

Stock Code: 2049

Hiwin Technologies Corp.
Handbook for the 2019 Annual Meeting of
Shareholders

Time: June 28, 2019 (Friday) , 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 2016 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.

Table of Contents	
I. Meeting Procedure.....	P4
II. Meeting Agenda	P5
1. Report on Company Affairs.....	P6
2. Adoptions.....	P7
3. Proposed Resolutions.....	P8-10
4. Election.....	P11
5. Other motion.....	P12
6. Questions and Motions.....	P13
III. Attachments	
1. 2018 Business Report.....	P14-16
2. Audit Committee's Review Report	P17
3. Independent accountants' audit report and consolidated financial statements.....	P18-29

Hiwin Technologies Corp.

Procedure for the 2019 Annual Meeting of Shareholders

Call the Meeting to Order

Chairperson Remarks

Report on Company Affairs

Adoptions

Proposed Resolutions

Election

Other Motion

Questions and Motions

Meeting Adjourned

Hiwin Technologies Corp.

Year 2019

Agenda of Annual Meeting of Shareholders

Time: 9:00 a.m. on June 28, 2019 (Friday)

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

Call the Meeting to Order

Chairperson Remarks

Report on Company Affairs

1. 2018 Business Report
2. 2018 Audit Committee's Review Report
3. Report on 2018 employees' profit-sharing bonus and directors' compensation

Adoptions

1. Adoption of the 2018 Business Report and Financial Statements
2. Adoption of the Proposal for Distribution of 2018 Earnings

Proposed Resolutions

1. Proposal for a new shares issue through capitalization of retained earnings
2. Amendment to the Company's Articles of Incorporation
3. Amendment to the Operational Procedures for Acquisition or Disposal of Assets
4. Amendment to the Operational Procedures for Loaning of Company Funds
5. Amendment to the Operational Procedures for Endorsements and Guarantees
6. Amendment to the Rules of Procedure for Shareholder Meetings

Election

The Election of 11th Directors

Other Motion

Release the Prohibition on 11th Directors from Participation in Competitive Business

Questions and Motions

Meeting Adjourned

Report on Company Affairs

Report No. 1

2018 Business Report, please refer to Chinese version, Appendix 1, P.7~P.8 for details.

Report No. 2

2018 Audit Committee's Review Report, please refer to Chinese version, Appendix 2, P.9 and Appendix 3~4, P.10~P.32 for details.

Report No. 3

Report on 2018 employees' profit sharing bonus and directors' compensation.

Items	Proposed by the Board	Note
Employees' profit	NTD\$492,363,358	Cash
Directors' compensation	NTD\$246,181,679	

Adoptions

Proposed by the Board

Item 1.

Proposal:

Adoption of the 2018 Business Report and Financial Statements.

Explanation:

- (1) The Company's 2018 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors,, Ms. Karen Yen and Mr. Rock Tseng 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 2018 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements could be referred to the Chinese version, Appendix 1, P.7~P.8 and Appendix 3&4, P.10~P.32.

Resolution:

Proposed by the Board

Item 2.

Proposal:

Adoption of the Proposal for Distribution of 2018 Earnings.

Explanation:

- (1) Please refer to the Chinese version, Appendix 5, P.33 of the 2018 profit distribution table.
- (2) According to the Company's Articles of Incorporation with Article 31-1 & 32.
- (3) For the further development of company business, the Company proposed to distribute share dividend NTD\$0.6 per share and dividend NTD\$6.7 per share, total NTD\$7.3per share(cash dividend NTD\$7 and stock dividend NTD\$0.3) .
- (4) The Company distributes the 2018 earnings first.
- (5) 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:

Proposed Resolutions

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\$90,168,600 from distributable earnings to issue dividends stocks (9,016,860 shares), the Company's capital is NTD\$3,095,788,860(309,578,886 shares) after the capitalization.
- (2) 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.
- (3) The shareholder rights and obligations of the new shares are the same as those of existing shares.
- (4) 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.
- (5) 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 The Company Act and commercial practice, the company hereby proposes to amend the Company's Article of Incorporation. Please refer to Chinese version, Appendix 6, P.34~P.39 for details.

