

**English Translation of Financial Statements Originally Issued in Chinese**  
**KING YUAN ELECTRONICS CO., LTD.**  
**BALANCE SHEETS (CONSOLIDATED)**  
**September 30, 2017, December 31, 2016, and September 30, 2016**

Assets	Notes	2017/9/30 NTS'000	2016/12/31 NTS'000	2016/9/30 NTS'000
<b>Current assets</b>				
Cash and cash equivalents	6(1)	4,988,677	5,617,403	5,253,291
Available-for-sale financial assets-current	6(2)	117,876	113,235	113,995
Notes receivable, net	6(3)	7,576	14,250	12,094
Accounts receivable, net	6(4)	3,909,240	3,704,235	3,562,330
Receivables from related parties	6(4),7	816,891	969,200	1,162,395
Other receivables		279,663	115,005	169,171
Other receivables from related parties	7	134,480	131,054	121,973
Inventories	6(5)	519,774	674,494	676,335
Prepayments		203,542	121,929	278,637
Other current assets		333,535	324,751	304,102
Other financial assets-current	8	473	4	4
Total current assets		<u>11,311,727</u>	<u>11,785,560</u>	<u>11,654,327</u>
<b>Non-current assets</b>				
Available-for-sale financial assets-noncurrent	6(2)	25,430	22,151	20,931
Financial assets measured at cost-noncurrent	6(6)	1,805,024	1,537,536	1,620,165
Investments - equity method	6(7)	682,978	1,091,852	1,167,323
Property, plant & equipments	6(8),8	27,304,429	28,684,252	29,125,431
Intangible assets	6(9),6(11)	51,757	31,619	78,670
Deferred income tax assets	6(22)	339,066	312,378	318,918
Other financial assets-noncurrent	8	99,445	93,996	93,901
Other non-current assets - other	6(10)	128,204	127,754	133,677
Total non-current assets		<u>30,436,333</u>	<u>31,901,538</u>	<u>32,559,016</u>
<b>Total Assets</b>		<u><u>41,748,060</u></u>	<u><u>43,687,098</u></u>	<u><u>44,213,343</u></u>

**KING YUAN ELECTRONICS CO., LTD.**  
**BALANCE SHEETS (CONSOLIDATED)**  
**September 30, 2017, December 31, 2016, and September 30, 2016**

Liabilities and shareholders' Equity	Notes	2017/9/30 NTS'000	2016/12/31 NTS'000	2016/9/30 NTS'000
<b>Current liabilities</b>				
Short-term loans	6(12)	-	14,497	16001
Notes payable		1,351	11,170	11,948
Accounts payable		732,180	651,042	844,901
Accounts payable- related parties	7	20,963	7,905	5,111
Other payables		1,997,978	2,162,359	2,153,296
Other payables to related parties	7	60,551	41,713	55,174
Payables to equipment suppliers		468,880	761,451	670,485
Income tax payable for the period	6(22)	238,216	448,359	336,233
Current portion of long-term corporate bonds payable		417,244	-	-
Current portion of long-term loans payable	6(14),8	3,008,519	1,237,916	2,394,716
Other current liabilities		313,563	250,522	248,362
Total current liabilities		<u>7,259,445</u>	<u>5,586,934</u>	<u>6,736,227</u>
<b>Non-current liabilities</b>				
corporate bonds payable	6(13),8	-	1,414,984	1,409,006
Long-term loans	6(14)	9,757,098	12,619,466	12,535,511
Net defined benefit liability	6(15)	361,477	361,477	315,848
Deposits received		1,124	1,198	63,918
Total non-current liabilities		<u>10,119,699</u>	<u>14,397,125</u>	<u>14,324,283</u>
<b>Total liabilities</b>		<u>17,379,144</u>	<u>19,984,059</u>	<u>21,060,510</u>
<b>The owner's equity</b>				
Capital	6(16)			
Common stock		12,065,427	11,674,833	11,674,833
Additional paid-in capital	6(14),6(16),6(17)	5,113,255	4,965,413	4,964,246
Retained earnings	6(16)			
Legal reserve		1,956,400	1,658,280	1,658,280
Special reserve		386,010	201,416	201,416
Retained earnings-unappropriated		5,063,871	5,382,228	4,782,838
Total retained earnings		<u>7,406,281</u>	<u>7,241,924</u>	<u>6,642,534</u>
Other equity	6(17)	(221,740)	(184,593)	(135,208)
The owner's equity		<u>24,363,223</u>	<u>23,697,577</u>	<u>23,146,585</u>
Non-controlling interest	6(16)	5,693	5,462	6,248
<b>Total owner's equity</b>		<u>24,368,916</u>	<u>23,703,039</u>	<u>23,152,833</u>
<b>Total Liabilities and Equity</b>		<u>41,748,060</u>	<u>43,687,098</u>	<u>44,213,343</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)**

