Mar. 26, 2015, amended on Jan. 12, 2023, and the Company conducts regular performance evaluations annually. The 2024 performance evaluation results were reported to the Board of Directors on Mar. 4, 2025, for reference in evaluating individual director remuneration and nomination for re-election.	No deviations.
(IV) Will the Company have the independence of the public accountant evaluated regularly?	✓		The Company regularly evaluates the independence and competency of the CPA every year and formulates five aspects and 13 Audit Quality Indicators	No deviations.

Assessment Items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			(AQIs) to evaluate the CPAs' professionalism, quality control, independence, supervision and capability of innovation with reference to the AQIs. The CPA and CPA firm are also required to provide relevant information and declaration. The Accounting Department's "Independence Evaluation Checklist" and "Competency Evaluation Checklist" for the appointment of CPA are used to evaluate the independence and competency of the CPA. The latest evaluation was discussed and approved by the Audit Committee on Mar. 3, 2025 and the Board of Directors on Mar. 4, 2025. (Note)	
IV. Does a public company equip an appropriate number of eligible governance personnel and assign the governance officer to take charge of company's governance affairs (including, without limitation, providing directors with the data required for business operations, assistance for the legal compliance of directors, handling affairs related to holding a board meeting or a general meeting of shareholders and	✓		The Board of Directors approved to engage a corporate governance officer on May 5, 2023, and allocated an appropriate number of corporate governance personnel to be responsible for corporate governance-related matters.	No deviations.

Assessment Items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
producing minutes for board meetings and general meetings of shareholders)?				
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	✓		The Company's website has a stakeholder page ( <a href="https://www.htcvacuum.com/zh-tw/investor/index/ESG/stakeholder">https://www.htcvacuum.com/zh-tw/investor/index/ESG/stakeholder</a> ) to provide the point of contact and contact methods to respond to material corporate social responsibility issues that stakeholders are concerned about.	No deviations.
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	✓		The Company mandates Transfer Agency Department, IBF Securities Co., Ltd. to be the Company's shareholder services agent, and to handle the affairs related to the shareholders' meeting.	No deviations.
VII. Disclosure of information (I) Does the Company have a website setup and the financial business and corporate governance information disclosed?	✓		The Company has a website setup and the financial business and corporate governance information disclosed. ( <a href="https://www.htcvacuum.com">https://www.htcvacuum.com</a> )	No deviations.
(II) Has the Company adopted other information disclosure methods (such as, establishing an English	✓		The Company has established an English website, designating a responsible person for collecting, maintaining and disclosing information of the Company,	No deviations.

Assessment Items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)?			substantiating the spokesman system, and placing the Investor Conference information on the Company's website.	
(III) Does the company announce and report its financial statements within two months after the end of a fiscal year, and publish and declare in advance the financial statements of Q1, Q2 and Q3 as well as status of monthly operations?	✓		The Company's financial report is announced and reported within the prescribed time limit.	The Company is not yet able to announce financial reports before the prescribed time limit
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of	✓		(I) Employee rights and employee care: please refer to Labor-management Relations of this annual report.  (II) Investor relations: The Company's website has an investor page to provide various information that investors are concerned about, and provide contact information for dedicated personnel.  (III) Supplier relations: The Company complies with international standard management systems	No deviations.

Assessment Items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
liability insurance for the Company's directors) that are helpful in understanding the corporate governance operation of the Company?			<p>such as ISO9001, ISO14001, and ISO45001, and has established management procedures for supplier selection, evaluation, and regular audits. Its supply management includes quality, business ethics, labor rights, environmental protection and occupational safety and health, technology and supply capacity, and the absence of harmful substances.</p> <p>(IV) Rights of stakeholders: The Company's website has a stakeholder page, which discloses the identified stakeholders, issues of concern, communication channels and response methods, and publishes sustainability reports every year to disclose relevant information on material issues of concern to stakeholders.</p> <p>(V) Director training status: The Company's directors' training hours are all in compliance with the regulations. In 2024, each director participated more than 6 hours of training.</p> <p>(VI) Implementation of risk management policies and risk evaluation measures: The Audit Committee supervises risk management, and the Company has established a Risk Management Committee</p>	

Assessment Items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>internally, which is responsible for formulating risk management policies and establishing qualitative and quantitative management standards. Through the operation of the committee, the operation situation is regularly reported to the Audit Committee and the Board of Directors. See the Company's website for implementation details.</p> <p>(VII) Implementation of customer relations policies: The Company handles customer complaints, tracks and improves the issues raised by customers, and conducts customer satisfaction surveys every year in accordance with the ISO management system and internal process management mechanism.</p> <p>(VIII) Implementation of purchasing insurance for directors: The Company has purchased liability insurance for directors and key employees since 2018.</p>	
<p>IX. Please describe the improvement performed according to the corporate governance evaluation results published by the Governance Center of Taiwan Stock Exchange in latest year, and propose the matters with priority for improvement and the respective measures and Corporate:</p> <p>(I) Corporate Governance Evaluation Results for 2023: The Company is categorized to the 6% to 20% of the TPEx-listed company group where the 21% to 40% group holds a market value between NT\$5 Billion and NT\$10 Billion.</p> <p>Year-over-year progress indicators: All directors personally attended the shareholders' meeting; we have engaged a corporate governance officer in accordance with the law; risk management</p>				

Assessment Items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
is supervised by the Audit Committee; an English version of the sustainability report is prepared; specific management plans for human rights policies are disclosed; the implementation of workplace diversity and gender equality is disclosed; the annual greenhouse gas emissions, water consumption, and total waste weight for the past two years are disclosed.				
(II) 2024 improvement initiatives: We established the Sustainable Development Committee, held two investor conferences, disclosed the TCFD report, assessed community risks and opportunities and adopted corresponding measures, and submitted the sustainability report to the Board of Directors for discussion.				

(Note) The evaluation indicators are shown in the table below and the results are in line with the Audit Quality Indicators (AQIs) and the Company's independence and competency evaluation standards.

#### AQI Assessment

Items	AQI indicators	Assessment items	Assessment result
<b>Professionalism</b>			
1-1	Auditing experiences	Have the senior auditors possessed adequate auditing experiences to carry out the auditing tasks?	Yes
1-2	Training hours	Have the certified public accountants and senior auditors accepted adequate educational & training programs every year to continually acquire professional expertise and skills?	Yes
1-3	Turnover rate	Has the CPA firm maintained adequate senior human resources?	Yes
1-4	Professional support	Does the CPA firm hold adequate professionals (e.g., evaluating personnel) to back up the auditing team?	Yes
<b>Quality control</b>			
2-1	Workload upon the certified public accountants	Is the workload upon the certified public accountants excessively too heavy?	No
2-2	Dedication into auditing	Is the auditing performance dedicated by the auditing team members in various phases appropriate?	Yes
2-3	EQCR Performance in rechecking	Did EQCR certified public accountants devote adequate workhours to recheck the audit cases?	Yes
2-4	Capability to back up quality control	Was the CPA firm staffed with adequate human resources on quality control to back up the auditing team?	Yes
<b>Independence</b>			
3-1	Non-auditing service fees	Does the percentage of non-auditing service fees adversely affect independence?	Yes
3-2	Customer familiarity level	Did the number of years accumulated in the CPA firm in the auditing cases toward financial statements affect the independence?	Yes

Items	AQI indicators	Assessment items	Assessment result
<b>Supervision</b>			
4-1	Faults in the external examinations and the penalty so imposed thereupon	Have the quality control and auditing cases in the CPA firm been duly carried out exactly according to laws and ordinances concerned?	Yes
4-2	Improvements in response to letters issued by the competent authority(ies)	Have the quality control and auditing cases in the CPA firm been duly carried out exactly according to laws and ordinances concerned?	Yes
<b>Capability of innovation</b>			
5-1	Planning and initiatives in innovation	Commitments by the CPA firm to heighten auditing quality: Including the capability and planning of the CPA firm.	Yes

#### **Independence evaluation of the CPAs**

Items	Assessment items	Assessment result
1	No direct or indirect substantial financial interest between the CPA and the Company	Yes
2	No borrowing/lending of fund between the CPA and the Company	Yes
3	The CPAs, his (her) spouse, or dependent(s), and members of the audit team have not held or have held any position of directors, managers or significant influence on the audit case of the Company in the last two years.	Yes
4	The CPA has no significant close business relationships or potential employment relationships with the Company.	Yes
5	The non-audit services provided by the CPA to the Company do not directly affect the material items of the audit case.	Yes
6	The CPA does not promote or broker stocks or other securities issued by the Company.	Yes
7	The CPA shall not defend legal cases or other disputes between the Company and a third party, except for the business permitted by law.	Yes

#### **Competency evaluation of the CPAs**

Items	Assessment items	Assessment result
1	The CPA possesses extensive professional qualifications and experience.	Yes
2	The CPA has no disciplinary record of the Accounting Committee or FSC in the last two years.	Yes
3	The CPA can provide certified financial and tax reports in a timely manner.	Yes
4	The CPA can provide information and suggestions on updated tax and securities regulations.	Yes

## (IV) Operation of the Remuneration Committee

### 1. Information on the members of the Remuneration Committee

Apr. 8, 2025

Identity	Name	Qualification	Professional qualification and experience	Compliance of independence	Number of other public companies where the members are also the members of the remuneration committee of these companies.
Independent Director (Convener)	Huang, Yung-Chang				0
Independent Director	Hsueh, Ming-Hung				0
Independent Director	Lai, Ching-Yi				0

### 2. Information on the operation of the Remuneration Committee

- (1) The Company's Remuneration Committee has three Committee members in total.
- (2) The term of office of the current committee members: from Jun. 7, 2024 to Jun. 6, 2027. The Remuneration Committee conducted 5 meetings in 2024 (A) and the qualifications and attendance are as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance (%) (B/A)	Remark
Convener (New)	Huang, Yung-Chang	5	0	100%	Re-elected at the re-election on Jun. 7, 2024
Convener (Former)	Hsueh, Ming-Hung	5	0	100%	Re-elected at the re-election on Jun. 7, 2024
Committee	Lai, Ching-Yi	5	0	100%	Re-elected at the re-election on Jun. 7, 2024

#### Other remarks:

The Company's Remuneration Committee held meetings to review and evaluate the Company's remuneration in 2024; the information is as follows:

Date of meeting (Term of Remuneration Committee)	Discussion	Resolution	Handling of the opinions of the Remuneration Committee
2024/1/10 (10th meeting of the 5th Remuneration Committee)	▪ Proposal for the 2024 Remuneration Committee Work Plan	Approved with the entire committee members present voting in favor	Implemented according to the resolutions.
	▪ Proposal to plan the 2023 Performance Evaluation of Board of Directors		Reported to the 17th meeting of the 10th Board of Directors; implemented according to plan.
	▪ Proposal for the 2023 employees year-end bonus distribution plan		Proposed to the 17th meeting of the 10th Board of Directors and approved by all directors present.

2024/3/7 (11th meeting of the 5th Remuneration Committee)	<ul style="list-style-type: none"> <li>▪ Proposal to the result of the 2023 Performance Evaluation of Board of Directors</li> </ul>	Approved with the entire committee members present voting in favor	Reported the results to the 18th meeting of the 10th Board of Directors.
	<ul style="list-style-type: none"> <li>▪ Proposal for the 2023 employee remuneration and director remuneration distribution</li> </ul>		Proposed to the 18th meeting of the 10th Board of Directors and approved by all directors present.
2024/5/9 (12th meeting of the 5th Remuneration Committee)	<ul style="list-style-type: none"> <li>▪ Amendment to the “Scope and Management Rules for Insider Managers”</li> <li>▪ Manager remuneration adjustment proposal</li> <li>▪ Proposal for the Company’s CEO’s performance evaluation and remuneration</li> </ul>	Approved with the entire committee members present voting in favor	Proposed to the 19th meeting of the 10th Board of Directors and approved by all directors present.
2024/6/7 (1st meeting of the 6th Remuneration Committee)	<ul style="list-style-type: none"> <li>▪ Proposal to elect the convener of the Remuneration Committee</li> </ul>	All attending committee members unanimously elected independent director Huang, Yung-Chang as the convener.	Announced and reported in accordance with regulations.
2024/8/8 (2nd meeting of the 6th Remuneration Committee)	<ul style="list-style-type: none"> <li>▪ Formulation of the “Directors and Managers Salary and Remuneration Regulations”.</li> <li>▪ Proposal for the CEO’s Remuneration</li> <li>▪ Proposal for the Chairman’s remuneration</li> </ul>	Approved with the entire committee members present voting in favor	Proposed to the 2nd meeting of the 11th Board of Directors and approved by all directors present.

- I. Where the board of directors does not adopt or amend the proposal(s) posed by the Remuneration Committee: The Company shall expressly elaborate on the date, term while the board of directors meeting was convened, contents of the issues, outcome of decisions resolved in the board of directors and the Company’s response to the opinions posed by the Remuneration Committee(For instance, if the salary pay resolved by the board of directors is higher than that proposed by the Remuneration Committee, the Company should elaborate on the fact of differential gap and the cause thereof): None.
- II. Where a decision resolved in the Remuneration Committee is found in contravention of rules or in qualified opinion as verified with records or documented declaration, the Company shall expressly elaborate on the date, terms of the meeting convened by the Remuneration Committee, contents of agenda, opinions of all members and acts taken in response to such opinions: None.

**(V) Implementation of the promotion of sustainable development and the deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies**

Assessment Items	Performance review (Note 1)		Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	
			Summary description
I. Does the Company have a specific (or part-time) unit set up to promote the sustainable development governance framework, and the Board of Directors authorizing the management to handle matters and report the supervision results to the Board of Directors?	✓	<p>(I) The Board of Directors is the highest governance body for sustainable development, and established the Sustainable Development Committee on Jun. 7, 2024 (composed of the Chairman and three independent directors). The Company established an ESG Promotion Team internally, with the CEO as the chair, and appointed relevant personnel as members, responsible for promoting the ESG development and ensure the promotion and implementation of related sustainable development operation.</p> <p>(II) The Sustainable Development Committee faithfully fulfills its duties with the authorization of the Board of Directors, and reports the ESG implementation status to the Board of Directors regularly (at least once a year). (The operation of the Sustainable Development Committee and the ESG Promotion Team in 2024 is disclosed on the Company's website)</p> <p>(III) Board of Directors' supervision of sustainable development:</p> <ol style="list-style-type: none"> <li>1. Sustainability Report review (Aug. 9, 2024).</li> <li>2. Progress of the greenhouse gas inventory plan (Mar. 8, May 10, Aug. 9, Nov. 8, 2024).</li> </ol>	No deviations.

Assessment Items	Performance review (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>3. Report on the implementation of risk management and corporate governance issues (Nov. 8, 2024).</p> <p>4. Regular arrangement for managers to report the Company's operational development plan to the Board of Directors in every Jan. (Jan. 11, 2024).</p>	
II. Does the company assess the risk of environmental, social, and governance (ESG) issues in relation to corporate operations based on the materiality principles and establish policies or strategies in relation to risk management? (Note 2)	✓		<p>(IV) The Company discloses the performance of material topics in ESG aspects in accordance with the GRI Standards. Financial performance is reported based on consolidated financial statements, but all other disclosures exclude subsidiary activities and focus solely on the Taiwan region.</p> <p>(V) The Company refers to the issues listed in the GRI Standards, collects the issues of concern to stakeholders, evaluates material ESG issues based on the “degree of concern of stakeholders” and “degree of impact on the Company”, and formulates relevant risk management policies or mechanisms. (Note 3)</p>	No deviations.
III. Environmental issues (I) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics?	✓		All factories have established an environmental management system in accordance with ISO14001 and have been approved by third-party verification (valid until Apr. 9, 2025).	No deviations.

Assessment Items	Performance review (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) Is the company committed to enhancing the power efficiency and using renewable materials that are with low impact on the environmental impacts?	✓		The Company continuously take energy conservation actions and evaluate investments in energy conservation or green energy-related equipment. (For energy consumption and waste disposal volume, please refer to the “Energy Management” and “Waste Management” of the Company’s Sustainability Report.)	No deviations.
(III) Does the Company assess the present and future potential risks and opportunities of climate change on the Company and take actions to related?	✓		The ESG Promotion Team evaluates climate risks based on the TCFD framework, and summarizes short-, medium-, and long-term climate risks and opportunities through a risk matrix. The evaluation results and related response measures are presented in the “2024 TCFD Climate Risk Assessment Report” at the third promotion meeting on Dec. 12, 2024. After discussion by the Sustainable Development Committee, it was reported to the Board of Directors on Jan. 7, 2025. (For details, please refer to the information on climate-related implementation on pages 59-61)	No deviations.
(IV) Did the Company produce statistics on the GHG emissions, water consumption, and total waste in the last two years? Has the company established policies for GHG reduction, water conservation, and waste management?	✓		We started to collect greenhouse gas emission, water consumption, and total waste weight statistics in 2022, and disclosed the statistics in the sustainability report. We completed factory relocation in 2023, and used 2024 as a baseline to formulate reduction targets and promotion measures, and regularly implement them. Relevant data for 2024 will be disclosed in the 2024 Sustainability Report.	No deviations.

Assessment Items	Performance review (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
IV. Social issues (I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	✓		The Company has formulated work rules in accordance with the Labor Standards Act, and formulates human rights policies and management plans in accordance with the International Bill of Human Rights. (Details and implementation are disclosed on the Company's website)	No deviations.
(II) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected business performance and achievements in the remuneration for employees?	✓		The Company has formulated work rules and “Salary Management Regulation” in accordance with the Labor Standards Act, covering labor rights, such as compensation, bonuses, working hours, and leave. We refer to market salary levels to ensure salary competitiveness, and allocate 10-15% of annual profits as employee remuneration in accordance with the Company's Articles of Incorporation. (For details, please refer to “Labor-Management Relations” in this annual report or visit the Company's website)	No deviations.
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		The Company has passed the ISO45001 occupational safety and health management system certification (valid until Apr. 24, 2025). Through systematic management, it promotes various management plans and builds safe and healthy work environment: 1. Protection of employees' safety and working environment: (1) Convene a <u>quarterly</u> occupational safety and health committee meeting.	No deviations.

Assessment Items	Performance review (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			<p>(2) Regularly inspect workplace defects <u>every month</u>, and implement corrective improvements and preventive measures.</p> <p>(3) Regularly conduct hazard identification and risk assessment <u>every year</u>, and review accidents to take preventive, improvement, and management measures to reduce risks.</p> <p>(4) Each factory conducts two emergency response and evacuation drills every year to improve response capabilities.</p> <p>(5) New employees receive occupational safety education and training on the day of employment, and health promotion seminars and health education are held regularly every year after employment to improve employee health awareness.</p> <p>2. Occupational accident survey and statistics:</p> <p>(1) We entrust external parties to monitor particularly hazardous work environments and conduct health examinations every year. The results of 2024 all comply with regulations and are free from abnormalities.</p> <p>(2) There was no major occupational injury in 2024, but five commuting accidents, and one occupational incident. Disabling injury frequency rate (FR) is 1.59; disabling injury</p>	

Assessment Items	Performance review (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			<p>severity rate (SR) is 17. The occupational injury was caused by the operator's careless hanging operation without following standard procedures, which caused the object to fall and injure his foot, with 11 lost workdays. The accident has been reviewed and improved, and the operating specifications have been revised, and education, training, and publicity have been strengthened to prevent recurrence.</p> <p>(3) In 2024, there was no occupational disease case. The Company is equipped with contracted physicians and nurses to provide health consultation, health education, and seminars. Through annual health checks, abnormal workload prevention plans, and semi-annual environmental measurements, medical staff assess occupational disease risks and provide dietary, exercise, and medical advice. In response to chronic diseases such as the three highs (high blood sugar, high cholesterol, and high blood pressure) during the annual health check, in addition to arranging consultations with nurses, educational materials will also be developed for health education promotion.</p> <p>3. No fire incident occurred in 2024. We conduct automatic fire inspections every month, regularly inspect and</p>	

Assessment Items	Performance review (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			repair firefighting facilities every year, and conduct fire drills every six months to prevent fires.	
(IV) Does the Company have an effective career capacity development training program established for the employees?	✓		We provide internal training according to job needs, and encourage employees to improve themselves by participating in external courses. When adding manpower, employees can participate in internal examinations according to their interests and expertise, and supervisors arrange training or job rotations according to their expertise and willingness to ensure that they are suitable for their positions and unleash their potential. (For details, please refer to "Talent Development" of the Company's sustainability report.)	No deviations.
(V) Does the company comply with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, marking communication, and labeling of its products and services and establish policies to protect the rights and interests of customers and procedures for grievances?	✓		The Company complies with relevant laws and regulations and international standards for the products and services it provides, and follows ISO systematic management processes to handle customer issues and protect customer rights.	No deviations.
(VI) Has the company	✓		Supplier management policies have been established, and certifications, such as	No deviations.

