

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
June 30, 2020, December 31 and June 30, 2019

UNIT : NTD (In Thousands)

Assets	Notes	June 30, 2020	%	December 31, 2019	%	June 30, 2019	%	Liabilities & Stockholders' Equity	Notes	June 30, 2020	%	December 31, 2019	%	June 30, 2019	%
Current assets								Current liabilities							
Cash and cash equivalents	6.1	\$3,486,424	32.42	\$4,607,008	46.46	\$1,813,549	21.78	Short-term borrowings	6.10	\$1,895,166	17.62	\$952,701	9.61	\$1,809,587	21.74
Financial assets at fair value through profit or loss - current	6.2	76,695	0.71	92,866	0.94	110,534	1.33	Financial liabilities at fair value through profit or loss - current	6.2	1,278	0.01	-	-	7,764	0.09
Financial assets at amortized cost - current	6.3	200,000	1.86	30,000	0.30	30,000	0.36	Contract liabilities - current	6.20	354,863	3.30	463,355	4.67	383,287	4.60
Notes receivable, net	6.5	23,672	0.22	46,055	0.46	46,450	0.56	Notes payable		1,791	0.02	237	-	1,659	0.02
Accounts receivable, net	6.5	1,846,569	17.17	1,284,572	12.96	1,958,456	23.52	Accounts payable		1,544,221	14.36	1,269,489	12.80	1,223,200	14.69
Other receivables		17,981	0.17	58,181	0.59	108,668	1.31	Other payables	6.12	777,505	7.23	458,922	4.63	696,979	8.37
Current income tax assets		21,957	0.20	5,648	0.06	18,533	0.22	Current income tax liabilities		65,305	0.61	62,654	0.63	48,789	0.59
Inventories	6.6	2,337,029	21.73	1,767,865	17.83	2,316,446	27.82	Provisions - current	6.11	147,714	1.37	189,104	1.91	163,507	1.96
Prepayments		422,060	3.92	357,500	3.61	400,876	4.82	Lease liabilities - current	6.8	36,740	0.34	42,474	0.43	47,688	0.57
Other current assets		11,661	0.12	5,919	0.05	7,855	0.10	Other current liabilities	6.13	14,610	0.14	134,758	1.36	12,945	0.17
Sub-total		<u>8,444,048</u>	<u>78.52</u>	<u>8,255,614</u>	<u>83.26</u>	<u>6,811,367</u>	<u>81.82</u>	Sub-total		<u>4,839,193</u>	<u>45.00</u>	<u>3,573,694</u>	<u>36.04</u>	<u>4,395,405</u>	<u>52.80</u>
Non-current assets								Non-current liabilities							
Financial assets at fair value through other comprehensive income - non-current	6.4	21,245	0.20	21,245	0.21	16,667	0.20	Financial liabilities at fair value through profit or loss - non-current		1,080	0.01	1,560	0.02	-	-
Property, plant and equipment	6.7	1,601,230	14.89	1,108,216	11.18	947,120	11.38	Bonds payable	6.14	575,910	5.36	571,047	5.76	-	-
Right-of-use assets	6.8	195,755	1.82	219,340	2.21	254,822	3.06	Long-term borrowings	6.15	-	-	150,000	1.51	93,180	1.12
Intangible assets		37,650	0.35	50,916	0.51	60,209	0.72	Provisions - non-current	6.11	37,356	0.35	41,703	0.42	45,999	0.55
Deferred tax assets		88,862	0.83	78,917	0.80	66,267	0.80	Deferred tax liabilities		19,725	0.18	7,070	0.07	8,241	0.10
Other non-current assets	6.9	364,987	3.39	180,948	1.83	168,646	2.02	Lease liabilities - non-current	6.8	13,320	0.12	26,152	0.27	48,776	0.59
Sub-total		<u>2,309,729</u>	<u>21.48</u>	<u>1,659,582</u>	<u>16.74</u>	<u>1,513,731</u>	<u>18.18</u>	Other non-current liabilities		418	(0.01)	418	0.01	742	0.01
								Sub-total							
								<u>647,809</u>							
								6.01							
								<u>797,950</u>							
								8.06							
								<u>196,938</u>							
								2.37							
								<u>5,487,002</u>							
								51.01							
								<u>4,371,644</u>							
								44.10							
								<u>4,592,343</u>							
								55.17							
Equity								Equity attributable to owners of the parent							
Share Capital	6.17							Share Capital	6.17						
Common stock								Common stock		3,289,862	30.59	3,289,862	33.18	2,277,994	27.36
Capital collected in advance								Capital collected in advance		-	-	-	-	11,868	0.14
Capital surplus	6.18							Capital surplus	6.18	1,312,633	12.21	1,401,968	14.14	770,364	9.25
Retained earnings	6.19							Retained earnings	6.19						
Legal reserve								Legal reserve		248,065	2.31	226,069	2.28	226,069	2.72
Special reserve								Special reserve		89,973	0.84	56,615	0.57	56,615	0.68
Unappropriated earnings (Accumulated deficit)								Unappropriated earnings (Accumulated deficit)		81,793	0.76	223,073	2.25	82,968	1.00
Other equity								Other equity		(125,275)	(1.16)	(89,974)	(0.91)	(48,738)	(0.59)
Treasury stock								Treasury stock		(160,442)	(1.49)	(160,442)	(1.62)	(160,442)	(1.93)
Total equity attributable to owners of the parent								Total equity attributable to owners of the parent		<u>4,736,609</u>	<u>44.06</u>	<u>4,947,171</u>	<u>49.89</u>	<u>3,216,698</u>	<u>38.63</u>
Non-controlling interests								Non-controlling interests		530,166	4.93	596,381	6.01	516,057	6.20
Total Equity								Total Equity		<u>5,266,775</u>	<u>48.99</u>	<u>5,543,552</u>	<u>55.90</u>	<u>3,732,755</u>	<u>44.83</u>
Total assets		<u>\$10,753,777</u>	<u>100.00</u>	<u>\$9,915,196</u>	<u>100.00</u>	<u>\$8,325,098</u>	<u>100.00</u>	Total Liabilities and Equity		<u>\$10,753,777</u>	<u>100.00</u>	<u>\$9,915,196</u>	<u>100.00</u>	<u>\$8,325,098</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 Six Months Ended June 30, 2020 and 2019

