

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

YEARS ENDED MARCH 31

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(The balance sheets as of March 31, 2019 and 2018 are reviewed, not audited)

	Assets	Notes	March 31, 2019	December 31, 2018	March 31, 2018
	Current assets				
1100	Cash and cash equivalents	6(1)	\$ 3,727,743	\$ 1,952,439	\$ 2,892,790
1110	Financial assets at fair value through profit or loss - current	6(2)	5,072,170	4,316,587	5,271,121
1120	Financial assets at fair value through other comprehensive income - current	6(3)	2,895,005	2,920,108	3,140,289
1150	Notes receivable, net	6(4)	212,818	360,995	447,515
1170	Accounts receivable, net	6(4)	16,311,194	17,615,816	16,002,442
1180	Accounts receivable - related parties	7	231,796	314,182	288,310
1200	Other receivables		278,550	314,508	397,597
130X	Inventories, net	6(6)	13,246,374	15,078,468	12,493,330
1410	Prepayments		1,600,912	1,591,001	1,544,829
1460	Non-current assets classified as held for sale, net	6(12)	-	1,956,546	-
1470	Other current assets	8	1,276	1,493	7,704
11XX	Total current assets		<u>43,577,838</u>	<u>46,422,143</u>	<u>42,485,927</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current	6(2)	2,087,671	1,993,760	2,078,591
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	852,446	858,124	902,151
1550	Investments accounted for using equity method	6(7)	30,588	31,755	41,223
1600	Property, plant and equipment, net	6(8) and 8	12,574,644	12,371,429	13,777,350
1755	Right-of-use assets	6(9)	904,660	-	-
1760	Investment property, net	6(10) and 8	5,641,415	5,537,730	5,575,854
1780	Intangible assets	6(11)	221,817	233,688	244,805
1840	Deferred income tax assets	6(30)	95,998	97,958	175,804
1900	Other non-current assets	6(13) and 8	741,426	1,385,321	1,465,066
15XX	Total non-current assets		<u>23,150,665</u>	<u>22,509,765</u>	<u>24,260,844</u>
1XXX	Total assets		<u>\$ 66,728,503</u>	<u>\$ 68,931,908</u>	<u>\$ 66,746,771</u>

(Continued)

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

YEARS ENDED MARCH 31

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(The balance sheets as of March 31, 2019 and 2018 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2019	December 31, 2018	March 31, 2018
	Current liabilities				
2100	Short-term borrowings	6(14) and 8	\$ 6,964,087	\$ 5,643,630	\$ 6,844,899
2110	Short-term notes and bills payable		-	-	250,000
2120	Financial liabilities at fair value through profit or loss - current	6(2)	80,862	70,777	539,049
2130	Contract liabilities - current		67,478	145,243	234,207
2150	Notes payable		2,200	1,720	1,131
2170	Accounts payable	6(15)	17,640,218	22,713,760	17,925,631
2180	Accounts payable - related parties	7	257,341	300,503	385,191
2200	Other payables	6(16)	8,414,013	8,307,849	7,874,500
2230	Income tax liabilities		1,668,728	1,490,003	1,491,052
2280	Lease liabilities - current		88,325	-	-
2300	Other current liabilities	6(17)	69,142	508,717	397,656
21XX	Total current liabilities		<u>35,252,394</u>	<u>39,182,202</u>	<u>35,943,316</u>
	Non-current liabilities				
2540	Long-term borrowings	6(17) and 8	-	1,006,224	1,496,647
2570	Deferred income tax liabilities	6(30)	301,252	297,554	244,633
2580	Lease liabilities - non-current		367,062	-	-
2600	Other non-current liabilities	6(18)	263,652	264,404	241,962
25XX	Total non-current liabilities		<u>931,966</u>	<u>1,568,182</u>	<u>1,983,242</u>
2XXX	Total liabilities		<u>36,184,360</u>	<u>40,750,384</u>	<u>37,926,558</u>
	Equity attributable to owners of parent				
	Share capital	6(20)			
3110	Share capital - common stock		7,303,799	7,303,799	7,206,051
	Capital surplus	6(21)			
3200	Capital surplus		5,579,023	5,633,933	5,151,529
	Retained earnings	6(22)			
3310	Legal reserve		4,617,199	4,617,199	4,215,046
3320	Special reserve		1,861,304	1,861,304	433,524
3350	Unappropriated retained earnings		9,989,936	8,455,531	10,577,359
	Other equity interest	6(23)			
3400	Other equity interest		(2,405,587)	(3,065,027)	(2,856,163)
3500	Treasury stocks	6(20) and 8	(728,584)	(728,584)	(517,165)
31XX	Equity attributable to owners of the parent		<u>26,217,090</u>	<u>24,078,155</u>	<u>24,210,181</u>
36XX	Non-controlling interest	4(3)	<u>4,327,053</u>	<u>4,103,369</u>	<u>4,610,032</u>
3XXX	Total equity		<u>30,544,143</u>	<u>28,181,524</u>	<u>28,820,213</u>
	Significant contingent liabilities and unrecognised contract commitments	9			
	Significant events after the balance sheet date	11			
3X2X	Total liabilities and equity		<u>\$ 66,728,503</u>	<u>\$ 68,931,908</u>	<u>\$ 66,746,771</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 THREE-MONTH PERIODS ENDED MARCH 31
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

