

**Hiwin Technologies Corp.
Handbook for the 2020 Annual
Shareholders' Meeting**

Time: June 19, 2020 (Friday) , 9:00 am

Place: 4F., No. 610, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung

City (East Conference Hall, Taichung Windsor Hotel)

DISCLAIMER

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2020 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.....	P8-9
4. Extempore Motions.....	P9
III. Attachments	
1. 2019 Business Report.....	P10-11
2. Audit Committee's Review Report	P12
3. Independent auditor's report and consolidated financial statements.....	P13-28

Hiwin Technologies Corp.

Procedure for the 2020 Annual Shareholders' Meeting

Call the Meeting to Order

Chairperson Remarks

Report on Company Affairs

Adoptions

Proposed Resolutions

Extempore Motions

Meeting Adjourned

Hiwin Technologies Corp.

2020 Annual Shareholders' Meeting

Meeting Agenda

Time: 9:00 a.m. on June 19, 2020 (Friday)

Place: 4F., No. 610, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City (East Conference Hall, Taichung Windsor Hotel)

Call the Meeting to Order

Chairperson Remarks

Report on Company Affairs

1. 2019 Business Report
2. 2019 Audit Committee's Review Report
3. Report on 2019 employees' and directors' compensation
4. Report on Cash Dividends for Distribution of 2019 Earnings

Adoptions

1. Adoption of the 2019 Business Report and Financial Statements
2. Adoption of the Proposal for Distribution of 2019 Earnings

Proposed Resolutions

1. Proposal for a new shares issue through capitalization of retained earnings
2. Release the Prohibition on Directors from Participation in Competitive Business

Extempore Motions

Meeting Adjourned

Report on Company Affairs

Report No. 1

2019 Business Report, please refer to Chinese version, Appendix 1, P.6 for details.

Report No. 2

2019 Audit Committee's Review Report, please refer to Chinese version, Appendix 2, P.7 and Appendix 3~4, P.8~P.30 for details.

Report No. 3

Report on 2019 employees' and directors' compensation.

Items	Proposed by the Board	Note
Employees' compensation	NTD\$149,303,725	Cash
Directors' compensation	NTD\$74,651,863	

Report No. 4

- (1) According to the Company's Articles of Incorporation with Article 31-1 & 32.
- (2) For the further development of company business, the Company proposed to distribute share dividend NTD\$0.6 per share and dividend NTD\$1.5 per share, total NTD\$2.1 per share (cash dividend NTD\$1.8 and stock dividend NTD\$0.3) .
- (3) Upon the approval of the Annual Meeting of Shareholders, the chairman is authorized to determine the record date, ex-dividend date, and other relevant issue.

Adoptions

Proposed by the Board

Item 1.

Proposal:

Adoption of the 2019 Business Report and Financial Statements.

Explanation:

- (1) The Company's 2019 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors,, Mr. Rock Tseng and Ms. Amy Wu of Deloitte & Touche. Also Business Report and Financial Statements have been approved by the Board and examined by the audit committee of the Company.
- (2) The 2019 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements could be referred to the Chinese version, Appendix 1, P.6 and Appendix 3&4, P.8~P.30.

Resolution:

Proposed by the Board

Item 2.

Proposal:

Adoption of the Proposal for Distribution of 2019 Earnings.

Explanation:

- (1) Please refer to the Chinese version, Appendix 5, P.31 of the 2019 profit distribution table.
- (2) According to the Company's Articles of Incorporation with Article 31-1 & 32.
- (3) COVID-19 is till serious around the world and the impact to the global economy could be more devastating than expected. As no one can predict when the spread could be diminished, the company decided to maintain comfortable cash position in order to cope with the uncertainty in the post-COVID market.
- (4) The Company proposed to distribute share dividend NTD\$0.6 per share and dividend NTD\$1.5 per share, total NTD\$2.1per share (cash dividend NTD\$1.8, cash dividend amounts total NTD\$557,241,995 and stock dividend NTD\$0.3, stock dividend amounts total NTD\$92,873,660) .

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) The management plans to withdraw NTD\$92,873,660 from distributable earnings to issue dividends stocks (9,287,366 shares), the Company's capital is NTD\$3,188,662,520(318,866,252 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) The board of directors is authorized to deal with capitalization issues mentioned above if modifications are required by authorities or due to circumstance changes.

Resolution:

Proposed by the Board

Item 2.

