

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, 2020 and 2019 are reviewed, not audited)

	Assets	Notes	June 30, 2020 AMOUNT	December 31, 2019 AMOUNT	June 30, 2019 AMOUNT
	Current assets				
1100	Cash and cash equivalents	6(1)	\$ 3,444,542	\$ 4,136,522	\$ 2,982,793
1110	Financial assets at fair value through profit or loss - current	6(2)	2,833,027	3,922,064	4,884,397
1120	Financial assets at fair value through other comprehensive income - current	6(3)	2,450,519	2,983,854	2,797,833
1150	Notes receivable, net	6(5)	112,391	153,736	166,541
1170	Accounts receivable, net	6(5)	22,355,926	20,184,038	19,824,407
1180	Accounts receivable - related parties	7	413,096	332,350	218,875
1200	Other receivables		190,271	160,242	364,800
130X	Inventories, net	6(6)	13,191,222	13,847,346	12,346,894
1410	Prepayments		1,601,142	1,453,360	1,627,160
1470	Other current assets		9,976	6,974	905
11XX	Total current assets		<u>46,602,112</u>	<u>47,180,486</u>	<u>45,214,605</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current	6(2)	1,584,095	1,658,144	1,836,081
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	504,007	523,618	851,756
1535	Financial assets at amortised cost - non-current	6(4)	475,417	482,573	499,538
1550	Investments accounted for using equity method	6(7)	200,898	205,522	199,763
1600	Property, plant and equipment, net	6(8) and 8	13,021,648	12,821,680	12,414,038
1755	Right-of-use assets	6(9)	909,688	891,285	868,861
1760	Investment property, net	6(10) and 8	4,735,174	6,447,876	5,781,659
1780	Intangible assets	6(11)	144,107	142,341	157,973
1840	Deferred income tax assets		160,193	152,339	153,997
1900	Other non-current assets	6(12) and 8	952,475	938,393	825,151
15XX	Total non-current assets		<u>22,687,702</u>	<u>24,263,771</u>	<u>23,588,817</u>
1XXX	Total assets		<u>\$ 69,289,814</u>	<u>\$ 71,444,257</u>	<u>\$ 68,803,422</u>

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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, 2020 and 2019 are reviewed, not audited)

	Liabilities and Equity	Notes	June 30, 2020 AMOUNT	December 31, 2019 AMOUNT	June 30, 2019 AMOUNT
	Current liabilities				
2100	Short-term borrowings	6(13) and 8	\$ 6,026,250	\$ 895,000	\$ 6,367,800
2120	Financial liabilities at fair value through profit or loss - current	6(2)	526,999	550,620	407,503
2130	Contract liabilities - current		154,916	147,815	124,248
2150	Notes payable		14,763	26,342	735
2170	Accounts payable	6(14)	20,784,976	23,736,390	18,344,292
2180	Accounts payable - related parties	7	451,117	415,577	315,667
2200	Other payables	6(15)	9,761,233	10,871,450	11,189,755
2230	Income tax liabilities		1,422,104	1,207,284	1,511,470
2280	Lease liabilities - current		145,343	117,066	85,056
2300	Other current liabilities	6(16)	256,947	275,194	88,686
21XX	Total current liabilities		<u>39,544,648</u>	<u>38,242,738</u>	<u>38,435,212</u>
	Non-current liabilities				
2540	Long-term borrowings	6(16) and 8	-	100,000	300,000
2570	Deferred income tax liabilities		409,974	583,333	301,565
2580	Lease liabilities - non-current		386,183	365,703	345,012
2600	Other non-current liabilities		251,824	258,456	263,079
25XX	Total non-current liabilities		<u>1,047,981</u>	<u>1,307,492</u>	<u>1,209,656</u>
2XXX	Total liabilities		<u>40,592,629</u>	<u>39,550,230</u>	<u>39,644,868</u>
	Equity attributable to owners of parent				
	Share capital	6(19)			
3110	Share capital - common stock		7,394,603	7,344,975	7,344,975
	Capital surplus	6(20)			
3200	Capital surplus		6,431,545	6,114,005	6,022,446
	Retained earnings	6(21)			
3310	Legal reserve		5,560,152	4,976,270	4,976,270
3320	Special reserve		3,290,829	3,105,405	3,105,405
3350	Unappropriated retained earnings		6,670,758	9,370,658	6,865,037
	Other equity interest	6(22)			
3400	Other equity interest		(4,656,308)	(3,331,661)	(2,595,360)
3500	Treasury stocks	6(19) and 8	(311,277)	(311,277)	(728,584)
31XX	Equity attributable to owners of the parent		<u>24,380,302</u>	<u>27,268,375</u>	<u>24,990,189</u>
36XX	Non-controlling interest	4(3)	<u>4,316,883</u>	<u>4,625,652</u>	<u>4,168,365</u>
3XXX	Total equity		<u>28,697,185</u>	<u>31,894,027</u>	<u>29,158,554</u>
	Significant contingent liabilities and unrecognised contract commitments	9			
3X2X	Total liabilities and equity		<u>\$ 69,289,814</u>	<u>\$ 71,444,257</u>	<u>\$ 68,803,422</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 as earnings per share)
(UNAUDITED)