Items		Notes	Three months ended March 31,	
			2019	2018
4000	Sales revenue	6(24) and 7	\$ 19,177,441	\$ 17,573,844
5000	Operating costs	6(6)(28)(29) and 7	(16,281,534)	(15,448,837)
5900	Net operating margin	6(28)(29)	2,895,907	2,125,007
	Operating expenses			
6100	Selling expenses		(827,155)	(716,056)
6200	General and administrative expenses		(711,552)	(409,155)
6300	Research and development expenses		(939,335)	(436,269)
6450	Impairment gain (loss) determined in accordance with IFRS 9	12(2)	3,013	(20,785)
6000	Total operating expenses		(2,475,029)	(1,582,265)
6900	Operating profit		420,878	542,742
	Non-operating income and expenses			
7010	Other income	6(25)	177,301	137,340
7020	Other gains and losses	6(26)	1,774,223	149,730
7050	Finance costs	6(27)	(41,641)	(33,820)
7060	Share of profit or loss of associates and joint ventures accounted for under equity method	6(7)	(1,271)	(3,468)
7000	Total non-operating income and expenses		1,908,612	249,782
7900	Profit before income tax		2,329,490	792,524
7950	Income tax expense	6(30)	(459,119)	(83,734)
8200	Profit for the year		\$ 1,870,371	\$ 708,790
	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)	\$ 59,399	(\$ 190,666)
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		59,399	(202,423)
	Components of other comprehensive income (loss) that will be reclassified to profit or loss			
8361	Financial statements translation differences of foreign operations		555,316	46,621
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		104	(1,028)
8360	Other comprehensive loss that will be reclassified to profit or loss		555,420	45,593
8300	Total other comprehensive loss for the year		\$ 614,819	(\$ 156,830)
8500	Total comprehensive income for the year		\$ 2,485,190	\$ 551,960
	Profit attributable to:			
8610	Owners of parent		\$ 1,646,639	\$ 586,982
8620	Non-controlling interest		\$ 223,732	\$ 121,808
	Comprehensive income attributable to:			
8710	Owners of parent		\$ 2,193,845	\$ 446,863
8720	Non-controlling interest	6(31)	\$ 291,345	\$ 105,097
	Earnings per share (in NT dollars)			
9750	Basic earnings per share		\$ 2.39	\$ 0.86
9850	Diluted earnings per share		\$ 2.37	\$ 0.85

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Notes	Equity attributable to owners of the parent											
	Retained Earnings					Other equity interest						
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Asset revaluation increment	Treasury stocks	Total	Non-controlling interest	Total equity
<u>Year ended March 31, 2018</u>												
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	<u>7,206,051</u>	<u>5,136,660</u>	<u>4,215,046</u>	<u>433,524</u>	<u>10,004,411</u>	<u>(1,009,474)</u>	<u>(3,108,883)</u>	<u>1,388,279</u>	<u>(517,165)</u>	<u>23,748,449</u>	<u>4,473,068</u>	<u>28,221,517</u>
Profit for 2018	-	-	-	-	586,982	-	-	-	-	586,982	121,808	708,790
Other comprehensive income (loss) for 2018 6(23)	-	-	-	-	-	31,461	(159,823)	(11,757)	-	(140,119)	(16,711)	(156,830)
Total comprehensive income (loss)	-	-	-	-	586,982	31,461	(159,823)	(11,757)	-	446,863	105,097	551,960
Adjustments to share of changes in equity of associates and joint ventures	-	13,701	-	-	-	-	-	-	-	13,701	31,867	45,568
Disposal of investments in equity instruments at fair value through other comprehensive income 6(3)	-	-	-	-	(14,034)	-	14,034	-	-	-	-	-
Other (overdue dividends)	-	1,168	-	-	-	-	-	-	-	1,168	-	1,168
Balance at March 31, 2018	<u>\$ 7,206,051</u>	<u>\$ 5,151,529</u>	<u>\$ 4,215,046</u>	<u>\$ 433,524</u>	<u>\$ 10,577,359</u>	<u>(\$ 978,013)</u>	<u>(\$ 3,254,672)</u>	<u>\$ 1,376,522</u>	<u>(\$ 517,165)</u>	<u>\$ 24,210,181</u>	<u>\$ 4,610,032</u>	<u>\$ 28,820,213</u>
<u>Year ended March 31, 2019</u>												
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	-	-	-	-	1,646,639	-	-	-	-	1,646,639	223,732	1,870,371
Other comprehensive income for 2019 6(23)	-	-	-	-	-	500,807	46,399	-	-	547,206	67,613	614,819
Total comprehensive income	-	-	-	-	1,646,639	500,807	46,399	-	-	2,193,845	291,345	2,485,190
Difference between proceeds from addition and disposal of subsidiary and book value	-	(54,910)	-	-	-	-	-	-	-	(54,910)	54,910	-
Disposal of investments in equity instruments at fair value through other comprehensive income 6(3)	-	-	-	-	(112,234)	-	112,234	-	-	-	-	-
Non-controlling interest adjustment	-	-	-	-	-	-	-	-	-	-	(122,571)	(122,571)
Balance at March 31, 2019	<u>\$ 7,303,799</u>	<u>\$ 5,579,023</u>	<u>\$ 4,617,199</u>	<u>\$ 1,861,304</u>	<u>\$ 9,989,936</u>	<u>(\$ 485,007)</u>	<u>(\$ 3,302,247)</u>	<u>\$ 1,381,667</u>	<u>(\$ 728,584)</u>	<u>\$ 26,217,090</u>	<u>\$ 4,327,053</u>	<u>\$ 30,544,143</u>

