

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

<b>Assets</b>	<b>Notes</b>	<b>2017/12/31</b>	<b>2016/12/31</b>
		NTS'000	NTS'000
<b>Current assets</b>			
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>
<b>Non-current assets</b>			
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>
<b>Total Assets</b>		<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**

<b>Liabilities and shareholders' Equity</b>	Notes	2017/12/31	2016/12/31
		NTS'000	NTS'000
<b>Current liabilities</b>			
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
<b>Total current liabilities</b>		<u>7,008,005</u>	<u>5,586,934</u>
<b>Non-current liabilities</b>			
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
<b>Total non-current liabilities</b>		<u>9,098,245</u>	<u>14,397,125</u>
<b>Total liabilities</b>		<u>16,106,250</u>	<u>19,984,059</u>
<b>The owner's equity</b>			
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
<b>Total retained earnings</b>		<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
<b>Total owner's equity</b>		<u>25,051,994</u>	<u>23,703,039</u>
<b>Total Liabilities and Equity</b>		<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
<b>Operating Revenues</b>			
Net operating revenues	4,6(17),7	19,686,911	20,081,683
<b>Cost of goods sold</b>	6(5),6(8),6(9),6(14),6(18),6(19),7	(13,904,506)	(14,152,516)
<b>Gross Profit</b>		5,782,405	5,929,167
<b>Operating Expenses</b>	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		(818,105)	(732,572)
Total operating expenses		(2,315,781)	(2,227,236)
<b>Operating Income(loss)</b>		3,466,624	3,701,931
<b>Non-operating Income</b>			
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)	(503,337)	(115,253)
Total non-operating income		(531,459)	(111,648)
Net income before tax		2,935,165	3,590,283
Income tax expense	4,6(22)	(701,085)	(608,506)
Net Income		2,234,080	2,981,777
<b>Other comprehensive income</b>	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		6,722	12,721
Income tax that can possibly be reclassified into related profit and loss accounts		48,180	-
Other comprehensive profit and loss for the period (net income post-tax)		(134,992)	(432,787)
Total comprehensive income		2,099,088	2,548,990
Net income belonging to :			
Owner		2,233,646	2,981,198
Non-controlling interest		434	579
		2,234,080	2,981,777
Total comprehensive income belonging to :			
Owner		2,098,892	2,548,408
Non-controlling interest		196	582
		2,099,088	2,548,990
<b>Earnings Per Share</b>	4,6(23)		
Basic Earnings Per Share		\$ 1.88	\$ 2.56
Diluted Earnings Per Share		\$ 1.87	\$ 2.49

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, 2017 and 2016**

	<b>The owner's equity</b>							<b>Total</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
	<b>Retained Earnings</b>				<b>Other owner's equity</b>					
	<b>Capital</b>	<b>Additional paid-in capital</b>	<b>Legal reserve</b>	<b>Special reserve</b>	<b>Retained earnings-unappropriated</b>	<b>Translation differences arising from translating the foreign currency financial statements of the foreign operations</b>	<b>Unrealized gain or loss on available-for-sale financial instruments</b>			
	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000		NTS'000	NTS'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 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	87,287	-	-	-	-	-	139,176	-	139,176
Balance as of December 31, 2016	<u>11,674,833</u>	<u>4,965,413</u>	<u>1,658,280</u>	<u>201,416</u>	<u>5,382,228</u>	<u>(183,283)</u>	<u>(1,310)</u>	<u>23,697,577</u>	<u>5,462</u>	<u>23,703,039</u>
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 earnings - 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	<u>12,202,383</u>	<u>5,327,372</u>	<u>1,956,400</u>	<u>386,010</u>	<u>5,403,995</u>	<u>(235,236)</u>	<u>5,412</u>	<u>25,046,336</u>	<u>5,658</u>	<u>25,051,994</u>