

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

YEARS ENDED SEPTEMBER 30

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

	Assets	Notes	September 30, 2019	December 31, 2018	September 30, 2018
	Current assets				
1100	Cash and cash equivalents	6(1)	\$ 4,617,222	\$ 1,952,439	\$ 6,933,207
1110	Financial assets at fair value through profit or loss - current	6(2)	4,933,238	4,316,587	4,921,130
1120	Financial assets at fair value through other comprehensive income - current	6(3)	2,890,774	2,920,108	3,028,998
1150	Notes receivable, net	6(5)	130,982	360,995	273,701
1170	Accounts receivable, net	6(5)	23,083,737	17,615,816	21,591,986
1180	Accounts receivable - related parties	7	381,624	314,182	259,528
1200	Other receivables		183,498	314,508	640,442
130X	Inventories, net	6(7)	13,472,424	15,078,468	15,232,872
1410	Prepayments		1,789,161	1,591,001	1,611,507
1460	Non-current assets classified as held for sale, net	6(13)	-	1,956,546	-
1470	Other current assets		2,094	1,493	1,553
11XX	Total current assets		<u>51,484,754</u>	<u>46,422,143</u>	<u>54,494,924</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current	6(2)	1,871,120	1,993,760	1,989,146
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	603,319	858,124	912,641
1535	Financial assets at amortised cost - non-current	6(4)	499,055	-	-
1550	Investments accounted for using equity method	6(8)	209,968	31,755	31,067
1600	Property, plant and equipment, net	6(9) and 8	12,324,974	12,371,429	13,873,638
1755	Right-of-use assets	6(10)	877,336	-	-
1760	Investment property, net	6(11) and 8	5,906,251	5,537,730	5,541,839
1780	Intangible assets	6(12)	139,874	233,688	229,332
1840	Deferred income tax assets		152,684	97,958	115,374
1900	Other non-current assets	6(14) and 8	904,823	1,385,321	1,258,334
15XX	Total non-current assets		<u>23,489,404</u>	<u>22,509,765</u>	<u>23,951,371</u>
1XXX	Total assets		<u>\$ 74,974,158</u>	<u>\$ 68,931,908</u>	<u>\$ 78,446,295</u>

(Continued)

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED SEPTEMBER 30

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2019	December 31, 2018	September 30, 2018
	Current liabilities				
2100	Short-term borrowings	6(15) and 8	\$ 6,687,000	\$ 5,643,630	\$ 13,510,473
2110	Short-term notes and bills payable		-	-	300,000
2120	Financial liabilities at fair value through profit or loss - current	6(2)	713,141	70,777	95,209
2130	Contract liabilities - current	6(25)	203,082	145,243	206,791
2150	Notes payable		24,406	1,720	3,930
2170	Accounts payable	6(16)	24,316,553	22,713,760	25,006,283
2180	Accounts payable - related parties	7	334,350	300,503	328,720
2200	Other payables	6(17)	9,091,616	8,307,849	7,977,760
2230	Income tax liabilities		1,604,909	1,490,003	1,477,870
2280	Lease liabilities - current		103,039	-	-
2300	Other current liabilities	6(18)	149,113	508,717	66,168
21XX	Total current liabilities		<u>43,227,209</u>	<u>39,182,202</u>	<u>48,973,204</u>
	Non-current liabilities				
2540	Long-term borrowings	6(18) and 8	300,000	1,006,224	1,471,327
2570	Deferred income tax liabilities		298,416	297,554	144,989
2580	Lease liabilities - non-current		356,342	-	-
2600	Other non-current liabilities	6(19)	239,064	264,404	243,487
25XX	Total non-current liabilities		<u>1,193,822</u>	<u>1,568,182</u>	<u>1,859,803</u>
2XXX	Total liabilities		<u>44,421,031</u>	<u>40,750,384</u>	<u>50,833,007</u>
	Equity attributable to owners of parent				
	Share capital	6(21)			
3110	Share capital - common stock		7,344,975	7,303,799	7,303,799
	Capital surplus	6(22)			
3200	Capital surplus		6,194,032	5,633,933	5,744,955
	Retained earnings	6(23)			
3310	Legal reserve		4,976,270	4,617,199	4,617,199
3320	Special reserve		3,105,405	1,861,304	1,861,304
3350	Unappropriated retained earnings		8,414,694	8,455,531	7,601,325
	Other equity interest	6(24)			
3400	Other equity interest		(3,231,207)	(3,065,027)	(3,135,123)
3500	Treasury stocks	6(21) and 8	(728,584)	(728,584)	(534,244)
31XX	Equity attributable to owners of the parent		<u>26,075,585</u>	<u>24,078,155</u>	<u>23,459,215</u>
36XX	Non-controlling interest	4(3)	<u>4,477,542</u>	<u>4,103,369</u>	<u>4,154,073</u>
3XXX	Total equity		<u>30,553,127</u>	<u>28,181,524</u>	<u>27,613,288</u>
	Significant contingent liabilities and unrecognised contract commitments	9			
3X2X	Total liabilities and equity		<u>\$ 74,974,158</u>	<u>\$ 68,931,908</u>	<u>\$ 78,446,295</u>