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 THREE-MONTH PERIODS ENDED MARCH 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	Notes	Three months ended March 31,	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,329,490	\$ 792,524
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(28)	595,183	512,301
Amortisation	6(11)(28)	18,948	18,591
Other non-current assets recognised as expenses	6(28)	23,018	14,153
Long-term prepaid rent expense	6(28)	-	2,118
Impairment (gain) loss determined in accordance with IFRS 9	12(2)	(3,013)	20,785
Share-based payments	6(19)	-	16,449
Interest income	6(25)	(14,180)	(11,005)
Dividend income	6(25)	(38,810)	(49,091)
Interest expense	6(27)	41,641	33,820
Net gain on financial assets and liabilities at fair value – derivative instruments	6(2)(26)	(381,370)	(248,037)
Net gain on financial assets and liabilities at fair value – other	6(26)	(1,181,816)	(55,324)
Share of loss of associates accounted for using equity method	6(7)	1,271	3,468
Loss (Gain) on disposal of property, plant and equipment	6(26)	16,189	(3,502)
Gain on disposal of non-current assets held for sale	6(26)	(645,713)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		189,131	(94,646)
Notes receivable		148,176	395,301
Accounts receivable		1,307,636	2,037,249
Accounts receivable - related parties		82,386	37,687
Other receivables		36,032	128,586
Inventories		1,832,094	(35,069)
Prepayments		(9,911)	(143,003)
Other current assets		(217)	44,019
Changes in operating liabilities			
Contract liabilities - current		(77,765)	67,218
Notes payable		480	(1,056)
Accounts payable		(5,073,542)	(2,811,936)
Accounts payable - related parties		(43,162)	(97,228)
Other payables		341,953	(1,169,920)
Other current liabilities		(22,619)	38,467
Other non-current liabilities		(752)	(1,459)
Cash outflow generated from operations		(529,242)	(558,540)
Interest received		14,106	9,996
Dividends received		38,810	49,091
Interest paid		(46,481)	(31,664)
Income tax paid		(274,736)	(168,449)
Net cash flows used in operating activities		(797,543)	(699,566)

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CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

		Three months ended March 31,	
	Notes	2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets and liabilities at fair value through profit or loss - other		(\$ 69,364)	(\$ 2,207,892)
Disposal of financial assets and liabilities at fair value through profit or loss - other		606,909	1,209,041
Proceeds from disposal of financial assets at fair value through other comprehensive income		95,453	14,470
Acquisition of property, plant and equipment	6(32)	(783,550)	(456,265)
Acquisition of investment property		(103,685)	-
Proceeds from disposal of property, plant and equipment		53,046	58,938
Proceeds from disposal of non-current assets held for sale	6(12)	2,605,512	-
Acquisition of intangible assets	6(11)	(7,814)	(14,012)
Decrease (increase) in other non-current assets		170,684	(445,920)
Decrease (increase) in refundable deposits		34,903	(23,147)
Net cash flows from (used in) investing activities		2,602,094	(1,864,787)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		1,320,457	2,598,516
Increase in short-term notes and bills payable		-	250,000
Decrease in long-term borrowings		(1,423,180)	(80,000)
Treasury stock transferred to employees		-	29,119
Repayment of lease liabilities		(24,575)	-
Overdue stock dividends		-	1,169
Change in non-controlling interests		(122,571)	-
Net cash flows (used in) from financing activities		(249,869)	2,798,804
Effect of exchange rate changes		220,622	(21,602)
Net increase in cash and cash equivalents		1,775,304	212,849
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)	\$ 3,727,743	\$ 2,892,790

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