

**Hiwin Technologies Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Hiwin Technologies Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Hiwin Technologies Corporation (the "Corporation") and its subsidiaries (collectively, the "Group") as of June 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2022 and 2021, combined total assets of these non-significant subsidiaries were NT\$10,611,939 thousand and NT\$9,183,103 thousand, representing 20% and 18%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$4,957,747 thousand and NT\$4,091,187 thousand, representing 22% and 19%, respectively, of the consolidated total liabilities; for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the amounts of combined comprehensive income of these subsidiaries were NT\$40,847 thousand, NT\$127,283 thousand, NT\$162,059 thousand and NT\$181,069 thousand, representing 5%, 21%, 7% and 11%, respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Li-Tung Wu and Hsiao-Fang Yen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 10, 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 6,459,288	12	\$ 5,433,053	11	\$ 4,192,809	9
Financial assets at fair value through profit or loss - current (Note 7)	2,870	-	2,895	-	2,931	-
Notes receivable from unrelated parties, net (Notes 9 and 28)	1,084,429	2	1,068,266	2	1,091,678	2
Notes receivable from related parties, net (Notes 9 and 27)	411	-	1,263	-	2,436	-
Trade receivables from unrelated parties, net (Note 9)	4,210,114	8	3,181,354	6	4,475,988	9
Trade receivables from related parties, net (Notes 9 and 27)	29,461	-	18,824	-	28,554	-
Inventories (Note 10)	9,010,894	17	8,322,994	16	6,936,730	14
Other current assets (Notes 6, 27 and 28)	594,978	1	524,723	1	589,123	1
Total current assets	<u>21,392,445</u>	<u>40</u>	<u>18,553,372</u>	<u>36</u>	<u>17,320,249</u>	<u>35</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,122,562	2	1,466,280	3	1,244,034	3
Financial assets at amortized cost - non-current	2,873	-	2,890	-	2,889	-
Investments accounted for using the equity method (Note 12)	269,362	1	252,746	-	230,052	-
Property, plant and equipment (Notes 13, 27 and 28)	27,461,080	51	27,354,252	54	27,702,018	56
Right-of-use assets (Notes 14, 27 and 28)	701,677	1	671,119	1	682,770	1
Goodwill	256,163	-	256,163	1	256,163	1
Deferred tax assets (Note 4)	713,354	1	663,462	1	464,454	1
Prepayments for machinery and equipment (Note 15)	1,375,433	3	1,450,528	3	1,625,731	3
Refundable deposits	97,862	-	102,135	-	102,143	-
Other non-current assets (Note 9)	262,352	1	258,872	1	231,618	-
Total non-current assets	<u>32,262,718</u>	<u>60</u>	<u>32,478,447</u>	<u>64</u>	<u>32,541,872</u>	<u>65</u>
TOTAL	<u>\$ 53,655,163</u>	<u>100</u>	<u>\$ 51,031,819</u>	<u>100</u>	<u>\$ 49,862,121</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 16, 27 and 28)	\$ 5,745,124	11	\$ 4,952,785	10	\$ 4,787,320	10
Short-term bills payable (Note 16)	-	-	89,923	-	89,908	-
Financial liabilities at fair value through profit or loss - current (Note 7)	4,644	-	2,580	-	540	-
Contract liabilities - current	253,422	-	172,745	-	97,655	-
Notes payable	3,936	-	1,665	-	2,189	-
Trade payables to unrelated parties	4,026,909	8	3,903,043	8	3,816,248	8
Trade payables to related parties (Note 27)	224,683	-	231,245	-	170,731	1
Other payables (Notes 17 and 27)	2,203,003	4	2,182,726	4	1,714,237	4
Dividends payable (Notes 19 and 24)	1,533,565	3	-	-	661,733	1
Current tax liabilities (Note 4)	959,137	2	1,301,291	3	608,431	1
Lease liabilities - current (Notes 14 and 27)	146,582	-	117,536	-	122,246	-
Current portion of long-term borrowings (Notes 16, 27 and 28)	805,727	2	807,197	2	1,111,508	2
Other current liabilities	146,314	-	89,805	-	94,393	-
Total current liabilities	<u>16,053,046</u>	<u>30</u>	<u>13,852,541</u>	<u>27</u>	<u>13,277,139</u>	<u>27</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 16, 27 and 28)	5,002,882	9	5,378,148	11	6,619,706	13
Deferred tax liabilities (Note 4)	772,070	1	681,423	1	638,843	1
Lease liabilities - non-current (Notes 14 and 27)	408,475	1	408,872	1	414,584	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	251,328	1	230,051	-	265,396	1
Other non-current liabilities	10,154	-	13,669	-	10,651	-
Total non-current liabilities	<u>6,444,909</u>	<u>12</u>	<u>6,712,163</u>	<u>13</u>	<u>7,949,180</u>	<u>16</u>
Total liabilities	<u>22,497,955</u>	<u>42</u>	<u>20,564,704</u>	<u>40</u>	<u>21,226,319</u>	<u>43</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION						
Ordinary shares	3,407,923	6	3,407,923	7	3,308,663	7
Share dividends to be distributed	-	-	-	-	99,260	-
Capital surplus	5,516,470	10	5,516,470	11	5,528,655	11
Retained earnings						
Legal reserve	3,390,134	7	3,071,586	6	3,071,586	6
Unappropriated earnings	18,350,084	34	17,609,166	34	16,007,301	32
Other equity	386,129	1	675,140	1	536,721	1
Total equity attributable to owners of the Corporation	<u>31,050,740</u>	<u>58</u>	<u>30,280,285</u>	<u>59</u>	<u>28,552,186</u>	<u>57</u>
NON-CONTROLLING INTERESTS	<u>106,468</u>	<u>-</u>	<u>186,830</u>	<u>1</u>	<u>83,616</u>	<u>-</u>
Total equity	<u>31,157,208</u>	<u>58</u>	<u>30,467,115</u>	<u>60</u>	<u>28,635,802</u>	<u>57</u>
TOTAL	<u>\$ 53,655,163</u>	<u>100</u>	<u>\$ 51,031,819</u>	<u>100</u>	<u>\$ 49,862,121</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated August 10, 2022)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Note 27)	\$ 8,235,458	100	\$ 7,048,502	100	\$ 15,801,804	100	\$ 13,039,949	100
COST OF GOODS SOLD (Notes 10, 20 and 27)	<u>5,079,033</u>	<u>62</u>	<u>4,502,535</u>	<u>64</u>	<u>9,873,592</u>	<u>62</u>	<u>8,589,686</u>	<u>66</u>
GROSS PROFIT	<u>3,156,425</u>	<u>38</u>	<u>2,545,967</u>	<u>36</u>	<u>5,928,212</u>	<u>38</u>	<u>4,450,263</u>	<u>34</u>
OPERATING EXPENSES (Notes 20 and 27)								
Selling and marketing expenses	489,112	6	412,629	6	918,374	6	748,865	6
General and administrative expenses	518,650	6	449,292	6	1,055,973	7	957,046	7
Research and development expenses	<u>305,134</u>	<u>4</u>	<u>256,716</u>	<u>4</u>	<u>551,431</u>	<u>3</u>	<u>506,332</u>	<u>4</u>
Total operating expenses	<u>1,312,896</u>	<u>16</u>	<u>1,118,637</u>	<u>16</u>	<u>2,525,778</u>	<u>16</u>	<u>2,212,243</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>1,843,529</u>	<u>22</u>	<u>1,427,330</u>	<u>20</u>	<u>3,402,434</u>	<u>22</u>	<u>2,238,020</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES								
Subsidy revenue (Note 16)	6,499	-	13,871	-	10,035	-	21,264	-
Finance costs (Notes 20 and 27)	(48,962)	-	(40,333)	(1)	(92,815)	-	(85,768)	(1)
Share of profit of associates accounted for using the equity method (Note 12)	22,212	-	10,884	-	37,851	-	20,574	-
Interest income	12,331	-	3,984	-	29,291	-	6,026	-
Other income (Note 27)	16,374	-	43,314	1	39,617	-	60,399	1
Net foreign exchange gain (loss) (Note 30)	(83,128)	(1)	(37,043)	-	120,358	1	(164,937)	(1)
Other expenses (Note 27)	(2,210)	-	(2,383)	-	(4,162)	-	(4,354)	-
Loss on disposal of property, plant and equipment	(130,685)	(1)	(5,768)	-	(130,248)	(1)	(5,023)	-
Valuation gain (loss) on financial assets (liabilities) at fair value through profit or loss	<u>7,256</u>	<u>-</u>	<u>4,537</u>	<u>-</u>	<u>(12,270)</u>	<u>-</u>	<u>(588)</u>	<u>-</u>
Total non-operating income and expenses	<u>(200,313)</u>	<u>(2)</u>	<u>(8,937)</u>	<u>-</u>	<u>(2,343)</u>	<u>-</u>	<u>(152,407)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	1,643,216	20	1,418,393	20	3,400,091	22	2,085,613	16
INCOME TAX EXPENSE (Notes 4 and 21)	<u>464,679</u>	<u>6</u>	<u>432,511</u>	<u>6</u>	<u>887,487</u>	<u>6</u>	<u>620,332</u>	<u>5</u>
NET PROFIT FOR THE PERIOD	<u>1,178,537</u>	<u>14</u>	<u>985,882</u>	<u>14</u>	<u>2,512,604</u>	<u>16</u>	<u>1,465,281</u>	<u>11</u>

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HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ (196,923)	(2)	\$ (329,919)	(4)	\$ (343,718)	(2)	\$ 299,800	2
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	(97,165)	(1)	(64,759)	(1)	68,433	-	(199,702)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 21)	19,411	-	12,934	-	(13,661)	-	39,909	-
	(77,754)	(1)	(51,825)	(1)	54,772	-	(159,793)	(1)
Other comprehensive income (loss) for the period, net of income tax	(274,677)	(3)	(381,744)	(5)	(288,946)	(2)	140,007	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 903,860	11	\$ 604,138	9	\$ 2,223,658	14	\$ 1,605,288	12
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 1,225,868	15	\$ 1,051,523	15	\$ 2,593,031	16	\$ 1,583,619	12
Non-controlling interests	(47,331)	(1)	(65,641)	(1)	(80,427)	-	(118,338)	(1)
	\$ 1,178,537	14	\$ 985,882	14	\$ 2,512,604	16	\$ 1,465,281	11
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 951,246	12	\$ 669,824	10	\$ 2,304,020	15	\$ 1,723,704	13
Non-controlling interests	(47,386)	(1)	(65,686)	(1)	(80,362)	(1)	(118,416)	(1)
	\$ 903,860	11	\$ 604,138	9	\$ 2,223,658	14	\$ 1,605,288	12
EARNINGS PER SHARE (Note 22)								
Basic	\$ 3.60		\$ 3.09		\$ 7.61		\$ 4.65	
Diluted	\$ 3.59		\$ 3.08		\$ 7.58		\$ 4.64	

