

Stock Code: 2049

HIWIN Technologies Corp.
Handbook for the 2022 Annual Meeting of
Shareholders

Time: June 27, 2022 (Monday) , 9:00 am

Place: No. 46, Gongyequ 37th Rd., Xitun Dist., Taichung City

DISCLAIMER

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2022 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. Election.....	P10
5. Other motion.....	P11
6. Questions and Motions.....	P12
III. Attachments	
1. 2021 Business Report.....	P13-14
2. Audit Committee’s Review Report	P15
3. Independent accountants’ audit report and consolidated financial statements.....	P16-25

HIWIN Technologies Corp.

2022 Annual Shareholders' Meeting Procedure

- I. Call the Meeting to Order
- II. Chairperson Remarks
- III. Report on Company
- IV. AffairsAdoptions
- V. Proposed Resolutions
- VI. Election
- VII. Other Motion
- VIII. Questions and Motions
- IX. Meeting Adjourned

HIWIN Technologies Corp.

2022 Annual Shareholders' Meeting Agenda

I. Meeting type: Physical meeting

II. Time: 9:00 a.m. on June 27, 2022 (Monday)

III. Place: No. 46, Gongyequ 37th Rd., Xitun Dist., Taichung City

IV. Call the Meeting to Order and Chairperson Remarks

V. Report on Company Affairs

1. 2021 business report
2. 2021 Audit Committee's review report
3. Report on 2021 employees' profit-sharing bonus and directors' compensation
4. Report on 2021 annual earnings distribution cash dividend

VI. Adoptions

1. Adoption of the 2021 Business Report and Financial Statements
2. Adoption of the Proposal for Distribution of 2021 Earnings

VII. Proposed Resolutions

1. Amendment to the Company's Articles of Incorporation
2. Amendment to the Operational Procedures for Acquisition or Disposal of Assets
3. Amendment to the Director Selection Process
4. Amendment to the Rules of Procedure for Shareholder Meetings

VIII. Election

The Election of 12th Directors

IX. Other Motion

Release the Prohibition on 12th Directors from Participation in Competitive Business.

X. Questions and Motions

XI. Meeting Adjourned

Report on Company Affairs

Report No. 1

2021 Business Report, please refer to Chinese version, Appendix 1, P.7 for details.

Report No. 2

2021 Audit Committee's Review Report, please refer to Chinese version, Appendix 2, P.8 and Appendix 3~4, P.9~P.31 for details.

Report No. 3

Report on 2021 employees' profit-sharing bonus and directors' compensation.

Items	Proposed by the Board	Note
Employees' profit	NTD\$297,411,042	Cash
Directors' compensation	NTD\$148,705,521	

Report No. 4

- (1) According to the Company's Articles of Incorporation with Article 31-1 & 32.
- (2) The Company proposed to distribute shareholders' dividend NTD\$0.6 per share and dividend NTD\$3.9 per share, a cash dividend of total NTD\$4.5 per share. Total dividend is NTD\$1,533,565,080. Cash dividend was calculated up to dollar. Total amount of undistributed fractional shares would be recognized in non-operating income.
- (3) The base date of dividend distribution and other related matters shall be determined by the chairman. If the company subsequently affects the number of outstanding shares due to the objective environment, and the dividend distribution rate changes as a result, the chairman shall be authorized to deal with it and make an announcement.

Adoptions

Item 1.

Proposed by the Board

Proposal:

Adoption of the 2021 Business Report and Financial Statements.

Explanation:

- (1) The Company's 2021 Parent-company-only & Consolidated Financial Statements were audited by independent auditors, Ms. Li-Tung Wu and Mr. Done-Yuin 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 2021 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements could be referred to the Chinese version, Appendix 1, P.7 and Appendix 3&4, P.9~P.31.

Resolution:

Proposed by the Board

Item 2.

Proposal:

Adoption of the Proposal for Distribution of 2021 Earnings.

Explanation:

- (1) Please refer to the Chinese version, Appendix 5, P.32 of the 2021 profit distribution table.
- (2) According to the Company's Articles of Incorporation with Article 31-1 & 32.
- (3) The Company proposed to distribute share dividend NTD\$0.6 per share and dividend NTD\$3.9 per share, a cash dividend of total NTD\$4.5per share. Total dividend is NTD\$1,533,565,080. According to distribution ratio, cash dividend was calculated up to dollar. Total amount of undistributed fractional shares would be recognized in non-operating income.
- (4) The base date of dividend distribution and other related matters shall be determined by the chairman of the board of directors. If the company subsequently affects the number of outstanding shares due to the objective environment, and the dividend distribution rate changes as a result, the chairman shall be authorized to deal with it and make an announcement.

