

**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET**

**JUNE 30th 2019, DEC 31st and JUNE 30th 2018**

(Expressed in thousands of New Taiwan Dollars)

	2019.6.30		2018.12.31		2018.6.30			2019.6.30		2018.12.31		2018.6.30	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Assets</b>							<b>Liabilities and Equity</b>						
<b>Current Assets:</b>							<b>Current Liabilities:</b>						
Cash and Cash Equivalents	4,620,442	32	4,441,678	30	4,108,413	29	Short-term Loans	570,729	4	1,051,916	7	1,530,794	11
Financial Assets at Fair Value through Profit or Loss - Current	241,747	2	294,310	2	205,660	1	Current Contract Liabilities	61,486	-	61,900	-	43,029	-
Notes and Accounts Receivable, net	2,664,297	19	3,285,623	23	3,692,408	26	Notes and Accounts Payable	846,463	6	896,803	6	1,295,914	9
Other Receivables	64,439	-	82,785	1	80,512	1	Accounts Payable - Related Parties	34,425	-	34,199	-	37,095	-
Inventories	2,550,529	18	2,595,655	18	2,468,082	17	Dividend Payable	1,421,917	10	-	-	837,351	6
Prepaid Expenses and Other Current Assets	100,734	1	93,421	1	104,232	1	Other Payables	1,676,641	12	1,427,390	10	1,083,752	8
<b>Total Current Assets</b>	<b>10,242,188</b>	<b>72</b>	<b>10,793,472</b>	<b>75</b>	<b>10,659,307</b>	<b>75</b>	Current Period Income Tax Liability	197,228	2	718,516	5	352,653	3
<b>Noncurrent Assets:</b>							Lease liabilities-Current	19,454	-	-	-	-	-
Non-current financial assets at fair value through profit or loss	41,805	-	60,189	-	75,987	1	Long term liabilities due within one year	20,016	-	15,125	-	6,430	-
Non-current financial assets at fair value through other comprehensive income	71,732	1	113,261	1	133,324	1	<b>Total Current Liabilities</b>	<b>4,848,359</b>	<b>34</b>	<b>4,205,849</b>	<b>28</b>	<b>5,187,018</b>	<b>37</b>
Investments Accounted for Using Equity Method	332,986	3	319,815	2	324,352	2	<b>Noncurrent Liabilities:</b>						
Property, Plant and Equipment	3,148,171	22	2,861,410	20	2,517,690	18	Long-term Loans	47,057	-	55,817	-	64,542	-
Right-of-use assets	52,805	-	-	-	-	-	Deferred income tax liabilities	63,523	-	63,523	-	16,684	-
Intangible Assets	18,392	-	19,586	-	164,502	1	Lease liabilities-Non-Current	33,581	-	-	-	-	-
Deferred Income Tax Assets	71,500	-	69,768	-	36,906	-	Defined Benefit Liabilities-Non-Current	63,362	-	63,362	-	61,707	-
Prepaid Expense on Equipment	301,589	2	307,759	2	258,656	2	Other Noncurrent Liabilities - Others	2,394	-	2,365	-	2,346	-
Other Noncurrent Assets - Others	24,828	-	21,728	-	23,456	-	<b>Total Noncurrent Liabilities</b>	<b>209,917</b>	<b>-</b>	<b>185,067</b>	<b>-</b>	<b>145,279</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>4,063,808</b>	<b>28</b>	<b>3,773,516</b>	<b>25</b>	<b>3,534,873</b>	<b>25</b>	<b>Total Liabilities</b>	<b>5,058,276</b>	<b>34</b>	<b>4,390,916</b>	<b>28</b>	<b>5,332,297</b>	<b>37</b>
							<b>Equity Attributable to Parent Company:</b>						
							Common Stock	1,579,908	11	1,579,908	11	1,579,908	11
							Capital Surplus	3,403,639	24	3,403,321	23	3,447,802	24
							Retained Earnings:						
							Legal Reserve	1,638,205	11	1,360,044	10	1,360,044	10
							Special Capital Reserve	132,916	1	-	-	-	-
							Unappropriated Earnings	2,143,069	16	3,438,564	24	1,977,592	14
							Total Retained Earnings	3,914,190	28	4,798,608	34	3,337,636	24
							Other Equity:						
							Exchange Differences on Translation of Financial Statements of Foreign Operations	(32,887)	-	(45,369)	-	(37,747)	-
							Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(87,412)	-	(87,547)	-	71,894	1
							Total Other Equity	(120,299)	-	(132,916)	-	34,147	1
							<b>Total Equity Attributable to Stockholders of Parent Company</b>	<b>8,777,438</b>	<b>63</b>	<b>9,648,921</b>	<b>68</b>	<b>8,399,493</b>	<b>60</b>
							<b>Non-Controlling Equity</b>	<b>470,282</b>	<b>3</b>	<b>527,151</b>	<b>4</b>	<b>462,390</b>	<b>3</b>
							<b>Total Equity</b>	<b>9,247,720</b>	<b>66</b>	<b>10,176,072</b>	<b>72</b>	<b>8,861,883</b>	<b>63</b>
<b>Total Assets</b>	<b>14,305,996</b>	<b>100</b>	<b>14,566,988</b>	<b>100</b>	<b>14,194,180</b>	<b>100</b>	<b>Total Liabilities and Equity</b>	<b>14,305,996</b>	<b>100</b>	<b>14,566,988</b>	<b>100</b>	<b>14,194,180</b>	<b>100</b>

