

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
September 30, 2019, December 31 and September 30, 2018

UNIT : NTD (In Thousands)

Assets	Notes	September 30, 2019		December 31, 2018		September 30, 2018		Liabilities & Stockholders' Equity	Notes	September 30, 2019		December 31, 2018		September 30, 2018	
			%		%		%				%		%		%
Current assets								Current liabilities							
Cash and cash equivalents	6.1	\$1,888,463	24.62	\$2,241,177	22.50	\$1,858,379	19.57	Short-term borrowings	6.9	\$1,261,116	16.44	\$1,644,650	16.51	\$1,516,407	15.97
Financial assets at fair value through profit or loss - current	6.2	79,241	1.03	107,950	1.08	105,878	1.11	Contract liabilities - current		536,976	7.00	414,677	4.16	257,451	2.71
Financial assets at amortized cost - current	6.3	30,000	0.39	30,000	0.30	-	-	Notes payable		1,355	0.02	1,813	0.02	3,740	0.04
Notes receivable, net	6.5	53,479	0.70	52,311	0.53	37,399	0.39	Accounts payable		1,253,249	16.34	2,928,456	29.40	2,570,651	27.06
Accounts receivable, net	6.5	1,643,741	21.43	1,973,494	19.81	2,027,781	21.35	Other payables		381,222	4.97	481,126	4.83	440,081	4.63
Other receivables		109,109	1.42	337,858	3.39	51,747	0.54	Current income tax liabilities		33,909	0.44	38,487	0.39	68,810	0.72
Current income tax assets		6,113	0.08	18,098	0.18	17,454	0.18	Provisions - current	6.10	160,242	2.09	184,774	1.85	242,531	2.55
Inventories	6.6	2,029,462	26.45	3,310,356	33.23	3,172,430	33.40	Lease liabilities - current	6.8	45,257	0.59	-	-	-	-
Prepayments		348,830	4.55	585,753	5.88	543,961	5.73	Other current liabilities	6.11	13,750	0.17	190,612	1.92	160,892	1.70
Other current assets		8,780	0.11	5,317	0.06	36,400	0.39	Sub-total		<u>3,687,076</u>	<u>48.06</u>	<u>5,884,595</u>	<u>59.08</u>	<u>5,260,563</u>	<u>55.38</u>
Sub-total		<u>6,197,218</u>	<u>80.78</u>	<u>8,662,314</u>	<u>86.96</u>	<u>7,851,429</u>	<u>82.66</u>	Non-current liabilities							
								Long-term borrowings	6.13	62,080	0.81	122,800	1.23	427,490	4.50
								Provisions - non-current	6.10	57,883	0.75	61,469	0.62	58,600	0.62
								Deferred tax liabilities		6,777	0.09	8,867	0.09	8,935	0.09
								Lease liabilities - non-current	6.8	37,984	0.50	-	-	-	-
								Other non-current liabilities		2,123	0.02	2,429	0.02	1,382	0.02
								Sub-total		<u>166,847</u>	<u>2.17</u>	<u>195,565</u>	<u>1.96</u>	<u>496,407</u>	<u>5.23</u>
								Total Liabilities		<u>3,853,923</u>	<u>50.23</u>	<u>6,080,160</u>	<u>61.04</u>	<u>5,756,970</u>	<u>60.61</u>
Non-current assets								Equity							
Financial assets at fair value through other comprehensive income - non-current	6.4	16,667	0.22	16,667	0.17	18,910	0.20	Equity attributable to owners of the parent							
Property, plant and equipment	6.7	902,474	11.76	959,324	9.63	985,409	10.37	Share Capital	6.15						
Right-of-use assets	6.8	239,445	3.12	-	-	-	-	Common stock		2,289,862	29.85	2,242,940	22.52	2,239,643	23.58
Intangible assets		55,760	0.73	83,464	0.84	88,556	0.93	Capital collected in advance		-	-	165	-	3,297	0.03
Deferred tax assets		64,915	0.85	57,422	0.58	49,132	0.52	Capital surplus	6.16	779,629	10.16	729,418	7.32	729,284	7.68
Other non-current assets		195,194	2.54	181,938	1.82	504,862	5.32	Retained earnings	6.17						
Sub-total		<u>1,474,455</u>	<u>19.22</u>	<u>1,298,815</u>	<u>13.04</u>	<u>1,646,869</u>	<u>17.34</u>	Legal reserve		226,069	2.95	206,873	2.08	206,873	2.18
								Special reserve		56,615	0.74	42,626	0.43	42,626	0.45
								Unappropriated earnings (Accumulated deficit)		147,951	1.93	192,739	1.93	97,825	1.03
								Other equity		(76,354)	(1.00)	(56,615)	(0.57)	(62,922)	(0.66)
								Treasury stock	6.15	(160,442)	(2.09)	-	-	-	-
								Total equity attributable to owners of the parent		<u>3,263,330</u>	<u>42.54</u>	<u>3,358,146</u>	<u>33.71</u>	<u>3,256,626</u>	<u>34.29</u>
								Non-controlling interests		554,420	7.23	522,823	5.25	484,702	5.10
								Total Equity		<u>3,817,750</u>	<u>49.77</u>	<u>3,880,969</u>	<u>38.96</u>	<u>3,741,328</u>	<u>39.39</u>
Total assets		<u>\$7,671,673</u>	<u>100.00</u>	<u>\$9,961,129</u>	<u>100.00</u>	<u>\$9,498,298</u>	<u>100.00</u>	Total Liabilities and Equity		<u>\$7,671,673</u>	<u>100.00</u>	<u>\$9,961,129</u>	<u>100.00</u>	<u>\$9,498,298</u>	<u>100.00</u>