Resolution:

Proposed Resolutions

Proposed by the Board

Item 1.

Proposal:

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

Explanation:

- (1) According to Article 172-2 of the Company Law, it is stipulated in the Articles of Association that the shareholders' meeting can be held by video conference and the amendments shall be made in accordance with practical needs.
- (2) The comparison tables for the aforementioned are attached hereto as attachment Chinese version, Appendix 6, P.33~P.35 for details.

Resolution:

Proposed by the Board

Item 2.

Proposal:

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

Explanation:

- (1) It is proposed that certain articles of the "Procedures for Acquisition or Disposal of Assets" should be revised to comply with rule No.1110380465 issued by the Financial Supervisory Commission.
- (2) The comparison tables for the aforementioned are attached hereto as attachment Chinese version, Appendix 7, P.36~P.38 for details.

Resolution:

Item 3.**Proposed by the Board****Proposal:**

Amendment to the Director Selection Process. Please proceed to discuss.

Explanation:

- (1) It is proposed that certain articles of the “Election of Directors” should be revised to comply with rule issued by the Taiwan Stock Exchange Corporation.
- (2) The comparison tables for the aforementioned are attached hereto as attachment Chinese version, Appendix 8, P.39~P.40 for details.

Resolution:**Proposed by the Board****Item 4.****Proposal:**

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

Explanation:

- (1) According to Article 172-2 of the Company Law, the shareholders' meeting can be held by video conference, and the amendment will be made in accordance with rule No. 11100004250 on March 8, 2022 issued by the Taiwan Stock Exchange Corporation.
- (2) The comparison tables for the aforementioned are attached hereto as attachment Chinese version, Appendix 9, P.41~P.48 for details.

Resolution:

Election

Proposed by the Board

Proposal:

The 12th Directors election.

Explanation:

1. The company's articles of association stipulate that there should be seven to eleven directors. Among the directors, at least three are independent directors. The number of directors is authorized by the board of directors.
2. The term of the 11th Directors will be end on June 27, 2022 accordingly, the shareholders' meeting proposed to elect 10 directors (including 3 independent directors). The tenure of newly elected directors shall be 3 years, commencing on June 27, 2022 and expiring on June 26, 2025.
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 10, P.49~P.52 for details.

Voting Results

Other Motion

Proposed by the Board

Proposal:

Proposal for Release the Prohibition on 12th 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. Considering that the newly elected directors of the 12th Directors and their representatives have acted for themselves or others within the business scope of the company, in order to use the expertise of the directors of the company, without prejudice to the interests of the company, it is proposed to comply with the Article 209 of Company Act requires the resolution of the 2022 General Shareholders' Meeting to lift the non-compete restriction on the 12th Directors and their representatives, please refer to Chinese version, Appendix 11, P.53 for details.

Resolution:

Questions and Motion

Meeting Adjourned

2021 Business Report

To HIWIN's shareholders:

The global economic growth rate was 5.5% in 2021. Major industrial countries have gradually recovered from the severe impact of the COVID-19 pandemic. HIWIN responds to the market and meets customer needs with fast, flexible and agile scheduling capabilities. Consolidated revenue in 2021 reached NT\$27.265 billion, a sharp increase of 28.2% compared with 2020, the second-highest revenue in the history of our company. HIWIN continues to launch high-end new products and mechatronics integrated system services to provide customers with smart manufacturing solutions. Through long-term innovation and global layout, HIWIN demonstrates its strong operating strength!

Semiconductors, AI, medical equipment, electric vehicles and smart equipment all require precision components to achieve equipment's reliability. HIWIN's linear motion products and mechatronics integrated total solution products are important aspects, which driving the upgrade of precision machinery industry. Hiwin is an important partner for customers to practice smart manufacturing. HIWIN's high-precision wafer robot and Equipment Front End Module (EFEM) have been sold to Taiwan, Europe, America, Japan, South Korea and Asia, supporting semiconductor factories to accelerate the expansion of production lines. Miniature linear guideways, ballscrews and DATORKER strain wave gear reducers are quickly supplied to global medical equipment factories, which providing precision medicine and contributing to global epidemic prevention. A key breakthrough has been made in the electric vehicle industry. HIWIN has successfully sold the Torque Motor Rotary Table into a major Japanese automotive equipment manufacturer. Hiwin TMRT can improve the efficiency and quality of its precision five-axis machines. Hiwin's automotive ballscrews are used in advanced driver assistance systems (ADAS) and play an important role in the steering, braking, and suspension systems of electric vehicles. We are cooperating with a number of world-class automakers and these products are expected to gradually contribute to revenue from 2023. With the i4.0BS intelligent ballscrew, Hiwin actively promotes the upgrad of smart equipment around the world, providing innovative services to customers, and ushering in a new era of smart

manufacturing.

