

Stock Code: 2049

**Hiwin Technologies Corp.**  
**Handbook for the 2015 Annual Meeting of**  
**Shareholders**

**Time: June 25, 2015 ( Thursday ) , 9:00 am**

**Place: 4F, No.129, Anhe Rd, Xitun District, Taichung**

**(Taichung Howard Hotel)**

# ***DISCLAIMER***

*THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2015 ANNUAL GENERALMEETING (THE “HANDBOOK”) OF HIWIN TECHNOLOGIES CORP. (THE “COMPANY”). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.*

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# **Hiwin Technologies Corp.**

## **Procedure for the 2015 Annual Meeting of Shareholders**

Call the Meeting to Order

Chairperson Remarks

Report on Company Affairs

Adoptions

Proposals and Discussion

Questions and Motions

Adjournment

# **Hiwin Technologies Corp.**

Year 2015

## **Agenda of Annual Meeting of Shareholders**

**Time:** 9:00 a.m. on Thursday, June 25, 2015 ( Thursday )

**Place:** 4F, No.129, Anhe Rd, Xitun District, Taichung (Taichung Howard Hotel)

### **Call the Meeting to Order**

### **Chairperson Remarks**

### **Report on Company Affairs**

1. 2014 Business Report
2. 2014 Supervisors Audit Report
3. Formulation of the “ Ethical Corporate Management Principles”
4. Formulation of the ”Guidelines for the Adoption of Codes of Ethical Conduct”
5. Formulation of the “Corporate Social Responsibility Principles”

### **Adoptions**

1. Adoption of the 2014 Business Report and Financial Statements
2. Adoption of the Proposal for Distribution of 2014 Earnings

### **Proposals and Discussion**

1. Proposal for a new shares issue through capitalization of retained earnings
2. Amendment to the Company’s “Articles of Incorporation”
3. Proposal for release the prohibition on directors from participation in competitive Business
4. Amendment to the operational procedures for Acquisition or Disposal of Assets

### **Questions and Motions**

### **Adjournment**

# **Report on Company Affairs**

## **Report No. 1**

2014 Business Report.

### **Explanation:**

The 2014 Business Report .(Please refer to Chinese version, Appendix 1).

## **Report No. 2**

2014 Supervisors Audit Report

### **Explanation:**

The 2014 Supervisors Audit Report(Please refer to Chinese version, Appendix 2~4).

## **Report No. 3**

Formulation of the “ Ethical Corporate Management Principles”

### **Explanation:**

Formulation of the “ Ethical Corporate Management Principles” (Please refer to Chinese version, Appendix 5).

## **Report No. 4**

Formulation of the ”Guidelines for the Adoption of Codes of Ethical Conduct”

### **Explanation:**

Formulation of the ”Guidelines for the Adoption of Codes of Ethical Conduct” (Please refer to Chinese version, Appendix 6).

## **Report No. 5**

Formulation of the “Corporate Social Responsibility Principles”

### **Explanation:**

Formulation of the “Corporate Social Responsibility Principles” (Please refer to Chinese version, Appendix 7).

# Adoptions

## Proposed by the Board

### Item 1.

#### Proposal:

Adoption of the 2014 Business Report and Financial Statements.

#### Explanation:

- (1) The Company's Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Ms. Karen Yen and Mr. Ted Cheng of Deloitte Taiwan. Also Business Report and Financial Statements have been approved by the Board and examined by the supervisors of the Company.
- (2) The 2014 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements could be referred to the Chinese version, Appendix 1 and 3&4.

#### Resolution:

## Proposed by the Board

### Item 2.

#### Proposal:

Adoption of the Proposal for Distribution of 2014 Earnings.

#### Explanation:

- (1) The Board has adopted a Proposal for Distribution of 2014 Profits in accordance with the Company Act and Articles of Incorporation. Please refer to the Chinese version of 2014 profit distribution table (Appendix 8).
- (2) The distribution is in accordance with the Article 30 and 31 of the Articles of Incorporation.
- (3) For the further development of company business, the Company

proposed to distribute share dividend NTD\$0.6 per share and dividend NTD\$2.9 per share, total NTD\$3.5 per share ( cash dividend NTD\$3.2 and stock dividend NTD\$0.3 ) .