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

(With Deloitte & Touche auditors' review report dated August 10, 2022)

(Concluded)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation (Note 19)									
	Ordinary Shares	Share Dividends to be Distributed	Capital Surplus	Retained Earnings		Other Equity		Total	Non-controlling Interests (Notes 11 and 23)	Total Equity
				Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2021	\$ 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	-	-	(71,913)	-	-	-	-	(71,913)	71,913	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	302,853	302,853
Net profit (loss) for the six months ended June 30, 2021	-	-	-	-	1,583,619	-	-	1,583,619	(118,338)	1,465,281
Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	(159,715)	299,800	140,085	(78)	140,007
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	1,583,619	(159,715)	299,800	1,723,704	(118,416)	1,605,288
BALANCE AT JUNE 30, 2021	\$ 3,308,663	\$ 99,260	\$ 5,528,655	\$ 3,071,586	\$ 16,007,301	\$ (496,579)	\$ 1,033,300	\$ 28,552,186	\$ 83,616	\$ 28,635,802
BALANCE AT JANUARY 1, 2022	\$ 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
Appropriation of 2021 earnings										
Legal reserve	-	-	-	318,548	(318,548)	-	-	-	-	-
Cash dividends - NT\$4.5 per share	-	-	-	-	(1,533,565)	-	-	(1,533,565)	-	(1,533,565)
	-	-	-	318,548	(1,852,113)	-	-	(1,533,565)	-	(1,533,565)
Net profit (loss) for the six months ended June 30, 2022	-	-	-	-	2,593,031	-	-	2,593,031	(80,427)	2,512,604
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	54,707	(343,718)	(289,011)	65	(288,946)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	2,593,031	54,707	(343,718)	2,304,020	(80,362)	2,223,658
BALANCE AT JUNE 30, 2022	\$ 3,407,923	\$ -	\$ 5,516,470	\$ 3,390,134	\$ 18,350,084	\$ (544,955)	\$ 931,084	\$ 31,050,740	\$ 106,468	\$ 31,157,208

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

(With Deloitte & Touche auditors' review report dated August 10, 2022)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,400,091	\$ 2,085,613
Adjustments for:		
Depreciation expenses	1,048,535	1,091,318
Amortization expenses	31,563	23,494
Expected credit loss recognized (reversed) on trade receivables	(4,296)	(168)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	1,774	(2,391)
Finance costs	92,815	85,768
Interest income	(29,291)	(6,026)
Dividend income	-	(24,064)
Share of profit or loss of associates accounted for using the equity method	(37,851)	(20,574)
Loss on disposal of property, plant and equipment	130,248	5,023
Reversal of inventory write-downs	(2,487)	(31,285)
Unrealized loss on foreign currency exchange, net	14,774	34,871
Others	(701)	(596)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	315	(7,199)
Notes receivable	(15,909)	93,781
Trade receivables	(1,064,462)	530,448
Inventories	(562,067)	(720,415)
Other current assets	(41,262)	(104,921)
Contract liabilities	79,750	(3,904)
Notes payable	2,271	(6,573)
Trade payables	137,836	804,288
Other payables	(14,452)	343,432
Other current liabilities	56,788	(11,428)
Net defined benefit liabilities	21,965	(26,843)
Cash generated from operations	3,245,947	4,131,649
Interest received	29,288	6,009
Dividends received	-	24,064
Interest paid	(92,755)	(88,143)
Income tax paid	(1,237,558)	(341,544)
Net cash generated from operating activities	<u>1,944,922</u>	<u>3,732,035</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(922,400)	(839,018)
Proceeds from disposal of property, plant and equipment	1,123	2,729
Decrease (increase) in refundable deposits	2,882	(40,377)
Increase in other financial assets	(577)	(8,000)
Increase in other non-current assets	(36,955)	(48,124)

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HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2022	2021
Increase in prepayments for machinery and equipment	\$ (339,275)	\$ (366,787)
Dividends received from associates	<u>3,336</u>	<u>4,143</u>
Net cash used in investing activities	<u>(1,291,866)</u>	<u>(1,295,434)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	906,572	(678,633)
Proceeds from (repayments of) short-term bills payable	(89,923)	69,972
Proceeds from long-term borrowings	55,966	286,359
Repayments of long-term borrowings	(454,205)	(688,394)
Repayment of the principal portion of lease liabilities	(88,721)	(76,332)
Increase (decrease) in other non-current liabilities	(2,930)	163
Changes in non-controlling interests	<u>-</u>	<u>302,853</u>
Net cash generated from (used in) financing activities	<u>326,759</u>	<u>(784,012)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>46,420</u>	<u>(63,432)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,026,235	1,589,157
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>5,433,053</u>	<u>2,603,652</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 6,459,288</u>	<u>\$ 4,192,809</u>

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

(With Deloitte & Touche auditors' review report dated August 10, 2022)

(Concluded)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Hiwin Technologies Corporation (the “Corporation”) was incorporated on October 11, 1989. It manufactures and sells ballscrews, linear guideways, industrial robots, aerospace automation equipment parts, CNC (computer numerical control) milling machines and medical equipment.

The Corporation was approved by the Securities and Futures Bureau (SFB) and Financial Supervisory Commission (FSC) to become a public company on April 16, 1997. The shares of the Corporation have been listed on the Taiwan Stock Exchange (TWSE) since June 26, 2009.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the Corporation’s board of directors on August 10, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the accounting policies of the Corporation and its subsidiaries (collectively referred to as the “Group”).

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

Note : Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 11, Tables 8 and 9 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments and key sources of estimation uncertainty of these interim consolidated financial statements are the same as those applied to the preparation of the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 1,810	\$ 1,735	\$ 2,430
Checking accounts and demand deposits	6,003,790	5,024,410	3,922,909
Pledged time deposits	2,577	2,000	10,000
Cash equivalents			
Time deposits (investments with original maturities of 3 months or less)	<u>453,688</u>	<u>406,908</u>	<u>267,470</u>
	6,461,865	5,435,053	4,202,809
Less: Pledged time deposits (classified as other current assets)	<u>(2,577)</u>	<u>(2,000)</u>	<u>(10,000)</u>
	<u>\$ 6,459,288</u>	<u>\$ 5,433,053</u>	<u>\$ 4,192,809</u>
 <u>Rate of interest per annum (%)</u>			
Cash in bank	0.00-0.35	0.00-0.40	0.00-0.40
Time deposits (investments with original maturities of 3 months or less)	0.05-2.00	0.00-2.66	0.05-2.70
Pledged time deposits	0.60-1.23	0.82	0.09-0.82

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's financial assets and liabilities mandatorily designated as at fair value through profit or loss (FVTPL) are all generated from its derivative financial products of foreign exchange forward contracts. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting are as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>June 30, 2022</u>			
Sell	EUR/NTD	2022.7.14-2022.9.30	EUR4,800/NTD151,038
Sell	RMB/NTD	2022.7.8-2022.9.20	RMB108,000/NTD475,695
Sell	USD/NTD	2022.7.8-2022.9.30	USD2,900/NTD85,534
 <u>December 31, 2021</u>			
Sell	EUR/NTD	2022.1.18-2022.3.17	EUR7,900/NTD250,120
Sell	RMB/NTD	2022.1.10-2022.3.18	RMB165,000/NTD712,853
Sell	USD/NTD	2022.1.10-2022.3.10	USD3,200/NTD88,873
 <u>June 30, 2021</u>			
Sell	EUR/NTD	2021.7.19-2021.9.24	EUR3,200/NTD108,912
Sell	RMB/NTD	2021.7.21-2021.9.24	RMB60,000/NTD257,958
Sell	USD/NTD	2021.7.22-2021.10.29	USD2,400/NTD67,040

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	June 30, 2022	December 31, 2021	June 30, 2021
Investments in Equity Instruments at Fair Value Through Other Comprehensive Income (FVTOCI)			
Domestic listed ordinary shares			
Hiwin Mikrosystem Corp. (Hiwin Mikrosystem)	\$ 876,363	\$ 1,076,401	\$ 1,169,489
Domestic unlisted ordinary shares			
Ever Fortune. AI Co., Ltd. (Ever Fortune)	242,299	386,799	44,383
Taichung International Country Club	3,900	3,080	2,950
Sunengine Corporation Ltd. (Sunengine)	-	-	-
King Kong Iron Work Ltd.	-	-	-
Overseas unlisted ordinary shares			
Kaland Holdings Corp. (Kaland)	-	-	27,212
	<u>\$ 1,122,562</u>	<u>\$ 1,466,280</u>	<u>\$ 1,244,034</u>

The Investment Commission of Ministry of Economic Affairs (MOEA) approved the Corporation's investment in Suzhou YIFU Finance Leasing Co., Ltd. (YIFU Finance). The investment in the amount of US\$8,168 thousand was made through Kaland and Cheer Tone Group Limited in British Virgin Islands (BVI). YIFU Finance mainly engages in finance leasing services.

In August 2021, the liquidation of Kaland had been approved by Kaland's board of directors and it was liquidated in August 2021 for net proceeds of US\$804 thousand.

Ever Fortune's shares have been listed on the Emerging Stock Market in September 2021.

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,086,060	\$ 1,071,413	\$ 1,094,971
Less: Allowance for impairment loss	<u>(1,220)</u>	<u>(1,884)</u>	<u>(857)</u>
	<u>\$ 1,084,840</u>	<u>\$ 1,069,529</u>	<u>\$ 1,094,114</u>

(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 4,252,736	\$ 3,217,068	\$ 4,520,456
Less: Allowance for impairment loss	<u>(13,161)</u>	<u>(16,890)</u>	<u>(15,914)</u>
	<u>\$ 4,239,575</u>	<u>\$ 3,200,178</u>	<u>\$ 4,504,542</u> (Concluded)

a. Notes receivable

The Group's aging of notes receivable is as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Not past due	\$ 1,086,060	\$ 1,071,413	\$ 1,094,971
Past due	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,086,060</u>	<u>\$ 1,071,413</u>	<u>\$ 1,094,971</u>

The above aging schedule was based on the past due date.

