

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD.
BALANCE SHEETS (CONSOLIDATED)
December 31, 2017, and December 31, 2016

| Assets | Notes | 2017/12/31 NTS'000 | 2016/12/31 NTS'000 |
|--|--------------|--------------------------|--------------------------|
| Current assets | | | |
| Cash and cash equivalents | 4,6(1) | 5,395,029 | 5,617,403 |
| Available-for-sale financial assets-current | 4,6(2) | 112,730 | 113,235 |
| Notes receivable, net | 4,6(3) | 10,656 | 14,250 |
| Accounts receivable, net | 4,6(4) | 3,804,112 | 3,704,235 |
| Receivables from related parties | 4,6(4),7 | 673,148 | 969,200 |
| Other receivables | | 197,342 | 115,005 |
| Other receivables from related parties | 7 | 156,419 | 131,054 |
| Inventories | 4,6(5) | 473,829 | 674,494 |
| Prepayments | | 408,405 | 121,929 |
| Other current assets | | 273,253 | 324,751 |
| Other financial assets-current | 8 | 472 | 4 |
| Total current assets | | <u>11,505,395</u> | <u>11,785,560</u> |
| Non-current assets | | | |
| Available-for-sale financial assets-noncurrent | 4,6(2) | 22,082 | 22,151 |
| Financial assets measured at cost-noncurrent | 4,6(6) | 1,785,558 | 1,537,536 |
| Investments - equity method | 4,6(7) | 578,082 | 1,091,852 |
| Property, plant & equipments | 4,6(8),8 | 26,657,896 | 28,684,252 |
| Intangible assets | 4,6(9),6(11) | 44,915 | 31,619 |
| Deferred income tax assets | 4,6(22) | 333,914 | 312,378 |
| Other financial assets-noncurrent | 8 | 99,521 | 93,996 |
| Other non-current assets - other | 6(10) | 130,881 | 127,754 |
| Total non-current assets | | <u>29,652,849</u> | <u>31,901,538</u> |
| Total Assets | | <u><u>41,158,244</u></u> | <u><u>43,687,098</u></u> |

KING YUAN ELECTRONICS CO., LTD.
BALANCE SHEETS
December 31, 2017, and December 31, 2016

| Liabilities and shareholders' Equity | Notes | 2017/12/31 NTS'000 | 2016/12/31 NTS'000 |
|--|---------------|-----------------------|-----------------------|
| Current liabilities | | | |
| Short-term loans | 6(12) | - | 14,497 |
| Notes payable | | 11,815 | 11,170 |
| Accounts payable | | 614,951 | 651,042 |
| Accounts payable- related parties | 7 | 7,236 | 7,905 |
| Other payables | | 1,927,442 | 2,162,359 |
| Other payables to related parties | 7 | 28,343 | 41,713 |
| Payables to equipment suppliers | | 450,769 | 761,451 |
| Income tax payable for the period | 4,6(22) | 340,217 | 448,359 |
| Current portion of long-term corporate bonds payable | | 64,829 | |
| Current portion of long-term loans payable | 4,6(13),8 | 3,289,181 | 1,237,916 |
| Other current liabilities | | 273,222 | 250,522 |
| Total current liabilities | | <u>7,008,005</u> | <u>5,586,934</u> |
| Non-current liabilities | | | |
| corporate bonds payable | 6(13),8 | - | 1,414,984 |
| Long-term loans | 4,6(13),8 | 8,650,497 | 12,619,466 |
| Accrued pension liabilities | 4,6(14) | 446,624 | 361,477 |
| Deposits received | | 1,124 | 1,198 |
| Total non-current liabilities | | <u>9,098,245</u> | <u>14,397,125</u> |
| Total liabilities | | <u>16,106,250</u> | <u>19,984,059</u> |
| The owner's equity | | | |
| Capital | 4,6(15) | | |
| Common stock | | 12,202,383 | 11,674,833 |
| Additional paid-in capital | 4,6(15),6(16) | 5,327,372 | 4,965,413 |
| Retained earnings | 4,6(15) | | |
| Legal reserve | | 1,956,400 | 1,658,280 |
| Special reserve | | 386,010 | 201,416 |
| Retained earnings-unappropriated | | 5,403,995 | 5,382,228 |
| Total retained earnings | | <u>7,746,405</u> | <u>7,241,924</u> |
| Other equity | 6(16) | (229,824) | (184,593) |
| The owner's equity | | <u>25,046,336</u> | <u>23,697,577</u> |
| Non-controlling interest | 6(15) | 5,658 | 5,462 |
| Total owner's equity | | <u>25,051,994</u> | <u>23,703,039</u> |
| Total Liabilities and Equity | | <u>41,158,244</u> | <u>43,687,098</u> |