- ( 4 ) The Company distributes the 2014 earnings first in accordance with Article 66-6 of the Income Tax law.
- ( 5 ) The remuneration committee has reviewed and approved a distribution of NTD\$199,299,409 for employee bonuses and NTD\$99,649,704 in remuneration for the board of directors and supervisors.
- ( 6 ) Upon the approval of the Annual Meeting of Shareholders, it is proposed that the chairman be authorized to resolve the record date, ex-dividend date, and other relevant issue.

**Resolution:**



# Proposals and Discussion

## Proposed by the Board

### Item 1.

#### Proposal:

Proposal for a new share issue through capitalization of retained earnings. Please proceed to discuss.

#### Explanation:

(1) For the further development of company business, the management plans to withdraw NTD\$78,430,620 from distributable earnings to issue dividends stocks (7,843,062 shares).

The shares are determined by the shareholding ratio of shareholders. Shareholding of less than one share shall be paid in cash in accordance with Article 240 of the Company Act. Fractional shares will be purchased by people arranged by the chairman authorized by the Board.

(2) The shareholder rights and obligations of the new shares are the same as those of existing shares.

(3) After the approval of the Annual Meeting of Shareholders and the competent authority, the new shares will be distributed on a record date determined by the Board.

(4) Above capitalization issues are authorized the board to deal with if authorities or circumstance changes.

#### Resolution:

## Proposed by the Board

### Item 2.

#### Proposal:

Amendment to the Company's Articles of Incorporation. Please proceed to discuss.

#### Explanation:

In order to conform to the needs of commercial practice (or amendments to related commercial laws), the company hereby proposes to amend the Company's Article of Incorporation. Please refer to appendix 9 for details.

#### Resolution:

**Proposed by the Board**

**Item 3.**

**Proposal:**

Proposal for Release the Prohibition on Directors from Participation in Competitive Business. Please proceed to discuss.

**Explanation:**

As the Company's President Mr. Eric Chuo is also Luren Precision Co.,LTD. President, it is proposed for release the prohibition on directors from participation in competitive business.

**Resolution:**

**Proposed by the Board**

**Item 4.**

**Proposal:**

Amendment to the Operational Procedures for Acquisition and Disposal of Assets. Please proceed to discuss.

**Explanation:**

In order to conform to the needs of commercial practice (or amendments to related commercial laws), the company hereby proposes to amend the Operational Procedures for Acquisition and Disposal of Assets. Please refer to appendix 10 for details.

**Resolution:**

## **Questions and Motions**

## **Adjournment**

## **2014 Business Report**

Dear Shareholders,

The Company's 2014 consolidated revenue is NTD\$15.09 billion. Compare 2014 with 2013, there is an increase of 21% in consolidated revenue.

According to Industrial Technology Research Institute IEK statistics, Taiwan's machinery industry in 2014 has GDP growth of 7%; moreover, the company still surpass the average growth. Thanks to Hiwin's continued developments around the world in various industries, application markets, and long-term commitment with the customer co-design, and long-term outcome of close interaction with distributors, thus showing the strength of our business. Since the company was founded, we continuously invested in research and innovation each year. In 2014, the company's global business strategy has a new source of innovation, since the Russia R & D base was expanded in intelligent automation. In new developed products, the launch of key component, AB / AC axis, for direct-drive 5-axis machining, will lead the transformation and upgrading of Taiwan's machine tool into a new 5-axis machining machine generation. In Industrial robots, we continue to build a complete product line and production capacity. Before the declaration of entering Industry 4.0 by Hannover Fair in 2011, our company already invested the Industry4.0 related core technology research and development several years in advance. In 2014 Tokyo Machine Tool Show, we have exhibited an Insustry4.0 related intelligent production and automation prototype, and entered into the commercial production stage. In Medical robots, Hiwin Robotic Gait Training System has obtained CE Mark certification of medical equipment, and will also soon obtain the certification of SFDA from Mainland China. Other medical robots, such as health care robots, minimally invasive surgical robots also take forward according to the plan.

