

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

YEARS ENDED JUNE 30

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

	Assets	Notes	June 30, 2019	December 31, 2018	June 30, 2018
	Current assets				
1100	Cash and cash equivalents	6(1)	\$ 2,982,793	\$ 1,952,439	\$ 2,089,734
1110	Financial assets at fair value through profit or loss - current	6(2)	4,884,397	4,316,587	5,306,661
1120	Financial assets at fair value through other comprehensive income - current	6(3)	2,797,833	2,920,108	3,418,766
1150	Notes receivable, net	6(5)	166,541	360,995	238,089
1170	Accounts receivable, net	6(5)	19,824,407	17,615,816	19,595,374
1180	Accounts receivable - related parties	7	218,875	314,182	320,844
1200	Other receivables		364,800	314,508	485,545
130X	Inventories, net	6(7)	12,346,894	15,078,468	13,484,526
1410	Prepayments		1,627,160	1,591,001	1,720,229
1460	Non-current assets classified as held for sale, net	6(13)	-	1,956,546	-
1470	Other current assets	8	905	1,493	6,472
11XX	Total current assets		<u>45,214,605</u>	<u>46,422,143</u>	<u>46,666,240</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current	6(2)	1,836,081	1,993,760	1,991,208
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	851,756	858,124	923,286
1535	Financial assets at amortised cost - non-current	6(4)	499,538	-	-
1550	Investments accounted for using equity method	6(8)	199,763	31,755	37,036
1600	Property, plant and equipment, net	6(9) and 8	12,414,038	12,371,429	13,912,403
1755	Right-of-use assets	6(10)	868,861	-	-
1760	Investment property, net	6(11) and 8	5,781,659	5,537,730	5,580,840
1780	Intangible assets	6(12)	157,973	233,688	240,679
1840	Deferred income tax assets		153,997	97,958	140,002
1900	Other non-current assets	6(14) and 8	825,151	1,385,321	1,413,589
15XX	Total non-current assets		<u>23,588,817</u>	<u>22,509,765</u>	<u>24,239,043</u>
1XXX	Total assets		<u>\$ 68,803,422</u>	<u>\$ 68,931,908</u>	<u>\$ 70,905,283</u>

(Continued)

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

YEARS ENDED JUNE 30

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

(The balance sheets as of June 30, 2019 and 2018 are reviewed, not audited)

	Liabilities and Equity	Notes	June 30, 2019	December 31, 2018	June 30, 2018
	Current liabilities				
2100	Short-term borrowings	6(15) and 8	\$ 6,367,800	\$ 5,643,630	\$ 7,655,050
2110	Short-term notes and bills payable		-	-	300,000
2120	Financial liabilities at fair value through profit or loss - current	6(2)	407,503	70,777	151,504
2130	Contract liabilities - current	6(25)	124,248	145,243	158,826
2150	Notes payable		735	1,720	280
2170	Accounts payable	6(16)	18,344,292	22,713,760	20,150,497
2180	Accounts payable - related parties	7	315,667	300,503	389,527
2200	Other payables	6(17)	11,189,755	8,307,849	11,356,594
2230	Income tax liabilities		1,511,470	1,490,003	1,368,960
2280	Lease liabilities - current		85,056	-	-
2300	Other current liabilities	6(18)	88,686	508,717	52,291
21XX	Current Liabilities		<u>38,435,212</u>	<u>39,182,202</u>	<u>41,583,529</u>
	Total non-current liabilities				
2540	Long-term borrowings	6(18) and 8	300,000	1,006,224	1,501,320
2570	Deferred income tax liabilities		301,565	297,554	244,769
2580	Lease liabilities - non-current		345,012	-	-
2600	Other non-current liabilities	6(19)	263,079	264,404	244,498
25XX	Total non-current liabilities		<u>1,209,656</u>	<u>1,568,182</u>	<u>1,990,587</u>
2XXX	Total liabilities		<u>39,644,868</u>	<u>40,750,384</u>	<u>43,574,116</u>
	Equity attributable to owners of parent				
	Share capital	6(21)			
3110	Share capital - common stock		7,344,975	7,303,799	7,267,600
3150	Stock dividends to be distributed		-	-	36,199
	Capital surplus	6(22)			
3200	Capital surplus		6,022,446	5,633,933	5,779,743
	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		6,865,037	8,455,531	6,296,922
	Other equity interest	6(24)			
3400	Other equity interest		(2,595,360)	(3,065,027)	(2,158,884)
3500	Treasury stocks	6(21) and 8	(728,584)	(728,584)	(517,165)
31XX	Equity attributable to owners of the parent		<u>24,990,189</u>	<u>24,078,155</u>	<u>23,182,918</u>
36XX	Non-controlling interest	4(3)	<u>4,168,365</u>	<u>4,103,369</u>	<u>4,148,249</u>
3XXX	Total equity		<u>29,158,554</u>	<u>28,181,524</u>	<u>27,331,167</u>
	Significant contingent liabilities and unrecognised contract commitments	9			
3X2X	Total liabilities and equity		<u>\$ 68,803,422</u>	<u>\$ 68,931,908</u>	<u>\$ 70,905,283</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 SIX-MONTH PERIODS ENDED JUNE 30
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