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

Items		Notes	Three months ended September 30,		Nine months ended September 30,	
			2019	2018	2019	2018
4000	Sales revenue	6(25) and 7	\$ 26,185,542	\$ 24,975,283	\$ 67,914,043	\$ 63,810,599
5000	Operating costs	6(7)(29)(30) and 7	(21,176,646)	(21,058,333)	(56,194,566)	(54,930,316)
5900	Net operating margin		<u>5,008,896</u>	<u>3,916,950</u>	<u>11,719,477</u>	<u>8,880,283</u>
	Operating expenses	6(29)(30)				
6100	Selling expenses		(1,055,261)	(833,887)	(2,753,148)	(2,279,036)
6200	General and administrative expenses		(653,432)	(600,422)	(1,934,552)	(1,521,694)
6300	Research and development expenses		(822,470)	(743,729)	(2,445,201)	(1,899,153)
6450	Impairment gain (loss) determined in accordance with ifrs 9	12(2)	<u>30,305</u>	<u>(19,413)</u>	<u>34,020</u>	<u>(174,510)</u>
6000	Total operating expenses		<u>(2,500,858)</u>	<u>(2,197,451)</u>	<u>(7,098,881)</u>	<u>(5,874,393)</u>
6900	Operating profit		<u>2,508,038</u>	<u>1,719,499</u>	<u>4,620,596</u>	<u>3,005,890</u>
	Non-operating income and expenses					
7010	Other income	6(26)	137,399	241,246	544,299	626,246
7020	Other gains and losses	6(27)	(197,933)	(165,509)	1,335,765	173,774
7050	Finance costs	6(28)	(29,998)	(34,187)	(103,813)	(104,687)
7060	Share of profit or loss of associates and joint ventures accounted for under equity method	6(8)	<u>15,415</u>	<u>(6,032)</u>	<u>15,194</u>	<u>(15,474)</u>
7000	Total non-operating income and expenses		<u>(75,117)</u>	<u>35,518</u>	<u>1,791,445</u>	<u>679,859</u>
7900	Profit before income tax		2,432,921	1,755,017	6,412,041	3,685,749
7950	Income tax expense	6(31)	(394,203)	(345,607)	(1,075,183)	(721,905)
8200	Profit for the year		<u>\$ 2,038,718</u>	<u>\$ 1,409,410</u>	<u>\$ 5,336,858</u>	<u>\$ 2,963,844</u>

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CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

		Three months ended September 30,		Nine months ended September 30,	
Items	Notes	2019	2018	2019	2018
Other comprehensive income					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8316 Unrealised gain (loss) on equity instruments at fair value through other comprehensive income	6(3)	\$ 80,337	(\$ 386,326)	\$ 51,074	(\$ 328,877)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	(11,757)
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		80,337	(386,326)	51,074	(340,634)
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(878,357)	(668,526)	(523,642)	(232,249)
8370 Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(5,210)	63	(3,563)	822
8360 Other comprehensive loss that will be reclassified to profit or loss		(883,567)	(668,463)	(527,205)	(231,427)
8300 Total other comprehensive loss for the year		(\$ 803,230)	(\$ 1,054,789)	(\$ 476,131)	(\$ 572,061)
8500 Total comprehensive income for the year		\$ 1,235,488	\$ 354,621	\$ 4,860,727	\$ 2,391,783
Profit attributable to:					
8610 Owners of the parent		\$ 1,654,530	\$ 1,309,316	\$ 4,587,421	\$ 2,703,562
8620 Non-controlling interest		\$ 384,188	\$ 100,094	\$ 749,437	\$ 260,282
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 913,810	\$ 328,164	\$ 4,163,013	\$ 2,279,685
8720 Non-controlling interest		\$ 321,678	\$ 26,457	\$ 697,714	\$ 112,098
Earnings per share (in NT dollars)	6(32)				
9750 Basic earnings per share		\$ 2.40	\$ 1.90	\$ 6.65	\$ 3.93
9850 Diluted earnings per share		\$ 2.37	\$ 1.88	\$ 6.57	\$ 3.88