Resolution:

Proposed by the Board

Item 3.

Proposal:

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

Explanation:

In order to follow the rules by the R.O.C. Financial Supervisory Commission and IFRS 16, the company hereby proposes to amend the Operational Procedures for Acquisition and Disposal of Assets. Please refer to Chinese version, Appendix 7, P.40~P.56 for details.

Resolution:

Proposed by the Board

Item 4.

Proposal:

Amendment to the Operational Procedures for Loaning of Company Funds. Please proceed to discuss.

Explanation:

In order to follow the rules by the R.O.C. Financial Supervisory Commission and commercial practice, the company hereby proposes to amend the Operational Procedures for Loaning of Company Funds. Please refer to Chinese version, Appendix 8, P.57~P.60 for details.

Resolution:

Proposed by the Board

Item 5.

Proposal:

Amendment to the Operational Procedures for Endorsements and Guarantees. Please proceed to discuss.

Explanation:

In order to follow the rules by the R.O.C. Financial Supervisory Commission and commercial practice, the company hereby proposes to amend the Operational Procedures for Endorsements and Guarantees. Please refer to Chinese version, Appendix 9, P.61~P.65 for details.

Resolution:

Proposed by the Board

Item 6.

Proposal:

Amendment to the Rules of Procedure for Shareholder Meetings. Please proceed to discuss.

Explanation:

In order to conform to the needs of The Company Act and commercial practice, the company hereby proposes to amend the Rules of Procedure for Shareholder Meetings. Please refer to Chinese version, Appendix 10, P.66~P.68 for details.

Resolution:

Election

Proposed by the Board

Proposal:

The 11th Directors election.

Explanation:

1. The term of the 10th Directors will be end on June 27, 2019 accordingly, the shareholders' meeting proposed to elect 9 directors (including 3 independent directors).
2. The tenure of newly elected directors shall be 3 years, commencing on June 28, 2019 and expiring on June 27, 2022.
3. The election of directors and independent directors will be applied with candidate's nomination system. Shareholders shall elect the directors and the independent directors from the nominees listed in the roster of director candidates, whose education and professional qualifications, experience and relevant information please refer to Chinese Version, Appendix 11, P.69~P.70 for details.

Voting Results

Other Motion

Proposed by the Board

Proposal:

Proposal for Release the Prohibition on 11th Directors from Participation in Competitive Business. Please proceed to discuss.

Explanation:

1. According to Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval and is proved by the Audit Committee.
2. The proposed list for release the prohibition on Directors from participation in competitive business are as follows.

Name	Proposal for Release the Prohibition Position
Chuo, Yung-Tsai	Chairman of HIWIN Mikrosystem Corp.
	Chairman of Eterbright Solar Corporation
	Chairman of Luren Precision Co.,
Chen, Chin-Tsai	Chairman of WIN Semiconductors Corp.
	Director of ITEQ Corporation
	Independent director of Tong Hsing Electronic Industries Limited
	Independent director of Kinsus Interconnect Technology Corp.
Lee, Shun-Chin	Legal representative of HIWIN Mikrosystem Corp.
	Director of Eterbright Solar Corporation
Chuo, Wen-Hen	Deputy chairman of Eterbright Solar Corporation
	Deputy chairman of Luren Precision Co.,
Tsai, Huey-Chin	Legal representative of Luren Precision Co.,
San Hsin Investment Co.Ltd.	Director of Shengli Iron And Steel Company

Resolution:

Questions and Motion

Meeting Adjourned

2018 Business Report

Dear Shareholders,

The consolidated revenue of HIWIN Technologies Corporation was 29.33 billion NTD in 2018, with an annual growth of 38.6%, which is once again the record high in history. This number is far better than the 6.5% of the domestic overall manufacturing industry. The economy has been steadily growing in first half of 2018. Industries, such as automation, semiconductors, panel displays, smartphones, automobiles, and new energies are vigorously expanding, and global demand of key components is getting short of demand. HIWIN' s strategy is continuously increasing productivity domestically and overseas, and optimizing manufacturing process efficiency. By this way, HIWIN has made itself an important partner with well-known automotive brand, semiconductor equipment manufacturers and various essential industries during the critical moment of severe global market shortage, which showing the results of the continuous cultivation.