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**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**  
**CONSOLIDATED COMPREHENSIVE STATEMENT OF INCOME**

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Apr 1st-June 30th 2018, 2019				Jan 1st-June 30th 2018, 2019			
	2019 April-June		2018 April-June		2019 Jan-June		2018 Jan-June	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Net Sales</b>	3,752,587	100	4,308,103	100	6,784,793	100	7,661,980	100
<b>Cost of Goods Sold</b>	3,012,709	80	2,632,517	61	5,216,149	77	4,964,988	65
<b>Gross Profit</b>	739,878	20	1,675,586	39	1,568,644	23	2,696,992	35
<b>Operating Expense</b>								
Selling and Administrative	321,338	9	409,366	10	803,295	11	775,694	10
Research and Development	109,477	3	86,197	2	196,730	3	156,495	2
Expected Credit Loss (gain)	(91)	-	(7,828)	-	(305)	-	(3,862)	-
<b>Total Operating Expense</b>	430,724	12	487,735	12	999,720	14	928,327	12
<b>Operating Income</b>	309,154	8	1,187,851	27	568,924	9	1,768,665	23
<b>Non-Operating Income and Expenses:</b>								
Non-current financial assets at fair value through other comprehensive income	25,595	1	(16,402)	-	84,519	1	(2,765)	-
Financial Costs	(2,862)	-	(6,438)	-	(7,710)	-	(14,322)	-
Share of Profit of Associates Accounted for Using Equity Method	6,257	-	(100)	-	12,684	-	(138)	-
Interest Income	6,363	-	4,114	-	10,546	-	6,248	-
<b>Total Non-Operating Income and Expenses</b>	35,353	1	(18,826)	-	100,039	1	(10,977)	-
<b>Income before Income Tax</b>	344,507	9	1,169,025	27	668,963	10	1,757,688	23
<b>Less: Income Tax Expense</b>	128,040	3	217,003	5	195,848	3	349,840	5
<b>Net Income for Current Period</b>	216,467	6	952,022	22	473,115	7	1,407,848	18
<b>Other Comprehensive Gains and Losses:</b>								
<b>Items not to be reclassified into profit or loss:</b>								
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive	7,344	-	(26,781)	(1)	3,909	-	(8,092)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(138)	-	-	-	1,730	-	-	-
<b>Total Items not to be reclassified</b>	7,206	-	(26,781)	(1)	5,639	-	(8,092)	-
<b>Revaluation gain or loss arising from reclassification</b>								
Exchange Differences on Translation of Financial Statements of Foreign Operations	6,256	-	26,728	1	14,498	-	20,542	-
Components of other comprehensive income that will be reclassified to profit or loss	6,256	-	26,728	1	14,498	-	20,542	-
<b>Other Comprehensive Gains and Losses (Net of Tax)</b>	13,462	-	(53)	-	20,137	-	12,450	-
<b>Total Comprehensive Profit or Loss for Current Period</b>	<b>229,929</b>	<b>6</b>	<b>951,969</b>	<b>22</b>	<b>493,252</b>	<b>7</b>	<b>1,420,298</b>	<b>18</b>
<b>Net Income Attributable to:</b>								
Stockholders of Parent Company	263,835	7	966,853	22	537,499	8	1,456,575	19
Non-Controlling Equity	(47,368)	(1)	(14,831)	-	(64,384)	(1)	(48,727)	(1)
<b>Net Income for Current Period</b>	<b>216,467</b>	<b>6</b>	<b>952,022</b>	<b>22</b>	<b>473,115</b>	<b>7</b>	<b>1,407,848</b>	<b>18</b>
<b>Comprehensive Profit or Loss Attributable to:</b>								
Stockholders of Parent Company	270,883	7	972,130	22	550,116	8	1,466,549	19
Non-Controlling Equity	(40,954)	(1)	(20,161)	-	(56,864)	(1)	(46,251)	(1)
<b>Total Comprehensive Profit or Loss for Current Period</b>	<b>229,929</b>	<b>6</b>	<b>951,969</b>	<b>22</b>	<b>493,252</b>	<b>7</b>	<b>1,420,298</b>	<b>18</b>
<b>Earnings per Share</b>								
Basic Earnings per Share (Unit: NT Dollar)	<b>1.67</b>		<b>6.12</b>		<b>3.40</b>		<b>9.22</b>	
Diluted Earnings per Share (Unit: NT Dollar)	<b>1.66</b>		<b>6.09</b>		<b>3.36</b>		<b>9.14</b>	