Assessment Items	Performance review (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
established policies for management to request suppliers to comply with the relevant laws and regulations of environmental protection, occupational safety and health, and labor human rights? Does the company keep track on the implementation of such policies?			ISO 9001, ISO 14001, and ISO 45001 standard management systems have been obtained. Complete management procedures have been established for supplier selection, evaluation, and regular audits, covering quality, business ethics, labor rights, environmental protection, safety and health, technology and supply capacity, and hazardous substance control. The “Supplier Corporate Social Responsibility Code of Conduct” has also been established and continuously promoted to ensure that suppliers meet requirements. (Details and implementation are disclosed in the sustainability report and on the Company's website.)	
V. Did the Company, following internationally recognized guidelines, prepare and publish reports such as its sustainable environment report to disclose non-financial information of the Company? Did the Company apply for assurance or guarantee of such reports to a third-party certification body?	✓		(I) The Company complies with the GRI Standards of the Global Reporting Initiative to prepare the sustainability report, and discloses it according to the SASB indicators for industrial machinery and goods. (II) The 2023 Sustainability Report has not yet been verified by a third party, and the 2024 Sustainability Report will undergo third-party assurance. Relevant information will be disclosed in the 2024 Sustainability Report.	The 2023 Sustainability Report has not yet been verified by a third party, and the 2024 Sustainability Report will undergo third-party assurance
VI. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies,” please describe any discrepancy between the principles and their implementation: No deviations.				
VII. Other important information to facilitate better understanding of the company's sustainable development practices: Details are disclosed on the Company's website and corporate sustainability report.				

Note1: If “Yes” is selected for the implementation status, please describe in detail the important policies, strategies, measures and implementation status adopted; If “No” is selected for the implementation

status, please explain the differences and reasons in the “Deviations from ‘Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies’ and reasons”, and describe the plan to relevant policies, strategies and measures in the future.

Note 2: The materiality principle refers to the relative importance of environmental, social and corporate governance issues on the Company’s investors and other interested parties.

Note 3: ESG risk management policies or mechanisms:

Major issues	Risk assessment items	Management policy/Management mechanism
Environmental sustainability	Greenhouse gases	<ul style="list-style-type: none"> <li>■ Formulate an inventory plan and report the implementation status to the Board of Directors on a quarterly basis</li> <li>■ Formulate management objectives and improvement plans according to the inventory</li> </ul>
	Energy management	<ul style="list-style-type: none"> <li>■ Introduce energy-saving electric panel system, monitor data, and improve energy consumption.</li> </ul>
	Environmental management	<ul style="list-style-type: none"> <li>■ Obtained the ISO 14001 environmental management system certification (disclosed on the Company website)</li> </ul>
Corporate social responsibility	Occupational health and safety	<ul style="list-style-type: none"> <li>■ Obtained ISO 45001 occupational safety and health management system certification (disclosed on the Company website)</li> <li>■ Conduct fire drills and industrial safety education and training annually.</li> <li>■ Convene quarterly occupational safety and health committee meeting.</li> <li>■ Human rights policy and management plan (disclosed on the Company website)</li> </ul>
	Salary and benefits	<ul style="list-style-type: none"> <li>■ Remuneration Committee regularly reviews the remuneration system</li> <li>■ Employee Welfare Committee reviews welfare measures</li> </ul>
	Customer privacy	<ul style="list-style-type: none"> <li>■ Confidentiality agreement and confidential information management mechanism</li> <li>■ Formulate clear information security policy (disclosed on the Company website)</li> </ul>
	Supplier management	<ul style="list-style-type: none"> <li>■ Formulate clear supplier management policy (disclosed on the Company website)</li> </ul>
Corporate governance	Operating performance	<ul style="list-style-type: none"> <li>■ Review operating performance monthly</li> <li>■ Regularly report business results to the Board of Directors</li> </ul>
	Ethical corporate management	<ul style="list-style-type: none"> <li>■ Ethical Corporate Management Best Practice Principles specifies the Ethical Corporate Management Policy (disclosed on the Company website)</li> <li>■ Formulate Procedures for Ethical Management and Guidelines for Conduct (disclosed on the Company website)</li> <li>■ Formulate clear report method (whistleblower system) (disclosed on the Company website)</li> </ul>
	Risk management	<ul style="list-style-type: none"> <li>■ The Risk Management Best Practice Principles specifies the Risk Management Policy (disclosed on the Company website)</li> </ul>

## Information on climate-related implementation

Item	Implementation status
I. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>(I) The Board of Directors is the highest authority responsible for addressing climate change, overseeing climate change-related issues and matters. To strengthen the Board of Directors' supervisory responsibilities for sustainable matters, such as climate change, the "Sustainable Development Committee" was established on Jun. 7, 2024, responsible for reviewing sustainable development policies, strategies, and management guidelines, and supervising the promotion of sustainable development-related matters and implementation plans.</p> <p>(II) At the management level, the company has established the ESG Promotion Team, with the CEO serving as the chair, responsible for formulating and supervising the implementation of the Company's sustainable development strategy; supervisory supervisors are set up and governed by the chair according to the main promotion projects, responsible for promoting the Company's various sustainability tasks and regularly reporting to the Board of Directors on the Company's ESG implementation status.</p> <p>(III) At the working group level, promotion groups are set up according to environmental protection, social responsibility, and corporate governance. Among them, the environmental protection promotion group is responsible for collecting and evaluating climate change-related information, formulating climate change response plans, regularly reviewing and improving, and implementing climate-related tasks, such as energy conservation and emission reduction.</p> <p>(IV) Implementation Status in 2024:</p> <ol style="list-style-type: none"> <li>1. The greenhouse gas inventory implementation progress is reported to the Board of Directors regularly every quarter.</li> <li>2. The ESG implementation status is reported to the Board of Directors regularly every year (at least once a year).</li> <li>3. The Sustainable Development Committee held two meetings.</li> <li>4. The ESG Promotion Team held 3 meetings.</li> </ol>
II. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business	The Company referred to the TCFD guidelines to establish climate-related risk management procedures. The Environmental Sustainability Group collects information and identifies and evaluates climate-related risks in operational strategies, identifies short-, medium-, and long-term potential crises and opportunities,

Item	Implementation status
(short, medium, and long term).	<p>and ensures that major climate risks are effectively controlled within the risk appetite.</p> <p>(For details, please refer to “2.1. Identification Process” in the Company's 2024 TCFD Report)</p>
III. Describe the financial impact of extreme weather events and transformative actions.	<p>Risks are classified into low, medium, and high levels according to “estimated timeframe” and “degree of financial impact,” and a matrix is generated to list the Company's major climate risks and opportunities.</p> <p>(For details, please refer to “2.2. Climate Risks and Opportunities” in the Company's 2024 TCFD Report)</p>
IV. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system	<p>Through the cooperation of the ESG Promotion Team and relevant units, relevant response measures and control mechanisms are developed for strategic management. The effectiveness of monitoring is reviewed and monitored through regular meetings to ensure that various risk management guidelines are in line with laws and regulations and external trends.</p> <p>(For details, please refer to “2.1. Identification Process” in the Company's 2024 TCFD Report)</p>
V. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	<p>(I) The Company refers to the Sixth Assessment Report (AR6-2021) issued by the Intergovernmental Panel on Climate Change (IPCC) of the United Nations to conduct climate simulation and carbon warming simulation. The sea level rise is simulated through the U.S. Climate Central to simulate sea level rise under different warming scenarios to assess the climate risks that may be faced by the Company's factories and assess long-term physical risks. Assuming the RCP8.5 (high emission) scenario, the probability of flooding was simulated and the trend of change was assessed to assess whether there was an immediate physical risk. The Company referred to the moderately potential area of soil liquefaction to assess indirect risks, and used the Aqueduct Water Risk Atlas of the World Resources Institute to assess drought or water shortage risks.</p> <p>(For details, please refer to “2.3. Climate Scenario Analysis” in the Company's 2024 TCFD Report)</p> <p>(II) The main financial impact has not been specifically assessed.</p>
VI. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks	<p>(I) In response to the management of climate-related risks of transition risks and physical risks, the Company formulates risk management plans based on risk levels, levels/timeframes, and main risks.</p> <p>(For details, please refer to “3. Climate Opportunity Actions” in the Company's 2024 TCFD Report)</p>

Item	Implementation status										
and transition risks.	(II) Various risk management plans are evaluated and indicators and goals are formulated according to international trends.										
VII. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company does not yet use internal carbon pricing.										
VIII. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	<p>(I) To achieve global long-term targets, countries have proposed "Nationally Determined Contributions (NDCs)" to demonstrate their greenhouse gas emission reduction commitments to the international community, and update them every five years to enhance carbon reduction ambitions. The Company refers to Taiwan's NDCs net emission reduction target to formulate short-, medium-, and long-term plans:</p> <table border="1"> <thead> <tr> <th>Carbon reduction target</th> <th>2024</th> <th>Short term: 2027</th> <th>Medium term: 2030</th> <th>Long term: 2050</th> </tr> </thead> <tbody> <tr> <td>Carbon density</td> <td>Baseline year</td> <td>Decrease by 10%</td> <td>Decrease by 20%</td> <td>Carbon neutral</td> </tr> </tbody> </table> <p>(For details, please refer to "4. Indicators and Targets" in the Company's 2024 TCFD Report)</p> <p>(II) The Company has not yet used carbon credits or renewable energy certificates.</p>	Carbon reduction target	2024	Short term: 2027	Medium term: 2030	Long term: 2050	Carbon density	Baseline year	Decrease by 10%	Decrease by 20%	Carbon neutral
Carbon reduction target	2024	Short term: 2027	Medium term: 2030	Long term: 2050							
Carbon density	Baseline year	Decrease by 10%	Decrease by 20%	Carbon neutral							
IX. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	<p>(I) The greenhouse gas inventory and assurance will be handled in accordance with the schedule set by the order of Article 10, paragraph 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies.</p> <p>(II) The 2024 greenhouse gas inventory information will be disclosed in the sustainability report.</p>										

**(VI) Performance in ethical corporate management inconsistency with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”**

Assessment Items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary description	
I. Business Integrity Policy and action plans  (I) Has the Company established policies for ethical corporate management approved by the board of directors and stated such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies?	✓		The Company’s philosophy is “Ethical” at its core where “Facts” are the most important core value. We look for the truth and answers by doing the most valuable things. With reference to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the “Procedures for Ethical Management and Guidelines for Conduct”, the Company formulated the company’s Ethical Corporate Management Policy, which was approved by the Board of Directors on Nov. 10, 2022, stating the Ethical Corporate Management Policies and practices, and disclosed on the Company website. The Board of Directors and senior management have committed to implement the Ethical Corporate Management Policy, and implement it in internal management and business activities.	No deviations.
(II) Has the Company established an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of	✓		The Company’s “Ethical Corporate Management Best Practice” formulates a plan to prevent violations of integrity in accordance with the paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” or other business activities with a	No deviations.

Assessment Items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary description	
involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”?			relatively high risk of violations of integrity, and establish an effective accounting system and internal control policies. Through regular audit by the audit office, the Company ensures the implementation of the system and reviews the effectiveness of the system.	
(III) Has the Company established in the preventive programs the operating procedures for unethical behavior prevention, penalties and grievance systems of breaching the guidelines for conduct, and implemented and periodically review them?	✓		The Company has formulated and implemented the “Procedures for Ethical Management and Guidelines for Conduct”, which clearly stipulates the operating procedures, behavior guidelines, punishment and report systems to prevent violations of integrity. If violation is found to be true, it will be punished according to the Company’s regulations, and the Procedures are reviewed and revised regularly.	No deviations.
II. Proper enforcement of business integrity (I) Does the Company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?	✓		The Company has assessed the ethical record of the counterparty, and the signed contract clearly stipulates the terms of ethical behavior. If violation of integrity is found, the Company may terminate or rescind the contract at any time.	No deviations.
(II) Has the Company established a dedicated	✓		The Board of Directors approved, on Nov. 10, 2022, the ethical risk team of	No deviations.

Assessment Items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary description	
(concurrent) unit to implement ethical corporate management under Board of Directors and report regularly (at least once a year) to BOD the status of implementation and supervision of ethical management policy and preventive programs of unethical behavior?			<p>the Risk Management Committee as the dedicated unit, for promoting corporate ethical management, reporting to the Board of Directors regularly (at least once a year), and disclosing the implementation status on the Company's website. Summary of implementation in 2024 (details are disclosed on the Company's website):</p> <ol style="list-style-type: none"> <li>1. Revision of the system: The system is revised in accordance with laws and regulations and in line with practical operations to ensure that ethical management-related measures are appropriate.</li> <li>2. Education advocacy: Relevant topics are arranged to promote education and training to directors, managerial officers or related personnel.</li> <li>3. Event statistics: No violation of integrity occurred in 2024.</li> </ol>	
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	✓		<p>The Company stipulates the benefit avoidance clause in the “Ethical Corporate Management Best Practice Principles”, which prohibits the offering or acceptance of improper benefits, and formulates the “Procedures for violate Management and Guidelines for Conduct” for handling conflicts of interest and the reporting system for violations of integrity.</p>	No deviations.
(IV) Has the Company established an effective	✓		<p>The Company attaches importance to the accuracy and completeness of</p>	No deviations.

Assessment Items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary description	
accounting system and an internal control system for the internal audit unit to establish related audit programs based on the results of risk assessment of involvement in unethical behavior to audit and prevent the compliance with the preventive programs of unethical behavior or hire a CPA to perform the audit?			financial reporting, and establishes effective accounting systems and internal control systems for high-risk unethical conduct. Internal auditors formulate annual audit plans based on risk assessment to conduct audits, and report the results and improvement plans to the Board of Directors and management to ensure audit effectiveness. The Company self-examines the effectiveness of the design and implementation of the internal control system through the annual internal control self-evaluation.	
(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?	✓		<p>The Company organizes internal and external education and training on ethical corporate management every year. The implementation status in 2024 is as follow:</p> <ol style="list-style-type: none"> <li>1. Internal employee training: From Mar. to Aug. 2024, the legal supervisor conducted training on “Employee Rights and Obligations” and “Trade Secrets” for 256 internal employees (two hours/time).</li> <li>2. Senior management governance courses: On Aug. 9, 2024, nine directors and three senior managers were arranged to attend the “Corporate Control Disputes and Case Analysis” course organized by the Taiwan Corporate Governance Association (three hours in total).</li> <li>3. Document awareness campaign: In Jan., Apr., and Jul. 2024, briefings were conducted for directors and</li> </ol>	No deviations.

Assessment Items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary description	
			managers (a total of 20 people) regarding the relevant official documents for shareholding change reporting, in compliance with the Securities and Exchange Act.	
III. The operations of the Company's Report System (I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?	✓		<p>The Company's "Reporting Regulation" is publicly disclosed on the Company's website, specifying the specific whistleblower and reward system, and has announced an independent reporting mailbox and dedicated line on the Company website for internal and external personnel. Anyone found any violation on ethical corporate management can report through the following channels:</p> <ol style="list-style-type: none"> <li>1. Audit Committee mailbox: <a href="mailto:hueh7155@ms27.hinet.net">hueh7155@ms27.hinet.net</a></li> <li>2. Report mailbox: <a href="mailto:shine@high-light.com.tw">shine@high-light.com.tw</a></li> <li>3. Reporting line: (03)597-3325 ext. 3188</li> <li>4. Address for written report: Address: No. 32, Guangfu Road, Hukou Township, Hsinchu County Acceptance Unit: Administrative Management Center</li> </ol>	No deviations.
(II) Has the Company established standard operating procedures for investigating reported events, follow-up measures to be taken after the investigation was completed, and related confidentiality mechanisms?	✓		The measures in the preceding paragraph clearly stipulate the reporting regulations, the follow-up measures to be taken when the investigation is completed, and the confidentiality measures for relevant personnel.	No deviations.

Assessment Items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons
	Yes	No	Summary description	
(III) Has the Company taken proper measures to protect the whistleblowers from suffering any consequence of reporting an incident?	✓		The Company shall keep the identity of the whistleblower and the content of the report confidential, and commit to protect the whistleblower from victimisation due to his/her reporting.	No deviations.
IV. Enhanced information disclosure Does the Company have the contents of ethical corporate management and its implementation disclosed on the website and MOPS?	✓		The Company discloses the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” on the MOPS and the Company’s website. The Company reports to the Board of Directors annually on the effectiveness of promotion and discloses it on the Company's website.	No deviations.
V. Where a Company has worked Ethical Corporate Management Guiding Principles in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies”, please expressly elaborate on the differential gap between the substantial performance and the Practice Principle: No deviations.				
VI. Other vital information that helps to understand the practice of business integrity of the Company (e.g., the review and revision of the best-practice principles of the Company in business integrity). (I) The Company regards compliance with laws and regulations as the basis for implementing ethical corporate management. (II) The Company’s Ethical Corporate Management Best Practice Principles was established on Oct. 28, 2011 where the first amendment was on Jun. 25, 2015, the second amendment was on Feb. 24, 2020, and the third amendment was on Nov. 10, 2022.				

#### **(VII) Other significant information that helpful to better awareness of performance in corporate governance**

1. The Company timely arranges board members and managerial officers to participate in corporate governance courses, seminars or forums to enhance supervision and governance capabilities.
2. The Company has published the CSR for 3 consecutive years, and disclosed it on the Company website with electronic files for download.  
(<https://www.htcvacuum.com/zh-tw/investor/index/ESG/sustainability-report>)

**(VIII) Hands-on performance in the Internal Control Policies shall disclosed the following matters**

1. Declaration of Internal Control Policies: Please refer to pages below  
Highlight Tech Corp.

Declaration of Internal Control Policies

Date: Mar. 4, 2025

The following declaration is based on the 2024 self-audit over the Company's internal control policies:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities the Company's board of directors and managerial officers. These policies were implemented throughout the Company. The purpose is to provide a reasonable assurance on the achievement of the goals, including the effectiveness and efficiency of operations (including profitability, performance and security of assets, etc.) and the report with effectiveness, timeliness, transparency, and compliance with the relevant requirements and regulations and laws.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. Pursuant to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Governing Regulations"), the Company should study and judge whether the Company's internal control system is effective in design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company has adopted the aforementioned judgment items for the internal control system to evaluate the effectiveness of the Company's internal control system in both design and implementation.
- V. On the grounds of the outcome of evaluation mentioned in the preceding Paragraph, the Company firmly holds that the Company's internal control system as of December 31, 2024 (including supervisory control and management over subsidiaries), notably the effect of the business operation, extent of accomplishment of the target where the report proves trustworthy, transparent in real time, the design and implementation of the Company's internal control system proves effective, capable of assuring accomplishment of the aforementioned targets.
- VI. This declaration forms part of the main contents of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. The present Declaration of Internal Control Policies was granted a pass in the board of directors meeting convened on Mar. 4, 2025. That board of directors meeting was attended by 11 directors among whom 0 director objected. All present directors unanimously responded with consent to the contents of the Declaration. This is the another point duly clarified herewith.

Highlight Tech Corp.