Looking into the future, we never stop to localize corporate culture in Germany, Japan, the United States and China, and to expand production capacity and operating scale. In September 2014, Offenburg new plant expansion of 7,000 Ping commenced, the mayor personally presided over the ceremony. Newly established Subsidiaries, such as Italy, Singapore, South Korea, and mainland China, were able to build operation teams efficiently. These new progresses are not only the energy of revenue growth, but also the foundation for Hiwin to enter into the world's leading brand.

In 2014, Hiwin won many affirmatives in research and innovation and brand marketing, such as the top 50 of Forbes Most Innovative Growth Companies, listed as Bellwether Company in the ROBO-STOX Global Robotics and Automation UCITS Index, 15 consecutive years won the Ministry of Economic Affairs Taiwan Excellence "Gold, Silver", 4 consecutive years won the Ministry of Economic Affairs select the top 20 innovative companies in Taiwan, obtained ISO 50001 Energy Management System certificate, obtained CE Mark certification of medical equipment, honored with Taiwan business continuity Award and Community Involvement Award.

In addition to focusing on management and pursuing solid growth, Hiwin put corporate social responsibility into practice through our subsidiaries all around the world. Held in Taiwan, "Hiwin Thesis Award" has entered its twelfth year, and has enormous influences in researching and teaching throughout the universities in Taiwan. Chinese Mechanical Engineering Society (Beijing) was entrusted to organize "Hiwin excellent mechanical Dissertation Award". The award has entered its fifth year, and the growing importance of this award began to shift in national policy to encourage industry review. In Europe, we also continued to participate in Offenburg government's public welfare fund. In November 19, 2014, Hiwin donated Hsinchu area's first hybrid library to Hsinchu Liujia Elementary School, and Hsinchu County Magistrate and Hiwin chairman, co-chaired the ground-breaking ceremony.

Looking ahead to 2015, we expect the US economy continues to improve, Europe's economy will gradually recover, and sign of recovery in Japan will be more obvious than the previous year. While the sharp depreciation of the yen and euro continued, we are still cautiously optimistic in response to environmental changes.

Hiwin Technology is one of the world leader in Motion Control and System Technology. To Meet the Era of Industry 4.0, we have already invested resources in research and development, intelligent production and automation field, and have a leading position. We will put more efforts in research and development to develop new products, improve processes and enhance operational efficiency. I would like to thank all my colleagues for the efforts, as well as our shareholders, government agencies and banks for the supports given to HIWIN. Special thanks to the shareholders who are willing to support Hiwin management team to establish a global brand position and invest in the innovation business. We hope our shareholders will continue to give us support and advice in the new coming year.

## **Attachment 2**

### **INDEPENDENT AUDITORS' REPORT**

Board of Directors and Shareholders

Hiwin Technologies Corporation

We have audited the accompanying consolidated balance sheets of Hiwin Technologies Corporation ("the Corporation") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Hiwin Technologies Corporation as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified report.

