

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD.
STATEMENTS OF INCOME (CONSOLIDATED)
For the Years Ended December 31, 2016 and 2015

	2016	2015
	NT\$'000	NT\$'000
Operating Revenues		
Net operating revenues	4,6(17),7	20,081,683
Cost of goods sold	6(5),6(8),6(9),6(14),6(18),6(19),7	(14,152,516)
Gross Profit	5,929,167	4,793,983
Operating Expenses	6(8),6(9),6(14),6(18),6(19)	
Selling expenses	(300,055)	(269,328)
Administrative expenses	(1,194,609)	(1,141,722)
Research and development expenses	(732,572)	(679,573)
Total operating expenses	(2,227,236)	(2,090,623)
Operating Income(loss)	3,701,931	2,703,360
Non-operating Income		
Other income	6(20)	126,352
Other profit or loss	6(20)	70,037
Financial cost	6(8),6(20)	(192,784)
Gain on the shareportion of associates and joint venture - equity method	6(7)	(115,253)
Total non-operating income	(111,648)	59,621
Net income before tax	3,590,283	2,848,601
Income tax expense	4,6(22)	(608,506)
Net Income	2,981,777	2,282,273
Other comprehensive income	4,6(21)	
Items that will not be classified to profit or loss		
Remeasurements of post employment benefit obligations	(55,258)	(59,715)
Items that may be subsequentli reclassified to profit or loss		
Exchange differecnce on translation of foreign financial statements	(390,250)	(95,655)
Unrealized gain or loss on available-for-sale financial instruments	12,721	(6,195)
Other comprehensive profit and loss for the period (net income post-tax)	(432,787)	(161,565)
Total comprehensive income	2,548,990	2,120,708
 Net income belonging to :		
Owner	2,981,198	2,281,546
Non-controlling interest	579	727
	2,981,777	2,282,273
 Total comprehensive income belonging to :		
Owner	2,548,408	2,119,822
Non-controlling interest	582	886
	2,548,990	2,120,708
 Earnings Per Share	4,6(23)	
Basic Earnings Per Share	\$ 2.56	\$ 1.93
Diluted Earnings Per Share	\$ 2.49	\$ 1.91

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD.
STATEMENTS OF CHANGES IN OWNER'S EQUITY (CONSOLIDATED)
For the Years Ended December 31, 2016 and 2015

	The owner's equity								Total	Non-controlling interest	Total equity
	Retained Earnings				Other owner's equity						
	Capital	Additional paid-in capital	Legal reserve	Special reserve	Retained earnings-unappropriated	Translation differences arising from translating the foreign currency financial statements of the foreign operations	Unrealized gain or loss on available-for-sale financial instruments	Others			
NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	
Balance as of January 1, 2015	11,923,184	6,623,735	1,174,220	201,416	2,739,431	302,784	(7,836)	(2,072)	22,954,862	3,994	22,958,856
Net earnings - appropriated and distributed, 2014	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	255,906	-	(255,906)	-	-	-	-	-	-
Common stock cash dividend	-	(357,691)	-	-	(1,788,455)	-	-	-	(2,146,146)	-	(2,146,146)
Other changes in additional paid-in capital	-	-	-	-	-	-	-	-	-	-	-
Changes in associates and joint venture - equity method	-	44,983	-	-	-	-	-	-	44,983	-	44,983
Net income for the year ended December 31, 2015	-	-	-	-	2,281,546	-	-	-	2,281,546	727	2,282,273
Other comprehensive income for the period	-	-	-	-	(59,715)	(95,814)	(6,195)	-	(161,724)	159	(161,565)
Total comprehensive income for the period	-	-	-	-	2,221,831	(95,814)	(6,195)	-	2,119,822	886	2,120,708
Share changes in equity of subsidiaries	-	32	-	-	-	-	-	-	32	-	32
Decrease in treasury stock	(300,000)	(325,547)	-	-	-	-	-	-	(625,547)	-	(625,547)
Employee restricted stock	(240)	2,435	-	-	-	-	-	2,072	4,267	-	4,267
Balance as of December 31, 2015	11,622,944	5,987,947	1,430,126	201,416	2,916,901	206,970	(14,031)	-	22,352,273	4,880	22,357,153
Balance as of January 1, 2016	11,622,944	5,987,947	1,430,126	201,416	2,916,901	206,970	(14,031)	-	22,352,273	4,880	22,357,153
Net earnings - appropriated and distributed, 2015	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	228,154	-	(228,154)	-	-	-	-	-	-
Common stock cash dividend	-	(1,162,294)	-	-	(232,459)	-	-	-	(1,394,753)	-	(1,394,753)
Other changes in additional paid-in capital	-	-	-	-	-	-	-	-	-	-	-
Equity change due to issuance of convertible bonds - convertible bonds recognized in equity	-	51,919	-	-	-	-	-	-	51,919	-	51,919
Changes in associates and joint venture - equity method	-	554	-	-	-	-	-	-	554	-	554
Net income for the year ended December 31, 2016	-	-	-	-	2,981,198	-	-	-	2,981,198	579	2,981,777
Other comprehensive income for the period	-	-	-	-	(55,258)	(390,253)	12,721	-	(432,790)	3	(432,787)
Total comprehensive income for the period	-	-	-	-	2,925,940	(390,253)	12,721	-	2,548,408	582	2,548,990
conversion of convertible corporate bonds	51,889	87287	-	-	-	-	-	-	139176	-	139176
Balance as of December 31, 2015	11,674,833	4,965,413	1,658,280	201,416	5,382,228	(183,283)	(1,310)	-	23,697,577	5,462	23,703,039