Multiple important achievements have been made in various markets in 2018. It is the 25th anniversary of Hiwin Germany, and its annual revenue reached a billion euros for the first time ever. Hiwin Germany also expands its business cooperation with the world' s most famous pneumatic component manufacturer. HIWIN has also surpassed various well-known competitors in the conservative Japan market, and even successfully came to the aid of multiple well-known Japanese semiconductor equipment manufacturers during the period of material shortage. This leads Hiwin to become the second largest linear motion and system technology supplier in Japan. After the completion of Hiwin China' s Phase 1 factory, the production capacity has largely increased, and can rapidly supply product in China market. Hiwin China also built up system integration team, and this is getting prepared for the demands of China's transformation to smart manufacturing. Because of the manufacturing industry return back to the United States, Hiwin USA will have better performance in 2019. In order to meet the rapidly growing demands of smart manufacturing and automation, HIWIN is aggressively expanding its global manufacturing and

R&D foundation. Hiwin has increased the production capacity because Yunlin Science Park Plant and new Dapumei Plant have completed recently. Hiwin Japan and Luren Precision Ltd. Co. have purchased lands in Kobe and in Fongshan Industrial Area in Hsinchu County. Production capacity and service capability can be increased. Hiwin Italy and Hiwin Korea are continuously evaluating the new factory expansion in order to lay a solid foundation for HIWIN to become the global leading brand.

HIWIN has continuously received domestic and international recognition in R&D innovation and corporate operation performance. The Datoker robot reducer AKA the heart of robot, HIWIN is the third company in the world who can meet international standards for this product. The i4.0BS ballscrew demonstrates the functions of smart monitoring and life expectancy, and was awarded the 2018 Enterprise Asia International Innovation Award. HIWIN has received the Gold and Silver Medal of the Ministry of Economic Affairs' Taiwan Excellence Awards consecutively for the past 19 years, gained the recognition of top 5% ranking in TWSE' s evaluation of listed companies consecutively for the past 3 years; awarded 5 honors including the "Taiwan Corporate Sustainability Awards- Top 50 Performance" by the Taiwan Institute for Sustainable Energy and the "Outstanding Sustainability Award" by the British Standards Institution; selected for the "Common Wealth Excellence in Corporate Social Responsibilities Award" consecutively for the past 12 years from 2007 to 2018. These accolades are of many achievements from the long term efforts on R&D and operations made by the HIWIN team.

HIWIN' s contribution to CSR continues to be education criteria. Hiwin has held the "HIWIN Thesis Award" and the "HIWIN Doctoral Award" , inciting vigorous participation from students and professors who have mechanical major background from Taiwan and China. This will cultivate future excellent mechanical talents. HIWIN is leading and promoting the "Automation Engineers Certificate" and "Robotics Engineers Certificate" . These two certificates will increase professional level of smart automation field in Taiwan. The "JIMTOF" show learning trip for university students has inspired young innovative minds for precision machinery. The "HIWIN robot competition" provided the best platform for young students with a passion for robotics to express their

creativity. The “Greater Taichung lychee value-added preservation technique” has collectively promoted by HIWIN, NCHU, and the farmers’ association. This has successfully promoted to the Japan market, and has made an effort to Taiwanese agriculture industry.

Looking on 2019, due to the trade war between China and the U.S., recession of the European economy, the growing power of China has slowed down, the IMF predicts the global economic growth to be only 3.5%. This is the lowest number in the past three years. Although we are facing challenges from harsh environments, the demand of smart manufacturing and automation continues to be strong, and this is a crucial moment for the global manufacturing industry’ s transformation. This year will be full of challenges and opportunities for HIWIN. HIWIN expects to become the pioneer in smart manufacturing, providing total solution for system integration, satisfying smart manufacturing demands of global clients, accompanying clients to a future of industrial upgrade. We are expecting all the shareholders, government institutions, bank groups to continue to offer support and advice in a year full of uncertainty. All staff of HIWIN will do our best in order to reach the next milestone for HIWIN’ S 30-year-anniversary and sales turnover exceeding a billion US dollar.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Deloitte & Touche was retained to Audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earning allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Hiwin Technologies Corporation
Chairman of the Audit Committee