The Group entered into a factoring agreement with financial institutions to sell its discounted notes receivable. Although the Group has transferred the contractual rights to receive cash flows, the Group is still obligated to bear the default risk of such discounted notes receivable. Thus, it did not meet the conditions for derecognition of financial assets. The related information is as follows:

Purchaser of Notes Receivable	June 30, 2021		
	Notes Receivable Transferred	Amount in Advanced (Note)	Interest Rate
China Construction Bank	<u>\$ 140,276</u>	<u>\$ 140,276</u>	2.80%-3.00%

Note: Classified under short-term borrowings, for related information of guarantee and short-term borrowings please refer to Notes 16 and 28.

b. Trade receivables

The Group determines the credit period of sales of goods based on the counterparty's credit rating, location and transaction terms.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlooks. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables:

	Not Past Due	1 to 120 Days	121 to 360 Days	Over 360 Days	Total
<u>June 30, 2022</u>					
Expected credit loss rate	0.001%-0.1%	0.01%-40%	2%-100%	10%-100%	
Gross carrying amount	\$ 4,146,685	\$ 92,707	\$ 2,488	\$ 10,856	\$ 4,252,736
Loss allowance (Lifetime ECLs)	<u>(2,193)</u>	<u>(3,362)</u>	<u>(330)</u>	<u>(7,276)</u>	<u>(13,161)</u>
Amortized cost	<u>\$ 4,144,492</u>	<u>\$ 89,345</u>	<u>\$ 2,158</u>	<u>\$ 3,580</u>	<u>\$ 4,239,575</u>
<u>December 31, 2021</u>					
Expected credit loss rate	0.001%-0.1%	0.01%-40%	2%-100%	10%-100%	
Gross carrying amount	\$ 3,068,646	\$ 133,847	\$ 1,142	\$ 13,433	\$ 3,217,068
Loss allowance (Lifetime ECLs)	<u>(2,383)</u>	<u>(1,853)</u>	<u>(520)</u>	<u>(12,134)</u>	<u>(16,890)</u>
Amortized cost	<u>\$ 3,066,263</u>	<u>\$ 131,994</u>	<u>\$ 622</u>	<u>\$ 1,299</u>	<u>\$ 3,200,178</u>
<u>June 30, 2021</u>					
Expected credit loss rate	0.001%-0.1%	0.01%-40%	2%-100%	10%-100%	
Gross carrying amount	\$ 4,353,210	\$ 150,973	\$ 4,619	\$ 11,654	\$ 4,520,456
Loss allowance (Lifetime ECLs)	<u>(2,593)</u>	<u>(829)</u>	<u>(2,943)</u>	<u>(9,549)</u>	<u>(15,914)</u>
Amortized cost	<u>\$ 4,350,617</u>	<u>\$ 150,144</u>	<u>\$ 1,676</u>	<u>\$ 2,105</u>	<u>\$ 4,504,542</u>

The movements of the loss allowance were as follows (other receivables are classified as other non-current assets):

	For the Six Months Ended June 30, 2022		
	Notes Receivable	Trade Receivables	Other Receivables
Balance at January 1, 2022	\$ 1,884	\$ 16,890	\$ 27,395
Net remeasurement of loss allowance	(664)	(3,632)	-
Amounts written off	-	(73)	-
Foreign exchange gains and losses	-	(24)	-
Balance at June 30, 2022	<u>\$ 1,220</u>	<u>\$ 13,161</u>	<u>\$ 27,395</u>

	For the Six Months Ended June 30, 2021		
	Notes Receivable	Trade Receivables	Other Receivables
Balance at January 1, 2021	\$ 578	\$ 16,832	\$ 27,395
Net remeasurement of loss allowance	279	(447)	-
Foreign exchange gains and losses	<u>-</u>	<u>(471)</u>	<u>-</u>
Balance at June 30, 2021	<u>\$ 857</u>	<u>\$ 15,914</u>	<u>\$ 27,395</u>

10. INVENTORIES

	June 30, 2022	December 31, 2021	June 30, 2021
Merchandise	\$ 1,652	\$ 2,962	\$ 3,103
Finished goods	3,108,536	2,249,676	1,791,516
Work in process	1,800,196	2,039,018	1,874,616
Raw materials and supplies	3,150,190	2,664,833	2,618,235
Inventory in transit	<u>950,320</u>	<u>1,366,505</u>	<u>649,260</u>
	<u>\$ 9,010,894</u>	<u>\$ 8,322,994</u>	<u>\$ 6,936,730</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021 was \$5,079,033 thousand, \$4,502,535 thousand, \$9,873,592 thousand and \$8,589,686 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021 included inventory write-downs (reversal of inventory write-downs) of \$26,174 thousand, \$(24,410) thousand, \$(2,487) thousand and \$(31,285) thousand, and unallocated fixed overhead of \$68,822 thousand, \$75,388 thousand, \$128,024 thousand and \$157,201 thousand, respectively. Previous write-downs were reversed as a result of inventory consumed and increased selling prices in markets.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership		
			June 30, 2022	December 31, 2021	June 30, 2021
The Corporation	Hiwin Corporation, U.S.A. ("Hiwin USA")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Hiwin Corporation, Japan ("Hiwin Japan")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Hiwin GmbH ("Hiwin Germany")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100

(Continued)

Investor	Investee	Main Business	% of Ownership		
			June 30, 2022	December 31, 2021	June 30, 2021
The Corporation	Eterbright Solar Corporation (“Eterbright”) (Note 23)	Research, development, design, manufacture and sale of solar cell, electronic components, electric power supply, electric transmission and power distribution machinery products	85	85	76
	Hiwin Singapore Pte. Ltd. (“Hiwin Singapore”)	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Hiwin Corporation (“Hiwin Korea”)	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Hiwin Technologies (China) Corporation (“Hiwin China”)	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Matrix Precision Co., Ltd. (“Matrix Precision”) (Note 23)	Research, development, production, manufacture and sale of gear cutting tools and machinery	50	50	50
	Hiwin Healthcare Corp.	Sale of medical robots	100	100	100
	Hiwin S.R.L. (“Hiwin Italy”)	Sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Matrix Machine Tool (Coventry) Limited (“Matrix”)	Design, integrated application, research, development, manufacture and sale of thread forming machinery	100	100	100
	Hiwin (Schweiz) GmbH (“Hiwin Schweiz”)	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	81	81	81
Hiwin Germany	Hiwin Schweiz	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	19	19	19
Matrix Precision	Luren Precision Machinery (Shanghai) Co., Ltd. (“Luren Shanghai”)	Sale of gear cutting tools and machinery	-	-	-
	Suzhou Matrix Precision Machinery Co., Ltd. (“Suzhou Matrix”)	Sale of gear cutting tools and machinery	100	100	100

(Concluded)

Except for the financial statements of Hiwin China and Eterbright for the six months ended June 30, 2022 and 2021 which were reviewed by the independent auditors, the remaining subsidiaries are immaterial subsidiaries; their financial statements have not been reviewed.

Luren Shanghai has been liquidated in June 2021.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	June 30, 2022	December 31, 2021	June 30, 2021
Eterbright	15%	15%	24%
Matrix Precision	50%	50%	50%

See Tables 8 and 9 for the information on place of incorporation and principal place of business.

**Loss and Comprehensive Loss Allocated to
Non-controlling Interests**

Name of Subsidiary	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
	Eterbright	\$ (13,411)	\$ (37,076)	\$ (24,729)
Matrix Precision	<u>(33,975)</u>	<u>(28,610)</u>	<u>(55,633)</u>	<u>(47,324)</u>
	<u>\$ (47,386)</u>	<u>\$ (65,686)</u>	<u>\$ (80,362)</u>	<u>\$ (118,416)</u>

Accumulated Non-controlling Interests

Name of Subsidiary	June 30, 2022	December 31, 2021	June 30, 2021
Eterbright	\$ (44,456)	\$ (19,727)	\$ (207,849)
Matrix Precision	<u>150,924</u>	<u>206,557</u>	<u>291,465</u>
	<u>\$ 106,468</u>	<u>\$ 186,830</u>	<u>\$ 83,616</u>

The summarized financial information below represents amounts before intragroup eliminations.

Eterbright

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 214,833	\$ 191,166	\$ 222,067
Non-current assets	467,422	501,690	1,086,612
Current liabilities	(909,618)	(761,409)	(2,109,061)
Non-current liabilities	<u>(70,202)</u>	<u>(63,487)</u>	<u>(77,360)</u>
Equity	<u>\$ (297,565)</u>	<u>\$ (132,040)</u>	<u>\$ (877,742)</u>
Equity attributable to:			
Owners of Eterbright	\$ (253,109)	\$ (112,313)	\$ (669,893)
Non-controlling interests of Eterbright	<u>(44,456)</u>	<u>(19,727)</u>	<u>(207,849)</u>
	<u>\$ (297,565)</u>	<u>\$ (132,040)</u>	<u>\$ (877,742)</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
	Revenue	<u>\$ 1,484</u>	<u>\$ 13,761</u>	<u>\$ 12,914</u>
Net loss for the period	\$ (89,766)	\$ (144,125)	\$ (165,525)	\$ (275,815)
Other comprehensive income (loss) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the period	<u>\$ (89,766)</u>	<u>\$ (144,125)</u>	<u>\$ (165,525)</u>	<u>\$ (275,815)</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Loss and total comprehensive loss attributable to:				
Owners of Eterbright	\$ (76,355)	\$ (107,049)	\$ (140,796)	\$ (204,723)
Non-controlling interests of Eterbright	<u>(13,411)</u>	<u>(37,076)</u>	<u>(24,729)</u>	<u>(71,092)</u>
	<u>\$ (89,766)</u>	<u>\$ (144,125)</u>	<u>\$ (165,525)</u>	<u>\$ (275,815)</u>
Net cash inflow (outflow) from:				
Operating activities			\$ (124,980)	\$ (171,689)
Investing activities			(5,957)	(165,282)
Financing activities			<u>133,307</u>	<u>328,977</u>
Net cash inflow (outflow)			<u>\$ 2,370</u>	<u>\$ (7,994)</u> (Concluded)