UNIT : NTD (In  
Thousands)

Item	Notes	2020	%	2019	%	2020	%	2019	%
Operating revenue	6.20	\$2,543,204	100.00	\$2,816,346	100.00	\$3,994,180	100.00	\$5,402,850	100.00
Operating costs	6.6	(1,999,967)	(78.64)	(2,259,929)	(80.24)	(3,052,673)	(76.43)	(4,415,148)	(81.72)
Gross profit (loss)		543,237	21.36	556,417	19.76	941,507	23.57	987,702	18.28
Net gross profit (loss)		543,237	21.36	556,417	19.76	941,507	23.57	987,702	18.28
Operating expenses									
Selling expenses		(151,107)	(5.94)	(149,439)	(5.31)	(292,644)	(7.33)	(302,416)	(5.60)
General and administrative expenses		(157,451)	(6.19)	(140,339)	(4.98)	(288,507)	(7.22)	(279,569)	(5.17)
Research and development expenses		(98,475)	(3.87)	(100,912)	(3.58)	(185,424)	(4.64)	(193,552)	(3.58)
Expected credit impairment gain (loss)		166	-	2,481	0.09	(111)	-	3,600	0.06
Total operating expenses		(406,867)	(16.00)	(388,209)	(13.79)	(766,686)	(19.19)	(771,937)	(14.29)
Operating profit (loss)		136,370	5.36	168,208	5.97	174,821	4.38	215,765	3.99
Non-operating income and expenses									
Interest income		1,414	0.06	1,646	0.06	6,427	0.16	2,398	0.04
Other income		38,661	1.52	1,681	0.06	39,961	1.00	4,444	0.08
Other gains and losses	6.21	11,203	0.44	(10,525)	(0.37)	(9,542)	(0.24)	5,992	0.11
Financial costs		(9,215)	(0.36)	(21,148)	(0.75)	(20,694)	(0.52)	(44,165)	(0.81)
Sub-total		42,063	1.66	(28,346)	(1.00)	16,152	0.40	(31,331)	(0.58)
Profit (loss) before income tax		178,433	7.02	139,862	4.97	190,973	4.78	184,434	3.41
Income tax (expenses) benefit	6.24	(26,871)	(1.06)	(31,847)	(1.13)	(53,945)	(1.35)	(32,408)	(0.60)
Net profit (loss) from continuing operations		\$151,562	5.96	\$108,015	3.84	\$137,028	3.43	\$152,026	2.81
Net profit (loss)		\$151,562	5.96	\$108,015	3.84	\$137,028	3.43	\$152,026	2.81
Other comprehensive income (loss)									
Components of other comprehensive income that will be reclassified to profit or loss									
Financial statements translation differences of foreign operations		\$(33,194)	(1.31)	\$(12,676)	(0.45)	\$(35,301)	(0.88)	\$7,877	0.15
Other comprehensive income (loss), net of income tax		\$(33,194)	(1.31)	\$(12,676)	(0.45)	\$(35,301)	(0.88)	\$7,877	0.15
Total comprehensive income (loss)		\$118,368	4.65	\$95,339	3.39	\$101,727	2.55	\$159,903	2.96
Profit (loss) attributable to:									
Shareholders of the parent		112,761	4.43	66,941	2.38	81,793	2.05	82,968	1.54
Non-controlling interests		38,801	1.53	41,074	1.46	55,235	1.38	69,058	1.27