Proposal:

Proposal for Release the Prohibition on Directors from Participation in Competitive Business.

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,Wen-Hen	Legal representative of juristic-person director of Ever Fortune.AI Co., Ltd.
Chuo,Yung-Tsai	General Manager of Matrix Precision Co., Ltd.

Resolution:

Extempore Motions

Meeting Adjourned

2019 Business Report

To HIWIN's Shareholders,

Due to the trade war between China and the United States in 2019, manufacturing sector has been impacted quite drastically. The consolidated revenue of HIWIN Technologies in 2019 was NT\$ 20.2 billion, which reduced 31.1% than 2018. HIWIN has kept on developing and rolling out high end new products and provides services and integration of electromechanical system. HIWIN meets the demands of transforming and upgrade to smart manufacturing in various industries. This is the result of our long-term investment in innovative research and development, showing our core management strength.

Facing the global recession in 2019, HIWIN had shown our electromechanical advantage in successfully becoming the supplier for the world's most important automobile manufacturers and providing system integration services for its smart manufacturing. HIWIN also partnered with major cellphone manufacturers in developing their new generation products. AC-axis and C axis torque motor rotary table installed in the high-end five-axis machine centers, both have been installed in major machine tool makers' machine centers and the factories which produce computers in Japan, Europe and the U.S.. At the same time, after eight years of research and development, the i4.0BS intelligent ballscrew for the Industrie 4.0 has started mass production, which is the key component for high end machine tool factories to upgrade for smart manufacturing. The HIWIN self researched and developed core component harmonic gear reducer DATORKER for robotics has also started mass production, HIWIN becomes the world's third manufacturer with mass production capabilities for such high accuracy and high reliability gear reducer, changing the market which is dominated only by Japanese and German suppliers. After years of research and development and cultivation, HIWIN's expanded the products and services from supplying components, subsystems, system components, to providing total solutions for electromechanical integration. HIWIN's unique innovation and customized

services becomes an indispensable partner for customer in realizing Industrie 4.0 and smart manufacturing through offering the unique innovation and customized services

In innovation and the business performances, HIWIN has continuously received recognition in Taiwan and abroad. “Sailor’s Plan”, the HIWIN-spearheaded plumbing hardware and hand tool industry upgrade project, has increased value added and competitiveness for Taiwanese small and medium businesses. In 2019, we received the Best Trade Contribution Award of the Gold Trade from the Bureau of Foreign Trade in the Ministry of Economic Affairs, listed 16th place in Nikkei Asia 300, listed in Forbes Magazine’s 200 Best Asian Enterprises. The robotics core component: the harmonic gear reducer DATORKER was awarded the Gold Medal of the 28th Taiwan Excellence Awards of the Ministry of Economic Affairs, from which we’ve received the Gold or Silver Medal for 20 consecutive years; the linear guideway was awarded the Gold Medal of the National Invention and Creative Production Awards; the Robotic Gait Training System was awarded the International Innovative Awards from the Asia Taiwanese Chambers of Commerce; these awards are the achievement of the HIWIN team’s long-term perseverance on R&D and management.

Foreseeing 2020, with the COVID-19 pandemic wreaking the global economy, and impacts from the ongoing trade conflict between China and the U.S., Brexit, and tensions in the Middle East region, this year is expected to be very challenging. HIWIN Technologies commenced its succession plan at its 30th anniversary in 2019, with Chuo Wen-Hen appointed as chairman, and Chuo Yung-Tsai as global chairman of the HIWIN group, who coaches the new generation management team on its way to the next milestone. We have the confidence to create a new business model for HIWIN in the changing times, we hope the shareholders, managers from banks and leaders in public sector can continue to support and offer advice to HIWIN in the future. HIWIN will thrive for another 30 years.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 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

May 5, 2020

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.

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 (the "Corporation") and its subsidiaries (collectively the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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, 2019 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 the internal control and evaluated the design of key control. We determined whether the key control has been implemented and tested the operating effectiveness of key control 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 consistent; 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.

Impairment assessment of accounts receivable

As of December 31, 2019, the net notes receivable and trade receivables were \$4,827,679 thousand (net of allowance of \$28,104 thousand). Since the recognition of allowance for impairment loss and the recoverability of receivables are subject to the management's judgment and estimation in which uncertainty is involved, the impairment assessment of accounts receivable was identified as a key audit matter.