Matrix Precision and Matrix Precision subsidiaries

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 601,961	\$ 542,348	\$ 609,425
Non-current assets	1,342,501	1,357,877	1,383,300
Current liabilities	(719,647)	(558,590)	(458,260)
Non-current liabilities	<u>(907,870)</u>	<u>(920,694)</u>	<u>(943,850)</u>
Equity	<u>\$ 316,945</u>	<u>\$ 420,941</u>	<u>\$ 590,615</u>
Equity attributable to:			
Owners of Matrix Precision	\$ 158,789	\$ 210,891	\$ 295,898
Non-controlling interests of Matrix Precision	<u>158,156</u>	<u>210,050</u>	<u>294,717</u>
	<u>\$ 316,945</u>	<u>\$ 420,941</u>	<u>\$ 590,615</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Revenue	<u>\$ 70,074</u>	<u>\$ 95,005</u>	<u>\$ 138,369</u>	<u>\$ 166,649</u>
Net loss for the period	\$ (66,286)	\$ (57,344)	\$ (104,126)	\$ (95,116)
Other comprehensive income (loss) for the period	<u>(111)</u>	<u>(90)</u>	<u>130</u>	<u>(157)</u>
Total comprehensive loss for the period	<u>\$ (66,397)</u>	<u>\$ (57,434)</u>	<u>\$ (103,996)</u>	<u>\$ (95,273)</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Loss attributable to:				
Owners of Matrix Precision	\$ (33,209)	\$ (28,729)	\$ (52,167)	\$ (47,684)
Non-controlling interests of Matrix Precision	<u>(33,077)</u>	<u>(28,615)</u>	<u>(51,959)</u>	<u>(47,432)</u>
	<u>\$ (66,286)</u>	<u>\$ (57,344)</u>	<u>\$ (104,126)</u>	<u>\$ (95,116)</u>
Total comprehensive loss attributable to:				
Owners of Matrix Precision	\$ (33,265)	\$ (28,775)	\$ (52,102)	\$ (47,763)
Non-controlling interests of Matrix Precision	<u>(33,132)</u>	<u>(28,659)</u>	<u>(51,894)</u>	<u>(47,510)</u>
	<u>\$ (66,397)</u>	<u>\$ (57,434)</u>	<u>\$ (103,996)</u>	<u>\$ (95,273)</u>
Net cash inflow (outflow) from:				
Operating activities			\$ (115,151)	\$ (48,417)
Investing activities			299	(18,237)
Financing activities			<u>177,817</u>	<u>103,532</u>
Net cash inflow			<u>\$ 62,965</u>	<u>\$ 36,878</u> (Concluded)

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2022	December 31, 2021	June 30, 2021	
Associates that are not individually material	<u>\$ 269,362</u>	<u>\$ 252,746</u>	<u>\$ 230,052</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
The Group's share of:				
Profit for the period	\$ 22,212	\$ 10,884	\$ 37,851	\$ 20,574
Other comprehensive income (loss) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 22,212</u>	<u>\$ 10,884</u>	<u>\$ 37,851</u>	<u>\$ 20,574</u>

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of those investments were calculated based on the financial statements that have not been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income (loss) from the financial statements that have not been reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

	For the Six Months Ended June 30, 2022					
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 5,424,124	\$ 4,229	\$ -	\$ -	\$ (44,012)	\$ 5,384,341
Buildings and improvements	14,019,116	116,421	(216,821)	861,345	34,545	14,814,606
Machinery and equipment	15,107,593	124,031	(424,092)	410,459	9,833	15,227,824
Transportation equipment	240,647	9,316	(4,628)	10	(862)	244,483
Leasehold improvements	121,948	1,053	-	-	(2,663)	120,338
Miscellaneous equipment	2,676,669	67,105	(113,281)	6,050	1,031	2,637,574
Construction in progress	<u>1,577,851</u>	<u>645,476</u>	<u>-</u>	<u>(861,808)</u>	<u>(70,308)</u>	<u>1,291,211</u>
	<u>39,167,948</u>	<u>\$ 967,631</u>	<u>\$ (758,822)</u>	<u>\$ 416,056</u>	<u>\$ (72,436)</u>	<u>39,720,377</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and improvements	2,329,595	\$ 189,560	\$ (102,054)	\$ -	\$ 4,391	2,421,492
Machinery and equipment	7,403,997	747,340	(422,935)	-	3,045	7,731,447
Transportation equipment	119,973	18,309	(4,370)	-	(621)	133,291
Leasehold improvements	110,650	2,006	-	-	(2,262)	110,394
Miscellaneous equipment	<u>1,849,481</u>	<u>109,630</u>	<u>(98,092)</u>	<u>-</u>	<u>1,654</u>	<u>1,862,673</u>
	<u>11,813,696</u>	<u>\$ 1,066,845</u>	<u>\$ (627,451)</u>	<u>\$ -</u>	<u>\$ 6,207</u>	<u>12,259,297</u>
	<u>\$ 27,354,252</u>					<u>\$ 27,461,080</u>
	For the Six Months Ended June 30, 2021					
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 5,516,026	\$ -	\$ -	\$ -	\$ (59,606)	\$ 5,456,420
Buildings and improvements	13,981,515	14,697	-	57,286	(65,041)	13,988,457
Machinery and equipment	15,143,381	85,578	(718,832)	486,138	(37,118)	14,959,147
Transportation equipment	218,095	15,932	(7,961)	6,557	(8,501)	224,122
Leasehold improvements	118,059	-	-	11,260	(3,947)	125,372
Miscellaneous equipment	2,847,657	49,027	(108,486)	885	(15,404)	2,773,679
Construction in progress	<u>710,843</u>	<u>456,738</u>	<u>-</u>	<u>(54,165)</u>	<u>(27,871)</u>	<u>1,085,545</u>
	<u>38,535,576</u>	<u>\$ 621,972</u>	<u>\$ (835,279)</u>	<u>\$ 507,961</u>	<u>\$ (217,488)</u>	<u>38,612,742</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and improvements	2,029,881	\$ 169,760	\$ -	\$ (11,259)	\$ (16,363)	2,172,019
Machinery and equipment	6,605,652	798,215	(711,142)	278	(17,475)	6,675,528
Transportation equipment	125,607	16,634	(7,961)	6	(5,082)	129,204
Leasehold improvements	107,618	2,223	-	16,740	(3,581)	123,000
Miscellaneous equipment	<u>1,802,291</u>	<u>133,114</u>	<u>(108,424)</u>	<u>(5,765)</u>	<u>(10,243)</u>	<u>1,810,973</u>
	<u>10,671,049</u>	<u>\$ 1,119,946</u>	<u>\$ (827,527)</u>	<u>\$ -</u>	<u>\$ (52,744)</u>	<u>10,910,724</u>
	<u>\$ 27,864,527</u>					<u>\$ 27,702,018</u>

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	
Main buildings	10-55 years
Electrical power equipment	5-35 years
Engineering system	5-55 years
Machinery and equipment	
Machinery equipment	3-20 years
Inspection equipment	3-20 years
Transportation equipment	2-10 years
Leasehold improvements	2-17 years
Miscellaneous equipment	2-15 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 28.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021	
<u>Carrying amounts</u>				
Land	\$ 303,094	\$ 310,418	\$ 319,453	
Buildings	380,358	338,537	340,112	
Transportation equipment	17,645	21,452	22,342	
Miscellaneous equipment	<u>580</u>	<u>712</u>	<u>863</u>	
	<u>\$ 701,677</u>	<u>\$ 671,119</u>	<u>\$ 682,770</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Additions to right-of-use assets	<u>\$ 50,245</u>	<u>\$ 14,984</u>	<u>\$ 117,699</u>	<u>\$ 49,773</u>
Depreciation charge for right-of-use assets				
Land	\$ 5,080	\$ 5,134	\$ 10,236	\$ 10,276
Buildings	39,997	33,001	77,723	65,233
Transportation equipment	1,404	1,896	2,923	3,934
Miscellaneous equipment	<u>60</u>	<u>79</u>	<u>121</u>	<u>165</u>
	<u>\$ 46,541</u>	<u>\$ 40,110</u>	<u>\$ 91,003</u>	<u>\$ 79,608</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have any significant sublease or impairment of right-of-use assets during the six months ended June 30, 2022 and 2021.

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Carrying amounts</u>			
Current	<u>\$ 146,582</u>	<u>\$ 117,536</u>	<u>\$ 122,246</u>
Non-current	<u>\$ 408,475</u>	<u>\$ 408,872</u>	<u>\$ 414,584</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Land	1.45%-1.50%	1.45%-1.50%	1.45%-1.50%
Buildings	0.90%-4.10%	0.90%-4.10%	0.90%-4.10%
Transportation equipment	1.23%-4.10%	1.23%-4.10%	1.48%-4.10%
Miscellaneous equipment	1.48%-4.10%	1.48%-4.10%	1.48%-4.10%

c. Material leasing activities and terms

The Group leases certain transportation and miscellaneous equipment for the use of product manufacturing and marketing with lease terms of 1 to 7 years. These arrangements do not contain renewal or purchase options.

The Group also leases land and buildings for the use of plants and offices with lease terms of 2 to 50 years. The lease contract for land located in the Republic of China specifies that lease payments will be adjusted on the basis of changes in the consumer price index or announced land value prices. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	<u>\$ 4,053</u>	<u>\$ 9,919</u>	<u>\$ 8,174</u>	<u>\$ 12,541</u>
Expenses relating to low-value asset leases	<u>\$ 1,351</u>	<u>\$ 826</u>	<u>\$ 2,656</u>	<u>\$ 1,657</u>
Total cash outflow for leases	<u>\$ (53,079)</u>	<u>\$ (51,523)</u>	<u>\$ (104,281)</u>	<u>\$ (95,155)</u>

The Group's leases of certain equipment qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. PREPAYMENTS FOR MACHINERY AND EQUIPMENT

The aging of prepayments for machinery and equipment was as follows:

The Date of Initial Cost Contribution	June 30, 2022	December 31, 2021	June 30, 2021
Within 1 year	\$ 368,477	\$ 572,689	\$ 484,914
1-2 years	317,918	177,404	233,786
2-5 years	606,700	626,081	864,945
More than 5 years	<u>82,338</u>	<u>74,354</u>	<u>42,086</u>
	<u>\$ 1,375,433</u>	<u>\$ 1,450,528</u>	<u>\$ 1,625,731</u>

In order to maintain key manufacturing technologies, reduce product costs and improve automation of equipment, the Corporation designed, developed, and assembled the equipment by itself. The abovementioned prepayments for machinery and equipment include both internally developed and outsourced equipment.