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the Nine Months Ended September 30, 2019 and 2018

UNIT : NTD (In  
Thousands)

Item	Notes	2019	%	2018	%	2019	%	2018	%
Operating revenue	6.18	\$2,450,045	100.00	\$2,998,035	100.00	\$7,852,895	100.00	\$6,601,352	100.00
Operating costs	6.6	(1,915,627)	(78.19)	(2,543,375)	(84.83)	(6,330,775)	(80.62)	(5,303,744)	(80.34)
Gross profit (loss)		534,418	21.81	454,660	15.17	1,522,120	19.38	1,297,608	19.66
Net gross profit (loss)		534,418	21.81	454,660	15.17	1,522,120	19.38	1,297,608	19.66
Operating expenses									
Selling expenses		(153,431)	(6.26)	(141,548)	(4.72)	(455,847)	(5.80)	(423,232)	(6.41)
General and administrative expenses		(140,789)	(5.75)	(134,092)	(4.47)	(420,357)	(5.35)	(358,157)	(5.43)
Research and development expenses		(102,861)	(4.20)	(91,404)	(3.05)	(296,413)	(3.77)	(254,849)	(3.86)
Expected credit impairment gain (loss)		(1,149)	(0.04)	(9,320)	(0.31)	2,450	0.02	(10,193)	(0.16)
Total operating expenses		(398,230)	(16.25)	(376,364)	(12.56)	(1,170,167)	(14.90)	(1,046,431)	(15.86)
Operating profit (loss)		136,188	5.56	78,296	2.61	351,953	4.48	251,177	3.80
Non-operating income and expenses									
Other income		11,473	0.47	29,275	0.98	18,315	0.23	36,889	0.56
Other gains and losses	6.19	(21,574)	(0.88)	11,174	0.37	(15,582)	(0.20)	(11,619)	(0.18)
Financial costs		(17,424)	(0.71)	(12,536)	(0.42)	(61,589)	(0.78)	(34,817)	(0.52)
Sub-total		(27,525)	(1.12)	27,913	0.93	(58,856)	(0.75)	(9,547)	(0.14)
Profit (loss) before income tax		108,663	4.44	106,209	3.54	293,097	3.73	241,630	3.66
Income tax (expenses) benefit	6.22	(12,011)	(0.50)	(43,268)	(1.44)	(44,419)	(0.56)	(78,202)	(1.18)
Net profit (loss) from continuing operations		\$96,652	3.94	\$62,941	2.10	\$248,678	3.17	\$163,428	2.48
Net profit (loss)		\$96,652	3.94	\$62,941	2.10	\$248,678	3.17	\$163,428	2.48
Other comprehensive income (loss)									
Components of other comprehensive income that will be reclassified to profit or loss									
Financial statements translation differences of foreign operations		\$(27,616)	(1.13)	\$(27,522)	(0.92)	\$(19,739)	(0.25)	\$(20,296)	(0.31)
Other comprehensive income (loss), net of income tax		\$(27,616)	(1.13)	\$(27,522)	(0.92)	\$(19,739)	(0.25)	\$(20,296)	(0.31)
Total comprehensive income (loss)		\$69,036	2.81	\$35,419	1.18	\$228,939	2.92	\$143,132	2.17
Profit (loss) attributable to:									
Shareholders of the parent		64,983	2.65	39,285	1.31	147,951	1.88	97,825	1.48
Non-controlling interests		31,669	1.29	23,656	0.79	100,727	1.29	65,603	1.00
Total		96,652	3.94	62,941	2.10	248,678	3.17	163,428	2.48
Comprehensive income (loss) attributable to:									
Shareholders of the parent		37,366	1.53	11,763	0.39	128,212	1.63	77,529	1.17
Non-controlling interests		31,670	1.28	23,656	0.79	100,727	1.29	65,603	1.00
Total		\$69,036	2.81	\$35,419	1.18	\$228,939	2.92	\$143,132	2.17
Earnings per share	6.23								
Basic earnings (loss) per share (in dollars)		\$0.29		\$0.16		\$0.67		\$0.41	
Diluted earnings per share (in dollars)		\$0.29		\$0.16		\$0.66		\$0.40	