	Notes	For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2017	2016	2017	2016
		NT\$'000	NT\$'000	NT\$'000	NT\$'000
<b>Operating Revenues</b>					
Net operating revenues	6(18),7	5,172,736	5,431,374	14,884,292	14,847,123
<b>Cost of goods sold</b>	6(5),6(9),6(14),6(19),6(20),7	(3,636,863)	(3,727,537)	(10,349,003)	(10,406,729)
<b>Gross Profit</b>		<u>1,535,873</u>	<u>1,703,837</u>	<u>4,535,289</u>	<u>4,440,394</u>
<b>Operating Expenses</b>	6(9),6(15),6(19),6(20)				
Selling expenses		(78,038)	(73,736)	(219,951)	(225,054)
Administrative expenses		(300,242)	(302,444)	(890,580)	(889,016)
Research and development expenses		<u>(229,722)</u>	<u>(183,377)</u>	<u>(602,849)</u>	<u>(528,665)</u>
Total operating expenses		<u>(608,002)</u>	<u>(559,557)</u>	<u>(1,713,380)</u>	<u>(1,642,735)</u>
<b>Operating Income(loss)</b>		<u>927,871</u>	<u>1,144,280</u>	<u>2,821,909</u>	<u>2,797,659</u>
<b>Non-operating Income</b>					
Other income	6(21)	18,633	34,386	61,772	83,170
Other profit or loss	6(21),7	34,131	(28,992)	51,103	102,055
Financial cost	6(8),6(21)	(45,435)	(48,800)	(150,814)	(134,757)
Gain on the shareportion of associates and joint venture - equity method	6(7)	<u>(113,046)</u>	<u>(48,481)</u>	<u>(398,403)</u>	<u>(38,201)</u>
Total non-operating income		<u>(105,717)</u>	<u>(91,887)</u>	<u>(436,342)</u>	<u>12,267</u>
Net income before tax		822,154	1,052,393	2,385,567	2,809,926
Income tax expense	6(23)	<u>(166,982)</u>	<u>(175,355)</u>	<u>(581,203)</u>	<u>(482,721)</u>
Net Income		<u>655,172</u>	<u>877,038</u>	<u>1,804,364</u>	<u>2,327,205</u>
<b>Other comprehensive income</b>	6(22)				
Translation differences arising from translating the foreign currency financial statements of the foreign operations		70,906	(165,401)	(91,971)	(339,514)
Unrealized gain or loss on available-for-sale financial instruments		<u>1,874</u>	<u>8,142</u>	<u>7,920</u>	<u>12,260</u>
Income tax that can possibly be reclassified into related profit and loss accounts		<u>(12,064)</u>	<u>-</u>	<u>46,770</u>	<u>-</u>
Other comprehensive profit and loss for the period (net income post-tax)		<u>60,716</u>	<u>(157,259)</u>	<u>(37,281)</u>	<u>(327,254)</u>
Total comprehensive income		<u>715,888</u>	<u>719,779</u>	<u>1,767,083</u>	<u>1,999,951</u>
Net income belonging to :					
Owner		655,006	876,855	\$1,803,999	\$2,326,550
Non-controlling interest		<u>166</u>	<u>183</u>	<u>365</u>	<u>655</u>
		<u>655,172</u>	<u>877,038</u>	<u>\$1,804,364</u>	<u>2,327,205</u>
Total comprehensive income belonging to :					
Owner		715,777	719,662	1,766,852	1,998,583
Non-controlling interest		<u>111</u>	<u>117</u>	<u>231</u>	<u>1,368</u>
		<u>715,888</u>	<u>719,779</u>	<u>1,767,083</u>	<u>1,999,951</u>
<b>Earnings Per Share</b>	6(24)				
Basic Earnings Per Share		<u>\$ 0.55</u>	<u>\$ 0.75</u>	<u>\$ 1.53</u>	<u>\$ 2.00</u>
Diluted Earnings Per Share		<u>\$ 0.54</u>	<u>\$ 0.73</u>	<u>\$ 1.50</u>	<u>\$ 1.97</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)**