HIWIN accelerates its global layout and provides localized services to enhance competitiveness in the post-pandemic era, including: in 2021, the construction and preparation of the subsidiary's new factories in Japan and Italy, the completion of the second factory in Suzhou-China, the launching of the U.S. subsidiary's second automated warehouse, and the continual expansion of factories in Taichung and Yunlin, laying the foundation for medium and long-term growth.

In terms of the Company's business performance and branding, HIWIN has continued to be recognized domestically and globally: EFEM has the uniqueness of self-made key component and system integration technology, and won the 2021 Taiwan Excellence Award – Silver Award. The ultra-miniature linear guideway won the Taiwan Excellence Award. For two years in a row, HIWIN was selected as one of the top 25 Best Taiwan Global Brands. The Company is also in the top 5% of listed companies in the 7th Corporate Governance Assessment, and won double silver awards from the TSAA Taiwan Sustainable Action Award: the "Economic Development Award - Silver Award" and the "Social Inclusion Award - Silver Award". In addition, the Company has also received the TCSA Taiwan Corporate Sustainability Award "Comprehensive Performance - Taiwan TOP50 Sustainable Enterprise Award" and "Corporate Sustainability Report - Platinum Award". What's more, the Company also won the "Sustainable Resilience-Outstanding Award" from the British Standards Institution (BSI). These awards are the results of the HIWIN team's long-term efforts in R&D and operations.

The Swiss World Economic Forum (WEF) predicts that in 2022, there will be risks such as extreme climate, staple merchandise crisis, climate policy errors and infectious diseases. HIWIN will continue to achieve sustainable development, and is committed to the sustainable management of corporate ESG. Looking forward to 2022, it is expected to be a year full of variables but also full of opportunities. HIWIN will continue to develop, create value for customers with the advantages of smart manufacturing and the Group's mechanical and electrical integration services, and contribute to a better quality of life and the well-being of mankind. We look forward to working with all shareholders, business circles, financial circles and government officials, and we hope for their continued support and advice in 2022. We also hope that the HIWIN team will achieve greater success!

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 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 : Chiang, Cheng -Ho

February 25, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2021 are described as follows:

Revenue Recognition

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

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

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

Valuation and Impairment Assessment of Inventory

As of December 31, 2021, the carrying amount of inventory was \$8,322,994 thousand. Such carrying amount of inventory is measured at the lower of cost or net realizable value, which subject to the management's judgment and estimation uncertainty. Therefore, valuation and impairment assessment of inventory was identified as a key audit matter. The accounting policy on the valuation and impairment assessment of inventory and the details of inventory are disclosed in Notes 4, 5 and 10 to the consolidated financial statements.