Items	Notes	Three months ended June 30,		Six months ended June 30,	
		2019	2018	2019	2018
4000 Sales revenue	6(25) and 7	\$ 22,551,060	\$ 21,261,472	\$ 41,728,501	\$ 38,835,316
5000 Operating costs	6(7)(29)(30) and 7	(18,736,386)	(18,423,146)	(35,017,920)	(33,871,983)
5900 Net operating margin		<u>3,814,674</u>	<u>2,838,326</u>	<u>6,710,581</u>	<u>4,963,333</u>
Operating expenses	6(29)(30)				
6100 Selling expenses		(870,732)	(729,093)	(1,697,887)	(1,445,149)
6200 General and administrative expenses		(569,568)	(512,117)	(1,281,120)	(921,272)
6300 Research and development expenses		(683,396)	(719,155)	(1,622,731)	(1,155,424)
6450 Impairment gain (loss) determined in accordance with IFRS 9	12(2)	<u>702</u>	<u>(134,312)</u>	<u>3,715</u>	<u>(155,097)</u>
6000 Total operating expenses		(2,122,994)	(2,094,677)	(4,598,023)	(3,676,942)
6900 Operating profit		<u>1,691,680</u>	<u>743,649</u>	<u>2,112,558</u>	<u>1,286,391</u>
Non-operating income and expenses					
7010 Other income	6(26)	229,599	247,660	406,900	385,000
7020 Other gains and losses	6(27)	(240,525)	189,553	1,533,698	339,283
7050 Finance costs	6(28)	(32,174)	(36,680)	(73,815)	(70,500)
7060 Share of profit or loss of associates and joint ventures accounted for under equity method	6(8)	<u>1,050</u>	<u>(5,974)</u>	<u>221</u>	<u>(9,442)</u>
7000 Total non-operating income and expenses		(42,050)	394,559	1,866,562	644,341
7900 Profit before income tax		1,649,630	1,138,208	3,979,120	1,930,732
7950 Income tax expense	6(31)	(221,861)	(292,564)	(680,980)	(376,298)
8200 Profit for the year		<u>\$ 1,427,769</u>	<u>\$ 845,644</u>	<u>\$ 3,298,140</u>	<u>\$ 1,554,434</u>