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Equity attributable to owners of the parent												
	Retained Earnings					Other equity interest						
	Share capital -	Total capital			Unappropriated	Financial	Unrealised gains				Non-controlling	Total equity
Notes	common stock	surplus, additional	Legal reserve	Special reserve	retained earnings	statements translation	(losses) from financial	Asset revaluation	Treasury stocks	Total	interest	
		paid-in capital				differences of	assets measured at fair	increment				
						foreign operations	value through other					
							comprehensive income					
Year ended September 30, 2018												
Balance at January 1, 2018	\$ 7,206,051	\$ 5,136,660	\$ 4,215,046	\$ 433,524	\$ 9,144,208	(\$ 1,009,474)	(\$ 2,203,492)	\$ 1,388,279	(\$ 517,165)	\$ 23,793,637	\$ 4,481,758	\$ 28,275,395
Effect of retrospective application and restatement	-	-	-	-	860,203	-	(905,391)	-	-	(45,188)	(8,690)	(53,878)
Balance at 1 January, 2018 after adjustments	7,206,051	5,136,660	4,215,046	433,524	10,004,411	(1,009,474)	(3,108,883)	1,388,279	(517,165)	23,748,449	4,473,068	28,221,517
Profit for 2018	-	-	-	-	2,703,562	-	-	-	-	2,703,562	260,282	2,963,844
Other comprehensive loss for 2018	6(24)	-	-	-	-	(165,658)	(246,462)	(11,757)	-	(423,877)	(148,184)	(572,061)
Total comprehensive income (loss)	-	-	-	-	2,703,562	(165,658)	(246,462)	(11,757)	-	2,279,685	112,098	2,391,783
Appropriation of 2017 earnings												
Appropriation of legal reserve	-	-	402,153	-	(402,153)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	1,427,780	(1,427,780)	-	-	-	-	-	-	-
Distribution of stock dividends	36,199	-	-	-	(36,199)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(3,221,684)	-	-	-	-	(3,221,684)	-	(3,221,684)
Employees' stock dividends	61,549	391,451	-	-	-	-	-	-	-	453,000	-	453,000
Difference between proceeds from addition and disposal of subsidiary and book value	-	-	-	-	-	-	-	-	(17,079)	(17,079)	-	(17,079)
Cash dividends paid to the subsidiaries	-	165,439	-	-	-	-	-	-	-	165,439	-	165,439
Difference between proceeds from addition and disposal of subsidiary and book value	-	(33,903)	-	-	-	-	-	-	-	(33,903)	33,903	-
Adjustments to share of changes in equity of associates and joint ventures	-	84,140	-	-	-	-	-	-	-	84,140	228,382	312,522
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(630,314)	(630,314)
Disposal of investments in equity instruments at fair value through other comprehensive income	6(3)	-	-	-	(18,832)	-	18,832	-	-	-	(4,844)	(4,844)
Non-controlling interest adjustment	-	-	-	-	-	-	-	-	-	-	(58,220)	(58,220)
Other (overdue dividends)	-	1,168	-	-	-	-	-	-	-	1,168	-	1,168
Balance at September 30, 2018	\$ 7,303,799	\$ 5,744,955	\$ 4,617,199	\$ 1,861,304	\$ 7,601,325	(\$ 1,175,132)	(\$ 3,336,513)	\$ 1,376,522	(\$ 534,244)	\$ 23,459,215	\$ 4,154,073	\$ 27,613,288
Year ended September 30, 2019												
Balance at January 1, 2019	\$ 7,303,799	\$ 5,633,933	\$ 4,617,199	\$ 1,861,304	\$ 8,455,531	(\$ 985,814)	(\$ 3,460,880)	\$ 1,381,667	(\$ 728,584)	\$ 24,078,155	\$ 4,103,369	\$ 28,181,524
Profit for 2019	-	-	-	-	4,587,421	-	-	-	-	4,587,421	749,437	5,336,858
Other comprehensive income (loss) for 2019	6(24)	-	-	-	-	(456,403)	31,995	-	-	(424,408)	(51,723)	(476,131)
Total comprehensive income (loss)	-	-	-	-	4,587,421	(456,403)	31,995	-	-	4,163,013	697,714	4,860,727
Appropriation of 2018 earnings												
Legal reserve	-	-	359,071	-	(359,071)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,244,101	(1,244,101)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,766,858)	-	-	-	-	(2,766,858)	-	(2,766,858)
Employees' stock dividends	41,176	238,824	-	-	-	-	-	-	-	280,000	-	280,000
Treasury stock transferred to employees	-	173,052	-	-	-	-	-	-	-	173,052	-	173,052
Cash dividends paid to the subsidiaries	-	141,980	-	-	-	-	-	-	-	141,980	-	141,980
Adjustments to share of changes in equity of associates and joint ventures	-	46,897	-	-	-	-	-	-	-	46,897	136,804	183,701
Difference between proceeds from addition and disposal of subsidiary and book value	-	(40,654)	-	-	-	-	-	-	-	(40,654)	40,302	(352)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(389,496)	(389,496)
Disposal of investments in equity instruments at fair value through other comprehensive income	6(3)	-	-	-	(258,228)	-	258,228	-	-	-	-	-
Non-controlling interest adjustment	-	-	-	-	-	-	-	-	-	-	(111,151)	(111,151)
Balance at September 30, 2019	\$ 7,344,975	\$ 6,194,032	\$ 4,976,270	\$ 3,105,405	\$ 8,414,694	(\$ 1,442,217)	(\$ 3,170,657)	\$ 1,381,667	(\$ 728,584)	\$ 26,075,585	\$ 4,477,542	\$ 30,553,127