Items		Notes	Three months ended June 30		Six months ended June 30	
			2020	2019	2020	2019
			AMOUNT	AMOUNT	AMOUNT	AMOUNT
4000	Sales revenue	6(23) and 7	\$ 25,096,120	\$ 22,551,060	\$ 43,206,339	\$ 41,728,501
5000	Operating costs	6(6)(27)(28) and 7	(20,062,017)	(18,736,386)	(35,358,497)	(35,017,920)
5900	Net operating margin		<u>5,034,103</u>	<u>3,814,674</u>	<u>7,847,842</u>	<u>6,710,581</u>
	Operating expenses	6(27)(28)				
6100	Selling expenses		(1,043,112)	(870,732)	(1,589,140)	(1,697,887)
6200	General and administrative expenses		(697,959)	(569,568)	(1,189,594)	(1,281,120)
6300	Research and development expenses		(984,802)	(683,396)	(1,477,108)	(1,622,731)
6450	Impairment loss (gain) determined in accordance with IFRS 9	12(2)	(3,282)	702	(1,399)	3,715
6000	Total operating expenses		(2,729,155)	(2,122,994)	(4,257,241)	(4,598,023)
6900	Operating profit		<u>2,304,948</u>	<u>1,691,680</u>	<u>3,590,601</u>	<u>2,112,558</u>
	Non-operating income and expenses					
7100	Interest income		38,954	16,573	71,296	30,753
7010	Other income	6(24)	134,775	213,026	484,429	376,147
7020	Other gains and losses	6(25)	792,799	(240,525)	731,596	1,533,698
7050	Finance costs	6(26)	(20,410)	(32,174)	(36,663)	(73,815)
7060	Share of profit or loss of associates and joint ventures accounted for using equity method	6(7)	<u>5,350</u>	<u>1,050</u>	<u>998</u>	<u>(221)</u>
7000	Total non-operating income and expenses		<u>951,468</u>	<u>(42,050)</u>	<u>211,536</u>	<u>1,866,562</u>
7900	Profit before income tax		3,256,416	1,649,630	3,379,065	3,979,120
7950	Income tax expense	6(29)	(477,509)	(221,861)	(521,178)	(680,980)
8200	Profit for the year		<u>\$ 2,778,907</u>	<u>\$ 1,427,769</u>	<u>\$ 2,857,887</u>	<u>\$ 3,298,140</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 as earnings per share)
(UNAUDITED)