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

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

Other Matter

We have also audited the parent company only financial statements of Hiwin Technologies Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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, 2021 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 Li-Tung Wu and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 5,433,053	11	\$ 2,603,652	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,895	-	128	-
Notes receivable from unrelated parties, net (Notes 4, 9 and 28)	1,068,266	2	1,208,512	2
Notes receivable from related parties, net (Notes 4 and 27)	1,263	-	693	-
Trade receivables from unrelated parties, net (Notes 4 and 9)	3,181,354	6	5,116,498	11
Trade receivables from related parties, net (Notes 4 and 27)	18,824	-	16,211	-
Inventories (Notes 4, 5 and 10)	8,322,994	16	6,197,806	13
Other current assets (Notes 6, 27 and 28)	<u>524,723</u>	<u>1</u>	<u>465,683</u>	<u>1</u>
Total current assets	<u>18,553,372</u>	<u>36</u>	<u>15,609,183</u>	<u>32</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,466,280	3	944,234	2
Financial assets at amortized cost - non-current (Note 4)	2,890	-	2,906	-
Investments accounted for using the equity method (Notes 4 and 12)	252,746	-	219,832	-
Property, plant and equipment (Notes 4, 13, 27 and 28)	27,354,252	54	27,864,527	58
Right-of-use assets (Notes 4, 14, 27 and 28)	671,119	1	729,913	2
Goodwill (Note 4)	256,163	1	256,163	1
Deferred tax assets (Notes 4 and 21)	663,462	1	361,720	1
Prepayments for machinery and equipment (Note 15)	1,450,528	3	1,768,214	4
Refundable deposits (Note 4)	102,135	-	63,913	-
Other non-current assets (Notes 4 and 9)	<u>258,872</u>	<u>1</u>	<u>217,177</u>	<u>-</u>
Total non-current assets	<u>32,478,447</u>	<u>64</u>	<u>32,428,599</u>	<u>68</u>
TOTAL	<u>\$ 51,031,819</u>	<u>100</u>	<u>\$ 48,037,782</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 28)	\$ 4,952,785	10	\$ 5,542,045	12
Short-term bills payable (Note 16)	89,923	-	19,936	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	2,580	-	7,327	-
Contract liabilities - current (Note 4)	172,745	-	102,129	-
Notes payable	1,665	-	8,762	-
Trade payables to unrelated parties	3,903,043	8	3,182,134	7
Trade payables to related parties (Note 27)	231,245	-	111,356	-
Other payables (Notes 17 and 27)	2,182,726	4	1,623,389	3
Current tax liabilities (Notes 4 and 21)	1,301,291	3	335,972	1
Lease liabilities - current (Notes 4, 14 and 27)	117,536	-	136,892	-
Current portion of long-term borrowings (Notes 16 and 28)	807,197	2	1,273,168	3
Other current liabilities (Note 4)	<u>89,805</u>	<u>-</u>	<u>108,193</u>	<u>-</u>
Total current liabilities	<u>13,852,541</u>	<u>27</u>	<u>12,451,303</u>	<u>26</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 28)	5,378,148	11	6,892,359	14
Deferred tax liabilities (Notes 4 and 21)	681,423	1	556,757	1
Lease liabilities - non-current (Notes 4, 14 and 27)	408,872	1	442,220	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	230,051	-	294,571	1
Other non-current liabilities (Note 16)	<u>13,669</u>	<u>-</u>	<u>11,178</u>	<u>-</u>
Total non-current liabilities	<u>6,712,163</u>	<u>13</u>	<u>8,197,085</u>	<u>17</u>
Total liabilities	<u>20,564,704</u>	<u>40</u>	<u>20,648,388</u>	<u>43</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares	3,407,923	7	3,308,663	7
Capital surplus	5,516,470	11	5,600,568	11
Retained earnings				
Legal reserve	3,071,586	6	2,892,584	6
Unappropriated earnings	17,609,166	34	15,363,677	32
Other equity	<u>675,140</u>	<u>1</u>	<u>396,636</u>	<u>1</u>
Total equity attributable to owners of the Corporation	30,280,285	59	27,562,128	57
NON-CONTROLLING INTERESTS	<u>186,830</u>	<u>1</u>	<u>(172,734)</u>	<u>-</u>
Total equity	<u>30,467,115</u>	<u>60</u>	<u>27,389,394</u>	<u>57</u>
TOTAL	<u>\$ 51,031,819</u>	<u>100</u>	<u>\$ 48,037,782</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
SALES (Notes 4 and 27)	\$ 27,265,162	100	\$ 21,266,659	100
COST OF GOODS SOLD (Notes 10, 20 and 27)	<u>17,449,754</u>	<u>64</u>	<u>15,476,252</u>	<u>73</u>
GROSS PROFIT	<u>9,815,408</u>	<u>36</u>	<u>5,790,407</u>	<u>27</u>
OPERATING EXPENSES (Notes 20 and 27)				
Selling and marketing expenses	1,643,052	6	1,339,520	6
General and administrative expenses	1,998,871	7	1,704,259	8
Research and development expenses	<u>1,058,892</u>	<u>4</u>	<u>1,014,154</u>	<u>5</u>
Total operating expenses	<u>4,700,815</u>	<u>17</u>	<u>4,057,933</u>	<u>19</u>
PROFIT FROM OPERATIONS	<u>5,114,593</u>	<u>19</u>	<u>1,732,474</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidy revenue (Note 4)	103,224	-	123,581	-
Finance costs (Notes 4, 20 and 27)	(169,159)	-	(220,921)	(1)
Share of profit of associates accounted for using the equity method (Notes 4 and 12)	41,618	-	33,700	-
Interest income (Note 4)	13,406	-	13,082	-
Gain from bargain purchase (Notes 4 and 23)	-	-	46,271	-
Other income (Notes 4 and 27)	104,721	1	126,497	1
Other expenses	(4,101)	-	(31,043)	-
Gain (loss) on disposal of property, plant and equipment (Note 4)	(44,474)	-	340,046	2
Net foreign exchange gain (loss) (Notes 4 and 30)	(180,516)	(1)	186,774	1
Valuation loss on financial assets (liabilities) at fair value through profit or loss (Note 4)	(4,492)	-	(46,990)	-
Impairment loss (Notes 4 and 13)	<u>(500,000)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>(639,773)</u>	<u>(2)</u>	<u>570,997</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	4,474,820	17	2,303,471	11
INCOME TAX EXPENSE (Notes 4 and 21)	<u>1,320,127</u>	<u>5</u>	<u>604,692</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>3,154,693</u>	<u>12</u>	<u>1,698,779</u>	<u>8</u>