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD.
BALANCE SHEETS (CONSOLIDATED)
December 31, 2016, and December 31, 2015

Assets	Notes	2016/12/31	2015/12/31
		NTS'000	NTS'000
Current assets			
Cash and cash equivalents	4,6(1)	5,617,403	6,234,138
Available-for-sale financial assets-current	4,6(2)	113,235	115,787
Notes receivable, net	4,6(3)	14,250	8,463
Accounts receivable, net	4,6(4)	3,704,235	3,008,420
Receivables from related parties	4,6(4),7	969,200	685,757
Other receivables		115,005	95,897
Other receivables from related parties	7	131,054	100,614
Inventories	4,6(5)	674,494	414,229
Prepayments		121,929	211,606
Other current assets		324,751	217,217
Other financial assets-current	8	4	3,037
Total current assets		<u>11,785,560</u>	<u>11,095,165</u>
Non-current assets			
Available-for-sale financial assets-noncurrent	4,6(2)	22,151	9,638
Financial assets measured at cost-noncurrent	4,6(6)	1,537,536	1,621,461
Investments - equity method	4,6(7)	1,091,852	1,222,692
Property, plant & equipments	4,6(8),8	28,684,252	25,689,164
Intangible assets	4,6(9),6(11)	31,619	104,529
Deferred income tax assets	4,6(22)	312,378	449,824
Other financial assets-noncurrent	8	93,996	93,170
Other non-current assets - other	6(10)	127,754	146,493
Total non-current assets		<u>31,901,538</u>	<u>29,336,971</u>
Total Assets		<u><u>43,687,098</u></u>	<u><u>40,432,136</u></u>

KING YUAN ELECTRONICS CO., LTD.
BALANCE SHEETS
December 31, 2016, and December 31, 2015

Liabilities and shareholders' Equity	Notes	2016/12/31	2015/12/31
		NTS'000	NTS'000
Current liabilities			
Short-term loans	6(12)	14,497	-
Notes payable		11,170	7,118
Accounts payable		651,042	528,431
Accounts payable- related parties	7	7,905	-
Other payables		2,162,359	1,725,293
Other payables to related parties	7	41,713	72,950
Payables to equipment suppliers		761,451	746,758
Income tax payable for the period	4,6(22)	448,359	342,912
Current portion of long-term loans payable	4,6(13),8	1,237,916	2,475,478
Other current liabilities		<u>250,522</u>	<u>244,356</u>
Total current liabilities		<u>5,586,934</u>	<u>6,143,296</u>
Non-current liabilities			
corporate bonds payable	6(13),8	1,414,984	-
Long-term loans	4,6(13),8	12,619,466	11,615,080
Accrued pension liabilities	4,6(14)	361,477	315,848
Deposits received		<u>1,198</u>	<u>759</u>
Total non-current liabilities		<u>14,397,125</u>	<u>11,931,687</u>
Total liabilities		<u>19,984,059</u>	<u>18,074,983</u>
The owner's equity			
Capital	4,6(15)		
Common stock		11,674,833	11,622,944
Additional paid-in capital	4,6(15),6(16)	4,965,413	5,987,947
Retained earnings	4,6(15)		
Legal reserve		1,658,280	1,430,126
Special reserve		201,416	201,416
Retained earnings-unappropriated		<u>5,382,228</u>	<u>2,916,901</u>
Total retained earnings		<u>7,241,924</u>	<u>4,548,443</u>
Other equity	6(16)	(184,593)	192,939
The owner's equity		<u>23,697,577</u>	<u>22,352,273</u>
Non-controlling interest	6(15)	5,462	4,880
Total owner's equity		<u>23,703,039</u>	<u>22,357,153</u>
Total Liabilities and Equity		<u>43,687,098</u>	<u>40,432,136</u>

The accompanying notes are an integral part of the financial statements.