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

		Three months ended June 30,		Six months ended June 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 (loss) gain on equity instruments at fair value through other comprehensive income	6(3)	(\$ 88,662)	\$ 248,115	(\$ 29,263)	\$ 57,449
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	(11,757)
8310 Other comprehensive (loss) income that will not be reclassified to profit or loss		(88,662)	248,115	(29,263)	45,692
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(200,601)	389,656	354,715	436,277
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method		1,543	1,787	1,647	759
8360 Other comprehensive income that will be reclassified to profit or loss		(199,058)	391,443	356,362	437,036
8300 Total other comprehensive income for the year		(\$ 287,720)	\$ 639,558	\$ 327,099	\$ 482,728
8500 Total comprehensive income for the year		\$ 1,140,049	\$ 1,485,202	\$ 3,625,239	\$ 2,037,162
Profit attributable to:					
8610 Owners of the parent		\$ 1,286,252	\$ 807,264	\$ 2,932,891	\$ 1,394,246
8620 Non-controlling interest		\$ 141,517	\$ 38,380	\$ 365,249	\$ 160,188
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 1,055,358	\$ 1,504,658	\$ 3,249,203	\$ 1,951,521
8720 Non-controlling interest		\$ 84,691	(\$ 19,456)	\$ 376,036	\$ 85,641
Earnings per share (in NT dollars)	6(32)				
9750 Basic earnings per share		\$ 1.86	\$ 1.17	\$ 4.26	\$ 2.03
9850 Diluted earnings per share		\$ 1.85	\$ 1.16	\$ 4.21	\$ 2.01

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 SIX MONTH PERIODS ENDED JUNE 30
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Equity attributable to owners of the parent												
Retained Earnings						Other equity interest						
							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
Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations						
Year ended June 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	<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	-	-	-	-	1,394,246	-	-	-	-	1,394,246	160,188	1,554,434
Other comprehensive income (loss) for 2018	6(24)	-	-	-	-	424,316	144,716	(11,757)	-	557,275	(74,547)	482,728
Total comprehensive income (loss)	-	-	-	-	1,394,246	424,316	144,716	(11,757)	-	1,951,521	85,641	2,037,162
Appropriations of 2017 earnings	6(23)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	402,153	-	(402,153)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,427,780	(1,427,780)	-	-	-	-	-	-	-
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
Cash dividends paid to the subsidiaries	-	165,439	-	-	-	-	-	-	-	165,439	-	165,439
Adjustments to share of changes in equity of associates and joint ventures	-	85,025	-	-	-	-	-	-	-	85,025	219,740	304,765
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(630,329)	(630,329)
Disposal of investments in equity instruments at fair value through other comprehensive income	6(3)	-	-	-	(13,919)	-	13,919	-	-	-	129	129
Others (overdue dividends)	-	1,168	-	-	-	-	-	-	-	1,168	-	1,168
Balance at June 30, 2018	<u>\$ 7,303,799</u>	<u>\$ 5,779,743</u>	<u>\$ 4,617,199</u>	<u>\$ 1,861,304</u>	<u>\$ 6,296,922</u>	<u>(\$ 585,158)</u>	<u>(\$ 2,950,248)</u>	<u>\$ 1,376,522</u>	<u>(\$ 517,165)</u>	<u>\$ 23,182,918</u>	<u>\$ 4,148,249</u>	<u>\$ 27,331,167</u>
Year ended June 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	-	-	-	-	2,932,891	-	-	-	-	2,932,891	365,249	3,298,140
Other comprehensive income (loss) for 2019	6(24)	-	-	-	-	336,759	(20,447)	-	-	316,312	10,787	327,099
Total comprehensive income (loss)	-	-	-	-	2,932,891	336,759	(20,447)	-	-	3,249,203	376,036	3,625,239
Appropriations of 2018 earnings	6(23)	-	-	-	-	-	-	-	-	-	-	-
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
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	-	46,897
Difference between proceeds from addition and disposal of subsidiary and book value	-	(39,188)	-	-	-	-	-	-	-	(39,188)	175,640	136,452
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(389,690)	(389,690)
Disposal of investments in equity instruments at fair value through other comprehensive income	6(3)	-	-	-	(153,355)	-	153,355	-	-	-	-	-
Non-controlling interest adjustment	-	-	-	-	-	-	-	-	-	-	(96,990)	(96,990)
Balance at June 30, 2019	<u>\$ 7,344,975</u>	<u>\$ 6,022,446</u>	<u>\$ 4,976,270</u>	<u>\$ 3,105,405</u>	<u>\$ 6,865,037</u>	<u>(\$ 649,055)</u>	<u>(\$ 3,327,972)</u>	<u>\$ 1,381,667</u>	<u>(\$ 728,584)</u>	<u>\$ 24,990,189</u>	<u>\$ 4,168,365</u>	<u>\$ 29,158,554</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 SIX-MONTH PERIODS ENDED JUNE 30
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

