

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
Current assets				
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>
Non-current assets				
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>
Total Assets		<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
Current liabilities				
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>
Non-current liabilities				
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>
Total liabilities		<u>17,379,144</u>	<u>19,984,059</u>	<u>21,060,510</u>
The owner's equity				
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
Total owner's equity		<u>24,368,916</u>	<u>23,703,039</u>	<u>23,152,833</u>
Total Liabilities and Equity		<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 NTS'000	2016 NTS'000	2017 NTS'000	2016 NTS'000
Operating Revenues					
Net operating revenues	6(18),7	5,172,736	5,431,374	14,884,292	14,847,123
Cost of goods sold	6(5),6(9),6(14),6(19),6(20),7	(3,636,863)	(3,727,537)	(10,349,003)	(10,406,729)
Gross Profit		1,535,873	1,703,837	4,535,289	4,440,394
Operating Expenses	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		(229,722)	(183,377)	(602,849)	(528,665)
Total operating expenses		(608,002)	(559,557)	(1,713,380)	(1,642,735)
Operating Income(loss)		927,871	1,144,280	2,821,909	2,797,659
Non-operating Income					
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)	(113,046)	(48,481)	(398,403)	(38,201)
Total non-operating income		(105,717)	(91,887)	(436,342)	12,267
Net income before tax		822,154	1,052,393	2,385,567	2,809,926
Income tax expense	6(23)	(166,982)	(175,355)	(581,203)	(482,721)
Net Income		655,172	877,038	1,804,364	2,327,205
Other comprehensive income	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		1,874	8,142	7,920	12,260
Income tax that can possibly be reclassified into related profit and loss accounts		(12,064)	-	46,770	-
Other comprehensive profit and loss for the period (net income post-tax)		60,716	(157,259)	(37,281)	(327,254)
Total comprehensive income		715,888	719,779	1,767,083	1,999,951
Net income belonging to :					
Owner		655,006	876,855	\$1,803,999	\$2,326,550
Non-controlling interest		166	183	365	655
		655,172	877,038	\$1,804,364	2,327,205
Total comprehensive income belonging to :					
Owner		715,777	719,662	1,766,852	1,998,583
Non-controlling interest		111	117	231	1,368
		715,888	719,779	1,767,083	1,999,951
Earnings Per Share	6(24)				
Basic Earnings Per Share		\$ 0.55	\$ 0.75	\$ 1.53	\$ 2.00
Diluted Earnings Per Share		\$ 0.54	\$ 0.73	\$ 1.50	\$ 1.97

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									
	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	Total	Non-controlling interest	Total equity
NT\$'000	NT\$'000	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 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	-	(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	<u>11,674,833</u>	<u>4,964,246</u>	<u>1,658,280</u>	<u>201,416</u>	<u>4,782,838</u>	<u>(133,257)</u>	<u>(1,771)</u>	<u>23,146,585</u>	<u>6,248</u>	<u>23,152,833</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 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	<u>12,065,427</u>	<u>5,113,255</u>	<u>1,956,400</u>	<u>386,010</u>	<u>5,063,871</u>	<u>(228,350)</u>	<u>6,610</u>	<u>24,363,223</u>	<u>5,693</u>	<u>24,368,916</u>

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