Chairman: Wu, Sheng-Hsien

CEO: Kou, Chung-Shan

2. Audit of the internal control system by CPA shall disclose the accountant's review report: None.

**(IX) Major resolution of the board the shareholders' meeting in the latest year and up to the publication date of the annual report.**

1. The major resolutions of the shareholders' meeting on Jun. 7, 2024 are as follows:

Meeting date	Significant decisions resolved	Performance review
2024/6/7	Approved the 2023 business report and financial statements	Recognized the 2023 business reports and financial statements
	Approved the proposal to acknowledge 2023 earnings distribution	Resolved not to distribute dividends in consideration for the business plan and capital structure adjustment.
	Approved the cash capital reduction proposal	Set Jul. 19, 2024, as the capital reduction record date, Sep. 27, 2024, as the capital reduction share exchange record date, and Oct. 7, 2024, as the payment date for capital returns for cash capital reduction.
	Approved the proposal for a re-election of directors(including independent directors)	The change of registration was approved by the Ministry of Economic Affairs on Jun. 27, 2024, in accordance with the shareholders' meeting resolution.
	Approved the proposal for cancellation of the non-competition restriction on the new directors	Made a material information announcement on the MOPS on Jun. 7, 2024, in accordance with the shareholders' meeting resolution.

2. Significant decisions resolved in the board meeting:

Date (term)	Decisions resolved	
2024/1/11 (17th meeting of the 10th Board Meeting)	Approved.	I. Proposal for the 2024 operation plan and budget II. Proposal to increase the investment for subsidiary Htc Vacuum (Japan) Co., Ltd. III. Proposal for financial institution line of credit IV. Proposal to evaluate the accounts receivable that are significant and have not been collected within 3 months of the normal credit period and are not loaning of funds V. Proposal for the 2023 employees year-end bonus distribution plan
2024/3/8 (18th meeting of the 10th Board Meeting)	Approved.	I. Proposal for the 2023 annual business report and financial statements II. Proposal for the 2023 earnings distribution III. Proposal for the 2023 employee remuneration and director remuneration distribution IV. Proposal for the cash capital reduction V. Proposal for a re-election of directors(including independent directors) VI. Proposal for the nomination of director (including independent director) candidates and the evaluation of the qualifications. VII. Proposal for cancellation of the non-competition restriction on the

Date (term)	Decisions resolved
2024/5/10 (19th meeting of the 10th Board Meeting)	<p>new directors</p> <p>VIII. Proposal for matters regarding the convening of the 2024 annual shareholders' meeting</p> <p>IX. Proposal for the 2023 Internal Control Statement</p> <p>X. Proposal to amend the internal control policies</p> <p>XI. Proposal for the endorsement and guarantee for bank financing of subsidiary Htc Vacuum (Japan) Co., Ltd.</p> <p>XII. Proposal for the credit line with a financial institution</p> <p>XIII. Proposal to change the CPA and the assessment of independence, competency and fee.</p> <p>Approved. I. Proposal for the Financial Statements for the First Quarter of 2024</p> <p>II. Proposal for investment in Litho Med Trading Co., Ltd.</p> <p>III. Proposal to evaluate the accounts receivable that are significant and have not been collected within 3 months of the normal credit period and are not loaning of funds</p> <p>IV. Proposal for amendment to the "Rules of Procedure for Board of Directors Meetings"</p> <p>V. Proposal to amend the Audit Committee Charter</p> <p>VI. Proposal to amend the internal control policies</p> <p>VII. Amendment to the "Scope and Management Rules for Insider Managers"</p> <p>VIII. Manager remuneration adjustment proposal</p> <p>IX. Proposal for the Company's CEO's performance evaluation and remuneration</p>
2024/6/7 (1st meeting of the 11th Board Meeting)	<p>Approved. I. Proposal to elect the Chairman of the Board.</p> <p>II. Proposal to establish the sustainable development committee and amend the "Organizational Regulations of the Sustainable Development Committee"</p> <p>III. Proposal for appointment of Remuneration Committee members</p> <p>IV. Proposal for appointment of Sustainable Committee members</p>
2024/8/9 (2nd meeting of the 11th Board Meeting)	<p>Approved. I. Proposal for the Financial Statements for the Second Quarter of 2024</p> <p>II. Proposal for the earnings distribution for the first half of 2024</p> <p>III. Proposal to evaluate the accounts receivable that are significant and have not been collected within 3 months of the normal credit period and are not loaning of funds</p> <p>IV. Proposal for the endorsement and guarantee for bank financing of subsidiary Htc Vacuum (Japan) Co., Ltd.</p> <p>V. Proposal to establish credit lines with financial institutions</p> <p>VI. Proposal for review of the 2023 Sustainability Report</p> <p>VII. Formulation of the "Directors and Managers Salary and Remuneration Regulations".</p> <p>VIII. Proposal for retrospective ratification of the acquisition of real</p>

Date (term)		Decisions resolved
		<p>property right-of-use assets from a related party</p> <p>IX. Proposal for the Chairman's remuneration</p> <p>X. Proposal for the CEO's Remuneration</p> <p>XI. Retrospective ratification of the Technical Cooperation Development Contract signed between the Company and its subsidiary, Finesse Technology Co., Ltd.</p>
2024/11/8 (3rd meeting of the 11th Board Meeting)	Approved.	<p>I. Proposal for the Financial Statements for the Third Quarter of 2024</p> <p>II. Proposal to establish credit lines with financial institutions</p> <p>III. Proposal for the guarantee/endorsement for Subsidiary</p> <p>IV. Proposal for the 2025 internal audit plan</p> <p>V. Proposal to formulate and amend the internal control policies.</p> <p>VI. Proposal for authorization for signing off audit reports</p>
2025/1/7 (4th meeting of the 11th Board Meeting)	Approved.	<p>I. Proposal for the 2025 operation plan and budget</p> <p>II. Proposal to invest in the establishment of subsidiary Trio Tech Co., Ltd.</p> <p>III. Proposal for the endorsement and guarantee for bank financing of subsidiary Htc Vacuum (Japan) Co., Ltd.</p> <p>IV. Proposal to establish credit lines with financial institutions</p> <p>V. Proposal to amend the internal control system</p> <p>VI. Proposal to assess the scope of entry-level employees</p> <p>VII. Proposal to plan sustainable development policies and goals</p> <p>VIII. Proposal for the 2024 employees year-end bonus distribution plan</p> <p>IX. Proposal for cancellation of the non-competition restriction on the directors</p> <p>X. Proposal to sign the Technical Cooperation Development Contract with subsidiary, Finesse Technology Co., Ltd.</p>
2025/3/4 (5th meeting of the 11th Board Meeting)	Approved.	<p>I. Proposal for the 2024 annual business report and financial statements</p> <p>II. Proposal for the 2024 earnings distribution table</p> <p>III. Proposal for "cash distribution from capital reserve"</p> <p>IV. Proposal for the 2024 employee remuneration and director remuneration distribution</p> <p>V. Proposal for amendment to the Articles of Incorporation</p> <p>VI. Proposal to convene the 2025 annual shareholders' meeting</p> <p>VII. Proposal for the 2024 Internal Control Statement</p> <p>VIII. Proposal to amend the internal control policies</p> <p>IX. Proposal to provide endorsements/guarantees to subsidiary Trio Tech Co., Ltd</p> <p>X. Proposal for financial institution line of credit</p> <p>XI. Proposal to assess independence, competency, and fee of CPAs</p>
2025/4/8 (6th meeting of the 11th Board Meeting)	Approved.	<p>I. Proposal for cancellation of the non-competition restriction on the directors</p> <p>II. Proposal to add items to the agenda of the 2025 annual shareholders' meeting</p>

**(X) In the latest year and up to the publication date of the annual report, where supervisor or the directors passed significant decisions with different opinions as backed with records or declarations, the major contents:**

Date (term) of board meeting	Significant decisions resolved and resolution
2024/8/9 (2nd meeting of the 11th Board Meeting)	<p>Proposal 11</p> <p>Proposal: Retrospective ratification of the Technical Cooperation Development Contract signed between the Company and its subsidiary, Finesse Technology Co., Ltd..</p> <p>Resolution: With the exception of directors who recused themselves from this proposal, the Chairman solicited the opinions of the remaining attending directors. Two directors (Lo, Chun-Hsuan and Shen, Pin-Hsiu) expressed reservations, and the other three directors agreed. The proposal was passed by a majority vote of the attending directors.</p>

**IV. Information in public fees of the Certified Public Accountant Association**

Amount Unit: NTD Thousand

Auditor's firm	Name of CPA	CPA auditing period	Audit remuneration	Non-audit remuneration	Total	Remark
PwC Taiwan	Yung-Chih, Lin Chih-Fan, Yu	Jan. 1, 2024 to Dec. 31, 2024	3,200	270	3,470	Non-audited remuneration include transfer pricing, direct deduction method tax filing, etc.

**(I)** When the firm changes its accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed:

Amount Unit: NTD Thousand

2023	2024	Amount of increase/decrease
3,785	3,470	(315)

Reasons for increase/decrease: In response to the Company's future operational development and internal management needs, the engagement of the CPAs was reselected in the first quarter of 2024. Following the approval of the Audit Committee and the Board of Directors, PwC Taiwan was reappointed for audit and certification. The change in audit fees resulted from the negotiation with the firm according to established procedures.

**(II)** When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: None.

## V. Changes in CPA

### (I) Regarding the former CPA

Replacement date	Approved by the Board of Directors on Mar. 8, 2024				
Replacement reasons and explanations	The CPA is replaced to meet the needs of the Company's future operational development and internal management				
Describe whether the Company terminated or the CPA did not accept the appointment	Status	Parties	CPA		
	Termination of appointment				
	No longer accepted (continued) appointment		V		
Other issues (except for unqualified issues) in the audit reports within the last two years	None				
Differences with the company	Yes	Accounting principles or practices			
		Disclosure of financial statements			
		Audit scope or steps			
		Other			
	None	V			
Description					
Other disclosures (Those that shall be disclosed from Item 1-4 to Item 1-7, Paragraph 6, Article 10 of this Code)	None				

### (II) Regarding the successor CPA

CPA firm	PwC Taiwan
Name of CPA	Yung-Chih, Lin; Chih-Fan, Yu
Date of appointment	It was submitted to the Board of Directors for approval on Mar. 8, 2024, and a successor CPA will be appointed starting from the first quarter of 2024.
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(III) Reply from the former CPA on matters Item 1 and 2-3, Paragraph 6, Article 10 of this Code:None.

**VI. Where the company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held:** None.

**VII. In the latest year and up to the publication date of the annual report, the fact regarding transfer or pledge stock equity by the Company's directors, supervisors and managerial officers and key shareholders holding over 10% in shareholding**

**(I) The status of changes that directors, managerial officers and major shareholders had transferred and pledged their shares**

Unit: shares

Title	Name	2024 (Note2)		From Jan. 1, 2025 to Apr. 8, 2025	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Chairman	Sherng Tar Industrial Co., Ltd.	(930,146)	None	0	None
	Representative: Wu, Sheng-Hsien	(480,799)	None	0	None
Director	Sherng Tar Industrial Co., Ltd.	-	-	-	-
	Representative: Wu, Ming-Tien	(1,450,555)	None	25,000	None
Director	Vic Hon Enterprise Co., Ltd.	(80,000)	None	0	None
	Lai, Cheng-Shih	0	None	0	None
Director	Shen, Pin-Hsiu	(890,498)	None	(112,000)	None
Director	Lo, Chun-Hsuan	(436,783)	None	0	None
Director	Kaiyang Capital Co., Ltd.	(216,000)	None	0	None
	Huang, Chun-Yu	(1,601,000)	None	0	None
Director	Wu, Chih-Siang	(237,710)	None	0	None
Director	Ma, Chien-Yung	(10,544)	None	0	None
Independent Director	Huang, Yung-Chang	4,000	None	0	None
Independent Director	Hsueh, Ming-Hung	(16,319)	None	0	None
Independent Director	Lai, Ching-Yi	(2,092)	None	0	None
CEO	Kou, Chung-Shan	(41,870)	None	0	None

Title	Name	2024 (Note2)		From Jan. 1, 2025 to Apr. 8, 2025	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
CAO	Wu, Sheng-Hsien (Note1)	(480,799)	None	0	None
CFO	Chiang, Ching-Wei	6,000	None	4,000	None
CTO	Yeh, Wen-Yung (Appointed on Jan, 1, 2024)	0	None	0	None
Group Executive Vice President	Chang, Po-Chang	0	None	0	None
Group Vice President and President of Market Development	Hsu, Yuan-Hua	(1,000)	None	0	None
President of Vacuum Manufacturing	Wang, Yen-Sheng	(9,586)	None	0	None
President of System Integration	Lai, Wen-Cheng (Appointed on Sep, 1, 2024)	0	None	0	None
Highlight Tech (Shanghai) Corp./ President	Wang, Chih-Hung	(8,937)	None	0	None
Vice Presidents	Yang, Hung-Chin	(23,313)	None	6,000	None
Vice President of Business	Huang, Hui-Jen, (Appointed on Jan, 1, 2025)	-	-	0	None
Supervisor of Corporate Governance	Lo, Hsiao-Chiu	0	None	0	None
Accounting Supervisor	Huang, Hsiang-Chun,	0	None	0	None

Note1: The representative of Sherng Tar Industrial Co., Ltd.

Note2: Include the number of shares affected by the capital reduction in cash conducted by the company in the year 2024

**(II) Equity transfer information:** None.

**(III) Equity pledge information:** None.

**VIII. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another**

Apr. 8, 2025; Unit: shares、%

NAME	SHARES HELD IN OWN NAME		Shareholdings of spouse and underage children		Shares held in the names of others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2nd tier under the civil code, and the name and affiliation, if applicable.		Remark
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Relation	
Sheng Tar Industrial Co., Ltd. Representative of juristic person: Wu, Sheng-Hsien	5,450,582	5.76	N/A	N/A	N/A	N/A	Wu, Ming-Tien	Father and son	Note
	1,923,192	2.03	176,674	0.19	5,450,582	5.76			
Wu, Ming-Tien	5,180,482	5.48	0	-	0	-	Sheng Tar Industrial Co., Ltd. Representative of juristic person: Wu, Sheng-Hsien	Father and son	Direct of HTC
Ko Yao Co., Ltd Representative of juristic person: Lin, Yu-Yen	3,864,000	4.09	N/A	N/A	N/A	N/A	None	None	None
	Data Unavailable								None
CTBC Bank Trust Account	3,070,256	3.25	N/A	N/A	N/A	N/A	None	None	None
Shen, Pin-Hsiu	2,659,991	2.81	0	-	0	-	None	None	Direct of HTC
Lai, Chih-Hung	2,413,838	2.55	Data Unavailable						None
Lai, Pei-Yu	2,229,630	2.36	Data Unavailable						None
Kao, Fu-Lai	2,216,913	2.34	Data Unavailable						None
Tienmei Investment Management Consultants Ltd. Representative of juristic person: Wu, Chia-Jou	2,162,642	2.29	N/A	N/A	N/A	N/A	Wu, Ming-Tien	Father and daughter	None
	1,042,772	1.10	Data Unavailable						None
Hu, Chia-Lin	2,124,200	2.25	Data Unavailable						None

Note: Chairman of Highlight Tech Corp. (representative of juristic person),

**IX. Investments jointly held by the Company, the Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company. Calculate shareholding in aggregate of the above parties**

Dec. 31, 2024; Unit: shares 、%

Investees (Note)	Invested by the Company		Investment held by directors, supervisors, managerial officers, and directly or indirectly controlled enterprises		Aggregate investment	
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding
Highlight Tech International Corp.	27,414,695	100	0	-	27,414,695	100
Highlight Tech Japan Co., Ltd.	10,000	100	0	-	10,000	100
Shanorm Tech Co., Ltd.	8,600,000	100	0	-	8,600,000	100
Finesse Technology Co., Ltd.	10,189,353	30.32	3,523,422	10.49	13,712,775	40.81
Schmidt Scientific Taiwan Ltd.	2,551,120	60.96	635,270	15.18	3,186,390	76.14
Htc & Solar Tech Service Limited	12,322,052	35.81	0	-	12,322,052	35.81
Litho Med Trading Co., Ltd.	5,000,000	100	0	-	5,000,000	100

Note: It is a long-term investment company recognized using the equity method.

# Chapter III. Funding Status

## I. Share capital and shares

### (I) Sources of capital: In the latest year and up to the publication date of the annual report, the outstanding type shares:

Apr. 8, 2025; Unit: thousand shares; NTD thousand

Year / month	Price of issue	Authorized capital		Paid-up capital		Remark		
		Quantity	Amount	Quantity	Amount	Sources of share capital	Paid in properties other than cash	Other
Jun. 2020	10	250,000	2,500,000	103,994	1,039,936	Cash capital increase	—	(Note 1)
Feb. 2021	28.3	250,000	2,500,000	115,418	1,154,175	Convertible bonds into common shares	—	(Note 2)
May. 2021	28.3	250,000	2,500,000	116,791	1,167,906	Convertible bonds into common shares	—	(Note 3)
	27							
Sep. 2021	27	250,000	2,500,000	117,128	1,171,276	Convertible bonds into common shares	—	(Note 4)
Nov. 2021	27	250,000	2,500,000	117,191	1,171,906	Convertible bonds into common shares	—	(Note 5)
Feb. 2022	27	250,000	2,500,000	118,202	1,182,017	Convertible bonds into common shares	—	(Note 6)
Aug. 2024	10	250,000	2,500,000	94,561	945,613	Cash capital decrease	—	(Note 7)

Note 1: The Department of Commerce, MOEA approved a cash capital increase of NT\$50,000 thousand through Official Letter Ching-Shou-Shang-Tzu No. 10901081810 On May 29, 2020.

Note 2: The Department of Commerce, MOEA approved the conversion of convertible bonds into common shares of NT\$114,239 thousand through Official Letter Ching-Shou-Shang-Tzu No. 11001016110 On Feb. 2, 2021.

Note 3: The Department of Commerce, MOEA approved the conversion of convertible bonds into common shares of NT\$13,731 thousand through Official Letter Ching-Shou-Shang-Tzu No. 11001075250 On May 3, 2021.

Note 4: The Department of Commerce, MOEA approved the conversion of convertible bonds into common shares of NT\$3,370 thousand through Official Letter Ching-Shou-Shang-Tzu No. 11001148550 On Sep. 1, 2021.

Note 5: The Department of Commerce, MOEA approved the conversion of convertible bonds into common shares of NT\$630 thousand through Official Letter Ching-Shou-Shang-Tzu No. 11001217770 On Nov 26, 2021.

Note 6: The Department of Commerce, MOEA approved the conversion of convertible bonds into common shares of NT\$10,111 thousand through Official Letter Ching-Shou-Shang-Tzu No. 11101011750 On Feb. 9, 2022.

Note 7: The Department of Commerce, MOEA approved a cash capital decrease of NT\$236,404 thousand through Official Letter Ching-Shou-Shang-Tzu No. 11330142150 On Aug 12, 2024.

Apr. 8, 2025

Share category	Authorized capital			Remark
	Outstanding shares (Note)	Unissued shares	Total	
Ordinary shares	94,561,343 shares	155,438,657 shares	250,000,000 shares	OTC-listed company stocks

Note: Circulating shares are OTC common shares.

**Information on self-registration system:** Not applicable.

## (II) List of major shareholders

Apr. 8, 2025; Unit: shares

Name of major shareholders:	Shareholding	Quantity of shareholding	Ratio of Shareholding
Sherng Tar Industrial Co., Ltd.		5,450,582	5.76%
Ming-Tien, Wu		5,180,482	5.48%
Koyao Co., Ltd.		3,864,000	4.09%
CTBC Bank Trust Account		3,070,256	3.25%
Pin-Hsiu, Shen		2,659,991	2.81%
Chih-Hung, Lai		2,413,838	2.55%
Pei-Yu, Lai		2,229,630	2.36%
Fu-Lai, Kao		2,216,913	2.34%
Tienmei Investment Management Consultants Ltd.		2,162,642	2.29%
Chia-lin, Hu		2,124,200	2.25%

## (III) The Company's dividend policy and fact of implementation thereof.

### 1. Dividend policy

#### ■ Article 31-1:

The Company's profit distribution is made after the end of each half of the fiscal year. If there is a surplus in the final accounts of each half of the fiscal year, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, the Company will estimate the retained employee and director remuneration before setting aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. In addition, the special reserve shall be set aside or reversed in accordance with laws and regulations, and the balance shall be added to the accumulated undistributed surplus of previous years as dividends and bonuses available for distribution of shareholders. The amount of distribution shall be prepared by the Board of Directors with a surplus distribution plan and when the distribution is made in cash, it shall be resolved by the Board of Directors; when the distribution is made by issuing new shares, the distribution shall be submitted to the shareholders'

meeting for resolution. If there is a surplus in the final accounts of each half of the fiscal year, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, the Company will set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. In addition, the special reserve shall be set aside or reversed in accordance with laws and regulations, and the balance shall be added to the accumulated undistributed surplus of previous years as dividends and bonuses available for distribution of shareholders. The amount of distribution shall be prepared by the Board of Directors with a surplus distribution plan and when the distribution is made in cash, it shall be resolved by the Board of Directors; when the distribution is made by issuing new shares, the distribution shall be submitted to the shareholders' meeting for resolution.