Mach 26, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hiwin Technologies Corporation

Opinion

We have audited the accompanying consolidated financial statements of Hiwin Technologies Corporation and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Group’s consolidated financial statements for the year ended December 31, 2018 are as follows:

Revenue recognition

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

Our key audit procedures performed in respect of revenue recognition included the following:

1. We understood and tested the design and operating effectiveness of related internal controls over the acceptance of order and shipping procedures; we selected sample sales transactions of distribution channels and verified that the receiving of the order and the timing of the revenue recognition were in accordance with the terms of transaction.
2. We validated the terms of transactions against sales contracts and orders with major distributors to ensure that the terms of transaction and the timing of the revenue recognition are in accordance; we tested the records of sales returns against source documents and we checked whether there was any unusual item during the year and after the balance sheet date .

Valuation and impairment assessment of inventory

As of December 31, 2018, the carrying amount of inventory was \$8,933,731 thousand. Such carrying amount of inventory is the lower of cost or net realizable value which is determined subject to the management's judgment and estimation uncertainty. Therefore, valuation and impairment assessment of inventory is identified as a key audit matter. The accounting policy on the valuation and impairment assessment of inventory and the details of inventory are disclosed in Notes 4, 5 and 11 to the consolidated financial statements.

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

1. We understood the related internal control and procedures on the valuation of inventory and assessed that valuation including impairment assessment conforms to the approved procedures.
2. We assessed the reasonableness of provision for impairment of inventory by reference to aging of inventories and the level of inventory consumed and sold during the year.
3. We tested the net realizable value of sample inventory items against the selling price and we checked the completeness and accuracy of the information of net realizable value.
4. We compared the actual sales amount of the sample inventory items with the book value to ascertain that the carrying value of the inventory does not exceed the net

realizable value.

5. We evaluated the adequacy of provision for obsolete and damaged stock based on the condition of inventory during our observation of inventory counts.

Other Matter

We have also audited the parent company only financial statements of Hiwin Technologies Corporation as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified report.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taichung, Taiwan
Republic of China