(Continued)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	\$ 5,149	-	\$ (66,387)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	541,302	2	71,167	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	<u>(1,646)</u>	<u>-</u>	<u>14,874</u>	<u>-</u>
	<u>544,805</u>	<u>2</u>	<u>19,654</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(328,919)	(1)	92,246	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 21)	<u>65,558</u>	<u>-</u>	<u>(18,176)</u>	<u>-</u>
	<u>(263,361)</u>	<u>(1)</u>	<u>74,070</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>281,444</u>	<u>1</u>	<u>93,724</u>	<u>-</u>
	<u>\$ 3,436,137</u>	<u>13</u>	<u>\$ 1,792,503</u>	<u>8</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 3,532,230	13	\$ 1,929,730	9
Non-controlling interests	<u>(377,537)</u>	<u>(1)</u>	<u>(230,951)</u>	<u>(1)</u>
	<u>\$ 3,154,693</u>	<u>12</u>	<u>\$ 1,698,779</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 3,814,946	14	\$ 2,017,501	9
Non-controlling interests	<u>(378,809)</u>	<u>(1)</u>	<u>(224,998)</u>	<u>(1)</u>
	<u>\$ 3,436,137</u>	<u>13</u>	<u>\$ 1,792,503</u>	<u>8</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 10.36</u>		<u>\$ 5.87</u>	
Diluted	<u>\$ 10.33</u>		<u>\$ 5.86</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Note 19)								
	Ordinary Shares	Capital Surplus	Retained Earnings		Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity		Non-controlling Interests (Notes 11 and 24)	Total Equity
			Legal Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total		
BALANCE AT JANUARY 1, 2020	\$ 3,095,789	\$ 3,236,274	\$ 2,706,052	\$ 14,410,303	\$ (409,634)	\$ 704,469	\$ 23,743,253	\$ (88,776)	\$ 23,654,477
Appropriation of 2019 earnings									
Legal reserve	-	-	186,532	(186,532)	-	-	-	-	-
Cash dividends - NT\$1.8 per share	-	-	-	(557,242)	-	-	(557,242)	-	(557,242)
Share dividends - NT\$0.3 per share	92,874	-	-	(92,874)	-	-	-	-	-
	92,874	-	186,532	(836,648)	-	-	(557,242)	-	(557,242)
Issuance of ordinary shares for cash	120,000	2,215,000	-	-	-	-	2,335,000	-	2,335,000
Changes in non-controlling interests	-	-	-	-	-	-	-	99,460	99,460
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	-	-	(125,678)	-	-	(125,678)	125,678	-
Changes in percentage of ownership interests in subsidiaries	-	84,098	-	-	-	-	84,098	(84,098)	-
Share-based payments	-	65,196	-	-	-	-	65,196	-	65,196
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	42,136	-	(42,136)	-	-	-
Net profit (loss) for the year ended December 31, 2020	-	-	-	1,929,730	-	-	1,929,730	(230,951)	1,698,779
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	(56,166)	72,770	71,167	87,771	5,953	93,724
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	1,873,564	72,770	71,167	2,017,501	(224,998)	1,792,503
BALANCE AT DECEMBER 31, 2020	3,308,663	5,600,568	2,892,584	15,363,677	(336,864)	733,500	27,562,128	(172,734)	27,389,394
Appropriation of 2020 earnings									
Legal reserve	-	-	179,002	(179,002)	-	-	-	-	-
Cash dividends - NT\$2.0 per share	-	-	-	(661,733)	-	-	(661,733)	-	(661,733)
Share dividends - NT\$0.3 per share	99,260	-	-	(99,260)	-	-	-	-	-
	99,260	-	179,002	(939,995)	-	-	(661,733)	-	(661,733)
Changes in percentage of ownership interests in subsidiaries	-	(84,098)	-	(350,958)	-	-	(435,056)	435,056	-
Changes in non-controlling interests	-	-	-	-	-	-	-	303,317	303,317
Net profit (loss) for the year ended December 31, 2021	-	-	-	3,532,230	-	-	3,532,230	(377,537)	3,154,693
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	4,212	(262,798)	541,302	282,716	(1,272)	281,444
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	3,536,442	(262,798)	541,302	3,814,946	(378,809)	3,436,137
BALANCE AT DECEMBER 31, 2021	\$ 3,407,923	\$ 5,516,470	\$ 3,071,586	\$ 17,609,166	\$ (599,662)	\$ 1,274,802	\$ 30,280,285	\$ 186,830	\$ 30,467,115