In accordance with Paragraph 5, Article 240 of the Company Act, the Company authorizes the Board of Directors, with more than two-thirds of the directors present, and a resolution of more than half of the directors present, to distribute all or part of the dividends and bonuses or the legal reserve and capital reserve stipulated in Paragraph 1, Article 241 of the Company Act in cash and reported to the shareholders' meeting.

■ Article 31-2:

The Company operates in the technology industry and is currently in a high-growth stage where R&D, production capacity improvement, and continuous investment are the key to competitiveness and sustainable operation. Thus, the Company's dividend policy is based on the it's future capital budget and capital demand where part of earning will be distributed as dividends to reserve the capital required for the Company's operations. However, if the profitability is greatly diluted as a result, the Board of Directors shall determine the appropriate ratio of cash and stock dividends with reference to operation and capital expenditures, and shareholders' demand for cash inflows. The cash dividends shall account for no less than 20% of total dividends.

The Company manufactures electronic parts and components and continues to develop and improve its competitiveness in production capacity. The key to sustainable operation requires constant capital investment. The Company's dividend policy is formulated based on the Company's future direction and target with measurement of the future annual capital demand for a suitable cash or stock dividend policy.

## **2. Status of dividend distribution proposed at the shareholders meeting**

According to the resolution of the Company's Board of Directors on Mar. 4, 2025, cash dividends of NT\$113,474 thousand will be appropriated from the 2024 earnings with a cash dividend of NT\$1.2 per share, and a cash distribution will be from capital reserve of NT\$75,649 thousand, with a cash dividend of NT\$0.8 per share, totaling NT\$2.0 per share. The cash dividends will be distributed on Jul. 11, 2025 based on the number of shares held by shareholders in the shareholder register on the ex-dividend record date.

### **(IV) The impact of issuance of bonus shares proposed in the present shareholders' meeting upon the Company's business performance and earning per share:** Not applicable.

### **(V) Remuneration to the employees, directors and supervisors**

#### **1. The percentage or range of employee dividends, directors and supervisors' compensation as stated in the Articles of Association:**

According to the Company Act and the Company's Articles of Association, if the Company makes profits in the year, it should allocate 10%~15% as employee remuneration, which is distributed by the Board of Directors in the form of stock or cash. The recipients of the payment include the employees of parents or subsidiaries of the company meeting certain specific requirements. The Company can allocate no more than 2% of the above profit amount as director remuneration by resolution of the Board of Directors. The remuneration proposal to the employees and the Directors shall be reported to the General Meeting of Shareholders.

However, when the Company still has accumulated losses, it should reserve the profit to make up for the loss before allocate employee remuneration and director remuneration in proportion to the preceding paragraph.

The Company's profit distribution is made after the end of each half of the fiscal year. If there is a surplus in the final accounts of each half of the fiscal year, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, the Company will estimate the retained employee and director remuneration before setting aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. In addition, the special reserve shall be set aside or reversed in accordance with laws and regulations, and the balance shall be added to the accumulated undistributed surplus of previous years as dividends and bonuses available for distribution of shareholders. The amount of distribution shall be prepared by the Board of Directors with a surplus distribution plan and when the distribution is made in cash, it shall be resolved by the Board of Directors; when the distribution is made by issuing new shares, the distribution shall be submitted to the shareholders' meeting for resolution. If there is a surplus in

the final accounts of each half of the fiscal year, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, the Company will set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. In addition, the special reserve shall be set aside or reversed in accordance with laws and regulations, and the balance shall be added to the accumulated undistributed surplus of previous years as dividends and bonuses available for distribution of shareholders. The amount of distribution shall be prepared by the Board of Directors with a surplus distribution plan and when the distribution is made in cash, it shall be resolved by the Board of Directors; when the distribution is made by issuing new shares, the distribution shall be submitted to the shareholders' meeting for resolution.

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- 2. The basis for estimating the amount of employee, directors, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual dividend amount and the estimated figure, for the current period:**
  - (1) The estimated basis for employee and director remuneration is based on the range of percentages stated in the Company's Articles of Association and the amount that may be distributed based on past experience.
  - (2) The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure: If the Board of Directors decides for a distribution amount differs from the estimated amount next year, it will be handled according to the change in accounting estimates, and the profit and loss will be adjusted in Board of Directors resolution.
- 3. Remuneration to be distributed as resolved in the board of directors:**
  - (1) The amount of remuneration to employee and directors distributed in cash or shares:** The company's employee remuneration and directors' remuneration distribution in 2024 was approved by the board of directors on March 4, 2025, and it is planned to allocate employee remuneration of NT\$40,985 thousand and directors' remuneration of NT\$8,197 thousand. There is no difference between the aforementioned employee remuneration and director's remuneration and the expenses recognized in the 2024 financial statements.

(2) The percentage of amount of remuneration to employees to be distributed in shares to the aggregate total of the net profit after tax as shown through the individual financial statements or respective financial statements and the aggregate total of remuneration to employees: None.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

On March 8, 2024, the Board of Directors resolved to distribute NT\$9,574 thousand as directors' remuneration, and NT\$54,573 thousand as employees' remuneration in cash. There is no difference between the remuneration distributed by the Board of Directors and recognized in the 2023 financial statements.

**(VI) Repurchase of Company stock:** In the latest year and up to the publication date of the annual report, the Company has not repurchased the Company's shares.

**II. Status of issue corporate bonds:** Up to the publication date of the annual report, the Company has not issued any corporate bonds.

**III. Status of issue and private placement of preferred shares:** As of the publication date of the annual report, the Company has no status of issue preferred shares.

**IV. Status of any private placement of overseas depository receipts:** As of the publication date of the annual report, the Company has no status of any overseas depository receipts.

**V. Status of issue and private placement of employee stock warrants and “new restricted employee shares”:** As of the publication date of the annual report, the Company has no employee stock option certificates and handling of new shares with restricted employee rights.

**VI. Status on issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies:** As of the publication date of the annual report, the Company has not dealt with mergers or transfers of shares from other companies to issue new shares.

**VII. Progress on the use of funds:** For the period as of the quarter preceding the publication date of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the latest 3 years but have not yet fully yielded the planned benefits.

# Chapter IV. Business Performance

## I. Content of business

### (I) Scope of business operation

#### 1. Major contents of the business operation undertaken:

- Design, manufacture and sales of standard vacuum components and vacuum valves.
- ODM, processing, precision welding, assembly and testing of semiconductor, optoelectronic and coating equipment.
- Customized vacuum coating chambers, modules and systems design and manufacture or contract manufacture.
- Design and manufacture of high vacuum and ultra-high vacuum chambers and modules for research institutions.
- Antifreeze distribution and related integration services.
- Sales and maintenance of vacuum pumps.
- CIP pipe modification engineering and sales of ESG Heater Jacket, etc.
- Comprehensive physical cleaning (including laser cleaning, magnetic grinding, etc.).
- Y<sub>2</sub>O<sub>3</sub>, Al<sub>2</sub>O<sub>3</sub>, SiO<sub>2</sub>, WEH® (Fluoride) coating.
- Power source and subsystem maintenance services and sales of semiconductor equipment.
- Microwave power supply system and portable plasma source system monitoring analysis and upgrade services.
- Aluminum alloy hard anodizing and chemical cleaning services.
- Development, manufacturing, sales and maintenance services for micro-bubble wet scrubber energy-saving and waste reduction equipment and key components.

#### 2. Operation proportion

Product	Year
Merchandise sales revenue	2024
Service income	64%
Other	35%
Total	1%

Note: Other refers to rental and commission income.

3. The current merchandise (services) items of the Company

Htc is engaged in the professional manufacture of vacuum components, design, manufacture and sales of vacuum valves, key components, development, manufacturing, sales and maintenance services for micro-bubble wet scrubber energy-saving and waste reduction equipment, sales and maintenance for vacuum pumps, CIP pipe modification engineering, WEH Coating and sales of ESG Heater Jacket for high-tech equipment manufacturer customers in semiconductors, optoelectronics, biochemical technology, medical, food, research, academic units both domestically and internationally. Htc provides the most comprehensive technical services, chemical surface treatment, microwave application equipment, electric power supply repair, plasma process microwave system monitoring and analysis, key components sales and repair of wet scrubbing equipment.

4. New products (services) under development

- In addition to reliability verification and performance optimization of vacuum valves, Htc will invest in the R&D of valves with low vibration, low dust, high temperature resistance and fast action.
- Develop butterfly valves and pendulum valves with three-position settings and provide equipment manufacturers a selection of valves.
- Develop motor-driven vacuum valves and develop control software for a valve with pressure control functionalities and provide international and domestic equipment manufacturers a selection of valves. Collaborate with sensor design manufacturers to include appropriate sensors in the valve to monitor relevant parameters such as temperature, pressure, vibration, and dust volume, to ensure proper operation of the equipment.
- Establish other supply sources of supporting equipment to sell with its own equipment and use the opportunity to search for other potential product development in the future.
- Develop metal-sealed vacuum valves, which can withstand high temperatures and achieve extremely low pressures for the ultra-high vacuum research application.
- Combine vacuum, microwave, plasma and other technologies and applications to develop and manufacture equipment or products that are environmentally friendly, energy-saving, and waste-reducing for industrial and consumer goods.
- Develop new microwave scrubber to provide customers with the best choice in waste gas treatment with compliance with relevant domestic and foreign regulations.
- Develop the third-generation semiconductor-related process equipment as a market strategy.
- Develop new materials and accessories such as WEH Coating and ESG Heater Jacket and establish strategies for the semiconductor and coating markets.

## **(II) Industrial profiles:**

### **1. The status quo and development of the industry**

Vacuum system refers to a system that exists in a vacuum state. With the physical characteristics of vacuum, the vacuum chamber pressure is reduced to the pressure range required to obtain a system for the process environment, especially in applications of cutting-edge technology which is the development trend of the industry. Related applications such as ion implant technology, very large-scale integration production, nuclear fusion power generation, accelerators, optical disk storage, and flat panel displays all require higher vacuum demand or cleanliness to manufacture products with higher quality.

The components of a general vacuum system include vacuum pump, vacuum valve, vacuum gauge, vacuum chamber, flange, connector, vacuum feedtrough, window, trap, baffle, and other components.

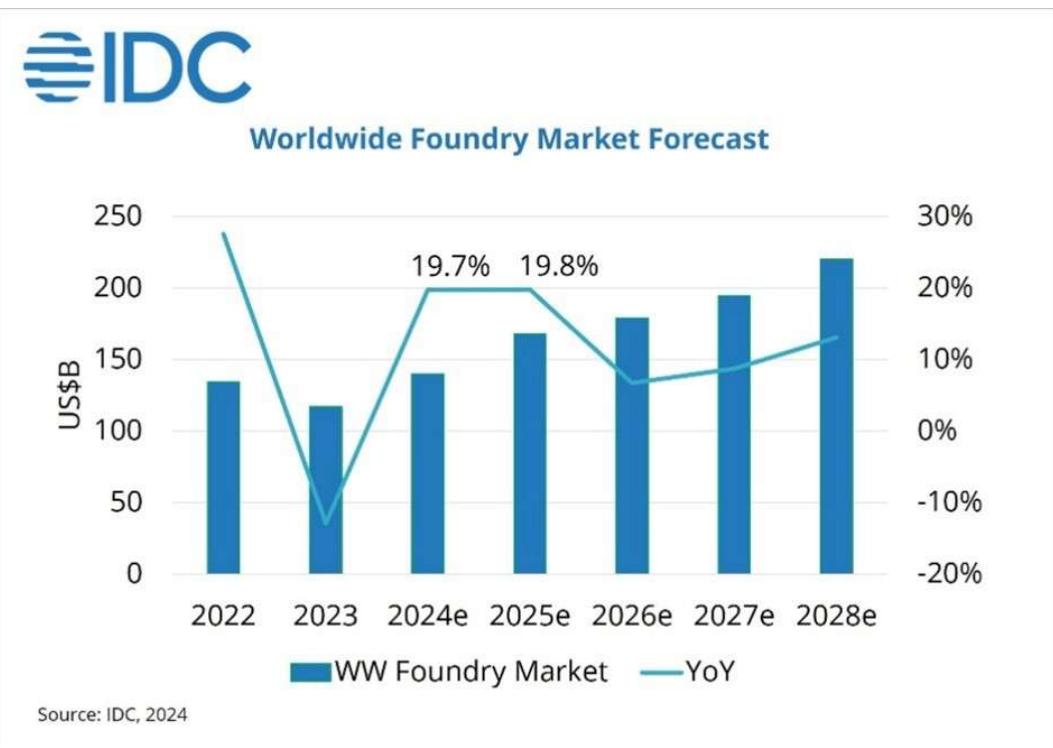
The semiconductor, flat panel display, gallium arsenide, and LED industries related to the business of Htc are closely related to global economic development, industrial technology changes, and market demand. Thus, the development of the relevant industries will be further discussed.

### **Global Semiconductor Industry Trends and Outlook**

According to the latest research from International Data Corporation (IDC) in December 2024, the global demand for artificial intelligence (AI) and high-performance computing (HPC) continues to surge in 2025, facilitating specification upgrades across major application markets, from cloud data centers and end-user devices to specific industries. The semiconductor industry is poised to usher in a new era of prosperity.

Fueled by AI-driven demand for advanced logic process chips and the increasing penetration of high-priced high-bandwidth memory (HBM), the overall semiconductor market is expected to grow by more than 15% in 2025. The semiconductor supply chain, including design, manufacturing, packaging and testing, and advanced packaging, will collaborate to seize a new wave of growth opportunities through upstream and downstream partnerships.

■ Global Foundry Market Forecast



IDC predicts that the semiconductor market in 2025 will exhibit the eight major trends as shown below:

- (1) Semiconductors in 2025: AI-driven high growth continues
 

The semiconductor market is expected to grow by 15% in 2025. The memory sector is projected to grow by over 24%, mainly driven by the increasing penetration of advanced products, such as HBM3 and HBM3e, which are paired with AI accelerators, and the scheduled launch of next-generation HBM4 in the second half of 2025. The non-memory sector is projected to grow by 13%, mainly benefiting from robust demand for chips using advanced processes, such as those for AI servers and high-end smartphone chips. Additionally, the mature process chip market is expected to perform positively, boosted by a recovery in the consumer electronics market.
- (2) Asia-Pacific IC design market heats up, expected to grow 15% in 2025
 

Asia-Pacific IC design companies offer a diverse product mix with applications across globally, including smartphone application processors (AP), TV system-on-chip (SoC), OLED display driver ICs (DDIC), LCD touch and display driver integration (TDDI), WiFi, power management ICs (PMIC), microcontrollers (MCU), and application-specific integrated circuits (ASIC). With inventory levels mostly under control, a recovery in personal device demand, and AI computing demand extending to various applications, thus driving overall demand, the Asia-Pacific IC design market is expected to continue to grow in 2025, with an annual growth rate of 15%.

(3) TSMC continues to dominate Foundry 1.0 and Foundry 2.0

Under the traditional Foundry 1.0 definition, TSMC's market share has steadily grown from 59% in 2023 to an expected 64% in 2024 and will rise to 66% by 2025, far surpassing competitors, such as Samsung, SMIC, and UMC. In the Foundry 2.0 definition (which includes wafer foundry, non-memory IDM manufacturing, packaging and testing, and mask production), TSMC's market share was 28% in 2023. Driven by the significant rise in demand for advanced processes due to AI, its market share is expected to grow rapidly in 2024 and 2025, showing its comprehensive competitive advantages across both old and new industry structures.

(4) Strong demand for advanced processes accelerates foundry capacity expansion.

Advanced process (20nm and below) capacity is expanding rapidly due to AI-driven demand. TSMC is continuing to develop 2nm and 3nm processes at its Taiwan facilities and about to launch mass production of 4/5nm at its U.S. facilities. Samsung is leveraging its early entry into the gate-all-around (GAA) era to refine its 2nm process at its Hwaseong facility in South Korea. Under a new strategic plan, Intel is investing in its 18A process development, aiming to attract more external customers in the coming years. Overall, wafer manufacturing capacity is expected to grow by 7% year-on-year in 2025, of which advanced process capacity will grow by 12%. Average capacity utilization is expected to remain at 90% or above. The semiconductor boom driven by AI demand continues.

(5) Mature process market recovers, with capacity utilization expected to exceed 75%

Mature and mainstream processes (22nm to 500nm) are widely adopted, covering consumer electronics, automotive, and industrial control sectors. In 2025, overall demand is expected to continue to recover, driven by consumer electronics and irregular inventory replenishment, in the automotive and industrial control sectors. The average capacity utilization for 8-inch wafer fabs is expected to rise from 70% in 2024 to 75% in 2025, while 12-inch mature process capacity utilization is projected to increase to 76% or above. Foundry capacity utilization is expected to increase by an average of 5% in 2025.

(6) 2025 is a key year for 2nm wafer manufacturing technology

2025 will be a pivotal year for 2nm technology, with the three major wafer manufacturers launching 2nm mass production. TSMC is progressively expanding its facilities in Hsinchu and Kaohsiung, aiming for stable mass production in the second half of 2025. Samsung, with its usual approach, is expected to begin production earlier than TSMC. With its strategic

adjustment, Intel is focusing on introducing 18A process with backside power delivery network (BSPDN). In the 2nm era, the three major manufacturers will face daunting challenges in PPAC (performance, power, area, and cost), including chip performance, power efficiency, and per-unit-area cost optimization. Mass production of key products like smartphone APs, mining chips, and AI accelerators will simultaneously kick off through the 2nm process. The manufacturers' yield improvement speed and expansion pace will be the focus of market attention.

(7) Packaging and testing industry is restructured, China's market share continues to grow, and Taiwan's AI packaging advantage strengthens

Amid geopolitical influences, the global packaging and testing landscape is undergoing restructuring. Driven by China's "semiconductor self-sufficiency" policy, its mature process capacity for wafer foundry capacity is growing rapidly, with downstream outsourced semiconductor assembly and test (OSAT) industries expanding accordingly, forming a complete manufacturing industry chain. Taiwan's companies are showcasing another facet of industrial strength, accelerating capacity expansion in Taiwan and Southeast Asia, and enhancing expertise in advanced packaging technologies for AI chips. In 2025, China's packaging and testing market share is expected to continue rising, while Taiwan's companies will solidify their packaging advantages in high-end chips like AI GPUs. The overall packaging and testing industry is projected to grow by 9% in 2025.

(8) Advanced packaging: Development in FOPLP enhanced, and CoWoS capacity doubles

Semiconductor chip functionality and performance requirements continue to rise, making advanced packaging technologies increasingly important. Starting in 2025, fan-out panel-level packaging (FOPLP) is expected to experience rapid growth, with glass-based processes primarily adopted for small chips like PMICs and radio frequency (RF) chips. After years of technological development, it is anticipated to enter the AI chip market, which demands larger packaging areas, and adopt glass-based products with higher technical barriers. Additionally, with HPC customer demands from NVIDIA, AMD, AWS, Broadcom, and cloud service providers (CSPs), TSMC's Chip-on-Wafer-on-Substrate (CoWoS) capacity is set to double, expanding from 330,000 units in 2024 to 660,000 units in 2025, a 100% year-on-year increase. The CoWoS-L product line, with a 470% year-on-year growth, will be the main driver. Taiwan's equipment supply chain, including key process equipment manufacturers for wet etching, dispensing, and die picking, will gain more growth opportunities from this capacity expansion wave.