Total		151,562	5.96	108,015	3.84	137,028	3.43	152,026	2.81
Comprehensive income (loss) attributable to:									
Shareholders of the parent		79,567	3.13	54,265	1.93	46,492	1.16	90,845	1.68
Non-controlling interests		38,801	1.52	41,074	1.46	55,235	1.39	69,058	1.28
Total		\$118,368	4.65	\$95,339	3.39	\$101,727	2.55	\$159,903	2.96
Earnings per share	6.25								
Basic earnings (loss) per share (in dollars)		\$0.35		\$0.30		\$0.25		\$0.38	
Diluted earnings per share (in dollars)		\$0.35		\$0.30		\$0.25		\$0.37	

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Six Months Ended June 30, 2020 and 2019

UNIT : NTD (In Thousands)

Summary	Equity Attributable to Shareholders of the Parent											Non-Controlling Interest	Total
	Share Capital		Capital Surplus	Retained Earnings			Other Equity Interests		Treasury Stock	SubTotal			
	Common Stock	Share capital collected in advance		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					
Balance on January 1, 2019	\$2,242,940	\$165	\$729,418	\$206,873	\$42,626	\$192,739	\$(56,778)	\$163	\$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)	-	-	-	-	-	82,968	-	-	-	82,968	69,058	152,026	
Other comprehensive income (loss)	-	-	-	-	-	-	7,877	-	-	7,877	-	7,877	
Conversion of convertible bonds	35,055	11,703	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	-	-	23,230	-	-	-	-	-	-	23,230	-	23,230	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(75,824)	(75,824)	
Rounding	(1)	-	-	-	-	-	-	-	-	(1)	-	(1)	
Balance on June 30, 2019	\$2,277,994	\$11,868	\$770,364	\$226,069	\$56,615	\$82,968	\$(48,901)	\$163	\$(160,442)	\$3,216,698	\$516,057	\$3,732,755	
Balance on January 1, 2020	\$3,289,862	\$0	\$1,401,968	\$226,069	\$56,615	\$223,073	\$(95,371)	\$5,397	\$(160,442)	\$4,947,171	\$596,381	\$5,543,552	
Appropriation of earnings 2019													
Legal reserve	-	-	-	21,996	-	(21,996)	-	-	-	-	-	-	
Special reserve	-	-	-	-	33,358	(33,358)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(167,719)	-	-	-	(167,719)	-	(167,719)	
Cash dividends distributed from capital surplus	-	-	(89,335)	-	-	-	-	-	-	(89,335)	-	(89,335)	
Net profit (loss)	-	-	-	-	-	81,793	-	-	-	81,793	55,235	137,028	
Other comprehensive income (loss)	-	-	-	-	-	-	(35,301)	-	-	(35,301)	-	(35,301)	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(121,450)	(121,450)	
Balance on June 30, 2020	\$3,289,862	\$0	\$1,312,633	\$248,065	\$89,973	\$81,793	\$(130,672)	\$5,397	\$(160,442)	\$4,736,609	\$530,166	\$5,266,775	