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Nine Months Ended September 30, 2019 and 2018

UNIT : NTD (In Thousands)

Summary	Equity Attributable to Shareholders of the Parent												Non-Controlling Interest	Total
	Share Capital			Retained Earnings			Other Equity Interests			Treasury Stock	SubTotal			
	Common Stock	Share capital collected in advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets					
Balance on January 1, 2018	\$2,297,357	\$117,500	\$687,987	\$174,139	\$25,386	\$338,155	\$(43,971)	\$0	\$1,345	\$0	\$3,597,898	\$545,549	\$4,143,447	
Effects of retrospective application and retrospective restatement	-	-	-	-	-	-	-	1,345	(1,345)	-	-	-	-	
Balance on January 1, 2018	2,297,357	117,500	687,987	174,139	25,386	338,155	(43,971)	1,345	-	-	3,597,898	545,549	4,143,447	
Appropriation of earnings 2017														
Legal reserve	-	-	-	32,734	-	(32,734)	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	17,240	(17,240)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(288,181)	-	-	-	-	(288,181)	-	(288,181)	
Cash dividends distributed from capital surplus	-	-	(15,610)	-	-	-	-	-	-	-	(15,610)	-	(15,610)	
Over 5-year unclaimed dividends transferred to capital surplus	-	-	72	-	-	-	-	-	-	-	72	-	72	
Net profit (loss)	-	-	-	-	-	97,825	-	-	-	-	97,825	65,604	163,429	
Other comprehensive income (loss)	-	-	-	-	-	-	(20,296)	-	-	-	(20,296)	-	(20,296)	
Capital reduction by cash	(241,486)	-	-	-	-	-	-	-	-	-	(241,486)	-	(241,486)	
Conversion of convertible bonds	183,772	(114,203)	56,835	-	-	-	-	-	-	-	126,404	-	126,404	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(126,451)	(126,451)	
Balance on September 30, 2018	\$2,239,643	\$3,297	\$729,284	\$206,873	\$42,626	\$97,825	\$(64,267)	\$1,345	\$0	\$0	\$3,256,626	\$484,702	\$3,741,328	
Balance on January 1, 2019	\$2,242,940	\$165	\$729,418	\$206,873	\$42,626	\$192,739	\$(56,778)	\$163	\$0	\$0	\$3,358,146	\$522,823	\$3,880,969	
Appropriation of earnings 2018														
Legal reserve	-	-	-	19,196	-	(19,196)	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	13,989	(13,989)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(159,554)	-	-	-	-	(159,554)	-	(159,554)	
Cash dividends distributed from capital surplus	-	-	(20,494)	-	-	-	-	-	-	-	(20,494)	-	(20,494)	
Net profit (loss)	-	-	-	-	-	147,951	-	-	-	-	147,951	100,727	248,678	
Other comprehensive income (loss)	-	-	-	-	-	-	(19,739)	-	-	-	(19,739)	-	(19,739)	
Conversion of convertible bonds	46,923	(165)	38,210	-	-	-	-	-	-	-	84,968	-	84,968	
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(160,442)	(160,442)	-	(160,442)	
Differences of acquisition or disposal price and book value of subsidiaries	-	-	32,495	-	-	-	-	-	-	-	32,495	-	32,495	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(69,130)	(69,130)	
Rounding	(1)	-	-	-	-	-	-	-	-	-	(1)	-	(1)	
Balance on September 30, 2019	\$2,289,862	\$0	\$779,629	\$226,069	\$56,615	\$147,951	\$(76,517)	\$163	\$0	\$(160,442)	\$3,263,330	\$554,420	\$3,817,750	