IDC indicates that the global semiconductor industry will continue to achieve double-digit growth in 2025, but it must address multiple challenges, such as geopolitical risks, global economic policies (including industrial subsidies, trade tariffs, and currency interest rates), end-market demand, and supply-demand changes due to increased capacity. All are critical aspects to observe in 2025.

#### Foundry ranking

According to TrendForce's latest survey, in Q4 2024, the global wafer foundry industry exhibited polarized development. Advanced processes benefited from growth in emerging applications like AI servers, as well as continuous new orders for flagship smartphones' APs and new PC platforms, driving the growth of high-priced wafer shipments. This offset the impact of slowing demand for mature processes. The top ten foundries collectively achieved nearly 10% quarter-on-quarter revenue growth, reaching a record high of US\$38.48 billion.

Based on the analysis of the Q4 2024 performance of major foundries, benefiting from sustained shipment momentum for smartphones and new HPC products, TSMC's wafer shipments grew quarter-on-quarter, with revenue growing to US\$26.85 billion, maintaining its leadership with a 67% market share.

Despite revenue contributions from new advanced process customers, Samsung Foundry in the second place struggled to fully offset losses from shifting orders by major customers, resulting in a slight 1.4% quarter-on-quarter revenue decline to US\$3.26 billion, with an 8.1% market share.

Affected by customer inventory adjustments in Q4 2024, third-place SMIC's wafer shipments declined quarter-on-quarter. However, new 12-inch capacity and optimized product mix led to a quarterly increase in blended ASP. After offsetting, revenue increased by 1.7% quarter-on-quarter to US\$2.2 billion, with a 5.5% market share.

Due to customers' early restocking, fourth-place UMC's capacity utilization and shipments were better than expectations, mitigating ASP declines, with revenue dropping only 0.3% quarter-on-quarter to US\$1.87 billion.

Fifth-place GlobalFoundries's wafer shipments also grew quarter-on-quarter, partially offset by a slight ASP decline, with a 5.2% quarter-on-quarter revenue increase to US\$1.83 billion.

For sixth-place HuaHong Group, HHGrace's 12-inch capacity utilization slightly increased, leading to modest growth in wafer shipments and ASP. Its another subsidiary, HLMC, significantly benefited from appliances inventory replenishment and consumer subsidies in China, boosting capacity utilization. Overall, HuaHong Group's revenue grew 6.1% quarter-on-quarter to US\$1.04 billion.

For seventh-place Tower Semiconductor, the impact of lower capacity utilization in Q4 2024 was offset by ASP improvements, with a 4.5% quarter-on-quarter revenue increase to US\$387 million.

Eighth-place VIS's wafer shipments and capacity utilization declined due to weaker consumer demand, partially offset by ASP growth, with a 2.3% quarter-on-quarter revenue drop to US\$357 million.

It is worth noting that despite slower demand for panel-related display driver ICs (DDIs), Nexchip's sustained shipment momentum for CMOS image sensors (CIS) and PMICs led to a 3.7% quarter-on-quarter revenue increase to US\$344 million in Q4 2024, climbing to ninth place—the only one whose ranking changed this quarter.

Weaker demand for memory foundry and consumer-related products led to a quarter-on-quarter revenue decline for PSMC, making it drop to tenth place. However, for the full year of 2024, PSMC's revenue slightly exceeded Nexchip's.

#### ■ Global top ten foundry revenue rankings in Q4 2024

4Q24全球前十大晶圓代工業者營收排名 (單位：百萬美元)

Ranking	Company	Revenue			Market Share	
		4Q24	3Q24	QoQ	4Q24	3Q24
1	台積電(TSMC)	26,854	23,527	14.1%	67.1%	64.7%
2	三星(Samsung)	3,260	3,305	-1.4%	8.1%	9.1%
3	中芯國際(SMIC)	2,207	2,171	1.7%	5.5%	6.0%
4	聯電(UMC)	1,867	1,873	-0.3%	4.7%	5.1%
5	格羅方德 (GlobalFoundries)	1,830	1,739	5.2%	4.6%	4.8%
6	華虹集團 (Huahong Group)	1,042	982	6.1%	2.6%	2.7%
7	高塔半導體(Tower)	387	371	4.5%	1.0%	1.0%
8	世界先進(VIS)	357	366	-2.3%	0.9%	1.0%
9	合肥晶合(Nexchip)	344	332	3.7%	0.9%	0.9%
10	力積電(PSMC)	333	336	-0.7%	0.8%	0.9%
<b>Total of Top 10</b>		<b>38,482</b>	<b>35,001</b>	<b>9.9%</b>	<b>96%</b>	<b>96%</b>

備註1：3Q24--1美元兌換1,355韓圜；1美元兌換32.3台幣

備註2：4Q24--1美元兌換1,399韓圜；1美元兌換32.3台幣

備註3：三星僅計入晶圓代工事業部之營收

備註4：力積電僅計入記憶體與邏輯晶圓代工營收

備註5：華虹集團包含華虹宏力及上海華力

Source: TrendForce, March 2025



According to another TrendForce's report, the mature process (28nm and above) capacity of major China's foundries nearly doubled from 2020 to 2024. With significant expansion of mature process capacity, on one hand, it will meet demand for domestic IC substitutes, but on the other, lead to overcapacity amid sluggish macroeconomic conditions and end-market sales, putting pressure on foundry pricing.

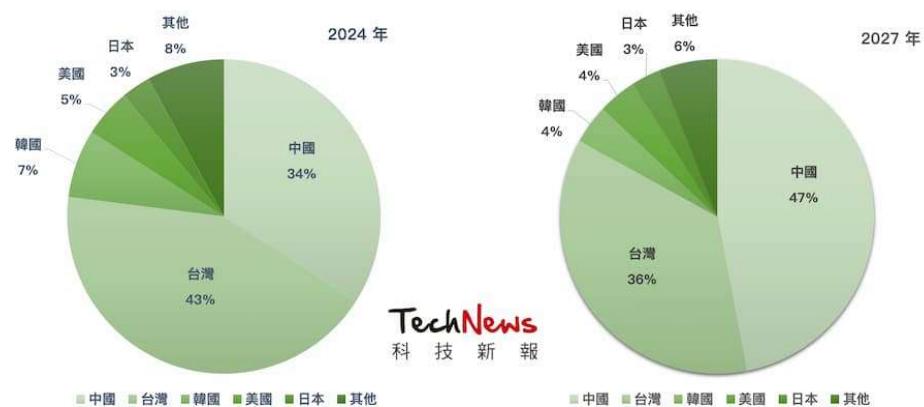
TrendForce points out that starting in 2025, China's foundries will become the primary contributors to mature process capacity growth, and the top ten global mature process foundries expect to see a 6% capacity increase. Furthermore, with expansion of new production capacity, by the end of this year, China's wafer foundries' mature process capacity will account for over 25% of the top ten players, with the most significant increase in 28/22nm production capacity.

Mature processes are mainly used for driver ICs, power management ICs, and microcontrollers (MCUs). Key China's mature process foundries include SMIC, Hua Hong Semiconductor, Leadcore Technology, and Nexchip, while Taiwan's players include UMC, PSMC, and VIS, and the U.S. side is represented by GlobalFoundries.

As China's wafer capacity rapidly expands, the global mature process market is inevitably impacted, particularly U.S.-based GlobalFoundries and Taiwan-based UMC, PSMC, and VIS.

#### ■ 2024 vs. 2027 Mature process capacity share by region

2024 vs 2027 年成熟製程各地產能占比



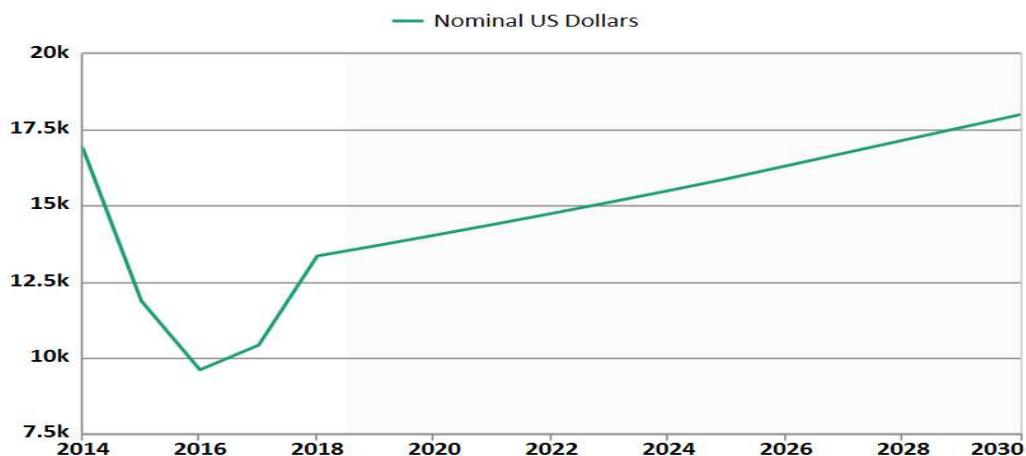
資料來源：TrendForce，科技新報整理

Overall, the continuous expansion of China's mature process capacity will undoubtedly pressure global supply chains and market pricing. However, with Trump's re-election and a move to reimpose Section 301 tariffs, the difficulty for foreign companies to source chips from China may increase, accelerating semiconductor companies' shift to Southeast Asia and other overseas markets. Whether the Trump administration will impose new measures against China's semiconductor industry remains to be observed.

## 2. Association among the up-, mid- and down streams

The price of the main raw materials such as stainless steel in the upstream of the vacuum industry is stable where domestic manufacturers can already supply some high-grade steel products such as 316LN ESR, which helps to obtain high unit price products. However, there is still a minimum batch limit for steel procurement, and there are various sizes and specifications of steel requirements for different products. For processing plants, steel inventory will cause considerable financial burden.

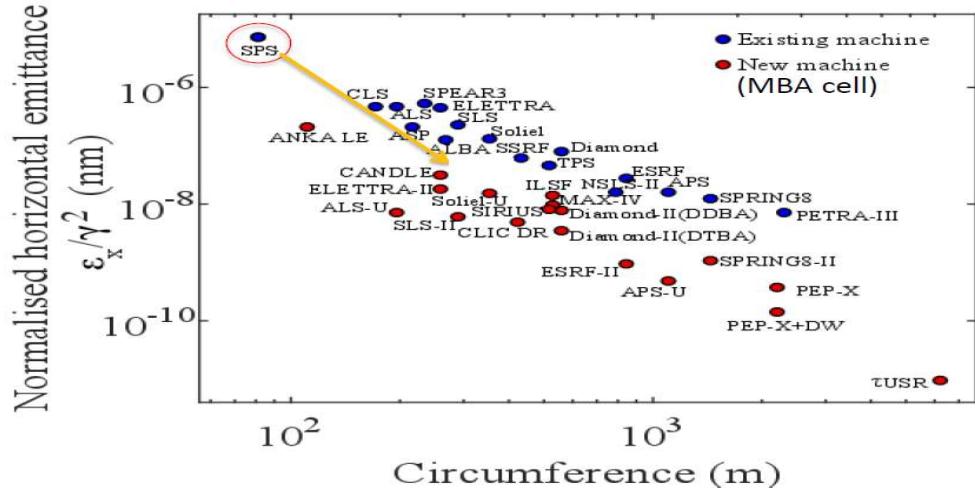
### ■ Forecast Nickel Price by World Bank \$/mt



The upstream of the vacuum industry are material and parts manufacturers, among which high-end materials and key parts such as high vacuum pumps or vacuum gauges are still controlled by advanced countries, while the industry midstream are equipment manufacturers concentrated in Japan, Europe, and the United States. Though major international equipment manufacturers have successively set up assembly plants in Asia in recent years, the design and R&D is still mainly conducted at the original factory where the downstream electronics manufacturers are mostly concentrated in Asia.

Research institutions are also the main application for vacuums. In addition to universities, synchrotron radiation accelerators use the most ultra-high vacuum products because of their large structure and extremely high requirements for vacuum and cleanliness and only a few suppliers have the capability to contract its equipment and engineering projects. For the vacuum system cavity components required for the construction of multiple synchrotron advanced light source facilities (New Light Source or Upgrade) around the world in the next 10 years, Htc strives to be contracted by Taiwan's vacuum manufacturer under the guidance of the Taiwan Synchrotron Radiation Center. Through vacuum technology transfer and education and training, accelerator vacuum system design consultants, assistance in contacting and visiting foreign accelerator institutions, and participation in international conferences, exhibitions, and promotions, Htc assists manufacturers with division of labor and collaboration to obtain manufacturing orders for international accelerator vacuum system components.

- Newly built international Ultra-low Emittance Light Source facilities in the recent years



### 3. Product Development Trends and Market Competition

Vacuum technology is the foundation of the modern technology industry such as semiconductors, optoelectronics, biotechnology, medical care, energy, food, etc. and each holds great importance to the vacuum industry. Among them, as the semiconductor foundry and TFT-LCD panel production region are concentrated in Asia, it not only brings considerable business opportunities for vacuum equipment, but on the other hand, the semiconductor/flat panel display market demand is closely linked with global economic fluctuations. While manufacturers invest in equipment or implement inventory adjustments, they also determine the market demand for vacuum equipment and machines.

Advanced materials and key components such as high-vacuum pumps or vacuum gauges are still in the hands of advanced countries such as Europe, America and Japan, and major vacuum factories tend to operate in a group. For example, the Swedish Atlas Copco Group has successively acquired Edwards in the United Kingdom and Leybold and Brooks cryo pump departments in Germany. Germany's Pfeiffer also acquired France's Adixen and America's NorCal where the original branding still maintains in the market. China is also actively developing key vacuum components such as dry vacuum pumps, and even researching and developing front-end semiconductor vacuum equipment, which may help them to clinch a spot in the vacuum market in the next 10 years.

### (III) Technology & know-how and research & development in summary:

#### 1. R&D expenses for the most recent year

Year	2023	2024	Unit: NTD thousand
R&D expenditure	229,470	221,261	
Net operating revenue	4,205,436	3,934,267	
R&D expenditure ratio	5%	6%	

2. Successfully developed technology or product

Year	Product	Description and function
2024	Fast shutdown valve	<ol style="list-style-type: none"> <li>1. The Fast Shutdown Valve adopts a simple and easy to maintain design with quick opening and closing capability at 1 bar differential pressure, and is suitable for pump isolation and high by-product containing gas flow applications. Its wedge-shaped structure is designed for isolation of highly dusty gas flow and is usually installed at the inlet side of vacuum pumps to ensure quick close during abnormal shutdowns and system stability.</li> <li>2. With the emphasis on industrial safety in semiconductor manufacturers, the need for LOTO (lockout and tagout) functions has increased. The LOTO option for fast shutdown valve prevents misoperation and enhances operational safety and product reliability.</li> <li>3. This new product will increase market share and international competitiveness.</li> </ol>
	Low-vibration and Low-dust Generation Electric Rectangular Valves for Semiconductor Equipment	<ol style="list-style-type: none"> <li>1. As semiconductor equipment enters the process below 5nm, equipment manufacturers are putting forward increasingly high requirements for vibration and dust prevention of valves. To meet this demand, we have developed a low vibration, low dust-generating rectangular valve to meet critical process requirements.</li> <li>2. The product incorporates a number of technologies, including L-Motion technology to avoid particle generation, T-bar and Bellows shaft sealing technology, pressure bar technology to evenly distribute disc pressure, and coherent technology to create a smooth, low-shock motion. By controlling the changes in inlet and exhaust pressures, valve vibration is reduced and dust generation is minimized.</li> <li>3. With the advantages of easy operation, low vibration, and low dust generation, the product can increase its market share and international competitiveness.</li> </ol>
	Multi-piece APC Butterfly Valve	<ol style="list-style-type: none"> <li>1. Large single-piece APC butterfly valves require a large thickness, which affects the pumping capacity of the PUMP and leads to uneven air flow.</li> <li>2. Multi-piece APC butterfly valves can effectively solve the thickness problem with a thinner body, balanced air flow, faster opening/closing speed and pressure control function, and can satisfy customers' multiple choices and needs.</li> </ol>

Year	Product	Description and function
	Dry Pump Rotor Development	<ol style="list-style-type: none"> <li>1. It was to solve the material shortage problem and improve the self-sufficiency of key components.</li> <li>2. We develop the required rotors for the seven types of Dry Pumps with the largest maintenance volume.</li> </ol>
	Dynamic balancing technology	<ol style="list-style-type: none"> <li>1. If a rotor is too imbalanced, it will lead to shorter uptime, so dynamic balance calibration is required. This technology is to establish our dynamic balancing capability to avoid consuming manpower and material resources for outsourced calibrations.</li> <li>2. We can confirm its operation on machines and two rotor calibration methods.</li> </ol>
	Intelligent semiconductor manufacturing scrubber	<p>This solution reduces labor costs and provides real-time alerts for the many exhaust equipment that currently require regular manual inspections and maintenance.</p> <ol style="list-style-type: none"> <li>1. SCMS 1.0: Windows-based platform for real-time exhaust gas monitoring by installing sensors on Chamber, Valves, Turbine Pumps, Dry Pumps, Scrubbers, and Pipelines.</li> <li>2. SCMS 2.0: Linux-based web page and virtual container that focuses on dry pump requirements, with life prediction AI and visualization platform, development flexibility and transferability to different systems.</li> </ol>
	Wet stripping equipment vibration test platform	<ol style="list-style-type: none"> <li>1. In semiconductor wet photoresist removal equipment, when the rotor rotates at high speed, the uneven distribution of wafer batch size and weight will cause excessive vibration, resulting in wafer breakage.</li> <li>2. We have developed a rotor balance correction platform and vibration damping technology to successfully solve the problem of broken wafers when stripping wafers of different materials (e.g. Si, GaAs, SiC, etc.).</li> </ol>
	Semiconductor wet stripping equipment	<ol style="list-style-type: none"> <li>1. Fully independently designed equipment is used for semiconductor photoresist removal and stripping processes.</li> <li>2. Htc has the complete capability of designing the circuit boards and developing the operating software, and design and manufacture key components.</li> <li>3. The equipment can adjust the stripping parameters according to the customer's needs to maintain high cleanliness in the stripping chamber and to ensure the time and uniformity requirements for photoresist removal and stripping.</li> </ol>

Year	Product	Description and function
	Dry ozone photoresist removal equipment	<ol style="list-style-type: none"> <li>1. We developed dry photoresist stripper, semiconductor equipment using the organic matter oxidized by highly active free radicals.</li> <li>2. It can address the problem of stripping photoresist that is deep and difficult to remove in the 3D IC process and can also reduce the amount of chemicals required in the wet removal process.</li> </ol>

#### **(IV) Long- and short-term business development programs**

1. Short-term business development programs
  - Integrate the upstream, midstream, and downstream industry chains, develop exhaust gas treatment equipment for semiconductor and optoelectronic factory systems, and become a complete solution provider in the vacuum industry.
  - Strengthen the extension of the value chain of the vacuum industry, enter the pipeline design/piping market, expand sales of Micro-bubble wet scrubbers, and provide customers with one-stop services for Valve, Chamber, Dry pump, Turbo pump, Piping, Scrubber and so on.
  - Evaluate adding regional agents to promote our own brand of valves.
  - Collaborate with system integrators and engineering companies to integrate resources and enhance order-taking capabilities.
  - Expand Micro-bubble wet scrubber sales and provide subfab integration solutions.
  - Provide vacuum-related technical services and professional technical support at the early design stage and become an irreplaceable partner for the customers.
  - Promote comprehensive physical cleaning and implement ESG sustainability plans.
  - Promote environmentally friendly and energy-saving heating jackets to meet customer needs for energy-saving products.
2. Long-term business development programs
  - Follow customers' overseas expansions to promote international business.
  - Penetrate domestic and international equipment manufacturers to become their Tier 1 vacuum valve supplier.
  - Develop key components, create high added value products, and provide customer sales/OEM/maintenance and repair/consulting services.
  - Extend key component technologies to broaden applications in other industries.
  - Assess overseas market agents/distributors to promote our own brand in new markets.
  - Integrate the services and products with the most customer demand, such as power supply maintenance and repair, parts clean, pump maintenance and repair, exhaust gas treatment, vacuum parts, and expand the market and upgrade the services to create a win-win situation.