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Six Months Ended June 30, 2020 and 2019

UNIT : NTD (In Thousands)

Items	2020	2019
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	\$190,973	\$184,434
Consolidated profit (loss) before tax	190,973	184,434
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	111,408	110,197
Amortization	16,123	16,231
Expected credit impairment loss (gain)	111	(3,600)
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	(893)	1,258
Interest expense	20,693	44,165
Interest income	(6,427)	(2,398)
Loss (gain) on disposal and scrap of property, plant and equipment	(408)	130
Loss gain) on disposal of investments	3,665	(243)
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in notes receivable	22,383	5,860
(Increase) decrease in accounts receivable	(562,109)	18,638
(Increase) decrease in other receivables	41,160	228,666
(Increase) decrease in inventories	(569,302)	993,620
(Increase) decrease in prepaid expenses	(3,798)	(2,935)
(Increase) decrease in prepayments	(60,762)	186,354
(Increase) decrease in other current assets	(5,743)	(2,537)
Increase (decrease) in contract liabilities	(108,492)	(31,391)
Increase (decrease) in notes payable	1,554	(154)
Increase (decrease) in accounts payable	243,317	(1,705,256)
Increase (decrease) in other payables	(66,102)	(92,302)
Increase (decrease) in provisions	(45,736)	(36,737)
Increase (decrease) in other current liabilities	(145)	866
Interest received	5,466	2,922
Interest paid	(14,044)	(46,803)
Income taxes refund (paid)	(64,891)	(32,014)
Net cash flows generated from (used in) operating activities	<u>(851,999)</u>	<u>(163,029)</u>
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	(170,000)	-
Acquisition of financial assets at fair value through profit or loss	(22,227)	-
Proceeds from disposal of financial assets at fair value through profit or loss	36,163	4,233
Acquisition of investments accounted for under equity method	-	(2,506)
Proceeds from disposal of investments accounted for under equity method	-	43,657
Acquisition of property, plant and equipment	(564,263)	(24,066)
Proceeds from disposal of property, plant and equipment	8,922	62
Increase in guarantee deposits	(10,554)	-
Decrease in guarantee deposits	-	24,590
Acquisition of intangible assets	(3,090)	(11,998)
Proceed from disposal of intangible assets	906	-
Acquisition of right-of-use assets	-	(130,407)
Increase in other financial assets	-	(1,000)
Increase in other non-current assets	(1,834)	(20,729)
Increase in prepayments for equipment	(172,767)	(5,018)
Proceeds from return of liquidation on investments accounted for under equity method	-	16
Net cash flows generated from (used in) investing activities	<u>(898,744)</u>	<u>(123,166)</u>
Cash flows from financing activities		
Increase in short-term borrowings	942,464	164,937
Repayment of bonds	-	(1,700)
Repayments of long-term borrowings	(270,000)	(121,720)
Decrease in financial liabilities designated as at fair value through profit or loss	-	(67)
Decrease in guarantee deposits received	(1)	-
Repayment of lease principle	(25,020)	(25,997)
Decrease in other non-current liabilities	-	(468)
The purchase of treasury stock	-	(160,442)
Increase (decrease) in minority interest	-	20,235
Net cash generated from (used in) financing activities	<u>647,443</u>	<u>(125,222)</u>
Effects of changes in exchange rate on cash and cash equivalents	(17,284)	(16,211)
Net increase (decrease) in cash and cash equivalents	(1,120,584)	(427,628)
Cash and cash equivalents at beginning of period	4,607,008	2,241,177
Cash and cash equivalents at end of period	<u>\$3,486,424</u>	<u>\$1,813,549</u>

The accompanying notes are an integral part of financial statements