16. BORROWINGS

a. Short-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Secured borrowings (Note 28)</u>			
Working capital loans	\$ 3,805,124	\$ 2,998,002	\$ 3,335,716
Loans for export sales	940,000	940,000	940,000
Loans for purchasing raw material	<u>-</u>	<u>14,783</u>	<u>11,604</u>
	4,745,124	3,952,785	4,287,320
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>1,000,000</u>	<u>1,000,000</u>	<u>500,000</u>
	<u>\$ 5,745,124</u>	<u>\$ 4,952,785</u>	<u>\$ 4,787,320</u>
<u>Rate of interest per annum (%)</u>			
Working capital loans	0.23-3.80	0.23-3.80	0.23-2.95
Loans for export sales	0.87	0.61	0.51-0.61
Loans for purchasing raw material	-	1.56	1.56
Line of credit borrowings	0.93-0.98	0.71-0.80	0.75-0.83

Among secured borrowings, the amount of discounted notes receivable was \$140,276 thousand on June 30, 2021 (refer to Note 9).

b. Short-term bills payable

	June 30, 2022	December 31, 2021	June 30, 2021
Commercial paper	\$ -	\$ 90,000	\$ 90,000
Less: Unamortized discount on bills payable	<u>-</u>	<u>(77)</u>	<u>(92)</u>
	<u>\$ -</u>	<u>\$ 89,923</u>	<u>\$ 89,908</u>
Rate of interest per annum (%)	-	1.54	1.54

c. Long-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Secured borrowings</u> (Note 28)			
Secured loans	\$ 5,505,820	\$ 5,739,668	\$ 6,904,917
<u>Unsecured borrowings</u>			
Unsecured loans	<u>302,789</u>	<u>445,677</u>	<u>826,297</u>
	5,808,609	6,185,345	7,731,214
Less: Current portion	<u>(805,727)</u>	<u>(807,197)</u>	<u>(1,111,508)</u>
Long-term borrowings	<u>\$ 5,002,882</u>	<u>\$ 5,378,148</u>	<u>\$ 6,619,706</u>
<u>Rate of interest per annum (%)</u>			
Secured loans	0.76-4.12	0.36-4.90	0.36-4.90
Unsecured loans	0.82-1.65	0.70-1.65	0.70-4.90

In August 2019, the Corporation received a qualification letter for the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan from the Ministry of Economic Affairs, and therefore received the subsidy for processing fee of long-term borrowings. As of June 30, 2022, \$23,500 thousand was drawn down for the purchase of machinery and equipment and the use of operating capital. The Corporation recognized \$501 thousand as government grant, which is the difference between the loan amount obtained at a lower-than-market interest rate and the fair value; it was accounted for as deferred revenue and would be subsequently recognized in profit or loss over the useful lives of the assets.

17. OTHER PAYABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Payables for salaries and bonuses	\$ 688,875	\$ 1,061,177	\$ 628,442
Payables for compensation of employees	437,098	297,411	300,037
Payables for annual leave	264,439	178,245	170,024
Payables for remuneration of directors	260,608	149,069	66,542
Payables for purchase of equipment	85,495	40,264	40,310
Others	<u>466,488</u>	<u>456,560</u>	<u>508,882</u>
	<u>\$ 2,203,003</u>	<u>\$ 2,182,726</u>	<u>\$ 1,714,237</u>

18. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the pension expenses of defined benefit plans were \$820 thousand, \$866 thousand, \$1,640 thousand and \$1,687 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2021 and 2020, respectively.

19. EQUITY

a. Ordinary shares

	June 30, 2022	December 31, 2021	June 30, 2021
Number of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>340,792</u>	<u>340,792</u>	<u>330,866</u>
Shares issued	<u>\$ 3,407,923</u>	<u>\$ 3,407,923</u>	<u>\$ 3,308,663</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to receive dividends.

On May 10, 2022, the Corporation's board of directors resolved to issue 13,000 thousand ordinary shares with par value of \$10, for a consideration of \$160 per share. On June 24, 2022, the above transaction was approved by the SFB and FSC. The board of directors set July 18, 2022 as the base date for subscription, and the payment period for the subscription is from July 20, 2022 to August 29, 2022.

b. Capital surplus

	June 30, 2022	December 31, 2021	June 30, 2021
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)			
Issuance of ordinary shares	\$ 5,509,020	\$ 5,509,020	\$ 5,509,020
Invalid employee shares	7,450	7,450	7,450
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries (2)	_____ -	_____ -	_____ 12,185
	<u>\$ 5,516,470</u>	<u>\$ 5,516,470</u>	<u>\$ 5,528,655</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions, other than actual disposals or acquisitions.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the Corporation's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit shall be distributed as dividends, where the dividends distributed should not exceed 6% of the remaining profit. The Corporation's profit may be distributed in the form of cash or share dividends; however, the ratio of share dividends distributed shall not exceed two-thirds of the

Corporation's total amount of dividends and bonuses distributed to shareholders. A distribution plan is also to be made by the board of directors and should be resolved in the shareholder's meeting. The dividends could be distributed in whole or in part by cash after the resolution has been passed by more than half of the directors present at the meeting of the board of directors, in which at least two-thirds of the total number of directors should be present. In addition, a report of such distribution shall be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 20-c.

The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of cash dividends per share for 2021 and 2020 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2021	2020	2021	2020
Legal reserve	\$ 318,548	\$ 179,002		
Cash dividends	1,533,565	661,733	\$ 4.5	\$ 2
Share dividends	-	99,260	-	0.3

The appropriations of cash dividends per share for 2021 and 2020 had been approved by the board of directors on February 25, 2022 and March 23, 2021, respectively, the appropriations of earnings for 2021 and 2020 had been approved in the shareholders' meeting on June 27, 2022 and July 26, 2021, respectively.

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 46,601	\$ 38,125	\$ 88,085	\$ 81,143
Interest on lease liabilities	<u>2,361</u>	<u>2,208</u>	<u>4,730</u>	<u>4,625</u>
	<u>\$ 48,962</u>	<u>\$ 40,333</u>	<u>\$ 92,815</u>	<u>\$ 85,768</u>

Information about capitalized interest is as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2022	2021	2022	2021
Capitalized interest	\$ 1,897	\$ 7,925	\$ 3,156	\$ 16,377
Capitalization rates (%)	1.10-1.49	1.10-4.90	1.10-1.49	1.10-4.90

b. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended June 30, 2022</u>			
Short-term employee benefits	\$ 1,174,412	\$ 663,674	\$ 1,838,086
Post-employment benefits			
Defined contribution plans	35,534	20,497	56,031
Defined benefit plans (Note 18)	708	112	820
Other employee benefits	40,450	9,924	50,374
Depreciation expenses	447,659	88,553	536,212
Amortization expenses	5,906	9,775	15,681
<u>For the Three Months Ended June 30, 2021</u>			
Short-term employee benefits	1,092,493	626,708	1,719,201
Post-employment benefits			
Defined contribution plans	36,452	17,793	54,245
Defined benefit plans (Note 18)	709	157	866
Other employee benefits	38,536	2,306	40,842
Depreciation expenses	455,048	89,279	544,327
Amortization expenses	5,065	7,177	12,242
<u>For the Six Months Ended June 30, 2022</u>			
Short-term employee benefits	2,263,647	1,366,412	3,630,059
Post-employment benefits			
Defined contribution plans	72,246	43,897	116,143
Defined benefit plans (Note 18)	1,412	228	1,640
Other employee benefits	79,515	35,802	115,317
Depreciation expenses	877,240	171,295	1,048,535
Amortization expenses	11,442	20,121	31,563
<u>For the Six Months Ended June 30, 2021</u>			
Short-term employee benefits	2,162,590	1,204,786	3,367,376
Post-employment benefits			
Defined contribution plans	68,262	33,854	102,116
Defined benefit plans (Note 18)	1,413	274	1,687
Other employee benefits	78,701	24,272	102,973
Depreciation expenses	905,494	185,824	1,091,318
Amortization expenses	9,758	13,736	23,494

c. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Corporation, the Corporation accrues compensation of employees and remuneration of directors at the rates of no less than 1% and no higher than 4%, respectively, of net profit before income tax, compensation of employees, and the remuneration of directors. For the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the compensation of employees and the remuneration of directors were as follows:

Accrual rate	For the Six Months Ended June 30			
	2022		2021	
Compensation of employees	<u>6.1%</u>		<u>6.0%</u>	
Remuneration of directors	<u>3.1%</u>		<u>3.0%</u>	

Amount	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Compensation of employees	<u>\$ 105,216</u>	<u>\$ 91,612</u>	<u>\$ 223,149</u>	<u>\$ 132,302</u>
Remuneration of directors	<u>\$ 52,608</u>	<u>\$ 45,806</u>	<u>\$ 111,574</u>	<u>\$ 66,151</u>

If there will be change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of compensation of employees and remuneration of directors for 2021 and 2020 which have been resolved by the board of directors on February 25, 2022 and March 23, 2021, respectively, were as follows:

Cash	For the Year Ended December 31			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	6.0%	\$ 297,411	5.9%	\$ 154,385
Remuneration of directors	3.0%	148,706	2.9%	77,193

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES

- a. Major components of income tax expense recognized in profit or loss

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 426,976	\$ 360,048	\$ 782,926	\$ 557,690
Income tax of unappropriated earnings	74,318	39,727	74,318	39,727
Adjustments for prior periods	1,406	(8,336)	3,149	3,654
Deferred tax				
In respect of the current period	<u>(38,021)</u>	<u>41,072</u>	<u>27,094</u>	<u>19,261</u>
Income tax expense recognized in profit or loss	<u>\$ 464,679</u>	<u>\$ 432,511</u>	<u>\$ 887,487</u>	<u>\$ 620,332</u>

- b. Income tax expense (benefit) recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
<u>Deferred tax</u>				
In respect of the current period				
Translation of foreign operations	<u>\$ (19,411)</u>	<u>\$ (12,934)</u>	<u>\$ 13,661</u>	<u>\$ (39,909)</u>

- c. Income tax assessments

The tax returns of the Corporation, Eterbright and Matrix Precision through 2019, 2020 and 2019 have been assessed by the tax authorities, respectively.

22. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended June 30, 2022</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 1,225,868	340,792	<u>\$3.60</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	-	<u>936</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 1,225,868</u>	<u>341,728</u>	<u>\$3.59</u>
<u>For the Three Months Ended June 30, 2021</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 1,051,523	340,792	<u>\$3.09</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	-	<u>335</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 1,051,523</u>	<u>341,127</u>	<u>\$3.08</u>
<u>For the Six Months Ended June 30, 2022</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 2,593,031	340,792	<u>\$7.61</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	-	<u>1,273</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 2,593,031</u>	<u>342,065</u>	<u>\$7.58</u>
<u>For the Six Months Ended June 30, 2021</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 1,583,619	340,792	<u>\$4.65</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	-	<u>501</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 1,583,619</u>	<u>341,293</u>	<u>\$4.64</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonuses shares on September 23, 2021. The basic and diluted earnings per share adjusted retrospectively for the three months and the six months ended June 30, 2021 were as follows:

Unit: NT\$ Per Share

	<u>Before Retrospective Adjustment</u>		<u>After Retrospective Adjustment</u>	
	<u>For the Three Months Ended June 30, 2021</u>	<u>For the Six Months Ended June 30, 2021</u>	<u>For the Three Months Ended June 30, 2021</u>	<u>For the Six Months Ended June 30, 2021</u>
Basic earnings per share	<u>\$ 3.18</u>	<u>\$ 4.79</u>	<u>\$ 3.09</u>	<u>\$ 4.65</u>
Diluted earnings per share	<u>\$ 3.17</u>	<u>\$ 4.78</u>	<u>\$ 3.08</u>	<u>\$ 4.64</u>

Since the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 24, 2021 and December 30, 2021, the Corporation subscribed for additional new shares of Eterbright at a percentage different from its existing ownership percentage, thereby increasing its continuing interest from 74% to 85%, and recognized a decrease of \$86,057 thousand in capital surplus and a decrease of \$350,958 thousand in retained earnings.