The accompanying notes are an integral part of financial statements

**HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Nine Months Ended September 30, 2019 and 2018

UNIT : NTD (In Thousands)

Items	2019	2018
<b>Cash flows from operating activities</b>		
Profit (loss) before income tax from continuing operations	\$293,097	\$241,630
Consolidated profit (loss) before tax	293,097	241,630
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	166,227	125,784
Amortization	24,828	18,267
Expected credit impairment loss (gain)	(2,450)	10,193
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	1,819	10,892
Interest expense	61,590	34,817
Interest income	(3,154)	(6,113)
Dividend income	(5,126)	(5,777)
Loss (gain) on disposal and scrap of property, plant and equipment	162	87
Loss (gain) on disposal of investments	(5,063)	(917)
Loss (gain) on disposal of investments accounted for under equity method	-	1,631
Loss(gain) on liquidation	(16)	-
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in financial assets held for trading	-	4,086
(Increase) decrease in notes receivable	(1,169)	(11,871)
(Increase) decrease in accounts receivable	332,203	(914,966)
(Increase) decrease in other receivables	228,641	(9,139)
(Increase) decrease in inventories	1,280,614	(1,728,033)
(Increase) decrease in prepaid expenses	(3,820)	(14,730)
(Increase) decrease in prepayments	233,226	(223,394)
(Increase) decrease in other current assets	(3,463)	4,765
Increase (decrease) in contract liabilities	122,299	116,543
Increase (decrease) in notes payable	(458)	1,862
Increase (decrease) in accounts payable	(1,675,207)	1,362,282
Increase (decrease) in other payables	(118,281)	(102,134)
Increase (decrease) in provisions	(28,119)	(39,017)
Increase (decrease) in advanced receipts	-	(9,138)
Increase (decrease) in other current liabilities	1,672	3,212
Increase (decrease) in net defined benefit liabilities	-	(32,116)
Interest received	3,262	7,019
Dividends received	5,126	5,777
Interest paid	(63,569)	(29,285)
Income taxes refund (paid)	(46,594)	(23,230)
Net cash flows generated from (used in) operating activities	<u>798,277</u>	<u>(1,201,013)</u>
<b>Cash flows from investing activities</b>		
Acquisition of financial assets at fair value through profit or loss	(1,592)	-
Proceeds from disposal of financial assets at fair value through profit or loss	33,531	-
Proceeds from disposal of investments accounted for under equity method	60,300	11,167
Acquisition of property, plant and equipment	(50,591)	(31,126)
Proceeds from disposal of property, plant and equipment	72	242
Decrease in guarantee deposits	27,783	500
Acquisition of intangible assets	(14,108)	(1,798)
Acquisition of right-of-use assets	(134,033)	-
Increase in other financial assets	(1,000)	-
Decrease in other financial assets	-	1,382
Increase in other non-current assets	-	(347,153)
Decrease in other non-current assets	3,519	67
Increase in prepayments for equipment	(54,018)	(20,686)
Proceeds from return of liquidation on investments accounted for under equity method	13	-
Net cash flows generated from (used in) investing activities	<u>(130,124)</u>	<u>(387,405)</u>
<b>Cash flows from financing activities</b>		
Increase in short-term borrowings	-	761,955
Decrease in short-term borrowings	(383,534)	-
Repayment of bonds	(1,700)	-
Proceeds from long-term borrowings	-	77,520
Repayments of long-term borrowings	(152,820)	-
Decrease in financial liabilities designated as at fair value through profit or loss	-	(279)
Decrease in guarantee deposits received	(147)	173
Repayment of lease principle	(39,298)	-
Increase in other non-current liabilities	1,058	14,583
Cash dividends paid	(180,048)	(303,791)
Capital reduction by cash	-	(241,486)
The purchase of treasury stock	(160,442)	-
Increase (decrease) in minority interest	(69,130)	(126,452)
Net cash generated from (used in) financing activities	<u>(986,061)</u>	<u>182,223</u>
Effects of changes in exchange rate on cash and cash equivalents	(34,806)	(14,922)
Net increase (decrease) in cash and cash equivalents	(352,714)	(1,421,117)
Cash and cash equivalents at beginning of period	2,241,177	3,279,496
Cash and cash equivalents at end of period	<u>\$1,888,463</u>	<u>\$1,858,379</u>

The accompanying notes are an integral part of financial statements