- Cultivate professional engineers to establish aluminum alloy welding technology to undertake orders for ultra-high vacuum or ultra-high clean aluminum alloy components.
- Participate in university-industry collaboration projects, establish ultra-high vacuum related technologies through technology assistance, technology transfer, etc., and seek out opportunities to contract vacuum system components for international accelerators.
- Continuously evaluate market and technical information, and find suitable targets for investment, mergers and acquisitions or technology transfer.

## II. Markets, production and marketing in summary

### (I) Market analyses

#### 1. Sales (distribution) regions of key products (services)

		2023		2024	
		Sales	%	Sales	%
Year	Region				
	Domestic sales	3,376,739	80%	3,324,920	85%
	Export	828,697	20%	609,347	15%
	Total	4,205,436	100%	3,934,267	100%

Unit: NTD thousand; %

#### 2. Market share

The market share of Edwards turbomolecular vacuum pumps represented by Htc is higher than that of its competitors in Taiwan market. It is the largest repairer for vacuum valves and currently the top 3 for dry pump repairs. It is also the top company for third party repairs. On the other hand, as the scale of Taiwan's semiconductor factories is the largest in the world with the most advanced manufacturing processes, the number of semiconductor subsystems repaired by Htc has gradually increases every year.

#### 3. The future market supply and demand and growth potential

The significant expansion of China's mature process capacity has impacted Taiwan's major foundries in recent two years, indirectly affecting repair and maintenance service orders. However, stricter U.S. regulations on U.S. companies sourcing from China's wafer foundries are expected to gradually mitigate the impact of China's excess capacity on Taiwan's mature process wafer foundries. In advanced processes, as TSMC expands capacity, market demand is expected to gradually recover.

4. Competitive Niche and the Advantages and disadvantages of Development and Countermeasures

(1) Competitive niche

A. Meet industrial standards and high-quality requirements for the international market

Manufacture and sales of vacuum components and equipment. Every step in the production of vacuum components from the design will impact the success of the product, such as the correct selection of materials, appropriate size fitting, special weld bead design, and precision welding, while keeping the workpiece clean with a damage-free surface and raw material quality control. After the product is completed, it is inspected carefully to check whether the welding is complete or empty. Htc design engineers, manufacturing control and processing personnel have accumulated more than 20 years of vacuum-related experience, established standard procedures, and applied this technology to the manufacture of vacuum valves, welded diaphragm bellows, vacuum chambers and systems. The Company is the only domestic manufacturer with this capability. The current vacuum components of Htc have been adopted by major international vacuum manufacturers for ODM and OEM application and have passed the certification of vacuum equipment manufacturers in the United States and Japan. The Company has successfully establish the market in the US and Japan and become the supplier of major domestic semiconductor and optoelectronic manufacturers which is the best proof and recognition from domestic and foreign customers of the Company's technology and quality.

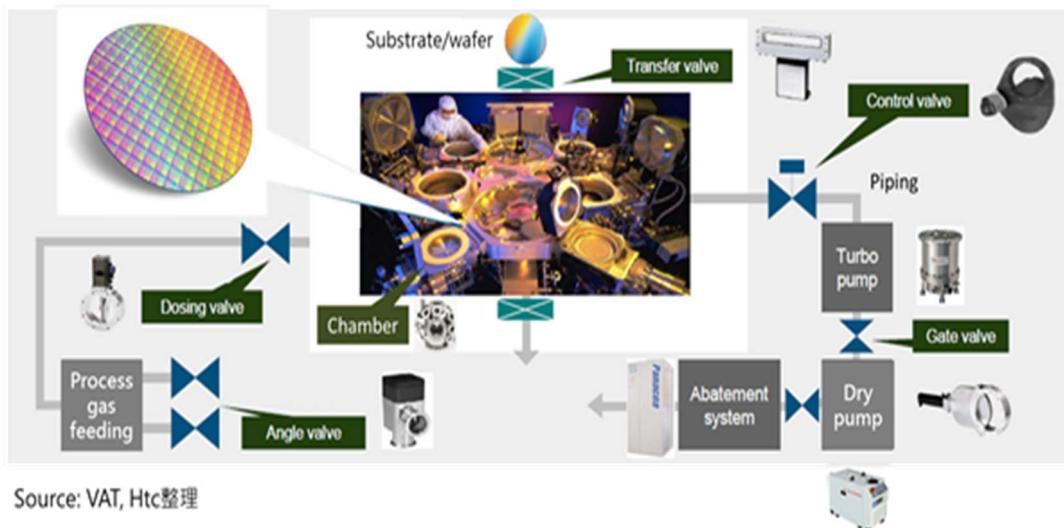
B. Complete Vacuum Pump and Vacuum System Maintenance Capabilities

The Company's technology for the sales and maintenance of vacuum pumps is concentrated in high-vacuum or high-clean pumps such as turbo molecular pumps, screw pumps and mechanical dry pumps. The turbo molecular pumps maintenance engineers of Htc are sent to the Japanese plant every year to receive strict training and Japanese technicians also come to Taiwan for technical exchanges from time to time. The Company has set up complete maintenance centers in both Hsinchu and Tainan with the advanced tools and equipment even surpass the Japanese plant and the maintenance quality is well received by customers. Compared with other domestic distributors who need to send the equipment back to the original plant for maintenance, the Company is currently the only distributor in Taiwan that has vacuum pump maintenance technology. In addition, the Tree Valley Park factory in Tainan has been put into service in 2023 with

the Htc built Class 100 clean production line and Class 1000 cleanroom for advanced manufacturing processes. It will become the first and only one-stop maintenance manufacturer in the industry, covering self-cleaning, maintenance, assembly, and testing. With skilled and in-time maintenance technology to meets the needs of domestic industry, coupled with the supply of various components required by the vacuum system and the overall system solution, it is not limited to a vacuum pump or a vacuum chamber, but the overall complete vacuum system operation that customers care the most.

The Htc market positioning and direction are towards a Total Service Solution, providing customers with complete and convenient equipment and technical services through integrated service solutions. The Company is committed to meeting the customer demand in the market. Thus, the Htc maintenance team has become an indispensable key partner for the manufacturers' equipment operation at most industrial parks.

- The following figure is the layout of the vacuum system



## (2) Advantages and disadvantages of development and countermeasures

### A. Advantages

Huge potential market

With the technology, environmental protection, energy saving development and other trends in the consumer electronics, auto parts coating, and tool coating industries, coupled with the process of manufacturing and mainlandization, vacuum equipment has been widely used in semiconductor and optoelectronic industries. In the future, with the science and technology development, the requirements for product precision will increase, and the technology industry will have increasingly strict requirements on the vacuum environment. Thus, the demand for vacuum pumps and the

technology requirements will also increase. As domestic major manufacturers continue to invest in domestic semiconductor industry, and the optoelectronic industry is driven by TFT-LCD manufacturers, the demand for equipment will continue to grow. With the investment in these industrial equipment, high-tech plants, clean rooms, vacuum equipment, and components, the demand will bring huge business opportunities to the industry.

Due to the lack of technological maturity of Taiwan's companies, this industry is mostly monopolized by foreign companies. However, under the premise that the domestic demand market is large and there are requirements for maintenance services, foreign manufacturers have also begun to seek partners for maintenance technology transfer. Thus, domestic manufacturers will have great room for development if they can secure technical support and have production capacity in the future with the domestic advantages.

The industry emphasizes after-sales service and maintenance capabilities, which is conducive to the development of domestic equipment manufacturers

Since most of the vacuum process equipment is used by high-tech manufacturers for the production process and mass production, the efficiency of the vacuum equipment will influence the user's control of product quality. Thus, although vacuum equipment is not required for production, it is a necessary equipment for process control, and it has a great impact on product yield. In addition to the requirements for the function and cost of vacuum equipment, customers have extremely strict requirements for future after-sales service, maintenance capabilities and timeliness of maintenance where maintenance capabilities are often the key considerations for customers. It is the Company's advantage to be able to provide timely repair and maintenance nearby.

Horizontal integration, in-house vacuum components, providing customers with all-round services with high market recognition

To prevent the risk of material shortage and broken supply chains, the Company has started the development of key components. In addition to the maintenance of vacuum equipment such as the corresponding components, requires regular maintenance and replacement for the flanges, clamps, center rings, gaskets, various valves, vacuum pipes, and telescopic hoses except for the core vacuum pump. Thus, in addition to vacuum pumps, the timely and effective coordination of related components is also the key to maintenance effectiveness. Since the component technology for domestic industry has matured, the benefit of horizontal integration will provide a relatively favorable environment for the domestic industry.

Collaborate with domestic and foreign academic and industries to effectively obtain the source of information and technology

The vacuum equipment manufacturing industry is a technology-intensive and capital-intensive industry with high barriers to entry, and advanced countries such as Europe, the United States, and Japan have accumulated decades of experience. Due to the gap in capital and human resources, the Company actively collaborates with domestic academic institutions, such as ITRI, NCSIST, MIRDC, National Taiwan University and National Cheng Kung University, to develop equipment components and other products to further improve equipment repair and maintenance capabilities, and thus obtain opportunities for future advanced R&D.

Government policy support

The optoelectronic and semiconductor industries are the government's continuous key counseling industries. For the upstream equipment industry, the Ministry of Economic Affairs has established the "Precision Machinery Industry Development Committee Project" to encourage establishment in equipment industry. In addition, various domestic academic institutions such as the MIRDC and ITRI actively invests in the R&D of related technologies, providing equipment manufacturers with technical resources and information exchange channels. The MIRDC also undertakes the "Optoelectronics and Semiconductor Equipment Industry Development Plan" of the Industrial Development Bureau and establishes a semiconductor component testing platform. The platform hardware system is established by simulating the terminal business environment. In the future, various test methods such as vacuum, flow field, and plasma will be provided to meet the performance test requirements of different components, thereby improving the accuracy and value of test data. The Company won the "Taiwan Mittelstand Award" in 2021 through the exchange of academic units and participation in various government incentives and counseling preferential measures.

## B. Disadvantages and countermeasures

Difficulty in hiring R&D talents in vacuum equipment related fields  
Different from the traditional mechanical equipment industry, vacuum process equipment is widely used in the R&D and high-tech production. The technology of vacuum equipment not only covers traditional mechanical principles but includes the integration of related technologies such as physics, chemistry, materials, and electronics. As the vacuum technology covers several expertise, and

the industry is still in its infancy, both capital, scale of operation and talent are generally insufficient.

#### Countermeasures

- a. Integrating all relevant domestic and international R&D units to expand the R&D and product development capabilities through collaboration with major manufacturers in advanced countries.
- b. Seek collaboration opportunities with upstream and downstream manufacturers to improve the technology in vacuum equipment.
- c. Advocate international collaboration to improve the Company's technology by spotting the technological trend in developing new products in advanced countries.

Geopolitical risks increase.

With U.S. tariff policies, global supply chain shifts will become an inevitable trend, increasing global trade uncertainties and adding pressure to overseas expansions.

#### Countermeasures

The Company will cautiously yet proactively meet customer needs and increase overseas capacity expansions, to further serve customers.

## **(II) Manufacturing process and key purposes of our principal products**

### 1. Key purposes of our principal products

Product	Key purposes
Vacuum components	The structural parts to create vacuum. After assembling the vacuum components in a specific way, the vacuum pump can be used to discharge the air to create a vacuum environment which is to reduce the boiling point of the vapor deposition, avoid gas interference to cause film defects and increase the time to study the film surface. Vacuum environment has become an indispensable element of modern technology.
Vacuum Pump	A device or equipment which uses mechanical, physical, chemical or physicochemical methods to evacuate the evacuated container to obtain vacuum. Generally speaking, a vacuum pump is an equipment that uses various methods to improve, generate and maintain vacuum in a closed space. It is widely used in industries such as semiconductor, optoelectronic, solar energy, machinery, chemical, and medical.

Product	Key purposes
Technical service for equipment cleaning and regeneration	Provide customers with ultra-clean cleaning and surface treatment services for the peripheral needs of OLED equipment components from semiconductor equipment manufacturers.
Vacuum	It is used in a wide range of applications, including hardened coatings for cutting tools, surface decoration coatings, anti-electromagnetic radiation coatings, reflective and protective coatings for car headlights, back contact coatings for thin-film solar cells, optical coatings, and wear-resistant and anti-corrosion films where the requirements of coating specifications are completed by the appropriate manufacturing process and equipment. Vacuum technology and equipment play an important role in the semiconductor industry. For example, the four main processes of semiconductors: thin film, etching, yellow light and diffusion are all indispensable to the use of vacuum equipment, and the semiconductor technology has been developed to the nanometer. Vacuum parts and Vacuum equipment is a key element.
Scrubber	Combined with the patent (Micro-bubble wet scrubber), the development of microwave plasma scrubber can effectively crack, destruct and remove perfluorinated compounds in the process with an efficiency of 99.9%, and effectively eliminate PFCs in water. Micro-bubble wet scrubber has been used in the semiconductor industry and it is verified that the PM2.5 removal rate is greater than 95%. The development of Microwave Plasma Scrubber can provide customers with more efficient and environmentally friendly exhaust gas treatment solutions, and help customers comply with relevant regulations on gas emissions.

## 2. The manufacturing process of key products

- Vacuum component products such as flange, clamp, center ring, fitting, bellows, valve, and chamber are mainly used in the assembly and connection of pipelines in vacuum systems, as well as the vacuum environment chambers required for the process. The main manufacturing process is forming, turning and milling, welding, assembly, leakage testing and functional testing.
- The process of pump maintenance is roughly divided into dismantling, cleaning, surface treatment, and assembly. After the test is completed, it will be sent back to the customer's production line for installation.
- Vacuum equipment production process: process technology and acceptance standard formulation, ⇒ architecture planning, ⇒ detailed design, ⇒ outsourcing manufacturing and procurement, ⇒ assembly, ⇒ testing, ⇒ client, ⇒ installation and acceptance, and ⇒ after-sales service.
- Micro-bubble wet scrubber production process: process technology and acceptance standard formulation, ⇒ architecture planning, ⇒ detailed design, ⇒ outsourcing manufacturing and procurement, ⇒ assembly, ⇒ testing, ⇒ client, ⇒ installation and acceptance, and ⇒ after-sales service.

## (III) Supply status of major raw materials

### Environmental overview

In 2024, global supply chains continued to face challenges from geopolitical conflicts, climate change, and uneven economic recovery. As a key supplier in the semiconductor and vacuum equipment industries, Htc has reinforced supply chain resilience and undertaken sustainable transformation through strategic adjustments and digital management amid raw material supply, cost fluctuations, and market demand changes. The following outlines the annual operational overview from three major aspects:

#### 1. Analysis of main raw materials

Raw materials (e.g., stainless steel, aluminum, IC chips, and electronic control components) in 2024 were affected by multiple factors:

- (1) Geopolitical and transportation risks: Attacks on merchant ships in the Red Sea led to rerouting, and drought in the Panama Canal reduced large vessel passages by 36%, causing an increase in international shipping costs and delivery uncertainties.
- (2) Semiconductor supply chain adjustments: The global semiconductor industry underwent an inventory destocking cycle. IC chip demand recovered, but distributors' inventories remained high, limiting upstream foundries' order recovery and leading to inventory fluctuations.
- (3) Diversified procurement strategy: The Company will continue the existing geographic diversification policy, primarily source stainless steel and aluminum from Taiwan, mainland China, South Korea, and Japan. Futures contracts are used to lock in prices, to mitigate the impact of short-term price fluctuations.

## 2. Supply chain stability strategies

To address supply chain disruption risks, the Company takes the following measures:

- (1) Proactive risk management: The Company has optimized the "EC e-commerce" system; integrated smart query big data prediction tools to monitor raw material inventory and delivery schedules in real-time, and established an anomaly alert mechanism to shorten decision-making response times.
- (2) Multi-sourcing and nearshoring: The Company has added secondary suppliers for critical materials and incorporated nearshore production in East and Southeast Asia (e.g., Malaysia, Indonesia, and Vietnam) to diversify geopolitical risks.
- (3) Strengthened supplier partnerships: The Company has signed long-term agreements with core suppliers, implemented vendor-managed inventory (VMI) to ensure stable inventory for key raw materials, and guided suppliers to comply with ESG standards, such as employee and carbon footprint disclosures.

## 3. Cost control and low-carbon transition:

- (1) Circular economy applications: The Company has incorporated circular design into product development, adopted a nine-cell color palette for aluminum alloy anodizing and coating technologies to reduce raw material waste.
- (2) ESG compliance investments: In response to international customer requirements, The Company has accelerated a (supply chain) carbon reduction plan, and passed customers' dye-free and reduced plastic packaging certifications in 2024.
- (3) Financial resilience enhancement: The Company has hedged commodity price risks through futures contracts and optimized cash flow management, with a 3% decline in procurement cost compared to budget in 2024, supporting a leading to in core business gross margins.

### Conclusion:

In 2024, amidst a volatile environment, Htc focused on "supply chain resilience" and "sustainable transformation." Through digital tools, diversified procurement, and ESG integration, the Company effectively balanced cost pressures and market demands. Moving forward, we will continue to enhance our green supply chain strategy and expand high-margin product lines to solidify our competitive advantage in the industry.

Major raw materials	Supplier		Supply status
	Taiwan	Foreign	
Stainless steel rod	<input checked="" type="checkbox"/>		Stable delivery period, futures order
Stainless steel plate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Stable delivery period, futures order
Stainless steel seamless pipe	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Stable delivery period, annual order
Flexible stainless steel hose	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Stable delivery period, annual order
Automation material	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Stable delivery and VMI response
Mechanical components	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Stable delivery and BP response
Machined parts	<input checked="" type="checkbox"/>		Stable delivery and BP response

※Blanket Order: No delivery orders.

### (IV) Major purchase and sale customers

- Setting forth the names of any suppliers that have supplied 10 percent or more of the Company's procurements in either of the last two years, and the amount and proportion

Unit: NTD thousand

Item	2023				2024			
	Name	Amount	Ratio to net purchases in the whole year (%)	Relationship to the issuer	Name	Amount	Ratio to net purchases in the whole year (%)	Relationship to the issuer
1	Company A	226,566	12%	None	Company A	168,497	9%	None
2	Company B	198,829	10%	None	Company B	164,200	8%	None
3	Other	1,517,998	78%	-	Other	1,658,820	83%	-
4	Net purchase	1,943,393	100%	-	Net purchase	1,991,517	100%	-

Reasons for increase or decrease: Changes in purchase amounts and percentages are primarily due to changes in product demand.

2. Setting forth the names of any customers that have purchased 10 percent or more of the Company's sales in either of the last two years, and the amount and proportion

Unit: NTD thousand

Item	2023				2024			
	Name	Amount	Ratio to net sale in the whole year (%)	Relationship to the issuer	Name	Amount	Ratio to net sale in the whole year (%)	Relationship to the issuer
1	Company A	772,851	18%	None	Company A	851,855	22%	None
2	Other	3,432,585	82%	-	Other	3,082,412	78%	-
3	Net sales	4,205,436	100%	-	Net sales	3,934,267	100%	-

Reasons for increase or decrease: There has been no change in the customers who accounted for more than 10% of the total sale in the last two years.

### III. The number of employees employed, average years of service, average age, and education levels for last two years, and up to the publication date of the annual report

Unit: person

Year		2023	2024	From Jan. 1, 2025 to Apr. 8, 2025
Number of employees	Direct employee	376	365	342
	Indirect employee	485	482	496
	Total	861	847	838
Average age		38	39	39
Average years of service		6	6	7
Academic qualification	Doctoral Degree	1%	1%	1%
	Master's Degree	8%	11%	11%
	Bachelor's Degree	64%	66%	66%
	High school	19%	16%	16%
	Below high school	8%	6%	6%

#### **IV. Environmental spending**

Disbursements for environmental protection: any losses suffered by the Company in the latest year and up to the publication date of the annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken.