On January 8, 2021 and May 10, 2021, the Corporation subscribed for additional new shares of Matrix Precision at a percentage different from its existing ownership percentage, thereby decreasing its continuing interest from 51% to 50%, and recognized the amount of \$1,959 thousand in capital surplus.

The above transactions were accounted for as equity transactions, since the Corporation did not cease to have control over the subsidiaries.

24. NON-CASH TRANSACTIONS

The cash dividends for 2021 resolved by the Corporation's board of directors have not been paid on June 30, 2022 (refer to Note 19).

25. CAPITAL MANAGEMENT

To support the needs for expansion and upgrade of its plant and equipment, the Group has to maintain an appropriate amount of capital. Therefore, the Group manages its capital to ensure it has the necessary financial resources and operating plan to support the required operating funds, capital expenditures, research and development fees, debt repayment and dividend payments in the next 12 months to achieve an overall balanced capital structure.

Key management personnel of the Group review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders and the amount of new debt issued or existing debt redeemed.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

The Group's financial assets and liabilities at FVTPL are measured at fair value using Level 2 inputs, and the financial assets at FVTOCI are measured at fair value using Level 1 inputs and Level 3 inputs.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

b. Categories of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 2,870	\$ 2,895	\$ 2,931
Financial assets at amortized cost (1)	11,884,438	9,807,785	9,896,497
Financial assets at FVTOCI			
Equity instruments	1,122,562	1,466,280	1,244,034
<u>Financial liabilities</u>			
FVTPL			
Mandatorily classified as at FVTPL	4,644	2,580	540
Financial liabilities at amortized cost (2)	19,545,829	17,546,732	18,973,580

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable (including from related parties), trade receivables (including from related parties), financial assets at amortized cost-non-current and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, trade payables (including from related parties), other payables, dividends payable and long-term borrowings (including due within one year).

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, lease liabilities, bills payable and borrowings. The Group's corporate treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The plans for material treasury activities are reviewed by the audit committee and the board of directors in accordance with procedures required by relevant regulations and internal controls.

1) Market risk

The Group entered into some derivative financial instruments, mainly forward foreign exchange contracts, to manage its exposure to foreign currency risk arising on translation of sales and receivables from the export of precision component to USA, Germany, Japan and China.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group's operating activities and net investment in foreign operations are denominated in foreign currencies. Consequently, the Group is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group utilizes foreign exchange forward contracts to hedge its currency exposure. These instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

Since the Group's net investments in foreign operations and held for strategic purposes, they are not hedged.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group was mainly exposed to the USD, EUR, JPY and RMB.

The sensitivity analysis of foreign currency risk used when reporting foreign currency risk internally to key management personnel mainly focuses on foreign currency denominated monetary items at the end of the reporting period. When the NTD had increased by 1% against the relevant foreign currency, the post-tax profit for the six months ended June 30, 2022 and 2021 would have decreased by \$52,165 thousand and \$51,734 thousand, respectively.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
Deposits in bank	\$ 456,265	\$ 408,908	\$ 277,470
Lease liabilities	555,057	526,408	536,830
Short-term bills payable	-	89,923	89,908
Short-term borrowings	1,917,020	851,782	-
Long-term borrowings	308,007	341,114	395,951
Cash flow interest rate risk			
Deposits in bank	5,793,688	4,800,654	3,755,032
Short-term borrowings	3,828,104	4,101,003	4,787,320
Long-term borrowings	5,500,602	5,844,231	7,335,263

Sensitivity analysis

For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Group's post-tax profit for the six months ended June 30, 2022 and 2021 would have decreased by \$14,140 thousand and \$33,470 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the counterparties are all creditworthy organizations; thus no significant credit risk is expected.

The counterparties of the Group's trade receivables cover a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of the counterparties of trade receivables.

The Group's concentration of credit risk by geographical locations was mainly in Asia, which accounted for 60%, 75% and 68% of the total trade receivables as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group had available unutilized bank loan facilities of \$11,312,710 thousand, \$12,566,013 thousand and \$11,814,929 thousand, respectively.

The following table details the Group's remaining contractual obligations for its financial liabilities with agreed repayment periods. The tables below had been drawn up based on the undiscounted contractual maturities of the financial liabilities.

	Less Than 1 Year	1-5 Years	5+ Years
<u>June 30, 2022</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 7,992,096	\$ -	\$ -
Lease liabilities	167,611	320,394	121,860
Fixed interest rate liabilities	1,989,753	235,274	-
Variable interest rate liabilities	<u>4,561,098</u>	<u>2,425,592</u>	<u>2,342,016</u>
	<u>\$ 14,710,558</u>	<u>\$ 2,981,260</u>	<u>\$ 2,463,876</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 4,644</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2021</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 6,318,679	\$ -	\$ -
Lease liabilities	144,586	284,977	124,811
Fixed interest rate liabilities	1,013,707	257,962	11,150
Variable interest rate liabilities	<u>4,836,198</u>	<u>2,501,994</u>	<u>2,607,042</u>
	<u>\$ 12,313,170</u>	<u>\$ 3,044,933</u>	<u>\$ 2,743,003</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 2,580</u>	<u>\$ -</u>	<u>\$ -</u>
<u>June 30, 2021</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 6,365,138	\$ -	\$ -
Lease liabilities	140,606	295,728	143,736
Fixed interest rate liabilities	165,215	273,164	47,480
Variable interest rate liabilities	<u>5,823,521</u>	<u>3,178,608</u>	<u>3,120,454</u>
	<u>\$ 12,494,480</u>	<u>\$ 3,747,500</u>	<u>\$ 3,311,670</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 540</u>	<u>\$ -</u>	<u>\$ -</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
<u>June 30, 2022</u>					
Lease liabilities	\$ 167,611	\$ 320,394	\$ 71,399	\$ 49,551	\$ 910
Fixed interest rate liabilities	1,989,753	235,274	-	-	-
Variable interest rate liabilities	<u>4,561,098</u>	<u>2,425,592</u>	<u>1,465,580</u>	<u>226,436</u>	<u>650,000</u>
	<u>\$ 6,718,462</u>	<u>\$ 2,981,260</u>	<u>\$ 1,536,979</u>	<u>\$ 275,987</u>	<u>\$ 650,910</u>
<u>December 31, 2021</u>					
Lease liabilities	\$ 144,586	\$ 284,977	\$ 75,001	\$ 49,810	\$ -
Fixed interest rate liabilities	1,013,707	257,962	11,150	-	-
Variable interest rate liabilities	<u>4,836,198</u>	<u>2,501,994</u>	<u>1,551,331</u>	<u>405,711</u>	<u>650,000</u>
	<u>\$ 5,994,491</u>	<u>\$ 3,044,933</u>	<u>\$ 1,637,482</u>	<u>\$ 455,521</u>	<u>\$ 650,000</u>
<u>June 30, 2021</u>					
Lease liabilities	\$ 140,606	\$ 295,728	\$ 93,478	\$ 45,692	\$ 4,566
Fixed interest rate liabilities	165,215	273,164	47,480	-	-
Variable interest rate liabilities	<u>5,823,521</u>	<u>3,178,608</u>	<u>2,108,485</u>	<u>353,661</u>	<u>658,308</u>
	<u>\$ 6,129,342</u>	<u>\$ 3,747,500</u>	<u>\$ 2,249,443</u>	<u>\$ 399,353</u>	<u>\$ 662,874</u>

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

<u>Related Party</u>	<u>Relationship with the Group</u>
Hiwin S.R.O.	Associate
Mega-Fabs Motion Systems Ltd. (Mega-Fabs)	Associate
Hiwin Mikrosystem	Other related party
Hiwin Investment and Holding Corporation (Hiwin Investment Corporation)	Other related party
Hiwin Technologies Foundation in Education (Hiwin Education Foundation)	Other related party
All Horng Gear Industry Co., Ltd	Other related party
Taiwan Gong Ji Chang Co., Ltd	Other related party (became non-related party starting from July 27, 2021)
Chuo, Yung-Tsai	Key management personnel
Chuo, Wen-Hen	Key management personnel

b. Operating transactions

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
1) Sales of goods				
Associates	\$ 61,966	\$ 55,702	\$ 119,956	\$ 97,769
Other related parties	<u>23,301</u>	<u>39,030</u>	<u>57,439</u>	<u>74,246</u>
	<u>\$ 85,267</u>	<u>\$ 94,732</u>	<u>\$ 177,395</u>	<u>\$ 172,015</u>

Due to the differences in product specifications, the selling prices of goods sold to related parties and those sold to third parties are not comparable. The selling price is quoted at cost plus a reasonable margin based on the market and competitor pricing.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
2) Purchases of goods				
Other related parties	\$ 227,051	\$ 196,478	\$ 478,843	\$ 388,389
Associates	<u>128</u>	<u>56</u>	<u>151</u>	<u>56</u>
	<u>\$ 227,179</u>	<u>\$ 196,534</u>	<u>\$ 478,994</u>	<u>\$ 388,445</u>

The products purchased from related parties and those from third parties are not the same, therefore, their prices are not comparable.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
3) Other operating transactions				
Non-operating income - other income				
Other related parties	<u>\$ 328</u>	<u>\$ 1,002</u>	<u>\$ 800</u>	<u>\$ 1,200</u>
Non-operating expenses - other expenses				
Other related parties	<u>\$ 210</u>	<u>\$ 354</u>	<u>\$ 210</u>	<u>\$ 354</u>
Manufacturing and operating expenses				
Other related parties	<u>\$ 8,140</u>	<u>\$ 2,460</u>	<u>\$ 14,360</u>	<u>\$ 3,325</u>
Operating expenses - donations				
Hiwin Education Foundation	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 4,000</u>	<u>\$ 12,000</u>

	June 30, 2022	December 31, 2021	June 30, 2021
4) Notes receivable			
Other related parties	\$ <u>411</u>	\$ <u>1,263</u>	\$ <u>2,436</u>
5) Trade receivables			
Associates	\$ 27,763	\$ 17,532	\$ 26,236
Other related parties	<u>1,698</u>	<u>1,292</u>	<u>2,318</u>
	<u>\$ 29,461</u>	<u>\$ 18,824</u>	<u>\$ 28,554</u>
6) Other receivables (classified as other current assets)			
Other related parties	\$ <u>431</u>	\$ <u>286</u>	\$ <u>968</u>
7) Trade payables			
Other related parties	\$ 224,586	\$ 231,216	\$ 170,707
Associates	<u>97</u>	<u>29</u>	<u>24</u>
	<u>\$ 224,683</u>	<u>\$ 231,245</u>	<u>\$ 170,731</u>
8) Other payables			
Other related parties	\$ 3,123	\$ 659	\$ 405
Key management personnel	<u>1,358</u>	<u>1,574</u>	<u>1,486</u>
	<u>\$ 4,481</u>	<u>\$ 2,233</u>	<u>\$ 1,891</u>

c. Acquisition of property, plant and equipment

	Purchase Price	
	For the Six Months Ended	
	June 30	
	2022	2021
Other related parties	\$ <u>1,316</u>	\$ <u>2,100</u>

d. Lease arrangements

Lease arrangements represented the lease prices of the Corporation's factory. The lease prices were determined in accordance with mutual agreements and were based on the market price of the nearby factories and the lease area. The rental expenses were paid monthly.