March 26, 2019

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, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,787,232	6	\$ 2,752,876	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	282	-	548	-
Notes receivable from unrelated parties, net (Notes 4, 5 and 10)	1,032,146	2	792,084	2
Notes receivable from related parties, net (Notes 4, 5 and 29)	1,449	-	2,835	-
Trade receivables from unrelated parties, net (Notes 4, 5 and 10)	5,022,035	10	3,588,337	10
Trade receivables from related parties, net (Notes 4, 5 and 29)	23,845	-	28,527	-
Inventories (Notes 4, 5 and 11)	8,933,731	18	5,394,388	14
Other current assets (Notes 6, 16, 29 and 30)	<u>653,564</u>	<u>2</u>	<u>552,027</u>	<u>2</u>
Total current assets	<u>18,454,284</u>	<u>38</u>	<u>13,111,622</u>	<u>35</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	934,160	2	-	-
Held-to-maturity financial assets - non-current (Note 4)	-	-	2,919	-
Financial assets at amortized cost - non-current (Note 4)	2,803	-	-	-
Financial assets measured at cost - non-current (Notes 4 and 9)	-	-	320,464	1
Investments accounted for using the equity method (Notes 4 and 13)	179,532	-	161,910	-
Property, plant and equipment (Notes 4, 14, 29 and 30)	25,226,895	52	21,303,831	57
Goodwill (Note 4)	256,163	1	177,915	1
Deferred tax assets (Notes 4 and 22)	461,625	1	262,196	1
Prepayments for machinery and equipment (Note 15)	2,965,011	6	1,873,978	5
Refundable deposits (Note 4)	79,840	-	59,938	-
Long-term prepayments for lease (Notes 16 and 30)	163,314	-	170,331	-
Other non-current assets (Notes 4 and 10)	<u>169,215</u>	<u>-</u>	<u>128,454</u>	<u>-</u>
Total non-current assets	<u>30,438,558</u>	<u>62</u>	<u>24,461,936</u>	<u>65</u>
TOTAL	<u>\$ 48,892,842</u>	<u>100</u>	<u>\$ 37,573,558</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 30)	\$ 6,194,778	13	\$ 4,951,437	13
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	5,775	-	3,038	-
Contract liabilities - current (Note 4)	185,501	-	-	-
Notes payable	12,431	-	8,815	-
Trade payables to unrelated parties	5,410,616	11	4,061,777	11
Trade payables to related parties (Note 29)	179,292	-	241,775	1
Other payables (Notes 18 and 29)	2,889,502	6	1,744,921	5
Current tax liabilities (Notes 4 and 22)	846,332	2	347,338	1
Current portion of long-term borrowings (Notes 17 and 30)	1,799,826	4	1,754,159	5
Other current liabilities (Note 4)	<u>114,846</u>	<u>-</u>	<u>205,479</u>	<u>-</u>
Total current liabilities	<u>17,638,899</u>	<u>36</u>	<u>13,318,739</u>	<u>36</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 30)	6,011,746	12	7,087,273	19
Deferred tax liabilities (Notes 4 and 22)	456,389	1	238,446	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	310,863	1	319,857	1
Other non-current liabilities (Note 29)	<u>36,545</u>	<u>-</u>	<u>9,394</u>	<u>-</u>
Total non-current liabilities	<u>6,815,543</u>	<u>14</u>	<u>7,654,970</u>	<u>20</u>
Total liabilities	<u>24,454,442</u>	<u>50</u>	<u>20,973,709</u>	<u>56</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Common stock	3,005,620	6	2,801,573	7
Capital surplus	3,236,274	6	308,630	1
Retained earnings				
Legal reserve	2,166,826	4	1,893,024	5
Special reserve	250,940	1	265,533	1
Unappropriated earnings	15,145,659	31	11,275,276	30
Other equity	<u>375,140</u>	<u>1</u>	<u>(250,940)</u>	<u>(1)</u>
Total equity attributable to owners of the Corporation	24,180,459	49	16,293,096	43
NON-CONTROLLING INTERESTS	<u>257,941</u>	<u>1</u>	<u>306,753</u>	<u>1</u>
Total equity	<u>24,438,400</u>	<u>50</u>	<u>16,599,849</u>	<u>44</u>
TOTAL	<u>\$ 48,892,842</u>	<u>100</u>	<u>\$ 37,573,558</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, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
SALES (Notes 4 and 29)	\$ 29,333,129	100	\$ 21,164,764	100
COST OF GOODS SOLD (Notes 11, 21 and 29)	<u>17,703,549</u>	<u>60</u>	<u>13,582,126</u>	<u>64</u>
GROSS PROFIT	<u>11,629,580</u>	<u>40</u>	<u>7,582,638</u>	<u>36</u>
OPERATING EXPENSES (Notes 21 and 29)				
Selling and marketing expenses	1,815,214	6	1,530,831	7
General and administrative expenses	2,009,174	7	1,515,397	7
Research and development expenses	<u>1,385,997</u>	<u>5</u>	<u>1,191,309</u>	<u>6</u>
Total operating expenses	<u>5,210,385</u>	<u>18</u>	<u>4,237,537</u>	<u>20</u>
PROFIT FROM OPERATIONS	<u>6,419,195</u>	<u>22</u>	<u>3,345,101</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidy revenue (Note 4)	73,623	-	84,941	-
Finance costs (Notes 4 and 21)	(146,985)	-	(131,357)	(1)
Share of profit of associates accounted for using equity method (Notes 4 and 13)	29,611	-	23,399	-
Interest income (Note 4)	53,757	-	37,898	-
Other income (Note 29)	108,458	-	80,378	-
Net foreign exchange gain (Notes 4 and 32)	39,496	-	28,830	-
Other expenses	(39,438)	-	(41,005)	-
Valuation loss on financial assets (liabilities) at fair value through profit or loss (Note 4)	(17,757)	-	(67,577)	-
Impairment loss (Notes 4 and 14)	<u>(424,000)</u>	<u>(1)</u>	<u>(548,473)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>(323,235)</u>	<u>(1)</u>	<u>(532,966)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	6,095,960	21	2,812,135	13
INCOME TAX EXPENSE (Notes 4 and 22)	<u>1,205,537</u>	<u>4</u>	<u>560,615</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>4,890,423</u>	<u>17</u>	<u>2,251,520</u>	<u>10</u>