Items	Notes	Three months ended June 30		Six months ended June 30	
		2020 AMOUNT	2019 AMOUNT	2020 AMOUNT	2019 AMOUNT
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)	\$ 238,611	(\$ 88,662)	(\$ 535,432)	(\$ 29,263)
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		238,611	(88,662)	(535,432)	(29,263)
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(689,912)	(200,601)	(878,772)	354,715
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method		(4,410)	1,543	(5,622)	1,647
8360 Other comprehensive income that will be reclassified to profit or loss		(694,322)	(199,058)	(884,394)	356,362
8300 Total other comprehensive (loss) income for the year		(\$ 455,711)	(\$ 287,720)	(\$ 1,419,826)	\$ 327,099
8500 Total comprehensive income for the year		\$ 2,323,196	\$ 1,140,049	\$ 1,438,061	\$ 3,625,239
Profit attributable to:					
8610 Owners of the parent		\$ 2,388,879	\$ 1,286,252	\$ 2,429,016	\$ 2,932,891
8620 Non-controlling interest		\$ 390,028	\$ 141,517	\$ 428,871	\$ 365,249
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 1,972,897	\$ 1,055,358	\$ 1,107,574	\$ 3,249,203
8720 Non-controlling interest		\$ 350,299	\$ 84,691	\$ 330,487	\$ 376,036
Earnings per share (in NT dollars)					
9750 Basic earnings per share	6(30)	\$ 3.40	\$ 1.86	\$ 3.47	\$ 4.26
9850 Diluted earnings per share	6(30)	\$ 3.38	\$ 1.85	\$ 3.44	\$ 4.21

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Equity attributable to owners of the parent													
Retained Earnings						Other equity interest							
						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	
Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings								
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(22)	-	-	-	-	336,759	(20,447)	-	-	316,312	10,787	327,099	
Total comprehensive income		-	-	-	2,932,891	336,759	(20,447)	-	-	3,249,203	376,036	3,625,239	
Appropriations of 2018 earnings	6(21)												
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		\$ 7,344,975	\$ 6,022,446	\$ 4,976,270	\$ 3,105,405	\$ 6,865,037	(\$ 649,055)	(\$ 3,327,972)	\$ 1,381,667	(\$ 728,584)	\$ 24,990,189	\$ 4,168,365	\$ 29,158,554
Year ended June 30, 2020													
Balance at January 1, 2020	\$ 7,344,975	\$ 6,114,005	\$ 4,976,270	\$ 3,105,405	\$ 9,370,658	(\$ 2,115,391)	(\$ 2,597,937)	\$ 1,381,667	(\$ 311,277)	\$ 27,268,375	\$ 4,625,652	\$ 31,894,027	
Profit for 2020	-	-	-	-	2,429,016	-	-	-	-	2,429,016	428,871	2,857,887	
Other comprehensive loss for 2020	6(22)	-	-	-	-	(796,105)	(525,337)	-	-	(1,321,442)	(98,384)	(1,419,826)	
Total comprehensive income		-	-	-	2,429,016	(796,105)	(525,337)	-	-	1,107,574	330,487	1,438,061	
Appropriations of 2019 earnings	6(21)												
Legal reserve		-	-	583,882	-	(583,882)	-	-	-	-	-	-	
Special reserve		-	-	-	185,424	(185,424)	-	-	-	-	-	-	
Cash dividends		-	-	-	-	(4,362,815)	-	-	-	(4,362,815)	-	(4,362,815)	
Employees' stock dividends		49,628	350,372	-	-	-	-	-	-	400,000	-	400,000	
Cash dividends paid to the subsidiaries		-	220,443	-	-	-	-	-	-	220,443	-	220,443	
Adjustments to share of changes in equity of associates and joint ventures		-	105,832	-	-	-	-	-	-	105,832	218,502	324,334	
Difference between proceeds from addition and disposal of subsidiary and book value		-	(359,107)	-	-	-	-	-	-	(359,107)	359,107	-	
Cash dividends distributed by subsidiaries		-	-	-	-	-	-	-	-	-	(606,428)	(606,428)	
Disposal of investment property		-	-	-	3,205	-	-	(3,205)	-	-	-	-	
Non-controlling interest adjustment		-	-	-	-	-	-	-	-	-	(610,437)	(610,437)	
Balance at June 30, 2020		\$ 7,394,603	\$ 6,431,545	\$ 5,560,152	\$ 3,290,829	\$ 6,670,758	(\$ 2,911,496)	(\$ 3,123,274)	\$ 1,378,462	(\$ 311,277)	\$ 24,380,302	\$ 4,316,883	\$ 28,697,185