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,474,820	\$ 2,303,471
Adjustments for:		
Depreciation expenses	2,186,546	2,269,473
Amortization expenses	49,652	58,870
Expected credit loss recognized on trade receivables	3,882	7,707
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(315)	7,199
Finance costs	169,159	220,921
Interest income	(13,406)	(13,082)
Dividend income	(31,499)	(35,495)
Compensation costs of employees' share-based payments	-	65,196
Share of profit or loss of associates accounted for using the equity method	(41,618)	(33,700)
Loss (gain) on disposal of property, plant and equipment	44,474	(340,046)
Impairment loss recognized on non-financial assets	588,940	214,772
Unrealized foreign currency exchange loss (gain), net	27,703	(94,848)
Gain from bargain purchase	-	(46,271)
Others	(731)	(4,055)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(7,199)	2,555
Notes receivable	116,105	(784,838)
Trade receivables	1,803,353	(563,060)
Inventories	(2,286,086)	1,603,102
Other current assets	(72,223)	(22,422)
Contract liabilities	70,616	(17,940)
Notes payable	(7,097)	181
Trade payables	1,083,993	962,043
Other payables	659,995	(6,797)
Other current liabilities	(12,890)	8,774
Net defined benefit liabilities	(55,164)	(49,632)
Cash generated from operations	8,751,010	5,712,078
Interest received	13,388	13,108
Dividend received	31,499	35,495
Interest paid	(180,283)	(235,933)
Income taxes paid	(455,282)	(273,317)
Net cash generated from operating activities	8,160,332	5,251,431
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(12,606)
Proceeds from liquidation of financial assets at fair value through other comprehensive income	19,256	-

(Continued)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Return of capital surplus from financial assets at fair value through other comprehensive income	\$ -	\$ 120,477
Net cash inflow on acquisition of subsidiaries (Note 23)	-	12,648
Payments for property, plant and equipment	(1,493,571)	(1,073,608)
Proceeds from disposal of property, plant and equipment	5,358	688,500
Decrease (increase) in refundable deposits	(41,589)	17,007
Decrease in other financial assets	-	3,300
Increase in other non-current assets	(113,764)	(110,929)
Increase in prepayments for machinery and equipment	(764,316)	(555,341)
Dividend received from associates	4,046	9,610
Net cash used in investing activities	<u>(2,384,580)</u>	<u>(900,942)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from short-term borrowings	(457,552)	(4,220,849)
Proceeds from short-term bills payable	69,987	19,936
Proceeds from long-term borrowings	546,898	573,048
Repayments of long-term borrowings	(2,482,903)	(1,773,362)
Repayment of the principal portion of lease liabilities	(159,506)	(172,453)
Increase (decrease) in other non-current liabilities	3,599	(1,049)
Dividends paid	(661,733)	(557,242)
Proceeds from issuance of ordinary shares	-	2,335,000
Acquisition of additional shares of subsidiary	-	(200,000)
Changes in non-controlling interests	303,317	229,665
Net cash used in financing activities	<u>(2,837,893)</u>	<u>(3,767,306)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(108,458)</u>	<u>11,724</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,829,401	594,907
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,603,652</u>	<u>2,008,745</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,433,053</u>	<u>\$ 2,603,652</u>

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