Date of disposition: Nov. 19, 2024; Disposition Reference Number: Huan-Shui-Du-Cai-Zi No. 113110022; Article of Law Violated: Violation of Paragraph 3, Article 25 of the Toxic and Concerned Chemical Substances Control Act and Paragraph 2, Article 7 of the Permit, Registration and Approval Regulations for Toxic and Concerned Chemical Substances; Content of Law Violated: The date of issuance for the change of responsible person was Jun. 27, 2024. The application for the change of responsible person was on Sep. 6, 2024. The change of responsible person was not completed within 60 days in accordance with Paragraph 2, Article 7 of the Permit, Registration and Approval Regulations for Toxic and Concerned Chemical Substances; Disposition Content: A fine of NT\$30,000 and 2 hours of environmental training session.

Countermeasures: In the future, for any changes or updates, the Company will immediately review relevant regulations, consult local authorities, and complete applications within the stipulated deadlines.

The Company has obtained the ISO 14001 certification and it conducts internal audits every six months, and contracts external audit company to audit every year. In addition to contracting legal waste removal and processing vendors in compliance with environmental protection regulations, annual audits are arranged to ensure the task performance.

In addition, regular inspections and audit are carried out according to the relevant environmental protection laws and regulations, and automatic inspection and maintenance is implemented for the relevant prevention and control equipment. It is expected that there will be no major loss incidents caused by environmental pollution in the future.

## V. Employee-employer relationship

### (I) Employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees

#### 1. Diverse benefits that are superior to regulations

Bonuses and Subsidies	Insurance and Family-friendly
1. Year-end bonus 2. Employee bonus 3. Performance bonus 4. Sales bonus 5. Proposal and improvement bonus 6. Efficiency Improvement Bonus 7. 3-festival bonuses/gifts 8. Labor Day bonus/gifts 9. Employee Stock Ownership Trust subsidies 10. Travel allowance	1. Labor, health insurance and pension contributions 2. Excellent and complete employee group insurance and term life insurance 3. Family insurance 4. Accident insurance 5. Occupational accident insurance 6. Childcare leave 7. Flexitime

- The Company provides labor insurance, health insurance, employee life insurance, group insurance and occupational accident insurance for employees and their families. For employees who often travel abroad, there is travel insurance to create a safe and carefree working environment.
- Formulate reward management systems such as performance bonuses, employee stock ownership trust, employee remuneration, sales bonuses and distribute bonuses to share operation performance based on team performance and individual assessment results.
- Establish employee dormitories and exclusive accommodations for employees who commute from a long distance and on business trips.
- A maternity breastfeeding room is set up for employees after childbirth and for breastfeeding to create a friendly breastfeeding environment.
- Holding employee family days to strengthen employee relations and the connection with the employee's families.
- Assist employees in acquiring low-interest loans with less cost for the capital from the banks.
- Establish a Welfare Committee to allocate 1% of the established paid-in capital, 0.15% of monthly sales income, and 40% of scrap income as employee welfare funds; provide annual festival gifts (cash gift), and other welfares for birthdays, weddings and funerals, end-of-year activities, domestic and foreign travel for employees, and club activities to strengthen the harmonious relationship between labor and management.
- In accordance with the relevant laws and regulations on social insurance in China, Shanghai Htc provides Shanghai basic medical insurance for

urban employees and commercial health insurance, creating a carefree working environment.

## 2. Employee continuous education and training

To encourage employees to continue to learn and develop, the Company arranges training courses in the following categories:

- New Employee Training: provide training on industrial safety and hygiene, basic management systems and specific professional skills, so that new employee can familiarize themselves with the unit and company operations as soon as possible and prevent accident and disasters; a total of 104 new employee participated in the training in 2024, with a total of 2,549 training hours.
- Vocational Training: provide external training, supplemented by internal training by external or internal lecturers, so that personnel in various positions can keep improving and strengthen professional skills; in 2024, a total of 244 people participated in external training, with a total of 2,003 training hours; 8,682 people participated in internal training, with a total of 13,549 training hours.

## 3. Retirement system and implementation

- From Jul. 1, 2005, employees who choose to apply the pension system of the “Labor Pension Act” will transfer 6% of the monthly salary to the employee’s individual pension account of the Bureau of Labor Insurance to prepare for the new pension system.
- The Company provides Employee Stock Ownership Trust superior to regulations, and has established Management Guidelines for Employee Stock Ownership Trust to attract outstanding talents and synergy. It is hoped that employees can utilize the trust in times of emergency or retirement.
- A summary of the Company’s employees participation in Employee Stock Ownership Trust is as follows:

Item	2022/12	2023/12	2024/12
Number of employees	255	298	320

## 4. Status of labor-management agreements and measures for preserving employees’ rights and interests

Htc is under applicable industry of the “Labor Standards Act”, and all operations are based on it. The Company has established a sound proposal system, accepting employees’ complaints about work process, management system improvement, and employee opinions, and the opinions from all parties received will be used as a reference for the improvement of the Company’s various measures. The Company pays great attention to the benefits of employees and the communication with employees. Thus, the relationship between labor and management is harmonious and no labor disputes have occurred since its establishment. However, the Company continues to strengthen communication and coordination between labor and management,

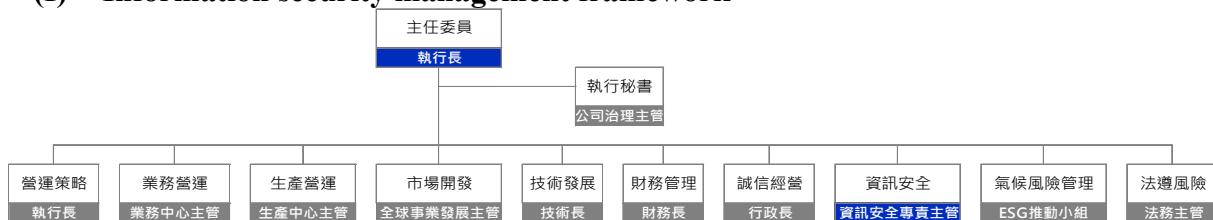
and strives to improve welfare measures to promote a more harmonious labor-management relationship and to eliminate the possibility of labor disputes. No labor disputes occurred in 2024 or up to the publication date.

**(II) List any losses suffered by the Company in the latest year and up to the publication date of the annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken.**

1. Since its establishment, Htc has enjoyed a harmonious labor-management relationship. In the latest year and up to the publication date of the annual report, no loss has occurred due to labor disputes.
2. Possible expenses that could be incurred currently and in the future: The Company attaches great importance to the opinions of employees to understand employees' satisfaction with the management and welfare system and continues to maintain good labor-management relations. Due to the good labor-management relationship and a consensus reached by the labor and management, no labor disputes and related losses have occurred.
3. Countermeasures: Maintain good communication channels with employees at any time to avoid labor disputes.

## VI. ICT security management

### **(I) Information security management framework**



Currently, the IT department of the Company is responsible for the promotion of ICT security. The current information management system has established the internal control EDP operation system in accordance with Article 9 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" where various controls are based on ISO 27001, the Enforcement Rules of the Personal Data Protection Act, and the Guidelines for Information and Communication Security Management for Exchange-Listed and OTC-Listed Companies. The information unit is responsible for coordinating information security and related matters according to the responsibilities of the organizational department. It will formulate, promote, and implement information security policies and management methods according to actual management needs. The audit unit conducts internal audits in accordance with internal control policies, and regularly conduct follow ups and improvements to reduce information security risks.

The Company established a Risk Management Committee on Nov. 10, 2022, with the CEO as the chair; it formed an information risk team as a dedicated information security management unit. In 2024, the information risk team was integrated into the

Strategy Committee, with one dedicated information security supervisor and a dedicated information security staff member appointed. The information security management status is reported to the Board of Directors at least once a year.

## **(II) Information security policy**

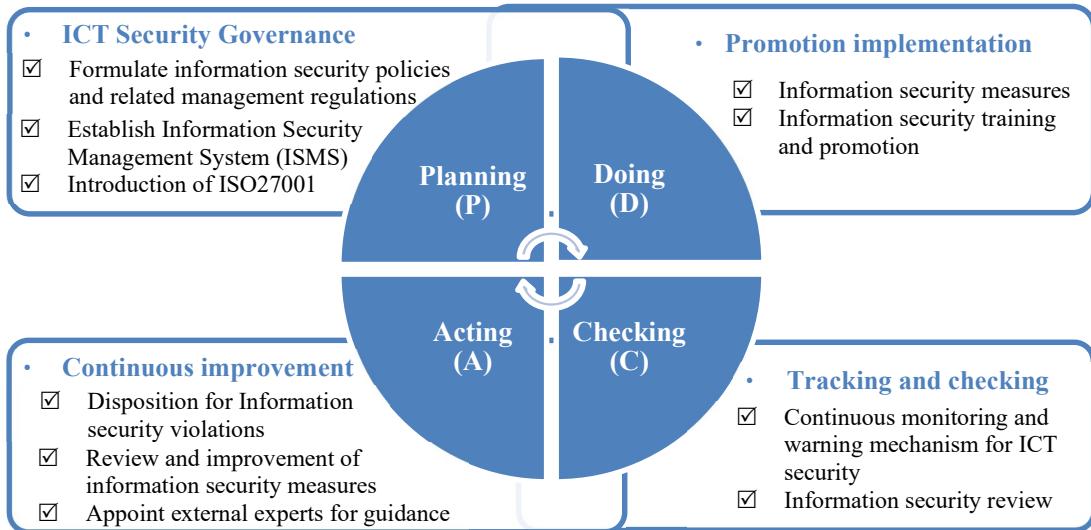
To strengthen information security, assure the confidentiality, integrity and availability and personal data requirements of the information assets, provide an information environment for the operation of the Company's information business, comply with the requirements of relevant laws and regulations, and protect the Company from internal and external deliberate or accidental threats, the Company formulated the "Information Security Policy and Management Regulations" on Sep. 12, 2022 for all employees to follow.

To assure the confidentiality, integrity and availability of the Company's information assets, and to protect the security of user data privacy. We expect to achieve the following goals through the joint efforts of all employees in the Company:

1. Protect the Company's operating information from unauthorized access to ensure confidentiality.
2. Protect the Company's operating information from unauthorized modification to ensure its accuracy and completeness.
3. Formulate, promote, implement, evaluate and improve information security management matters to ensure an information environment is provided to the Company's operation.
4. Conduct information security education and training to promote awareness of information security and raise the awareness of related responsibilities.
5. Implement the information security risk assessment mechanism to improve the effectiveness and timeliness of information security management.
6. Implement an information security internal audit policies to ensure the implementation of information security management.
7. Establish the Company's operation plan to ensure the operation of the Company's services.
8. The implementation of various operation of the Company must comply with the requirements of relevant laws or regulations.

## **(III) Information Security Management Solution**

To enhance the Company's information security and stable operation, provide reliable information services, assure the confidentiality, integrity and availability of the information system, increase the user's awareness of information security, and implement various management operations



Management item	Operation
1. Security Management of Information Assets	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Regularly review inventory of assets every year.</li> <li><input checked="" type="checkbox"/> Establish renewal maintenance warranty contract on important assets.</li> <li><input checked="" type="checkbox"/> Back up important systems and data locally, off-site or in the cloud.</li> </ul>
2. Conduct personnel management and education and training.	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Continue to establish, advocate and promote employees' awareness to improve information security</li> <li><input checked="" type="checkbox"/> Conduct information security training for new employees.</li> <li><input checked="" type="checkbox"/> Conduct various of information security promotion from time to time.</li> </ul>
3. Physical and Environmental Safety Management	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> The sever room security area is equipped with access control to ensure that only authorized personnel are allowed to enter.</li> <li><input checked="" type="checkbox"/> Information-related equipment should be properly placed, protected, and monitored to reduce damage caused by environmental threats, such as temperature and humidity.</li> </ul>
4. Computer System and Network Security Management	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> External and personal computer network equipment shall not be connected to the Company network.</li> <li><input checked="" type="checkbox"/> The enterprise-level wireless network system can only be connected through system integration verification mechanism.</li> <li><input checked="" type="checkbox"/> Apply file encryption protection mechanism for important data.</li> <li><input checked="" type="checkbox"/> Install professional antivirus software with automatic update.</li> <li><input checked="" type="checkbox"/> Set up a new-generation network firewall and set connection rules to ensure safe use.</li> <li><input checked="" type="checkbox"/> Establish and perform email antispam, virus protection and vulnerability scanning and major patch updates.</li> </ul>

Management item	Operation
5. System Access Control Security	<input checked="" type="checkbox"/> The system authority can only be accessed upon application according to employee's position and function. <input checked="" type="checkbox"/> Conduct periodic access review every year. <input checked="" type="checkbox"/> Set policies such as passwords, locks, and complexity.
6. System Development and Maintenance of Security Management	<input checked="" type="checkbox"/> When developing systems independently or outsourcing system development. Security control should be established for the maintenance, update, online implementation, and version control to prevent improper software, trapdoors and computer viruses from damaging the system's security.
7. Sustainable operation	<input checked="" type="checkbox"/> Conduct risk assessment and disaster recovery procedures according to the Company's sustainable operation plan every year, and conduct system disaster recovery drills accordingly to ensure the availability of information systems.

#### **(IV) Investment in information and communication security management resources and implementation status**

To enhance the Company's information security and stable operation, provide reliable information services, assure the confidentiality, integrity and availability of the information system, increase the user's awareness of information security, and implement various management operations. At present, the information department has 8 people, responsible for the information management system, the Company's information system, and the establishment of software and hardware. The execution status of information security management tasks in 2024 is as follows:

Item	Implementation Status in 2024
Company-wide Information Security Awareness Raising	<input checked="" type="checkbox"/> Internal EIP announcements for company-wide information security awareness raising: ① Phishing traps (Mar. 27, 2024) ② Scam email reminders (Jul. 26, 2024) ③ Potential risks of AI software and services (Oct. 23, 2024) <input checked="" type="checkbox"/> Information security awareness raising for new employees. <input checked="" type="checkbox"/> Regular information security awareness raising on electronic bulletin boards. <input checked="" type="checkbox"/> ISO27001 Education and training.
Review work	ICT Security Inspection and Review (Jan. 2024)
Information security drill	Backup system recovery drill (at least once a year)
Security organization	Approved as a member of TWCERT Information Security Alliance (2022)
ICT Security Meeting	Four information security team meetings were held in 2024, with key focuses including:

Item	Implementation Status in 2024		
	<input checked="" type="checkbox"/> Information security risk inventory and monitoring; establishment of risk assessment worksheets (Jan. 24, 2024) <input checked="" type="checkbox"/> Information security risk assessment for external system integration (Apr. 17 and Aug. 6, 2024) <input checked="" type="checkbox"/> Establishment of information security architecture diagrams, incident handling processes, and third-party information security risk ratings (Jul. 3, 2024)		
Information security personnel training	Date	Course name/ Certificate	Hours, Head count
	2024/3/29	SRAMT information security analysis practice - methods, processes, and tools	35 hours, 1 participant
	2024/5/8	Third-party outsourcing and supply chain information security management	3 hours, 1 participant
	2024/6/25	Information risk assessment and risk management	3 hours, 1 participant
	2024/9/27	Network security packet analysis (NSPA)	21 hours, 1 participant
	2024/10/9	CompTIA Security+ international cybersecurity certification course	40 hours, 1 participant

**(V) List the losses, possible impacts, and countermeasures from major ICT security incidents in the latest year and up to the publication date of the annual report.**

Information security indicators	Information security customer complaint	External sabotage, data theft or virus threats	Abnormal information system or abnormal equipment operation impact incident
2024 (incident)	0	0	0

**VII. Important contract**

As of the annual report publication date, aside from ordinary commercial transactions, the Company has not signed any significant contracts. Additionally, the Company disclosed "material contingent liabilities and unrecognized contractual commitments" in its consolidated financial statements.

# Chapter V. Financial Status and Performance Review Analysis and Risks

## I. Financial status

Item	Year	2023	2024	Difference	
				Amount	%
Current assets		3,438,142	3,919,126	480,984	14
Property, plant and equipment		3,307,794	3,476,393	168,599	5
Intangible assets		103,966	97,735	(6,231)	(6)
Other assets		426,974	463,151	36,177	8
<b>Total assets</b>		<b>7,276,876</b>	<b>7,956,405</b>	<b>679,529</b>	<b>9</b>
Current liabilities		2,239,217	2,071,412	(167,805)	(7)
Non-current liabilities		1,470,225	1,950,797	480,572	33
<b>Total liabilities</b>		<b>3,709,442</b>	<b>4,022,209</b>	<b>312,767</b>	<b>8</b>
Share capital		1,182,017	945,613	(236,404)	(20)
Capital surplus		361,290	410,684	49,394	14
Retained earnings		1,415,679	1,738,998	323,319	23
Other equity interest		(41,451)	(7,270)	34,181	82
Equity attributable to owners of the parent company		2,917,535	3,088,025	170,490	6
Non-controlling interests		649,899	846,171	196,272	30
<b>Total amount of shareholder's equity</b>		<b>3,567,434</b>	<b>3,934,196</b>	<b>366,762</b>	<b>10</b>
Analysis of changes in the increase or decrease ratio (the change ratio over 20% with the amount over NT\$10 million):					
<ol style="list-style-type: none"> <li>1. The increase in non-current liabilities was resulted by the increase in long-term borrowings.</li> <li>2. The reduction in share capital was due to the Company's cash capital reduction.</li> <li>3. The increase in other equity was mainly due to an increase in exchange differences from the translation of financial statements of foreign operations.</li> </ol>					

## II. Financial performance

### (I) Comparative analysis of operation results for the last two years

Unit: NTD thousand

Item	2023	2024	Increase (decrease)	Percentage of changes (%)
Revenue	4,205,436	3,934,267	(271,169)	(6)
Gross profit	1,437,541	1,359,804	(77,737)	(5)
Net operating income	550,775	454,276	(96,499)	(18)
Non-operating income and expenses	(27,139)	(5,384)	21,755	80
Net income (loss) before tax	523,636	448,892	(74,744)	(14)
Current period net income (loss)	418,227	385,874	(32,353)	(8)
Other comprehensive income (net amount after tax)	(16,012)	37,447	53,459	334
Total comprehensive income	402,215	423,321	21,106	5
Analysis of changes in the increase or decrease ratio (the change ratio over 20% with the amount over NT\$10 million):				
<ol style="list-style-type: none"> <li>1. The increase in non-operating income and expenses was resulted by the increase in profit of associates accounted for using equity method and foreign exchange gain.</li> <li>2. The increase in other comprehensive income (net of tax) was mainly due to an increase in exchange differences from the translation of the financial statements of foreign operating institutions.</li> </ol>				

### (II) The expected sales volume and its basis, the possible impact on the Company's future financial business and the response plan

The Company evaluates and sets annual sales targets based on the industry environment and the future market supply and demand, as well as relevant information such as R&D plans and business development. The industry to which the Company operates is still in the growth stage and it will increase the market share and profitability according to changes in market demand in the future.

### III. Cash flow

#### (I) Analysis on cash flow change in the latest year

Unit: NTD thousand					
Opening cash balance	Net cash flow from operating activities in the year	Annual cash inflow (outflow)	Cash surplus (deficit)	Countermeasure for cash deficits	
				Investment plans	Wealth management plans
821,990	533,870	(123,732)	1,232,128	None	None

Analysis on cash flow change in 2024:

1. Cash inflow from operating activities was NT\$533,870 thousand which was mainly operating income.
2. Cash outflows of NT\$123,732 thousand were mainly due to equipment purchases and repayment of bank loans.

#### (II) Improvement plan for insufficient liquidity: There is no cash shortage.

#### (III) Analyses on the cash liquidity in one year ahead

Unit: NTD thousand					
Opening cash balance	Net cash flow anticipated from operating activities in year-round	Anticipated year-round cash outflow	Expected cash surplus (deficit)	Countermeasure for cash deficits	
				Investment plans	Wealth management plans
1,232,128	337,419	(298,625)	1,270,922	None	None

1. Analysis on the cash flow change for next year:

- (1) The net cash inflow from operation mainly comes from the inflow of operation income
- (2) Cash outflows from investing and financing activities are mainly used to repay long-term borrowings, capital expenditures, etc.
2. Remedial measures and liquidity analysis for anticipated cash shortfalls:

The estimated cash outflow of the Company for the next year is to meet future operation needs. In addition to paying for cash inflows from operation activities, bank loans or cash financing will be adopted when the cash balance is insufficient.