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 ENDED JUNE 30

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

(UNAUDITED)

		Six months ended June 30	
	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 3,379,065	\$ 3,979,120
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(27)	1,166,647	1,114,908
Amortisation	6(11)(27)	35,166	36,611
Other non-current assets recognised as expenses	6(27)	32,247	46,363
Impairment loss (gain) determined in accordance with IFRS 9	12(2)	1,399	(3,715)
Share-based payments	6(18)	17,813	-
Interest income		(71,296)	(30,753)
Dividend income	6(24)	(229,295)	(163,772)
Interest expense	6(26)	36,663	73,815
Net loss (gain) on financial assets and liabilities at fair value - derivative	6(2)(25)	158,371	(122,101)
Net loss (gain) on financial assets and liabilities at fair value - other	6(25)	1,111,206	(1,293,455)
Share of (gain) loss of associates accounted for using equity method	6(7)	(998)	221
Gain arising from lease modifications		(1,014)	-
Gain on disposal of property, plant and equipment	6(25)	(9,243)	19,527
Gain on disposal of investment property	6(25)	(124,079)	-
Gain on disposal of non-current assets held for sale	6(25)	-	(645,713)
Impairment loss of non-financial assets	6(11)(25)	-	55,843
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		(223,597)	477,465
Notes receivable		41,345	194,454
Accounts receivable		(2,173,287)	(2,204,876)
Accounts receivable - related parties		(80,746)	95,307
Other receivables		23,961	58,373
Inventories		656,124	2,731,574
Prepayments		(147,782)	(36,159)
Other current assets		(3,002)	(588)
Changes in operating liabilities			
Contract liabilities - current		7,101	(20,996)
Notes payable		(11,579)	(985)
Accounts payable		(2,951,414)	(4,369,468)
Accounts payable - related parties		35,540	15,164
Other payables		(220,182)	390,472
Other current liabilities		16,533	(3,074)
Other non-current liabilities		(6,632)	(1,325)
Cash inflow generated from operations		465,035	392,237
Interest received		34,158	29,985
Dividend received		229,295	72,613
Interest paid		(35,160)	(77,080)
Income tax paid		(248,654)	(711,541)
Net cash flows from (used in) operating activities		444,674	(293,786)

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CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH ENDED JUNE 30

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

(UNAUDITED)

		Six months ended June 30	
	Notes	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets and liabilities at fair value through profit or loss - other		(\$ 475,685)	(\$ 248,775)
Disposal of financial assets and liabilities at fair value through profit or loss - other		542,292	1,104,898
Acquisition of financial assets at fair value through other comprehensive income		-	(4,157)
Disposal of financial assets at fair value through other comprehensive income		-	118,674
Acquisiton 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(31)	(1,582,101)	(1,103,247)
Acquisition of investment property		-	(243,929)
Proceeds from disposal of property, plant and equipment		44,052	124,778
Proceeds from disposal of non-current assets held for sale		-	2,605,512
Acquisition of intangible assets	6(11)	(37,644)	(18,192)
Increase in other non-current assets		(343,800)	(140,289)
Proceeds from disposal of investment property		1,551,626	-
Decrease in refundable deposits		13,121	36,315
Net cash flows (used in) from investing activities		(288,139)	1,566,703
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		5,131,250	724,170
Increase in short-term borrowings		200,000	300,000
Decrease in long-term borrowings		(200,000)	(1,423,180)
Change in non-controlling interests		(610,437)	(96,990)
Repayment of lease liabilities		(57,613)	(41,274)
Payment of cash dividends		(4,142,372)	-
Cash dividend distributed by subsidiaries		(606,428)	-
Treasury stock transferred to employees		38,487	-
Net cash flows used in financing activities		(247,113)	(537,274)
Effect of exchange rate changes		(601,402)	294,711
Net (decrease) increase in cash and cash equivalents		(691,980)	1,030,354
Cash and cash equivalents at beginning of period	6(1)	4,136,522	1,952,439
Cash and cash equivalents at end of period	6(1)	\$ 3,444,542	\$ 2,982,793

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