The accounting policy for the recognition of allowance for impairment loss and the detailed information of receivables are disclosed in Notes 4, 5 and 9.

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

1. We understood and tested the internal controls over the recognition of allowance for impairment loss to ensure that the controls have been approved and implemented appropriately.
2. We obtained and sampled the aging report to verify the accuracy and completeness of the accounts receivables.
3. We evaluated the management's assumptions used in the calculation of the allowance for bad debt and checked the calculations supporting the amount of allowance.

4. We compared the aging of receivables of the current year with those of prior years and reviewed the level of amounts written off in the current year and those in the prior years to assess the reasonableness of the allowance.

Valuation and impairment assessment of inventory

As of December 31, 2019, the carrying amount of inventory was \$7,552,944 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 was identified as a key audit matter. The accounting policy on the valuation and impairment assessment of inventory and the details of inventory are disclosed in Notes 4, 5 and 10 to the consolidated financial statements.

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

1. We understood 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 allowance 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 carrying amount to ascertain that the carrying amount 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, 2019 and 2018 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, 2019 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 Done-Yuin Tseng and Li-Tung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 2020

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,008,745	4	\$ 2,787,232	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,584	-	282	-
Notes receivable from unrelated parties, net (Notes 4, 5 and 9)	404,636	1	1,032,146	2
Notes receivable from related parties, net (Notes 4, 5 and 28)	878	-	1,449	-
Trade receivables from unrelated parties, net (Notes 4, 5 and 9)	4,404,813	9	5,022,035	10
Trade receivables from related parties, net (Notes 4, 5 and 28)	17,352	-	23,845	-
Inventories (Notes 4, 5 and 10)	7,552,944	16	8,933,731	18
Other current assets (Notes 6, 16, 28 and 29)	455,503	1	653,564	2
Total current assets	14,847,455	31	18,454,284	38
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,026,394	2	934,160	2
Financial assets at amortized cost - non-current (Note 4)	2,922	-	2,803	-
Investments accounted for using the equity method (Notes 4 and 12)	192,144	-	179,532	-
Property, plant and equipment (Notes 4, 13, 28 and 29)	28,279,428	58	25,226,895	52
Right-of-use assets (Notes 4, 14, 28 and 29)	792,490	2	-	-
Goodwill (Note 4)	256,163	1	256,163	1
Deferred tax assets (Notes 4 and 22)	388,328	1	461,625	1
Prepayments for machinery and equipment (Note 15)	2,293,112	5	2,965,011	6
Refundable deposits (Note 4)	80,711	-	79,840	-
Long-term prepayments for lease (Notes 16 and 29)	-	-	163,314	-
Other non-current assets (Notes 4, 9 and 28)	172,709	-	169,215	-
Total non-current assets	33,484,401	69	30,438,558	62
TOTAL	\$ 48,331,856	100	\$ 48,892,842	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 29)	\$ 9,762,417	20	\$ 6,194,778	13
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	29	-	5,775	-
Contract liabilities - current (Note 4)	120,069	-	185,501	-
Notes payable	8,581	-	12,431	-
Trade payables to unrelated parties	2,141,878	5	5,410,616	11
Trade payables to related parties (Note 28)	131,925	-	179,292	-
Other payables (Notes 18 and 28)	1,541,424	3	2,889,502	6
Current tax liabilities (Notes 4 and 22)	145,818	-	846,332	2
Lease liabilities - current (Notes 4, 14 and 28)	157,851	1	-	-
Current portion of long-term borrowings (Notes 17 and 29)	1,519,285	3	1,799,826	4
Other current liabilities (Note 4)	93,593	-	114,846	-
Total current liabilities	15,622,870	32	17,638,899	36
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 29)	7,833,258	16	6,011,746	12
Deferred tax liabilities (Notes 4 and 22)	450,354	1	456,389	1
Lease liabilities - non-current (Notes 4, 14 and 28)	482,527	1	-	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	276,353	1	310,863	1
Other non-current liabilities (Note 28)	12,017	-	36,545	-
Total non-current liabilities	9,054,509	19	6,815,543	14
Total liabilities	24,677,379	51	24,454,442	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares	3,095,789	6	3,005,620	6
Capital surplus	3,236,274	7	3,236,274	6
Retained earnings				
Legal reserve	2,706,052	5	2,166,826	4
Special reserve	-	-	250,940	1
Unappropriated earnings	14,410,303	30	15,145,659	31
Other equity	294,835	1	375,140	1
Total equity attributable to owners of the Corporation	23,743,253	49	24,180,459	49
NON-CONTROLLING INTERESTS	(88,776)	-	257,941	1
Total equity	23,654,477	49	24,438,400	50
TOTAL	\$ 48,331,856	100	\$ 48,892,842	100