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

		Nine months ended September 30,	
	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 6,412,041	\$ 3,685,749
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(29)	1,678,607	1,543,936
Amortisation	6(12)(29)	55,047	57,491
Other non-current assets recognised as expenses	6(29)	68,251	44,255
Long-term prepaid rent expense	6(29)	-	7,324
Impairment (gain) loss determined in accordance with IFRS 9	12(2)	(34,020)	174,510
Share-based payments	6(20)	173,052	16,077
Interest income	6(26)	(45,705)	(40,869)
Dividend income	6(26)	(187,463)	(230,346)
Interest expense	6(28)	103,813	104,687
Net loss (gain) on financial assets and liabilities at fair value - derivative	6(2)(27)	244,092	(258,121)
Net (gain) loss on financial assets and liabilities at fair value - other	6(27)	(1,233,372)	1,359
Share of (profit) loss of associates accounted for using equity method	6(8)	(15,194)	15,474
Loss (gain) on disposal of property, plant and equipment	6(27)	24,312	(5,671)
Gain on disposal of non-current assets held for sale	6(27)	(645,713)	-
Impairment loss of non-financial assets	6(12)(27)	71,374	-
Gain on disposal of investment	6(27)	(13,401)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		429,083	(46,442)
Notes receivable		230,014	569,115
Accounts receivable	(	(5,433,902)	(3,706,020)
Accounts receivable - related parties	(	(67,442)	66,469
Other receivables		132,235	(108,687)
Inventories		1,606,044	(2,774,611)
Prepayments	(	(198,160)	(209,681)
Other current assets		601	50,170
Changes in operating liabilities			
Contract liabilities - current		57,839	39,802
Notes payable		22,686	1,743
Accounts payable		1,602,793	4,268,716
Accounts payable - related parties		33,847	(153,699)
Other payables		1,335,992	(199,300)
Other current liabilities		57,352	6,979
Other non-current liabilities	(	(25,340)	66
Cash inflow generated from operations		6,439,363	2,920,475
Interest received		44,480	40,707
Dividend received		187,463	229,436
Interest paid	(	(103,751)	(97,188)
Income tax paid	(	(1,014,141)	(859,015)
Net cash flows from operating activities		5,553,414	2,234,415

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CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

		Nine months ended September 30,	
	Notes	2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets and liabilities at fair value through profit or loss - other		(\$ 649,007)	(\$ 3,989,350)
Disposal of financial assets and liabilities at fair value through profit or loss - other		1,360,988	2,828,764
Acquisition of financial assets through other comprehensive income		(18,924)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		370,771	42,439
Acquisition of financial assets at amortised cost		(498,303)	-
Acquisition of investments accounted for using equity method		(166,582)	-
Acquisition of property, plant and equipment	6(33)	(1,850,560)	(1,769,788)
Acquisition of investment property	6(11)	(368,521)	-
Proceeds from disposal of property, plant and equipment		182,338	85,394
Proceeds from disposal of non-current assets held for sale	6(13)	2,605,512	-
Acquisition of intangible assets	6(12)	(42,061)	(38,204)
Increase in other non-current assets		(292,662)	(569,681)
Increase in refundable deposits		(2,023)	(13,527)
Net cash flows from (used in) investing activities		630,966	(3,423,953)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		1,043,370	9,264,090
Increase in short-term notes and bills payable		-	300,000
Increase in long-term borrowings		300,000	-
Decrease in long-term borrowings		(1,423,180)	(380,000)
Treasury stock transferred to employees		-	29,119
Change in non-controlling interests		(111,151)	(58,220)
Cash dividends distributed by subsidiaries		(389,496)	(630,314)
Repayment of lease liabilities		(64,529)	-
Payment of cash dividends		(2,624,878)	(3,056,245)
Payments to acquire treasury shares		-	(17,079)
Overdue stock dividends		-	1,168
Net cash flows (used in) from financing activities		(3,269,864)	5,452,519
Effect of exchange rate changes		(249,733)	(9,715)
Net increase in cash and cash equivalents		2,664,783	4,253,266
Cash and cash equivalents at beginning of period	6(1)	1,952,439	2,679,941
Cash and cash equivalents at end of period	6(1)	\$ 4,617,222	\$ 6,933,207

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