(Continued)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	\$ (12,610)	-	\$ (53,292)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	519,283	1	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	5,403	-	8,357	-
	<u>\$ 512,076</u>	<u>1</u>	<u>\$ (44,935)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(45,889)	-	17,610	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 22)	17,517	-	(2,978)	-
	<u>\$ (28,372)</u>	<u>-</u>	<u>\$ 14,632</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>483,704</u>	<u>1</u>	<u>(30,303)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,374,127</u>	<u>18</u>	<u>\$ 2,221,217</u>	<u>10</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 5,392,257	19	\$ 2,738,019	13
Non-controlling interests	<u>(501,834)</u>	<u>(2)</u>	<u>(486,499)</u>	<u>(3)</u>
	<u>\$ 4,890,423</u>	<u>17</u>	<u>\$ 2,251,520</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 5,878,542	20	\$ 2,709,808	13
Non-controlling interests	<u>(504,415)</u>	<u>(2)</u>	<u>(488,591)</u>	<u>(3)</u>
	<u>\$ 5,374,127</u>	<u>18</u>	<u>\$ 2,221,217</u>	<u>10</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 18.44</u>		<u>\$ 9.49</u>	
Diluted	<u>\$ 18.29</u>		<u>\$ 9.46</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, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Note 20)										
							Other Equity		Total	Non-controlling Interests (Notes 12 and 25)	Total Equity
	Common Stock	Capital Surplus Additional Paid-in Capital	Employee Stock Option	Retained Earnings Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) Financial Assets at Fair Value Through Other Comprehensive			
BALANCE AT JANUARY 1, 2017	\$ 2,746,640	\$ 308,630	\$ -	\$ 1,760,342	\$ 91,624	\$ 9,459,908	\$ (265,533)	\$ -	\$ 14,101,611	\$ 698,307	\$ 14,799,918
Appropriation of 2016 earnings											
Legal reserve	-	-	-	132,682	-	(132,682)	-	-	-	-	-
Special reserve	-	-	-	-	173,909	(173,909)	-	-	-	-	-
Cash dividends - NT\$1.6 per share	-	-	-	-	-	(439,462)	-	-	(439,462)	-	(439,462)
Share dividends - NT\$0.2 per share	54,933	-	-	-	-	(54,933)	-	-	-	-	-
	54,933	-	-	132,682	173,909	(800,986)	-	-	(439,462)	-	(439,462)
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	-	-	-	-	(78,868)	7	-	(78,861)	78,861	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	18,176	18,176
Net profit for the year ended December 31, 2017	-	-	-	-	-	2,738,019	-	-	2,738,019	(486,499)	2,251,520
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(42,797)	14,586	-	(28,211)	(2,092)	(30,303)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	2,695,222	14,586	-	2,709,808	(488,591)	2,221,217
BALANCE AT DECEMBER 31, 2017	2,801,573	308,630	-	1,893,024	265,533	11,275,276	(250,940)	-	16,293,096	306,753	16,599,849
Effect of retrospective application	-	-	-	-	-	33,915	-	139,447	173,362	-	173,362
BALANCE AT JANUARY 1, 2018, AS RESTATED	2,801,573	308,630	-	1,893,024	265,533	11,309,191	(250,940)	139,447	16,466,458	306,753	16,773,211
Appropriation of 2017 earnings											
Legal reserve	-	-	-	273,802	-	(273,802)	-	-	-	-	-
Special reserve	-	-	-	-	(14,593)	14,593	-	-	-	-	-
Cash dividends - NT\$3.5 per share	-	-	-	-	-	(980,551)	-	-	(980,551)	-	(980,551)
Share dividends - NT\$0.3 per share	84,047	-	-	-	-	(84,047)	-	-	-	-	-
	84,047	-	-	273,802	(14,593)	(1,323,807)	-	-	(980,551)	-	(980,551)
Issuance of ordinary shares for cash	120,000	2,922,204	5,440	-	-	-	-	-	3,047,644	-	3,047,644
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	-	-	-	-	(231,634)	-	-	(231,634)	231,634	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	223,969	223,969
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	8,396	-	(8,396)	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	-	5,392,257	-	-	5,392,257	(501,834)	4,890,423
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(8,744)	(24,254)	519,283	486,285	(2,581)	483,704
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	5,383,513	(24,254)	519,283	5,878,542	(504,415)	5,374,127
BALANCE AT DECEMBER 31, 2018	\$ 3,005,620	\$ 3,230,834	\$ 5,440	\$ 2,166,826	\$ 250,940	\$ 15,145,659	\$ (275,194)	\$ 650,334	\$ 24,180,459	\$ 257,941	\$ 24,438,400