	For the Six Months Ended	
	June 30	
	2022	2021
<u>Acquisition of right-of-use assets</u>		
Other related parties	\$ <u>31,246</u>	\$ <u>18,533</u>

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Lease liabilities</u>			
Other related parties	\$ 36,219	\$ 12,942	\$ 16,942

For the Three Months Ended June 30		For the Six Months Ended June 30	
2022	2021	2022	2021

Finance costs

Other related parties	\$ 136	\$ 64	\$ 223	\$ 104
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e. Endorsements and guarantees

Related Party Category	June 30, 2022	December 31, 2021	June 30, 2021
Key management personnel			
Amount endorsed	\$ 2,770,850	\$ 2,012,130	\$ 2,024,220
Actual utilized (classified as short-term borrowings)	\$ 992,544	\$ 1,015,001	\$ 1,047,058
Other related parties			
Amount endorsed	\$ 320,000	\$ -	\$ -

f. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 89,399	\$ 92,418	\$ 219,281	\$ 179,247
Post-employment benefits	234	171	469	361
	<u>\$ 89,633</u>	<u>\$ 92,589</u>	<u>\$ 219,750</u>	<u>\$ 179,608</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral for short-term, long-term bank loans and discounted notes receivable:

	June 30, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment	\$ 17,111,574	\$ 17,776,728	\$ 18,026,116
Right-of-use assets	153,307	230,537	73,653
Pledged deposits (classified as other current assets)	2,577	2,000	10,000
Notes receivable	-	-	140,276
	<u>\$ 17,267,458</u>	<u>\$ 18,009,265</u>	<u>\$ 18,250,045</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- As of June 30, 2022, December 31, 2021 and June 30, 2021, unused letters of credit for purchases of raw materials and machinery and equipment amounted to \$196,269 thousand, \$228,832 thousand and \$230,060 thousand, respectively.
- As of June 30, 2022, December 31, 2021 and June 30, 2021, commitment for acquisition of property, plant and equipment amounted to \$1,773,367 thousand, \$1,745,934 thousand and \$1,204,981 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies are as follows

	June 30, 2022			December 31, 2021		
	Foreign Currencies	Exchange Rate	Carrying Amount	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 46,043	29.720	\$ 1,368,411	\$ 36,004	27.680	\$ 996,579
EUR	52,270	31.05	1,622,993	64,881	31.32	2,032,081
JPY	3,583,095	0.2182	781,831	2,918,766	0.2405	701,963
RMB	823,194	4.439	3,654,158	816,818	4.344	3,548,260
Non-monetary items						
ILS	21,052	7.936	167,065	16,961	8.955	151,888
<u>Financial liabilities</u>						
Monetary items						
USD	18,129	29.720	538,791	13,894	27.680	384,592
EUR	5,728	31.05	177,861	4,643	31.32	145,434
JPY	782,735	0.2182	170,793	562,043	0.2405	135,171
RMB	4,360	4.439	19,353	3,575	4.344	15,530

	June 30, 2021		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 33,689	27.860	\$ 938,582
EUR	31,554	33.15	1,046,029
JPY	2,141,733	0.2521	539,931
RMB	1,093,161	4.309	4,710,433
Non-monetary items			
USD	804	27.860	22,412
ILS	15,358	8.553	130,927
<u>Financial liabilities</u>			
Monetary items			
USD	13,024	27.860	362,859
EUR	5,429	33.15	179,956
JPY	796,270	0.2521	200,740
RMB	5,721	4.309	24,652

The Group is mainly exposed to the USD, EUR, JPY and RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currencies	For the Three Months Ended June 30, 2022		For the Three Months Ended June 30, 2021	
	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Loss
NTD	1 (NTD:NTD)	<u>\$ (65,800)</u>	1 (NTD:NTD)	<u>\$ (39,979)</u>
Foreign Currencies	For the Six Months Ended June 30, 2022		For the Six Months Ended June 30, 2021	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Loss
NTD	1 (NTD:NTD)	<u>\$ 144,352</u>	1 (NTD:NTD)	<u>\$ (158,513)</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities). (Table 3)
- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
 - 9) Trading in derivative instruments. (Notes 7 and 26)
 - 10) Other: intercompany relationships and significant intercompany transactions. (Table 7)
 - 11) Information on investees. (Table 8)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Tables 5 and 7)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (None)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)
- c. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments are linear guideways, ballscrews and others.

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	For the Six Months Ended June 30			
	Segment Revenue		Segment Profit	
	2022	2021	2022	2021
Linear guideways	\$ 10,245,302	\$ 8,352,126	\$ 2,480,890	\$ 1,817,271
Ballscrews	3,429,167	2,567,258	941,314	437,088
Others	<u>2,127,335</u>	<u>2,120,565</u>	<u>(19,770)</u>	<u>(16,339)</u>
Total from continuing operations	<u>\$ 15,801,804</u>	<u>\$ 13,039,949</u>	3,402,434	2,238,020
Subsidy revenue			10,035	21,264
Finance costs			(92,815)	(85,768)
Share of profit of associates accounted for using the equity method			37,851	20,574
Interest income			29,291	6,026
Other income			39,617	60,399
Net foreign exchange gain (loss)			120,358	(164,937)
Other expenses			(4,162)	(4,354)
Loss on disposal of property, plant and equipment			(130,248)	(5,023)
Valuation gain (loss) on financial assets (liabilities) at FVTPL			<u>(12,270)</u>	<u>(588)</u>
Profit before income tax			<u>\$ 3,400,091</u>	<u>\$ 2,085,613</u>

Segment revenue reported above represents revenue generated from external customers. The intersegment sales are eliminated for the six months ended June 30, 2022 and 2021.

Segment profit represented the profit before tax earned by each segment without subsidy revenue, finance costs, share of profit of associates accounted for using the equity method, interest income, other income, net foreign exchange gain (loss), other expenses, loss on disposal of property, plant and equipment, valuation gain (loss) on financial assets (liabilities) at FVTPL and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Amount Borrowed (Note 5)	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 3)
													Item	Value		
0	The Corporation	Hiwin Japan	Other receivables from related parties	Yes	\$ 56,981	\$ 48,401	\$ 48,401	1.5927%	1	Sales \$930,171	-	\$ -	-	\$ -	\$ 4,657,611	\$ 9,315,222

Note 1: The total amount for lending to a single company shall not exceed 15% of the net assets of the Corporation based on its latest financial statements. For financing provided by the Corporation due to business dealings, other than the aforementioned restrictions, the amount of financing is also limited to the higher of the total purchase or sales amount between the 2 parties within 1 year from the date of financing or in the most recent year based on the principle that business transactions have already occurred between the two parties.

Note 2: The nature of financing is numbered as follows:

1. A company that has business dealings with the lender.
2. A company with short-term financing needs.

Note 3: The total amount of the Corporation's accumulated financing provided should not exceed 30% of the Corporation's net assets as shown in its latest financial statements.

Note 4: The ending balance has been approved by the board of directors.

Note 5: Significant intercompany accounts and transactions have been eliminated.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Endorser/Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 1 and 2)	Maximum Amount Endorsed/ Guaranteed During the Year (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Year (Notes 4 and 5)	Actual Amount Borrowed (Note 5)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Matrix	Subsidiary	\$ 3,105,074	\$ 75,240 (GBP 2,000)	\$ 72,140 (GBP 2,000)	\$ 18,035 (GBP 500)	\$ -	0.2%	\$ 10,867,759	Yes	-	-
0	The Corporation	Hiwin Italy	Subsidiary	3,105,074	478,800 (EUR 15,000)	465,750 (EUR 15,000)	246,047 (EUR 7,924)	-	1.5%	10,867,759	Yes	-	-
0	The Corporation	Eterbright	Subsidiary	3,105,074	1,950,000	1,600,000	800,000	-	5.2%	10,867,759	Yes	-	-
0	The Corporation	Hiwin Singapore	Subsidiary	3,105,074	178,320 (USD 6,000)	178,320 (USD 6,000)	-	-	0.6%	10,867,759	Yes	-	-
0	The Corporation	Hiwin Korea	Subsidiary	3,105,074	356,640 (USD 12,000)	356,640 (USD 12,000)	129,282 (USD 4,350)	-	1.1%	10,867,759	Yes	-	-
0	The Corporation	Hiwin Japan	Subsidiary	3,105,074	1,625,444 (JPY 6,683,568)	1,457,576 (JPY 6,680,000)	1,346,512 (JPY 6,171,000)	-	4.7%	10,867,759	Yes	-	-
0	The Corporation	Matrix Precision	Subsidiary	3,105,074	900,000	900,000	550,000	-	2.9%	10,867,759	Yes	-	-
1	Matrix Precision	Hiwin Mikrosystem	Other related party	2,053,575	288,000	288,000	-	-	68.4%	2,053,575	No	-	-

Note 1: The limit on the endorsements/guarantees provided for a single enterprise is 10% of the Corporation's net assets as shown in its most recent financial statements. If approved by the board of directors, the amount of endorsements/guarantees provided by the Corporation for its subsidiaries is not subject to the foregoing limitations; however, it must not exceed 50% of the Corporation's net assets in its most recent financial statements.

Note 2: The limit on the endorsements/guarantees provided for a single enterprise is 10% of Matrix Precision's net assets as shown in its most recent financial statements. The aggregate endorsement/guarantee limit is 35% of Matrix Precision's net assets as shown in its most recent financial statements. Because both applicants have signed a contract for mutual insurance, the amount of endorsements/guarantees provided by Matrix Precision is not subject to the foregoing limitations; however, it must not exceed 300% of Matrix Precision's higher amounts of paid-in capital or net assets in its most recent financial statements.