March 23, 2015

Notice to Readers

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

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

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

ASSETS	2014		2013	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,460,006	8	\$ 1,185,673	4
Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)	104	-	-	-
Notes receivable from unrelated parties, net (Notes 4, 5, 10 and 28)	203,939	1	141,709	1
Notes receivable from related parties, net (Notes 4, 5 and 27)	7,177	-	69,275	-
Trade receivables from unrelated parties, net (Notes 4, 5 and 10)	5,450,013	18	4,656,896	17
Trade receivables from related parties, net (Notes 4, 5 and 27)	12,802	-	-	-
Inventories (Notes 4, 5 and 11)	4,066,870	13	3,960,986	15
Other current assets (Notes 6, 14, 27 and 28)	<u>801,521</u>	<u>3</u>	<u>370,849</u>	<u>1</u>
Total current assets	<u>13,002,432</u>	<u>43</u>	<u>10,385,388</u>	<u>38</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	16	-	16	-
Held-to-maturity financial assets - non-current (Note 4)	3,258	-	3,369	-
Financial assets measured at cost - non-current (Notes 4 and 9)	351,754	1	360,954	1
Investments accounted for using equity method (Notes 4 and 12)	104,990	-	99,181	-
Property, plant and equipment (Notes 4, 13, 27 and 28)	15,258,375	50	13,902,937	50
Deferred tax assets (Notes 4, 5 and 21)	153,991	1	136,389	1
Prepayments for machinery and equipment	1,144,092	4	2,337,571	8
Refundable deposits	35,994	-	222,087	1
Long-term prepayments for lease (Note 14)	98,207	-	-	-
Other non-current assets (Notes 4, 6, 10, 16 and 28)	<u>212,331</u>	<u>1</u>	<u>163,096</u>	<u>1</u>
Total non-current assets	<u>17,363,008</u>	<u>57</u>	<u>17,225,600</u>	<u>62</u>
TOTAL	<u>\$ 30,365,440</u>	<u>100</u>	<u>\$ 27,610,988</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 15 and 28)	\$ 4,398,088	15	\$ 5,120,653	19
Financial liabilities at fair value through profit or loss - current (Notes 4, 5 and 7)	13,667	-	2,792	-
Notes payable	10,060	-	20,518	-
Trade payables to unrelated parties	2,146,987	7	1,868,197	7
Trade payables to related parties (Note 27)	110,862	-	90,075	-
Other payables (Notes 4 and 17)	1,355,434	4	1,029,653	4
Current tax liabilities (Notes 4, 5 and 21)	480,707	2	315,136	1
Current portion of long-term borrowings (Notes 15, 16 and 28)	1,360,209	5	1,252,797	4
Other current liabilities (Note 4)	<u>136,050</u>	<u>-</u>	<u>118,764</u>	<u>-</u>
Total current liabilities	<u>10,012,064</u>	<u>33</u>	<u>9,818,585</u>	<u>35</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 28)	5,887,161	19	5,210,736	19
Deferred tax liabilities (Notes 4, 5 and 21)	180,389	1	151,754	1
Finance lease payables - non-current (Notes 4 and 16)	393,494	1	420,165	1
Accrued pension liabilities (Notes 4, 5 and 18)	219,747	1	213,850	1
Guarantee deposits received	<u>300</u>	<u>-</u>	<u>300</u>	<u>-</u>
Total non-current liabilities	<u>6,681,091</u>	<u>22</u>	<u>5,996,805</u>	<u>22</u>
Total liabilities	<u>16,693,155</u>	<u>55</u>	<u>15,815,390</u>	<u>57</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Common stock	2,614,354	9	2,538,208	9
Capital surplus- additional paid-in capital	308,630	1	308,630	1
Retained earnings				
Legal reserve	1,355,627	4	1,153,469	4
Special reserve	-	-	163,449	1
Unappropriated earnings	8,664,091	29	7,065,846	26
Other equity	<u>(14,561)</u>	<u>-</u>	<u>2,154</u>	<u>-</u>
Total equity attributable to owners of the Corporation	12,928,141	43	11,231,756	41
NON-CONTROLLING INTERESTS	<u>744,144</u>	<u>2</u>	<u>563,842</u>	<u>2</u>
Total equity	<u>13,672,285</u>	<u>45</u>	<u>11,795,598</u>	<u>43</u>
TOTAL	<u>\$ 30,365,440</u>	<u>100</u>	<u>\$ 27,610,988</u>	<u>100</u>