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 INCOME (CONSOLIDATED)
For the Years Ended December 31, 2017 and 2016

| | | 2017 | 2016 |
|--|------------------------------------|---------------------|---------------------|
| | | NT\$'000 | NT\$'000 |
| Operating Revenues | | | |
| Net operating revenues | 4,6(17),7 | 19,686,911 | 20,081,683 |
| Cost of goods sold | 6(5),6(8),6(9),6(14),6(18),6(19),7 | <u>(13,904,506)</u> | <u>(14,152,516)</u> |
| Gross Profit | | <u>5,782,405</u> | <u>5,929,167</u> |
| Operating Expenses | 6(8),6(9),6(14),6(18),6(19) | | |
| Selling expenses | | (303,217) | (300,055) |
| Administrative expenses | | (1,194,459) | (1,194,609) |
| Research and development expenses | | <u>(818,105)</u> | <u>(732,572)</u> |
| Total operating expenses | | <u>(2,315,781)</u> | <u>(2,227,236)</u> |
| Operating Income(loss) | | <u>3,466,624</u> | <u>3,701,931</u> |
| Non-operating Income | | | |
| Other income | 6(20) | 110,781 | 126,352 |
| Other profit or loss | 6(20) | 58,731 | 70,037 |
| Financial cost | 6(8),6(20) | (197,634) | (192,784) |
| Gain on the shareportion of associates and joint venture - equity method | 6(7) | <u>(503,337)</u> | <u>(115,253)</u> |
| Total non-operating income | | <u>(531,459)</u> | <u>(111,648)</u> |
| Net income before tax | | 2,935,165 | 3,590,283 |
| Income tax expense | 4,6(22) | <u>(701,085)</u> | <u>(608,506)</u> |
| Net Income | | <u>2,234,080</u> | <u>2,981,777</u> |
| Other comprehensive income | 4,6(21) | | |
| Items that will not be classified to profit or loss | | | |
| Remeasurements of post employment benefit obligations | | (89,523) | (55,258) |
| Items that may be subsequently reclassified to profit or loss | | | |
| Exchange difference on translation of foreign financial statements | | (100,371) | (390,250) |
| Unrealized gain or loss on available-for-sale financial instruments | | <u>6,722</u> | <u>12,721</u> |
| Income tax that can possibly be reclassified into related profit and loss accounts | | <u>48,180</u> | <u>-</u> |
| Other comprehensive profit and loss for the period (net income post-tax) | | <u>(134,992)</u> | <u>(432,787)</u> |
| Total comprehensive income | | <u>2,099,088</u> | <u>2,548,990</u> |
| Net income belonging to : | | | |
| Owner | | 2,233,646 | 2,981,198 |
| Non-controlling interest | | <u>434</u> | <u>579</u> |
| | | <u>2,234,080</u> | <u>2,981,777</u> |
| Total comprehensive income belonging to : | | | |
| Owner | | 2,098,892 | 2,548,408 |
| Non-controlling interest | | <u>196</u> | <u>582</u> |
| | | <u>2,099,088</u> | <u>2,548,990</u> |
| Earnings Per Share | 4,6(23) | | |
| Basic Earnings Per Share | | <u>\$ 1.88</u> | <u>\$ 2.56</u> |
| Diluted Earnings Per Share | | <u>\$ 1.87</u> | <u>\$ 2.49</u> |

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 CASH FLOWS (CONSOLIDATED)