Note 3: The aggregate endorsement/guarantee limit is 35% of the Corporation's net assets as shown in its latest financial statements.

Note 4: The ending balance has been approved by the board of directors.

Note 5: The amounts denominated in foreign currencies were translated into the New Taiwan dollar at the exchange rate prevailing at the end of last month.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2022

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	<u>Government bond</u> Central Government Bond 2012-1	-	Financial assets at amortized cost - non-current	-	\$ 2,873	-	\$ 2,873	
	<u>Shares</u> Hiwin Mikrosystem	Other related party	Financial assets at FVTOCI - non-current	9,525,676	876,363	8	876,363	
	Ever Fortune. AI Co., Ltd.	-	Financial assets at FVTOCI - non-current	2,573,000	242,299	3	242,299	
	Taichung International Country Club	-	Financial assets at FVTOCI - non-current	1	3,900	-	3,900	
	Sunengine	-	Financial assets at FVTOCI - non-current	588,149	-	10	-	
	King Kong Iron Work Ltd.	-	Financial assets at FVTOCI - non-current	76,300	-	-	-	

Note: For information on the investments in subsidiaries and associates, see Tables 8 and 9.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022

(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer if Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Corporation	Yunlin Technology Factory	2022.5.10	\$ 398,000	\$ 39,800	Ruiying Construction Co., Ltd.	None	-	-	-	\$ -	Vendor bidding	Plant construction	-
The Corporation	Yunlin Technology Factory	2022.5.10	370,000	-	Ou Dyi Electric Technique Construction Co., Ltd.	None	-	-	-	-	Vendor bidding	Plant construction	-

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% to Total	
The Corporation	Hiwin China	Subsidiary	Sale	\$ (2,559,704)	(21%)	O/A 120 days	\$ -	-	\$ 1,641,907	26%	
	Hiwin Germany	Subsidiary	Sale	(864,758)	(7%)	O/A 90 days	-	-	566,053	9%	
	Hiwin Japan	Subsidiary	Sale	(453,776)	(4%)	O/A 150 days	-	-	548,929	9%	
	Hiwin Italy	Subsidiary	Sale	(403,629)	(3%)	O/A 180 days	-	-	721,684	11%	
	Hiwin USA	Subsidiary	Sale	(371,541)	(3%)	O/A 120 days	-	-	275,624	4%	
	Hiwin Korea	Subsidiary	Sale	(140,361)	(1%)	O/A 180 days	-	-	145,217	2%	
Hiwin China	The Corporation	Parent company	Purchase	2,559,704	95%	O/A 120 days	-	-	(1,641,907)	(97%)	
Hiwin Germany	The Corporation	Parent company	Purchase	864,758	68%	O/A 90 days	-	-	(566,053)	(75%)	
	Hiwin Mikrosystem	Other related party	Purchase	201,083	16%	O/A 90 days	-	-	(83,255)	(11%)	
	Hiwin S.R.O	Other related party	Sale	(119,853)	(6%)	O/A 45 days	-	-	27,763	8%	
Hiwin Japan	The Corporation	Parent company	Purchase	453,776	90%	O/A 150 days	-	-	(548,929)	(96%)	
Hiwin Italy	The Corporation	Parent company	Purchase	403,629	91%	O/A 180 days	-	-	(721,684)	(92%)	
Hiwin USA	The Corporation	Parent company	Purchase	371,541	71%	O/A 120 days	-	-	(275,624)	(83%)	
Hiwin Korea	The Corporation	Parent company	Purchase	140,361	89%	O/A 180 days	-	-	(145,217)	(91%)	

Note: Except for Hiwin Mikrosystem and Hiwin S.R.O. significant intercompany accounts and transactions have been eliminated.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Corporation	Hiwin Japan	Subsidiary	Trade receivables from related parties	\$ 548,929	1.62	\$ -	-	\$ -
	Hiwin Japan	Subsidiary	Other receivables from related parties	50,163	-	-	-	49,278
	Hiwin Germany	Subsidiary	Trade receivables from related parties	566,053	2.24	-	-	228,246
	Hiwin Italy	Subsidiary	Trade receivables from related parties	721,684	1.12	-	-	93,330
	Hiwin China	Subsidiary	Trade receivables from related parties	1,641,907	3.08	-	-	604,972
	Hiwin USA	Subsidiary	Trade receivables from related parties	275,624	3.19	-	-	63,199
	Hiwin Korea	Subsidiary	Trade receivables from related parties	145,217	1.80	-	-	15,596

Note : Significant intercompany accounts and transactions have been eliminated.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE SIX MONTHS ENDED JUNE 30, 2022
 (In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount (Note 2)	Payment Terms	% to Total Sales or Assets
0	The Corporation	Hiwin Germany	1	Sales	\$ 864,758	O/A 90 days	5
			1	Trade receivables	566,053	O/A 90 days	1
		Hiwin Japan	1	Sales	453,776	O/A 150 days	3
			1	Trade receivables	548,929	O/A 150 days	1
		Hiwin China	1	Other receivables	50,163	-	-
			1	Sales	2,559,704	O/A 120 days	16
		Hiwin Italy	1	Trade receivables	1,641,907	O/A 120 days	3
			1	Sales	403,629	O/A 180 days	3
		Hiwin USA	1	Trade receivables	721,684	O/A 180 days	1
			1	Sales	371,541	O/A 120 days	2
		Hiwin Korea	1	Trade receivables	275,624	O/A 120 days	1
			1	Sales	140,361	O/A 180 days	1
		Hiwin Singapore	1	Trade receivables	145,217	O/A 180 days	-
			1	Sales	94,868	O/A 120 days	1
			1	Trade receivables	68,529	O/A 120 days	-

Note 1: Relationship of investee company to counterparty: (1) parent company to subsidiary; (2) subsidiary to parent company.

Note 2: Significant intercompany accounts and transactions have been eliminated.

Note 3: Unrealized gains from Hiwin China totaled \$414,735 thousand.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Corporation	Hiwin Germany	Germany	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	\$ 224,257	\$ 224,257	-	100	\$ 1,750,738	\$ 123,001	\$ 123,001	Subsidiary
	Hiwin USA	United States of America	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	353,844	353,844	2,148,000	100	795,399	83,802	83,802	Subsidiary
	Hiwin Japan	Japan	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	918,602	918,602	62,200	100	8,780	(10,457)	(10,457)	Subsidiary
	Mega-Fabs	Israel	Research, manufacture and sale of drivers and controllers	42,444	42,444	240,000	40	199,894	81,168	32,467	Investment accounted for using the equity method
	Eterbright	Taiwan	Research, development, design, manufacture and sale of solar cell, electronic components, electric power supply, electric transmission and power distribution machinery products	4,723,668	4,723,668	345,460,592	85	(263,239)	(165,525)	(140,796)	Subsidiary
	Hiwin Singapore	Singapore	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	117,550	117,550	5,000,000	100	49,313	28,883	28,883	Subsidiary
	Hiwin Korea	Korea	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	242,707	242,707	1,760,000	100	(90,449)	(27,431)	(27,431)	Subsidiary
	Matrix Precision	Taiwan	Research, development, production, manufacture and sale of gear cutting tools and machinery	1,022,664	1,022,664	34,294,075	50	328,679	(104,126)	(55,825)	Subsidiary
	Hiwin Healthcare Corp.	Samoa	Sale of medical robots	3,108	3,108	100,000	100	2,766	(9)	(9)	Subsidiary
	Hiwin Italy	Italy	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	296,580	296,580	-	100	15,380	74,422	74,422	Subsidiary
	Matrix	United Kingdom	Design integrated application, research, development, manufacture and sale of thread forming machinery	535,904	535,904	5,449,500	100	238,721	(31,949)	(28,645)	Subsidiary
Hiwin Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	266,300	266,300	243,000	81	237,747	44,492	44,492	Subsidiary	
Hiwin Germany	Hiwin S.R.O.	Czech Republic	Sale of aerospace parts, ballscrews, linear guideways, and industrial robots	104 (CZK 70)	104 (CZK 70)	-	32	69,467 (EUR 2,237)	(Note 1)	(Note 1)	Investment accounted for using the equity method
	Hiwin Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	3,320 (EUR 72)	3,320 (EUR 72)	57,000	19	39,957	44,492	-	Subsidiary

Note 1: Exempted from disclosure in accordance with regulations.

Note 2: Except for Mega-Fabs and Hiwin S.R.O., the remaining investee companies are all consolidated entities and the significant intercompany accounts and transactions have been eliminated.

Note 3: For information on investments in mainland China, see Table 9.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of June 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2022	Accumulated Repatriation of Investment Income as of June 30, 2022
					Outward	Inward						
Hiwin China	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	\$ 1,498,040 (RMB 300,000)	(Note 1)	\$ 1,498,040 (RMB 300,000)	\$ -	\$ -	\$ 1,498,040 (RMB 300,000)	\$ 178,471	100	\$ 178,471 (Notes 2 and 4)	\$ 1,992,329 (Note 4)	\$ -
Suzhou Matrix	Sale of gear cutting tools and machinery	9,076 (RMB 2,000)	(Note 1)	9,076 (RMB 2,000)	-	-	9,076 (RMB 2,000)	(2,614)	50	(1,310) (Notes 2 and 4)	3,828 (Note 4)	-

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation	\$ 1,498,040 (RMB 300,000)	\$ 1,498,040 (RMB 300,000)	(Note 3)
Matrix Precision	\$ 9,076 (RMB 2,000)	\$ 9,076 (RMB 2,000)	\$ 252,565 (Note 3)

Note 1: The investment in mainland China was made directly.

Note 2: The investment gain (loss) of Hiwin China is recognized according to the financial statements, reviewed by the Corporation's independent auditors, and the investment gain (loss) of Suzhou Matrix is calculated based on the unreviewed financial statements for the same reporting period.

Note 3: Calculated in accordance with the "Regulations on Screening and Approval of Investment and Technical Cooperation in Mainland China" issued by the Investment Commission of the Ministry of Economic Affairs, the Corporation has been certified by the Industrial Development Bureau of the Ministry of Economic Affairs as an enterprise that has conformed to the scope of operations of the headquarters; therefore, there is no investment limit. The upper limit on the amount of investments in Matrix Precision is 60% of the net assets of Matrix Precision.

Note 4: Significant intercompany accounts and transactions have been eliminated.

TABLE 10**HIWIN TECHNOLOGIES CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Hiwin Investment Corporation	26,261,299	7.70%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Corporation's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2: If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor's account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.