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
SALES (Notes 4 and 28)	\$ 20,209,798	100	\$ 29,333,129	100
COST OF GOODS SOLD (Notes 10, 21 and 28)	<u>13,434,783</u>	<u>66</u>	<u>17,703,549</u>	<u>60</u>
GROSS PROFIT	<u>6,775,015</u>	<u>34</u>	<u>11,629,580</u>	<u>40</u>
OPERATING EXPENSES (Notes 21 and 28)				
Selling and marketing expenses	1,664,827	8	1,815,214	6
General and administrative expenses	1,608,177	8	2,009,174	7
Research and development expenses	<u>1,101,121</u>	<u>6</u>	<u>1,385,997</u>	<u>5</u>
Total operating expenses	<u>4,374,125</u>	<u>22</u>	<u>5,210,385</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>2,400,890</u>	<u>12</u>	<u>6,419,195</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidy revenue (Note 4)	53,743	-	73,623	-
Finance costs (Notes 4, 21 and 28)	(197,357)	(1)	(146,985)	-
Share of profit of associates accounted for using equity method (Notes 4 and 12)	15,857	-	29,611	-
Interest income (Note 4)	11,147	-	53,757	-
Other income (Note 28)	161,547	1	108,458	-
Other expenses	-	-	-	-
Net foreign exchange gain (loss) (Notes 4 and 31)	(179,342)	(1)	39,496	-
Valuation gain (loss) on financial assets (liabilities) at fair value through profit or loss (Note 4)	15,433	-	(17,757)	-
Impairment loss (Notes 4 and 13)	<u>(35,327)</u>	<u>-</u>	<u>(424,000)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(154,299)</u>	<u>(1)</u>	<u>(283,797)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	2,246,591	11	6,135,398	21
INCOME TAX EXPENSE (Notes 4 and 22)	<u>568,972</u>	<u>3</u>	<u>1,205,537</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>1,677,619</u>	<u>8</u>	<u>4,929,861</u>	<u>17</u>

(Continued)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	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)	\$ 41,679	-	\$ (12,610)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	64,130	1	519,283	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	<u>(7,751)</u>	<u>-</u>	<u>5,403</u>	<u>-</u>
	<u>98,058</u>	<u>1</u>	<u>512,076</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(165,766)	(1)	(45,889)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 22)	<u>33,482</u>	<u>-</u>	<u>17,517</u>	<u>-</u>
	<u>(132,284)</u>	<u>(1)</u>	<u>(28,372)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(34,226)</u>	<u>-</u>	<u>483,704</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,643,393</u>	<u>8</u>	<u>\$ 5,413,565</u>	<u>18</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,865,316	9	\$ 5,392,257	19
Non-controlling interests	<u>(224,439)</u>	<u>(1)</u>	<u>(501,834)</u>	<u>(2)</u>
	<u>\$ 1,640,877</u>	<u>8</u>	<u>\$ 4,890,423</u>	<u>17</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,827,643	9	\$ 5,878,542	20
Non-controlling interests	<u>(220,992)</u>	<u>(1)</u>	<u>(504,415)</u>	<u>(2)</u>
	<u>\$ 1,606,651</u>	<u>8</u>	<u>\$ 5,374,127</u>	<u>18</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 6.03</u>		<u>\$ 17.90</u>	
Diluted	<u>\$ 6.01</u>		<u>\$ 17.76</u>	