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**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER EQUITY**  
**Jan 1st-June 30th, 2019 and 2018**  
(Expressed in thousands of New Taiwan dollars)

	Equity Attributable to Stockholders of Parent Company										
	Retained Earnings					Other Equity					
	Common Stock	Capital Surplus	Legal Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealised gains (loses)from investments in equity instruments measured at fair value through other comprehensive income	Unrealized Gain (Loss) on Available-for-sale Financial Products	Total Equity Attributable to Stockholders of Parent Company	Non-Controlling Equity	Total Equity
<b>Beginning Balance, Jan. 1st, 2018</b>	1,579,908	3,493,390	1,272,159	-	1,408,577	(57,854)	-	163,625	7,859,805	463,495	8,323,300
Retroactive Adjustment	-	-	-	-	(9,721)	-	82,027	(163,625)	(91,319)	(25,102)	(116,421)
Balance after Restatement, Jan. 1st, 2018	1,579,908	3,493,390	1,272,159	-	1,398,856	(57,854)	82,027	-	7,768,486	438,393	8,206,879
Net Income for Current Period	-	-	-	-	1,456,575	-	-	-	1,456,575	(48,727)	1,407,848
Other Comprehensive Profit or Loss for Current Period	-	-	-	-	-	20,107	(10,133)	-	9,974	2,476	12,450
Total Comprehensive Profit or Loss for Current Period	-	-	-	-	1,456,575	20,107	(10,133)	-	1,466,549	(46,251)	1,420,298
Appropriations of Retained Earnings:											
Legal Capital Reserve	-	-	87,885	-	(87,885)	-	-	-	-	-	-
Cash Dividends to Shareholders	-	-	-	-	(789,954)	-	-	-	(789,954)	-	(789,954)
Other Changes to Additional Paid-In Capital:											
Cash Dividends Distributed from Additional Paid-In Capital	-	(47,397)	-	-	-	-	-	-	(47,397)	-	(47,397)
Profit(loss) of associates and joint ventures accounted for using equity method	-	1,809	-	-	-	-	-	-	1,809	-	1,809
Non-controlling Interests	-	-	-	-	-	-	-	-	-	70,248	70,248
<b>Ending Balance, June 30th, 2018</b>	<b>1,579,908</b>	<b>3,447,802</b>	<b>1,360,044</b>	<b>-</b>	<b>1,977,592</b>	<b>(37,747)</b>	<b>71,894</b>	<b>-</b>	<b>8,399,493</b>	<b>462,390</b>	<b>8,861,883</b>
<b>Beginning Balance, Jan. 1st, 2019</b>	1,579,908	3,403,321	1,360,044	-	3,438,564	(45,369)	(87,547)	-	9,648,921	527,151	10,176,072
Net Income for Current Period	-	-	-	-	537,499	-	-	-	537,499	(64,384)	473,115
Other Comprehensive Profit or Loss for Current Period	-	-	-	-	-	12,482	135	-	12,617	7,520	20,137
Total Comprehensive Profit or Loss for Current Period	-	-	-	-	537,499	12,482	135	-	550,116	56,864	493,252
Appropriations of Retained Earnings:											
Legal Capital Reserve	-	-	278,161	-	(278,161)	-	-	-	-	-	-
Speical Capital Reserve	-	-	-	132,916	(132,916)	-	-	-	-	-	-
Cash Dividends to Shareholders	-	-	-	-	(1,421,917)	-	-	-	(1,421,917)	-	(1,421,917)
Other Changes to Additional Paid-In Capital:											
Profit(loss) of associates and joint ventures accounted for using equity method	-	318	-	-	-	-	-	-	318	-	318
Non-controlling Interests	-	-	-	-	-	-	-	-	-	(5)	(5)
<b>Ending Balance, June 30th, 2019</b>	<b>1,579,908</b>	<b>3,403,639</b>	<b>1,638,205</b>	<b>132,916</b>	<b>2,143,069</b>	<b>(32,887)</b>	<b>(87,412)</b>	<b>-</b>	<b>8,777,438</b>	<b>470,282</b>	<b>9,247,720</b>