### IV. The impact of the significant capital expenditure in the latest year upon the financial performance: None.

**V. The outward investment policies in the latest year. The key reasons leading to the profit or loss, the corrective plans and the investment plan in one year ahead**

**(I) Reinvestment policy in the latest year**

Combining vertical and upstream and downstream industries related to vacuum technology, carry out strategic collaboration or merger and acquisition plans, jointly develop strategic partners, obtain relevant industry information, and gain an in-depth understanding of the application of vacuum process equipment, creating new records in revenue and profitability.

**(II) The key reason for the profit or loss of the reinvestment, and the improvement plan**

The Company's investment income accounted for using equity method in 2024 was NT\$111,775 thousand which was resulted by the stable operation and profits of the investees.

**(III) Investment plans in the coming fiscal year**

The Company will evaluate any investment plan with focus on the future growth to respond to future market and economic changes.

**VI. Risk management analysis and evaluation**

**(I) The impact incurred by change in interest rate, exchange rate, inflation upon the Company's profit and/or loss and the future countermeasures**

1. Interest rate

Because the Company's entities manage capital by adopting floating interest rates; thus, the interest rate risk exposure arises. The carrying amount of the Company's financial assets and financial liabilities exposed to the interest rate risk at the balance sheet date is as follows:

Unit: NTD thousand

Item	2024
Net interest income (expenses)	(34,837)
Proportion of operation income	(0.89%)
Proportion of net income	(9.03%)
Cash flow interest rate risk:	
Financial assets	1,201,064
Financial liabilities	2,783,286

If the interest rate increases by 1% with all other variables remain unchanged, the Company's net profit before tax in 2024 will decrease by NT\$15,822 thousand.

Countermeasure: To avoid the impact of interest rate changes, the Company pays attention to the trend of changes in market interest rates, and regularly evaluates the loan interest rates of financial institutions, obtains the average market interest rate, and works closely with financial institutions to strive for the most favorable interest rates.

2. Exchange rate

Unit: NTD thousand

Item	2024
Net exchange gain (loss)	24,114
Proportion of operation revenue	0.61%
Proportion of net income	6.25%

The foreign currency demand of the Company is for the export goods and imported raw materials denominated in foreign currency. The exchange rate risk management is within the scope permitted by the Internal Control Policies and relevant management measures to use forward foreign exchange contracts to manage risks.

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies of the Company on the balance sheet date are as follows:

Unit: NTD thousand

Item	2024
Monetary items:	
Financial assets	288,791
Financial liabilities	25,852

The net foreign currency position is mainly affected by fluctuations in the exchange rates of the U.S. dollar and the Japanese yen. When the exchange rates of the relevant foreign currencies against New Taiwan dollar fluctuate and if the foreign currency appreciates by 1%, the Company's net profit before tax in 2024 will increase by NT\$2,630 thousand.

Countermeasure: The foreign exchange management of the Company adopts a prudent and conservative approach to reduce the risks caused by large exchange rate fluctuations in the market. The specific measures to respond to exchange rate changes are as follows

- (1) Utilize the relative position of assets and liabilities to eliminate part of the risk of exchange rate fluctuations with natural risk hedging.
- (2) Collect information about exchange rate changes at any time, keep track of the exchange rate trend, and determine the NTD exchange time.
- (3) Make good use of domestic foreign exchange hedging tools to avoid exchange losses caused by exchange rate changes.

3. The impact of inflation on the Company's profit and loss and future countermeasures

Recently, as domestic and foreign prices continue to rise with great fluctuation, it is expected that inflation will persist. The Company will pay close attention to inflation and adjust product prices and raw material inventory appropriately to reduce the impact of inflation. influence, The Company will also sign long-term purchase contracts with partner manufacturers for main raw materials to stabilize prices.

**(II) The major causes for engaging in high-risk, high-leverage investment, lending of funds to others, endorsements/guarantees and derivative financial instruments, the profits or loss and the future countermeasures.**

1. Based on the prudent and conservative principle, the Company has not engaged in high-risk, high-leverage investments in the latest year and up to the publication date of the annual report.
2. Loaning funds to others

The Company has established the “Operational Procedures for Loaning Funds to Others” as the basis for lending funds to others. In the latest year and up to the publication date of the annual report, there was no case of loaning funds to others.

3. Endorsements/guarantees

Dec. 31, 2024; Unit: NTD thousand

Endorsement party	Counter party	Relationship	Ratio of shareholding	Balance of endorsement guarantee at the end of the period
Highlight Tech Corp.	HIGHLIGHT TECH JAPAN Co., Ltd.	Note 1	100%	83,960
Highlight Tech Corp.	Litho Med Trading Co., Ltd.	Note 1	100%	30,000

Note 1: The parent company and subsidiaries hold more than 50% of the common shares of the subsidiaries.

The purpose of the endorsement guarantee is to meet the working capital needs of the subsidiaries. In addition to prudent assessment, regular report and control, the implementation of relevant policies is based on the “Procedures for Loaning of Funds and Making of Endorsements/Guarantees” and the resolution of the Board of Directors.

4. Derivatives Trading

The Company engages in derivative financial product transactions to avoid the exchange rate risks of claims and debts denominated in foreign currency, and its policy is aimed at avoiding most of the fair value changes or cash flow risks.

As of the end of 2024 there is no unexpired forward foreign exchange contracts of the Company.

The Company is engaged in the operation of derivative products to avoid the exchange rate risks of assets and liabilities denominated in foreign currency. The Company’s “Procedures for the Acquisition and Disposal of Assets” have strict regulations, so the profits or losses generated have not had a significant impact on the profit and loss of the Company. The operation will be maintained in the future to avoid risks.

**(III) The future research & development plans and the expenses anticipated to be invested into research & development**

1. Future research & development programs

No.	Item	R&D plan	Current R&D progress
1	Intelligent pressure control butterfly valve development project with agile response	<ol style="list-style-type: none"> <li>1. Current regulation system/driver board design.</li> <li>2. Adaptive algorithms.</li> <li>3. Hardware circuit development and software/firmware development.</li> <li>4. Industry applications: PVD and CVD vacuum equipment in the panel and semiconductor industries.</li> </ol>	<ol style="list-style-type: none"> <li>1. Project planning:</li> <li>2. Initial design of driver board firmware.</li> <li>3. Initial architecture design for control algorithms.</li> <li>4. Virtual environment algorithm design.</li> </ol>
2	CF200/ISO250/I SO320 side-mounted gate valve project	<ol style="list-style-type: none"> <li>1. Confirmed technical specifications and executed testing to ensure product functionality requirements, while clearly defining operating standards and product manuals, and developing a series of products (CF200/ISO250).</li> <li>2. Industry applications: PVD and CVD vacuum equipment in the panel and semiconductor industries.</li> </ol>	<ol style="list-style-type: none"> <li>1. Completed design drawings and specifications for CF200/ISO250.</li> <li>2. Completed CF200 specification testing and validation.</li> <li>3. ISO250 specification assembly testing and validation in progress.</li> </ol>
3	50x336 & 46x236 two-stage pneumatic Read L-motion rectangular valve development project	<ol style="list-style-type: none"> <li>1. Two-stage cylinder-driven L-motion technology to reduce particle generation.</li> <li>2. T-bar and bellows shaft seal technology development.</li> <li>3. Created smooth, low-impact motion continuity technology with support for gas and electrical safety protection upon power failure.</li> <li>4. Industry applications: PVD and CVD vacuum equipment in the panel and semiconductor industries.</li> </ol>	<ol style="list-style-type: none"> <li>1. Completed development plans, patent analysis, and structural design analysis.</li> <li>2. Sequential logic pneumatic valve PID design analysis and conceptualization.</li> <li>3. Gate plate and push rod design conceptualization.</li> </ol>
4	ISO250/320 low gas conductance APC pendulum valve development project	<ol style="list-style-type: none"> <li>1. Automatic pressure control, software/firmware development, PCB circuit design, and electric drive technology development.</li> <li>2. Technology capable of withstanding high operating temperatures of 150 °C and compatible with various communication standards.</li> </ol>	<ol style="list-style-type: none"> <li>1. Completed development plans, patent analysis, and preliminary valve design structure diagram.</li> <li>2. Completed conceptualization of low conductance gap structure for the gate plate.</li> </ol>

No.	Item	R&D plan	Current R&D progress
		3. Industry applications: PVD and CVD vacuum equipment in the panel and semiconductor industries.	3. Drive mechanism design and motor torque calculations.
5	Low particle door valve project	<ol style="list-style-type: none"> <li>Effectively reduced microscopic particles (e.g., dust, contaminants) during gas or system operations, to prevent dust adhesion that affects process yield and production efficiency.</li> <li>Completed specification confirmation, test planning, and established product standard documents.</li> <li>Industry applications: PVD and CVD vacuum equipment in the panel and semiconductor industries.</li> </ol>	<ol style="list-style-type: none"> <li>Completed design drawings and specifications.</li> <li>Completed initial assembly functionality validation.</li> <li>Established project documents, such as assembly SOPs.</li> <li>Currently undergoing design optimization improvements.</li> </ol>
6	CF35 & CF63 all-metal GV key module enhancement project	<ol style="list-style-type: none"> <li>Ultra-clean cleaning technology + hard-to-hard sealing technology + high-temperature bakeable cylinder technology + customized RF shielding technology.</li> <li>Completed specification confirmation, test planning, and established product standard documents.</li> <li>Industry Applications: Critical valves for extreme vacuum equipment as critical valves in synchrotron radiation accelerator facilities.</li> </ol>	<ol style="list-style-type: none"> <li>Completed durable disc design parameters.</li> <li>Completed disc uniformity testing equipment, measurement methods, and uniformity tests.</li> <li>Optimized Ag coating test piece material thickness.</li> <li>Completed high-temperature resistant cylinder design and testing validation.</li> </ol>
7	Dry Rotor development project	<ol style="list-style-type: none"> <li>Independent production of key components to meet in-house repair and maintenance needs, while developing rotors and components for sales based on market demand.</li> <li>Established R&amp;D and machining technologies.</li> <li>Collaborated with external academic institutions for design research based on fundamental theories.</li> <li>Worked with major domestic machining companies for rotor production, to gain expertise to enhance in-house capabilities.</li> </ol>	<ol style="list-style-type: none"> <li>Rotor 1 is undergoing on-machine testing as of Mar. 2024.</li> <li>Rotor 2 and Rotor 3 have been scheduled for on-machine testing.</li> <li>Rotor 4 and Rotor 5 are currently in production and development.</li> </ol>

No.	Item	R&D plan	Current R&D progress
8	TMP Rotor development project	<ol style="list-style-type: none"> <li>Independent production of key components to meet in-house repair and maintenance needs, while developing rotors and components for sales based on market demand.</li> <li>Established R&amp;D and machining technologies.</li> </ol>	Reduced machining time by one-third.
9	WEH® Coating Technology Development	Aimed to improve WEH® coating reproducibility, developed processes for machine coating, and studied coating parameters.	<ol style="list-style-type: none"> <li>Achieved controllable spray coating thickness of 3-8<math>\mu</math>m.</li> <li>WEH® coating SOPs for pipes and valves underway.</li> </ol>
10	Wafer process equipment and foundry services	Completed SiC 6"/8" commercial production line (including cutting/grinding/polishing/inspection), standard inspection process (IQC and OQC for each workstation), and wafer product specifications.	Preliminary verification results of 6" cutting/grinding/polishing/inspection meet market specifications. Preliminary verification of RPS indicates improvement in substrate surface roughness.
11	Automated SAM and XRT Online inspection and image processing technology	<ol style="list-style-type: none"> <li>Completed development of automated SAM inspection equipment and image processing technology, optimized signal acquisition modules, and developed noise suppression technology.</li> <li>Achieved multi-layer image separation technology and defect image analysis, and developed XRT inspection equipment capable of inspecting 4- to 8-inch ingots and wafers.</li> <li>Conducted system integration, passed testing, and optimized imaging, to further refine defect image classification technology.</li> <li>Simulated and established experimental platforms to achieve precise measurement requirements.</li> </ol>	<ol style="list-style-type: none"> <li>Conducted SAM analysis of subsurface damage layer on 6" substrate samples and established a grading mechanism.</li> <li>Conducted XRT defect detection and established a screening mechanism for 6" ingot samples.</li> <li>Executed leveling mechanism and axis control platform trigger signal tests.</li> </ol>
12	DIO3 wet wafer (panel) cleaning equipment and process	<ol style="list-style-type: none"> <li>Completed the integration and verification of 12" automated single-wafer cleaning equipment</li> </ol>	Completed parameter tuning and validation for single-wafer photoresist cleaning.

No.	Item	R&D plan	Current R&D progress
	development	2. Conducted DIO3 integration process validation based on customer requirements.	
13	Low-vibration rectangular valve/pneumatic cylinder control valve	1. Low-vibration rectangular valve <ul style="list-style-type: none"> <li>(1) Adopted motion control algorithms.</li> <li>(2) Integrated and promoted low-vibration valve control modules.</li> </ul> 2. Pneumatic cylinder control valve <ul style="list-style-type: none"> <li>(1) Pneumatic component selection.</li> <li>(2) Pneumatic cylinder control technology.</li> <li>(3) Valve product integration.</li> <li>(4) System development.</li> </ul>	1. Confirmed initial version of control algorithm functionality for low-vibration rectangular valves, and submitted requirements for additional functions and initial version modification directions. 2. Completed validation of pneumatic component cylinder control technology for pneumatic cylinder control valves, and planned technical development and validation of integration with all-metal valve products.
14	SCMS intelligent exhaust system	1. CIU lightweight signal acquisition solution. 2. Integrated and tested pump lifespan prediction models. 3. Developed the SCMS 2.0 platform to meet internal and external needs.	The SCMS 2.0 platform is flexible for self-development and portable across different systems.
15	Semiconductor equipment development, customization, and maintenance	Developed MRC SECS/GEM modules, off-machine functions, and new valve UI controls.	1. Completed preliminary SECS/GEM communication, and planned testing and validation. 2. Explored other MRC communication methods and planned testing.

2. The Company's estimated R&D expenses: The estimated research and development (R&D) budget for 2025 is NT\$120 million to 130 million.

**(IV) The possible impacts by government policies and laws at home and abroad upon the Company's financial conditions and the Company's countermeasures**

The Company continue to pay attention to the changes in policies and regulation that may impact the Company's operations, and the Company has cooperated with the relevant competent authority's revision of corporate governance, and company act. There is no major impact on financial performance, and there has been no major impact on the Company's financial performance in the latest year due to major domestic or international policy and regulation changes.

**(V) The impact of technological (including information security risks) changes and industrial changes on the Company's financial performance and countermeasures.**

In addition to obtaining industry-related information, the Company also review the impact of external industry changes, formulate strategies and make planning adjustments from time to time. If the changes expose the Company to risks, the Company will convene internal meetings at any time to discuss countermeasures, and continue to develop new technologies, expand to new markets and new industries to allow the Company to continue leading the vacuum application services industry and minimize the loss caused by external changes.

**(VI) The impacts created by a change in corporate image upon the management over crisis, and the Company's countermeasures**

The Company adopt the principle of stability and steadiness with a decent corporate image. The Company continues to aid disadvantaged groups from time to time by providing resources and money donations. It also attracts more outstanding talents to serve the Company by listing on the stock market to strength of the management team and return the results to the shareholders and the public to fulfill the social responsibility. Thus, there is no incident that endangers the corporate image, and there is no risk of corporate crisis.

**(VII) Expected benefits, potential risks, and countermeasures of mergers and acquisitions**

Up to the publication date of the annual report, the Company have no major merger and acquisition plans. If the economy and the overall planning of the Group change, the relevant merger and acquisition plans will be carried out in accordance with the laws and regulations.

**(VIII) The risks anticipated from the expansion of the plant buildings, and the Company's countermeasures**

Expanding the plant facilities will enable the Company to increase its production capacity to accommodate more customer orders, thereby creating opportunities to expand its market share. However, the semiconductor industry is highly cyclical, and during downturns when market demand declines, idle capacity may still incur depreciation expenses for plant and equipment. This risk could become a burden for the Company. All capacity expansions are carefully planned through rigorous capital expenditure evaluations to ensure that customer demand is met while optimizing capital utilization to support the healthy development of the industry.

**(IX) The risks anticipated from the centralized input or output undertakings and the Company's countermeasures**

The Company has a stable supply chain and has established long-term, stable partnerships with multiple domestic and international suppliers to ensure a steady supply of raw materials and key components. In the most recent year and up to the annual report publication date, there have been no instances of supply shortages or disruptions, and the supply situation remains stable. By continuously enhancing bargaining power and optimizing procurement strategies and production processes, the Company has effectively controlled costs and improved production efficiency. Additionally, to further enhance competitiveness, the Company is establishing partnerships with more high-quality suppliers and adopting automation technologies to enhance cost advantages and production flexibility.

In sales, the Company has a diverse customer base and maintains good partnerships with major clients. Despite fierce market competition, the Company continues to expand its business footprint and improves customer satisfaction and loyalty by providing high-quality products and customized solutions. Meanwhile, the Company is actively developing new markets and international partners to increase market share and reduce reliance on single markets or customers. In the future, the Company will further optimize delivery management, enhance supply chain flexibility, ensure rapid responses to market demands, and achieve sustained growth on a solid business foundation.

**(X) The impacts and risks anticipated from the massive transfer of shareholding by directors, supervisors or key shareholders who hold more than 10% in shareholding and the Company's countermeasures**

In the latest year and up to the publication date of the annual report, the Company's directors have not had many transfers or major changes in equity, and the Company has no major shareholders holding more than 10% of the shares.

**(XI) The impacts and risks anticipated from the change in the managerial powers and the Company's countermeasures**

In the latest year and up to the publication date of the annual report, the Company has not had any change in control.

**(XII) Litigious and non-litigious matters**

List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute up to the publication date of the annual report:

In the latest year and up to the publication date of the annual report, there are no pending major litigation, non-litigation or administrative disputes.

**(XIII) Other critical risks and response measures:** None.

**VII. Other important disclosures:** None.

## Chapter VI. Special disclosure

### I. Relevant information of affiliated enterprises

#### (I) Consolidated business reports teaming up with affiliated enterprises

The consolidated business report for the most recent fiscal year of affiliated companies has been filed on the information reporting website. The access method and website URL for information inquiry are listed below.

- Reference : 公開資訊觀測站>單一公司>電子文件下載>關係企業三書表專區
- Website : [https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

#### (II) Relationship report : Not applicable

#### (III) The Affiliate's Consolidated Financial Statements

According to the letter No. 1130382569 dated June 26, 2024, issued by Financial Supervisory Commission, the companies that the Company is required to include in the preparation of consolidated financial statements of affiliated enterprises pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the parent-subsidiary consolidated financial statements under IFRS 10. Furthermore, the relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has already been disclosed in the aforementioned parent-subsidiary consolidated financial statements. Therefore, the Affiliate's Consolidated Financial Statements is not prepared.

The financial statements for the most recent fiscal year have been filed on the information reporting website. The access path and website URL for information inquiry are provided below.

- Reference : MOPS> Electronic Books >Financial Statement
- Website : [https://mops.twse.com.tw/mops/#/web/t57sb01\\_q1](https://mops.twse.com.tw/mops/#/web/t57sb01_q1)

### II. Where the company has carried out a private placement of securities in the latest year and up to the publication date of the annual report: None.

### III. Other supplementary information: None.

### IV. Occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act in the latest year and up to the publication date of the annual report that significantly impacted shareholders' equity or security prices

In order to enhance return on equity for shareholders and adjust its capital structure, the Company, following a resolution approved at the shareholders' meeting on June 7, 2024,

carried out a cash capital reduction to return a portion of capital to shareholders. The total amount of the cash capital reduction was NT\$236,403,360, with 23,640,336 shares being cancelled, representing a 20% reduction in capital. Following the reduction, the paid-in capital was adjusted to NT\$945,613,430, with 94,561,343 shares outstanding. The change was officially registered on August 12, 2024.