		Six months ended June 30,	
	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 3,979,120	\$ 1,930,732
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(29)	1,114,908	1,048,922
Amortisation	6(12)(29)	36,611	37,997
Other non-current assets recognised as expenses	6(29)	46,363	30,053
Long-term prepaid rent expense	6(29)	-	4,264
Impairment (gain) loss determined in accordance with IFRS 9	12(2)	(3,715)	155,097
Share-based payments	6(20)	-	16,449
Interest income	6(26)	(30,753)	(28,526)
Dividend income	6(26)	(163,772)	(154,674)
Interest expense	6(28)	73,815	70,500
Net gain on financial assets and liabilities at fair value – derivative instruments	6(2)(27)	(122,101)	(401,001)
Net gain on financial assets and liabilities at fair value - other	6(27)	(1,293,455)	(396,853)
Share of loss of associates accounted for using equity method	6(8)	221	9,442
Loss (gain) on disposal of property, plant and equipment	6(27)	19,527	(3,692)
Gain on disposal of non-current assets held for sale	6(27)	(645,713)	-
Impairment loss of non-financial assets	6(12)(27)	55,843	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		477,465	(74,629)
Notes receivable		194,454	604,727
Accounts receivable	(	(2,204,876)	(1,689,995)
Accounts receivable - related parties		95,307	5,153
Other receivables		58,373	97,845
Inventories		2,731,574	(1,026,265)
Prepayments	(	(36,159)	(318,403)
Other current assets	(	(588)	45,251
Changes in operating liabilities			
Contract liabilities - current	(	(20,996)	(8,163)
Notes payable	(	(985)	(1,907)
Accounts payable	(	(4,369,468)	(587,070)
Accounts payable - related parties		15,164	(92,892)
Other payables		390,472	(961,738)
Other current liabilities	(	(3,074)	(6,898)
Other non-current liabilities	(	(1,325)	1,077
Cash inflow (outflow) generated from operations		392,237	(1,695,197)
Interest received		29,985	28,585
Dividends received		72,613	86,094
Interest paid	(	(77,080)	(65,566)
Income tax paid	(	(711,541)	(547,166)
Net cash flows used in operating activities		(293,786)	(2,193,250)

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

		Six months ended June 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		(\$ 248,775)	(\$ 3,170,179)
Disposal of financial assets and liabilities at fair value through profit or loss - other		1,104,898	2,242,400
Acquisition of financial assets through other comprehensive income		(4,157)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		118,674	36,778
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)	(1,103,247)	(1,016,222)
Acquisition of investment property	6(11)	(243,929)	-
Proceeds from disposal of property, plant and equipment		124,778	66,775
Proceeds from disposal of non-current assets held for sale	6(13)	2,605,512	-
Acquisition of intangible assets	6(12)	(18,192)	(26,907)
Increase in other non-current assets		(140,289)	(579,495)
Decrease (increase) in refundable deposits		36,315	(13,032)
Net cash flows from (used in) investing activities		1,566,703	(2,459,882)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		724,170	3,408,667
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		(96,990)	-
Repayment of lease liabilities		(41,274)	-
Overdue stock dividends		-	1,168
Net cash flows (used in) from financing activities		(537,274)	3,358,954
Effect of exchange rate changes		294,711	703,971
Net increase (decrease) in cash and cash equivalents		1,030,354	(590,207)
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)	\$ 2,982,793	\$ 2,089,734

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