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**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOW**

**Jan 1st-June 30th, 2019 and 2018**

**(Expressed in thousands of New Taiwan Dollars)**

	<u>2019 Jan-June</u>	<u>2018 Jan-June</u>
<b>Cash Flows generated from Operating activities:</b>		
<b>Income before Income Tax</b>	\$ 668,963	1,757,688
<b>Adjustments:</b>		
Incomes or Expenses		
Depreciation Expense	227,729	135,942
Amortization Expense	1,496	1,477
Expected Credit Impairment Loss	(305)	(3,862)
Net Loss (gain) on financial assets or liabilities at fair value through profit or loss	(33,215)	899
Interest Expense	7,710	14,322
Interest Income	(10,546)	(6,248)
Dividend Income	(123)	-
Share of Profit of Associates Accounted for Using Equity Method	(12,684)	138
Gain (Loss) on Disposal and Scrap of Property and Equipment	(44)	5,196
Gain on Disposal of Investment	177	-
Gain (Loss) on Non-Financial Assests	1,377	23,630
Total Incomes or Expenses that do not affect Cash Flow	<u>181,572</u>	<u>171,494</u>
Total of Net Change in Assets and Liabilities related to Operating Activities:		
Financial Assets at Fair Value through Profit or Loss	77,507	(138,790)
Notes and Accounts Receivable	621,784	(583,719)
Other Receivables	18,599	34,430
Inventory	45,126	(274,852)
Other Prepayments and other Current Assets	(7,329)	(33,401)
Total Net Change in Assets and Liabilities related to Operating Activities	<u>755,687</u>	<u>(996,332)</u>
Net Change in Assets and Liabilities related to Operating Activities:		
Contract Liabilities	(410)	10,327
Accounts and Notes Payable	(50,340)	(74,618)
Accounts Receivable-Related Parties	226	22,286
Increase (decrease) in other payables	250,222	273,550
Total net changes in operating liabilities	<u>199,698</u>	<u>231,545</u>
Total net changes in operating assets and liabilities	<u>955,385</u>	<u>(764,787)</u>
Total Adjustments	<u>1,136,957</u>	<u>(593,293)</u>
Cash Flow generated from Operating Activities	1,805,920	1,164,395
Interest Received	10,293	5,994
Dividend Received	123	-
Interest Paid	(8,176)	(12,225)
Income Tax Paid	(717,114)	(130,773)
Cash Flow generated from Operating Activities	<u>1,091,046</u>	<u>1,027,391</u>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from capital reduction of financial assets at fair value through other comprehensive	45,523	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	26,655	-
Proceeds from disposal of subsidiaries	(355)	-
Acquisition of property, plant and equipment	(500,021)	(454,705)
Proceeds from disposal of property, plant and equipment	435	2,344
Acquisition of intangible assets	(1,333)	(78)
Decrease Prepayments on Equipments	6,170	-
Increase on Other Non-Current Assets	(3,044)	(130)
<b>Net Cash Flows generated from (used in) Investing Activities</b>	<u>(425,970)</u>	<u>(452,569)</u>
<b>Cash Flows generated from Financing Activities:</b>		
Increase in Short-term Loans	(481,187)	437,744
Repayments of long-term debt	(5,739)	(1,095)
Payments of lease liabilities	(10,449)	-
Decrease in other non-current liabilities	29	35
Changes in Non-Controlling Equity	-	72,057
<b>Net Cash Flows (generated from) used in Financing Activities</b>	<u>(497,346)</u>	<u>508,741</u>
Effect of Exchange Rate Changes in Cash and Cash Equivalents	11,034	14,942
<b>Net increase (decrease) in cash and cash equivalents</b>	178,764	1,098,505
<b>Cash and Cash in Banks at Beginning of the Period</b>	4,441,678	3,009,908
<b>Cash and Cash in Banks at End of the Period</b>	<u><u>4,620,442</u></u>	<u><u>4,108,413</u></u>

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