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, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 6,095,960	\$ 2,812,135
Adjustments for :		
Depreciation expenses	1,764,557	1,581,949
Amortization expenses	52,852	31,628
Reversal of impairment loss on receivables	-	(53,096)
Expected credit loss recognized on receivables	15,749	-
Net loss on fair value change of financial assets and liabilities at fair value through profit or loss	5,493	2,490
Finance costs	146,985	131,357
Interest income	(53,757)	(37,898)
Compensation costs of employee share options	52,644	-
Share of profit or loss of associates accounted for using equity method	(29,611)	(23,399)
Loss on disposal of property, plant and equipment	11,777	2,784
Impairment loss recognized on financial assets	-	34,000
Impairment loss recognized on non-financial assets	542,734	406,458
Dividend income	(26,193)	(3,300)
Unrealized foreign currency exchange loss, net	(37,732)	(29,599)
Other	116	114
Changes in operating assets and liabilities		
Financial instruments held for trading	-	4,265
Financial assets mandatorily classified as at fair value through profit or loss	(2,490)	-
Notes receivable	(242,041)	(225,674)
Trade receivables	(1,394,898)	486,022
Inventories	(3,430,873)	(695,402)
Other current assets	(77,579)	(123,420)
Contract liabilities	67,791	-
Notes payable	3,616	(2,096)
Trade payables	1,253,238	2,046,559
Other payables	1,145,181	552,078
Other current liabilities	26,526	16,924
Net defined benefit liabilities	(21,604)	(8,822)
Cash generated from operations	5,868,441	6,906,057
Interest received	55,717	27,309
Dividend received	26,193	3,300
Interest paid	(145,969)	(131,171)
Income taxes paid	(654,527)	(239,523)
Net cash generated from operating activities	<u>5,149,855</u>	<u>6,565,972</u>

(Continued)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition financial assets at fair value through other comprehensive income	\$ (32,334)	\$ -
Proceeds from sale of financial assets at fair value through other comprehensive income	14,750	-
Return of capital from financial assets at fair value through other comprehensive income	96,533	-
Net cash outflow on acquisition of subsidiaries (Note 24)	(218,850)	-
Payments for property, plant and equipment	(3,882,160)	(3,555,837)
Proceeds from disposal of property, plant and equipment	21,800	4,475
Decrease (increase) in refundable deposits	(19,016)	10,600
Decrease in other financial assets	10,883	68,567
Increase in other non-current assets	(93,696)	(68,861)
Increase in prepayments for machinery and equipment	(3,326,344)	(1,785,874)
Increase in prepayments for lease	-	(89,502)
Dividend received from associates	5,123	3,961
Net cash used in investing activities	<u>(7,423,311)</u>	<u>(5,412,471)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,240,039	232,065
Proceeds from long-term borrowings	1,760,924	1,830,647
Repayments of long-term borrowings	(2,783,349)	(2,139,872)
Increase in guarantee deposit received	8,576	-
Increase in other non-current liabilities	-	928
Dividends paid	(980,551)	(439,462)
Proceeds from issuance of ordinary shares	2,995,000	-
Acquisition of additional shares of subsidiary	-	(8,156)
Changes in non-controlling interests	71,921	26,332
Net cash generated from (used in) financing activities	<u>2,312,560</u>	<u>(497,518)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(4,748)</u>	<u>(5,005)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,356	650,978
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,752,876</u>	<u>2,101,898</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,787,232</u>	<u>\$ 2,752,876</u>

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