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

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
SALES (Notes 4 and 27)	\$ 15,087,336	100	\$ 12,442,866	100
COST OF GOODS SOLD (Notes 11, 20 and 27)	<u>9,296,584</u>	<u>62</u>	<u>7,834,804</u>	<u>63</u>
GROSS PROFIT	<u>5,790,752</u>	<u>38</u>	<u>4,608,062</u>	<u>37</u>
OPERATING EXPENSES (Notes 20 and 27)				
Selling and marketing expenses	1,126,186	7	847,168	7
General and administrative expenses	1,009,279	7	834,536	7
Research and development expenses	<u>807,452</u>	<u>5</u>	<u>557,488</u>	<u>4</u>
Total operating expenses	<u>2,942,917</u>	<u>19</u>	<u>2,239,192</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>2,847,835</u>	<u>19</u>	<u>2,368,870</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidy revenue (Note 4)	8,324	-	24,283	-
Finance costs (Notes 4 and 20)	(172,112)	(1)	(149,030)	(1)
Share of profit of associates accounted for using equity method (Notes 4 and 12)	10,055	-	11,069	-
Interest income (Note 4)	14,401	-	2,781	-
Rental income (Notes 4 and 27)	6,380	-	10,913	-
Other income (Notes 4 and 27)	37,570	-	37,174	-
Gain on disposal of investments, net (Note 4)	-	-	9,770	-
Net foreign exchange gain (Note 4)	211,439	1	200,032	2
Other expenses (Note 4)	(8,210)	-	(3,878)	-
Impairment loss on property, plant and equipment (Note 4)	(12,454)	-	-	-
Valuation loss on financial assets (liabilities) at fair value through profit or loss (Note 4)	(23,086)	-	(7,674)	-
Impairment loss on financial assets (Notes 4 and 9)	<u>(9,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>63,107</u>	<u>-</u>	<u>135,440</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	2,910,942	19	2,504,310	20
INCOME TAX EXPENSE (Notes 4, 5 and 21)	<u>643,592</u>	<u>4</u>	<u>591,486</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>2,267,350</u>	<u>15</u>	<u>1,912,824</u>	<u>15</u>

(Continued)



# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations (Note 4)	\$ (19,698)	-	\$ 47,555	1
Unrealized gain on available-for-sale financial assets	-	-	4,539	-
Actuarial gain and loss arising from defined benefit plans (Note 18)	(5,641)	-	312	-
Income tax relating to components of other comprehensive income (Note 21)	<u>2,983</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>(22,356)</u>	<u>-</u>	<u>52,406</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,244,994</u>	<u>15</u>	<u>\$ 1,965,230</u>	<u>16</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,404,906	16	\$ 2,021,585	16
Non-controlling interests	<u>(137,556)</u>	<u>(1)</u>	<u>(108,761)</u>	<u>(1)</u>
	<u>\$ 2,267,350</u>	<u>15</u>	<u>\$ 1,912,824</u>	<u>15</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,382,550	16	\$ 2,073,991	17
Non-controlling interests	<u>(137,556)</u>	<u>(1)</u>	<u>(108,761)</u>	<u>(1)</u>
	<u>\$ 2,244,994</u>	<u>15</u>	<u>\$ 1,965,230</u>	<u>16</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 9.20</u>		<u>\$ 7.73</u>	
Diluted	<u>\$ 9.16</u>		<u>\$ 7.70</u>	

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

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Except Dividends Per share)

	Equity Attributable to Owners of the Corporation (Note 19)									
						Other Equity				
			Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for- sale Financial Assets		Non-controlling Interests (Note 23)	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Note 21)			Total		
BALANCE AT JANUARY 1, 2013	\$ 2,464,280	\$ 308,630	\$ 953,150	\$ 132,863	\$ 6,014,137	\$ (45,404)	\$ (4,536)	\$ 9,823,120	\$ 479,100	\$ 10,302,220
Appropriation of 2012 earnings										
Legal reserve	-	-	200,319	-	(200,319)	-	-	-	-	-
Special reserve	-	-	-	30,586	(30,586)	-	-	-	-	-
Cash dividends - NT\$2.7 per share	-	-	-	-	(665,355)	-	-	(665,355)	-	(665,355)
Share dividends - NT\$0.3 per share	73,928	-	-	-	(73,928)	-	-	-	-	-
	73,928	-	200,319	30,586	(970,188)	-	-	(665,355)	-	(665,355)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	193,503	193,503
Net profit for the year ended December 31, 2013	-	-	-	-	2,021,585	-	-	2,021,585	(108,761)	1,912,824
Other comprehensive income (loss) for the year ended December 31, 2013, net of income tax	-	-	-	-	312	47,555	4,539	52,406	-	52,406
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	2,021,897	47,555	4,539	2,073,991	(108,761)	1,965,230
BALANCE AT DECEMBER 31, 2013	2,538,208	308,630	1,153,469	163,449	7,065,846	2,151	3	11,231,756	563,842	11,795,598
Appropriation of 2013 earnings										
Legal reserve	-	-	202,158	-	(202,158)	-	-	-	-	-
Reversal of special reserve	-	-	-	(163,449)	163,449	-	-	-	-	-
Cash dividends - NT\$2.7 per share	-	-	-	-	(685,316)	-	-	(685,316)	-	(685,316)
Share dividends - NT\$0.3 per share	76,146	-	-	-	(76,146)	-	-	-	-	-
	76,146	-	202,158	(163,449)	(800,171)	-	-	(685,316)	-	(685,316)
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	(849)	-	-	(849)	849	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	317,009	317,009
Net profit for the year ended December 31, 2014	-	-	-	-	2,404,906	-	-	2,404,906	(137,556)	2,267,350
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	(5,641)	(16,715)	-	(22,356)	-	(22,356)
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	2,399,265	(16,715)	-	2,382,550	(137,556)	2,244,994
BALANCE AT DECEMBER 31, 2014	\$ 2,614,354	\$ 308,630	\$ 1,355,627	\$ -	\$ 8,664,091	\$ (14,564)	\$ 3	\$ 12,928,141	\$ 744,144	\$ 13,672,285