	<b>For the nine-month period ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
	<b>NT\$'000</b>	<b>NT\$'000</b>
<b>Cash flows from operating activities:</b>		
Net income before tax	2,385,567	2,809,926
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation (including other assets)	4,747,213	4,225,416
Amortization	19,460	14,071
allowance for uncollectible account	267	344
Interest expense	150,814	134,757
Interest income	(23,040)	(17,073)
Dividend income	(4,295)	(457)
Gain on the shareportion of associates and joint venture - equity method	398,403	38,201
Gain on disposal (retirement) of property, plant & equipments	(46,197)	(47,050)
Impairment loss on financial assets	-	2,759
Unrealized gain on foreign exchange	(129,992)	(155,381)
Varies in the value of assets and liabilities related to operation activities :		
Notes receivable	6,674	(3,631)
Accounts receivable	(205,253)	(554,254)
Receivables from related parties	152,309	(476,638)
Other receivables	(126,462)	(82,101)
Other receivables from related parties	(3,481)	199
Inventories	154,720	(262,106)
Unearned receipts	(5,543)	22,913
Other current assets	(8,784)	(86,885)
Notes payable	(9,819)	4,830
Accounts payable	81,138	316,470
Other payables to related parties	13,058	5,111
Other accounts payable	(161,406)	428,137
Other payables to related parties	22,082	(2,488)
Accrued pension liabilities	63,041	4,006
Cash provided by operating activities	<u>7,470,474</u>	<u>6,319,076</u>
Gain on interest	22,321	17,092
Paid income tax	<u>(771,264)</u>	<u>(358,494)</u>
Net cash provided by operating activities	<u>6,721,531</u>	<u>5,977,674</u>

	<b>For the nine-month period ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
	<b>NT\$'000</b>	<b>NT\$'000</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets carried at cost	(275,000)	-
Financial assets at cost-noncurrent capital deducted by returning cash	7,512	1,296
Acquisition of investments accounted under the equity method	-	(10,200)
Acquisition of property, plant and equipment	(4,091,060)	(8,247,040)
Disposal of property, plant and equipment, and deferred assets	280,879	264,561
(Increase) decrease in refundable deposits	(4,301)	116
Acquisition of intangible assets.	(39,631)	(7,331)
Decrease in other financial assets	(5,918)	2,302
Decrease in other prepaid	1,575	1,791
Gain on dividends income	<u>15,755</u>	<u>8,857</u>
Net cash used in investing activities	<u>(4,110,189)</u>	<u>(7,985,648)</u>

	<b>For the nine-month period ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
	<b>NT\$'000</b>	<b>NT\$'000</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	-	16,001
Decrease in short-term loans	(13,655)	-
Issuance of corporate bonds	-	1,595,779
Increase in long-term loans	4,129,715	7,485,721
Repayments of long-term loans	(5,099,438)	(6,498,569)
Increase in deposit received	(74)	63,159
Cash dividends and cash paid for employees' bonus	(2,108,111)	(1,394,753)
Paid Interest	<u>(137,516)</u>	<u>(122,671)</u>
Net cash used by/generated from financing activities	<u>(3,229,079)</u>	<u>1,144,667</u>
The impact of exchange rate fluctuation on cash and cash equivalents	10,989	(117,540)
Net increase in cash and cash equivalents	<u>(628,726)</u>	<u>(980,847)</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>4,988,677</u></u>	<u><u>5,253,291</u></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 CHANGES IN OWNER'S EQUITY (CONSOLIDATED)**  
**For the nine-month period ended September 30, 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			
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	-	(613)	-	-	-	-	-	(613)	-	(613)
Net income for the nine-month period ended September 30, 2016	-	-	-	-	2,326,550	-	-	2,326,550	655	2,327,205
Other comprehensive income for the period	-	-	-	-	-	(340,227)	12,260	(327,967)	713	(327,254)
Total comprehensive income for the period	-	-	-	-	2,326,550	(340,227)	12,260	1,998,583	1,368	1,999,951
conversion of convertible corporate bonds	51,889	87,287	-	-	-	-	-	139,176		139,176
Balance as of September 30, 2016	11,674,833	4,964,246	1,658,280	201,416	4,782,838	(133,257)	(1,771)	23,146,585	6,248	23,152,833
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 nine-month period ended September 30, 2017	-	-	-	-	1,803,999	-	-	1,803,999	365	1,804,364
Other comprehensive income for the period	-	-	-	-	-	(45,067)	7,920	(37,147)	(134)	(37,281)
Total comprehensive income for the period	-	-	-	-	1,803,999	(45,067)	7,920	1,766,852	231	1,767,083
conversion of convertible corporate bonds	390,594	616,311	-	-	-	-	-	1,006,905	-	1,006,905
Balance as of September 30, 2017	12,065,427	5,113,255	1,956,400	386,010	5,063,871	(228,350)	6,610	24,363,223	5,693	24,368,916

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