(Concluded)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Note 20)										
	Ordinary Shares	Capital Surplus		Retained Earnings			Other Equity		Total	Non-controlling Interests (Notes 11 and 25)	Total Equity
		Additional Paid-in Capital	Employee Stock Option	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, 2018	\$ 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
Appropriation of 2018 earnings											
Legal reserve	-	-	-	539,226	-	(539,226)	-	-	-	-	-
Special reserve	-	-	-	-	(250,940)	250,940	-	-	-	-	-
Cash dividends - NT\$7.0 per share	-	-	-	-	-	(2,103,934)	-	-	(2,103,934)	-	(2,103,934)
Share dividends - NT\$0.3 per share	90,169	-	-	-	-	(90,169)	-	-	-	-	-
	90,169	-	-	539,226	(250,940)	(2,482,389)	-	-	(2,103,934)	-	(2,103,934)
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	-	-	-	-	(160,915)	-	-	(160,915)	160,915	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(286,640)	(286,640)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	9,995	-	(9,995)	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	-	1,865,316	-	-	1,865,316	(224,439)	1,640,877
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	32,637	(134,440)	64,130	(37,673)	3,447	(34,226)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	1,897,953	(134,440)	64,130	1,827,643	(220,992)	1,606,651
BALANCE AT DECEMBER 31, 2019	\$ 3,095,789	\$ 3,230,834	\$ 5,440	\$ 2,706,052	\$ -	\$ 14,410,303	\$ (409,634)	\$ 704,469	\$ 23,743,253	\$ (88,776)	\$ 23,654,477

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,209,849	\$ 6,095,960
Adjustments for :		
Depreciation expenses	2,191,307	1,764,557
Amortization expenses	58,945	52,852
Expected credit loss recognized on trade receivables	12,071	15,749
Net (profit) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(2,555)	5,493
Finance costs	197,357	146,985
Interest income	(11,147)	(53,757)
Compensation costs of employee share options	-	52,644
Share of profit or loss of associates accounted for using equity method	(15,857)	(29,611)
Loss on disposal of property, plant and equipment	12,077	11,777
Impairment loss recognized on non-financial assets	141,607	542,734
Dividend income	(66,401)	(26,193)
Unrealized foreign currency exchange loss (gain), net	73,816	(37,732)
Other	(307)	116
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(5,493)	(2,490)
Notes receivable	618,353	(242,041)
Trade receivables	480,525	(1,394,898)
Inventories	1,388,845	(3,430,873)
Other current assets	202,762	(77,579)
Contract liabilities	(65,432)	67,791
Notes payable	(3,850)	3,616
Trade payables	(3,241,239)	1,253,238
Other payables	(1,461,398)	1,145,181
Other current liabilities	(17,611)	26,526
Net defined benefit liabilities	8,002	(21,604)
Cash generated from operations	2,704,226	5,868,441
Interest received	22,158	55,717
Dividend received	66,401	26,193
Interest paid	(205,955)	(145,969)
Income taxes paid	(1,193,037)	(654,527)
Net cash generated from operating activities	<u>1,393,793</u>	<u>5,149,855</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(36,000)	(32,334)
Proceeds from sale of financial assets at fair value through other comprehensive income	7,896	14,750
Return of capital from financial assets at fair value through other comprehensive income	-	96,533

(Continued)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Purchase of financial assets at amortized cost	\$ (2,922)	\$ -
Proceeds from disposal of financial assets at amortized cost	2,700	-
Net cash outflow on acquisition of subsidiaries (Note 24)	-	(218,850)
Payments for property, plant and equipment	(3,265,274)	(3,882,160)
Proceeds from disposal of property, plant and equipment	36,266	21,800
Increase in refundable deposits	(1,766)	(19,016)
Decrease (increase) in other financial assets	(3,300)	10,883
Increase in other non-current assets	(68,488)	(93,696)
Increase in prepayments for machinery and equipment	(1,409,147)	(3,326,344)
Dividend received from associates	<u>6,014</u>	<u>5,123</u>
Net cash used in investing activities	<u>(4,734,021)</u>	<u>(7,423,311)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,599,141	1,240,039
Proceeds from long-term borrowings	3,466,921	1,760,924
Repayments of long-term borrowings	(1,893,956)	(2,783,349)
Repayment of the principal portion of lease liabilities	(171,944)	-
Increase (decrease) in other non-current liability	(24,550)	8,576
Dividends paid	(2,103,934)	(980,551)
Proceeds from issuance of ordinary shares	-	2,995,000
Acquisition of additional shares of subsidiary	(302,123)	-
Changes in non-controlling interests	<u>15,483</u>	<u>71,921</u>
Net cash generated from financing activities	<u>2,585,038</u>	<u>2,312,560</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(23,297)</u>	<u>(4,748)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(778,487)</u>	<u>34,356</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,787,232</u>	<u>2,752,876</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,008,745</u>	<u>\$ 2,787,232</u>

(Concluded)