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

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,910,942	\$ 2,504,310
Adjustments for :		
Depreciation expenses	1,091,917	1,056,257
Amortization expenses	14,587	16,626
Reversal of impairment loss on receivables	(1,272)	(25,816)
Net loss on fair value change of financial assets and liabilities at fair value through profit or loss	13,563	2,792
Finance costs	172,112	149,030
Interest income	(14,401)	(2,781)
Write-down of inventories	4,287	41,857
Share of profit of associates accounted for using equity method	(10,055)	(11,069)
Loss on disposal of property, plant and equipment	820	2,456
Net gain on disposal of investments	-	(9,770)
Impairment loss recognized on financial assets	9,200	-
Impairment loss recognized on property, plant and equipment	12,454	-
Unrealized foreign currency exchange gain, net	(164,532)	(28,789)
Other	111	-
Changes in operating assets and liabilities		
Financial instruments held for trading	(2,792)	(1,611)
Notes receivable	(1,396)	(25,020)
Trade receivables	(698,485)	(309,225)
Inventories	(86,133)	(173,460)
Other current assets	18,292	(85,756)
Notes payable	(10,458)	17,434
Trade payables	333,689	220,423
Other payables	300,888	91,187
Other current liabilities	19,434	48,376
Accrued pension liabilities	256	64
Cash generated from operations	3,913,028	3,477,515
Interest received	6,516	2,781
Interest paid	(173,214)	(149,458)
Income taxes paid	(527,065)	(712,570)
Net cash generated from operating activities	<u>3,219,265</u>	<u>2,618,268</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of available-for-sale financial assets	-	39,195
Purchase of held-to-maturity financial assets	-	(3,369)
Purchase of financial assets measured at cost	-	(21,000)
Payments for property, plant and equipment	(733,419)	(2,194,289)
Proceeds from disposal of property, plant and equipment	1,731	2,698
Decrease (increase) in refundable deposits	185,481	(206,260)
Increase in other financial assets	(346,922)	-
Increase in other non-current assets	(60,385)	(44,402)

(Continued)

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	<u>2014</u>	<u>2013</u>
Increase in prepayments for machinery and equipment	\$ (589,636)	\$ (486,386)
Increase in prepayments for lease	<u>(97,102)</u>	<u>-</u>
Net cash used in investing activities	<u>(1,640,252)</u>	<u>(2,913,813)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (repayments of) in short-term borrowings	(703,819)	791,246
Proceeds from long-term borrowings	2,226,380	929,280
Repayments of long-term borrowings	(1,429,649)	(1,065,902)
Repayments of finance lease payable	(21,279)	(20,172)
Dividends paid	(685,316)	(665,355)
Changes in non-controlling interests	<u>321,032</u>	<u>190,720</u>
Net cash generated from (used in) financing activities	<u>(292,651)</u>	<u>159,817</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>(12,029)</u>	<u>4,312</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,274,333	(131,416)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,185,673</u>	<u>1,317,089</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 2,460,006</u>	<u>\$ 1,185,673</u>

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

(Concluded)