For the Years ended December 31, 2017 and 2016

| | For the twelve-month period ended December 31, | |
|--|---|-------------------------|
| | 2017 | 2016 |
| | NT\$'000 | NT\$'000 |
| Cash flows from operating activities: | | |
| Net income before tax | 2,935,165 | 3,590,283 |
| Adjustments to reconcile net income to net cash provided by operating activities : | | |
| Depreciation (including other assets) | 6,317,667 | 5,554,091 |
| Amortization | 26,498 | 18,555 |
| Interest expense | 197,634 | 192,784 |
| Interest income | (30,590) | (25,090) |
| Dividend income | (4,295) | (11,954) |
| Gain on the shareportion of associates and joint venture - equity method | 503,337 | 115,253 |
| Gain on disposal (retirement) of property, plant & equipments | (44,777) | (47,420) |
| allowance for uncollectible account or Gain on reversal of bad debts. | (14,038) | (14,184) |
| Gain on disposal of investments | (246) | - |
| Impairment loss on financial assets | 14,627 | 72,060 |
| Impairment loss on non-financial assets | - | 67,733 |
| Unrealized loss (gain) on foreign exchange | (149,392) | (67,242) |
| Varies in the value of assets and liabilities related to operation activities : | | |
| Notes receivable | 3,594 | (5,787) |
| Accounts receivable | (85,819) | (681,631) |
| Accounts receivables from related parties | 296,052 | (283,443) |
| Other receivables | (81,591) | (26,065) |
| Other receivables from related parties | (27,067) | (29,110) |
| Inventories | 200,665 | (260,265) |
| Prepayments | (18,940) | 90,287 |
| Other current assets | 51,498 | (107,534) |
| Notes payable | 645 | 4,052 |
| Accounts payable | (36,091) | 122,611 |
| Accounts payable to related parties | (669) | 7,905 |
| Other accounts payable | (234,061) | 438,089 |
| Other payables to related parties | (9,895) | (17,630) |
| Other current liabilities | 22,700 | 6,166 |
| Accrued pension liabilities | (4,376) | (9,629) |
| Cash provided by operating activities | <u>9,828,235</u> | <u>8,692,885</u> |
| Gain on interest | 29,844 | 23,239 |
| Paid income tax | <u>(782,583)</u> | <u>(365,613)</u> |
| Net cash provided by operating activities | <u>9,075,496</u> | <u>8,350,511</u> |
| Cash flows from investing activities: | | |
| Disposal of financial assets in available-for-sale | 7,542 | - |
| Acquisition of financial assets measured at cost - noncurrent | (275,000) | - |
| Financial assets at cost-noncurrent capital deducted by returning cash | 12,351 | 14,625 |
| Acquisition of investments accounted under the equity method | - | (10,200) |
| Acquisition of property, plant and equipment | (5,249,763) | (9,211,547) |
| Disposal of property, plant and equipment, and deferred assets | 337,445 | 276,714 |
| Increase in refundable deposits | (7,682) | 4,725 |
| Acquisition of intangible assets. | (39,827) | (15,318) |
| Decrease in other financial assets | (5,993) | 2,207 |
| Increase in other prepaid | 2,117 | 1,421 |
| Gain on dividends income | <u>15,755</u> | <u>39,945</u> |
| Net cash used in investing activities | <u>(5,203,055)</u> | <u>(8,897,428)</u> |
| Cash flows from financing activities: | | |
| Increase in short-term loans | - | 14,497 |
| Decrease in short-term loans | (13,658) | - |
| Issuance of corporate bonds | - | 1,595,779 |
| Increase in long-term loans | 5,762,575 | 9,532,039 |
| Repayments of long-term loans | (7,541,377) | (9,708,503) |
| Increase in deposit received | (74) | 439 |
| Cash dividends | (2,108,111) | (1,394,753) |
| Paid Interest | (181,016) | (172,977) |
| Net cash used by/generated from financing activities | <u>(4,081,661)</u> | <u>(133,479)</u> |
| The impact of exchange rate fluctuation on cash and cash equivalents | <u>(13,154)</u> | <u>63,661</u> |
| Net increase in cash and cash equivalents | <u>(222,374)</u> | <u>(616,735)</u> |
| Cash and cash equivalents at the beginning of period | <u>5,617,403</u> | <u>6,234,138</u> |
| Cash and cash equivalents at the end of period | <u><u>5,395,029</u></u> | <u><u>5,617,403</u></u> |

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, 2017 and 2016

| | 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 | | | |
| | NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 | | NT\$'000 | NT\$'000 |
| 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 earings - 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 | 87,287 | - | - | - | - | - | 139,176 | - | 139,176 |
| Balance as of December 31, 2016 | 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 |
| Balance as of January 1, 2017 | 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 |
| Net earings - appropriated and distributed, 2016 | | | | | | | | | | |
| Legal reserve | - | - | 298,120 | - | (298,120) | - | - | - | - | - |
| Special Reserve | | | | 184,594 | (184,594) | - | - | - | - | - |
| Common stock cash dividend | - | (468,469) | - | - | (1,639,642) | - | - | (2,108,111) | - | (2,108,111) |
| Net income for the year ended December 31, 2017 | - | - | - | - | 2,233,646 | - | - | 2,233,646 | 434 | 2,234,080 |
| Other comprehensive income for the period | - | - | - | - | (89,523) | (51,953) | 6,722 | (134,754) | (238) | (134,992) |
| Total comprehensive income for the period | - | - | - | - | 2,144,123 | (51,953) | 6,722 | 2,098,892 | 196 | 2,099,088 |
| conversion of convertible corporate bonds | 527,550 | 830,428 | - | - | - | - | - | 1357978 | - | 1357978 |
| Balance as of December 31, 2017 | 12,202,383 | 5,327,372 | 1,956,400 | 386,010 | 5,403,995 | (235,236) | 5,412 | 25,046,336 | 5,658 | 25,051,994 |