

**English Translation of Financial Statements Originally Issued in Chinese**  
**KING YUAN ELECTRONICS CO.,LTD AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

**As of September 30, 2018, December 31,2017 and September 30,2017**

<b>Assets</b>	<b>2018/9/30</b>	<b>2017/12/31</b>	<b>2017/9/30</b>
	NT\$'000	NT\$'000	NT\$'000
Current assets			
Cash and cash equivalents	4,722,346	5,395,029	4,988,677
Current financial assets at fair value through profit or loss	101,340	0	0
Current financial assets at fair value through other comprehensive income	14,376	0	0
Current available-for-sale financial assets	0	112,730	117,876
Current contract assets	383,953	0	0
Notes receivable, net	9,505	10,656	7,576
Accounts receivable, net	3,738,536	3,804,112	3,909,240
Accounts receivable due from related parties, net	1,091,993	673,148	816,891
Other receivables	346,650	197,342	279,663
Other receivables due from related parties	228,820	156,419	134,480
Inventories, net	633,320	473,829	519,774
Prepayments	368,000	408,405	203,542
Other current assets	223,462	273,253	333,535
Other current financial assets	4	472	473
Total current assets	11,862,305	11,505,395	11,311,727
Non-current assets			
Non-current financial assets at fair value through other comprehensive income	1,997,813	0	0
Non-current available-for-sale financial assets	0	22,082	25,430
Non-current financial assets measured at cost	0	1,785,558	1,805,024
Investments accounted for using the equity method	260,599	578,082	682,978
Property, plant and equipment	28,987,832	26,657,896	27,304,429
Intangible assets	43,249	44,915	51,757
Deferred income tax assets	359,216	333,914	339,066
Other non-current assets	123,769	130,881	128,204
Other non-current financial assets	100,078	99,521	99,445
Total non-current assets	31,872,556	29,652,849	30,436,333
<b>Total assets</b>	<b>43,734,861</b>	<b>41,158,244</b>	<b>41,748,060</b>

**English Translation of Financial Statements Originally Issued in Chinese**  
**KING YUAN ELECTRONICS CO.,LTD AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (Continued)**

As of September 30, 2018, December 31,2017 and September 30,2017

Liabilities and shareholders' Equity	2018/9/30	2017/12/31	2017/9/30
Liabilities	NT\$'000	NT\$'000	NT\$'000
Current liabilities			
Notes payable	43,364	11,815	1,351
Accounts payable	672,373	614,951	732,180
Accounts payable to related parties	5,418	7,236	20,963
Other payables	1,961,241	1,927,442	1,997,978
Other payables to related parties	82,637	28,343	60,551
Payables on equipment	655,383	450,769	468,880
Current tax liabilities	189,742	340,217	238,216
Bonds payable, current portion	0	64,829	417,244
Current portion of long-term loans	183,193	3,289,181	3,008,519
Other current liabilities	365,105	273,222	313,563
<b>Total current liabilities</b>	<b>4,158,456</b>	<b>7,008,005</b>	<b>7,259,445</b>
Non-current liabilities			
Long-term loans	14,826,697	8,650,497	9,757,098
Net defined benefit liability, non-current	446,624	446,624	361,477
Guarantee deposits	1,573	1,124	1,124
<b>Total non-current liabilities</b>	<b>15,274,894</b>	<b>9,098,245</b>	<b>10,119,699</b>
<b>Total liabilities</b>	<b>19,433,350</b>	<b>16,106,250</b>	<b>17,379,144</b>
<b>Equity</b>			
Equity attributable to owners of the parent company			
Share capital			
Ordinary share	12,227,451	12,202,383	12,065,427
Capital surplus	4,844,536	5,327,372	5,113,255
Retained earnings			
Legal reserve	2,179,765	1,956,400	1,956,400
Special reserve	431,239	386,010	386,010
Undistributed earnings	5,246,671	5,403,995	5,063,871
<b>Total retained earnings</b>	<b>7,857,675</b>	<b>7,746,405</b>	<b>7,406,281</b>
Other equity	(634,160)	(229,824)	(221,740)
<b>Total equity attributable to owners of the parent company</b>	<b>24,295,502</b>	<b>25,046,336</b>	<b>24,363,223</b>
Non-controlling interests	6,009	5,658	5,693
<b>Total equity</b>	<b>24,301,511</b>	<b>25,051,994</b>	<b>24,368,916</b>
<b>Total liabilities and equity</b>	<b>43,734,861</b>	<b>41,158,244</b>	<b>41,748,060</b>

**English Translation of Financial Statements Originally Issued in Chinese**  
**KING YUAN ELECTRONICS CO.,LTD AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
For the nine months ended September 30, 2018 and 2017

	For the nine months ended September 30,	
	2018	2017
	NT\$'000	NT\$'000
Operating revenue		
Net operating revenues	15,141,541	14,884,292
Operating Costs	11,025,026	10,349,003
Gross Profit	<u>4,116,515</u>	<u>4,535,289</u>
Operating expenses		
Selling expenses	235,006	219,951
General and administrative expenses	999,742	890,580
Research and development expenses	663,871	602,849
Expected credit losses	2,051	0
Total operating expenses	<u>1,900,670</u>	<u>1,713,380</u>
Operating Income	<u>2,215,845</u>	<u>2,821,909</u>
Non-operating income and expenses		
Other income	45,042	61,772
Other gains and losses	229,665	51,103
Finance costs	(139,463)	(150,814)
Investment loss accounted for using the equity method	(497,773)	(398,403)
Total non-operating income and expenses	<u>(362,529)</u>	<u>(436,342)</u>
Net income before income tax	1,853,316	2,385,567
Income tax expense	480,336	581,203
<b>Net income</b>	<b><u>1,372,980</u></b>	<b><u>1,804,364</u></b>
Components of other comprehensive income(losses)		
Not to be reclassified to profit or loss in subsequent periods :		
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	135,660	0
Share of on unrealized losses from equity instruments investments measured at fair value through other comprehensive income, accounted for using equity method	(11,079)	0
Income tax related to components of other comprehensive income that will not to be reclassified to profit or loss	(39,866)	0
To be reclassified to profit or loss		
Exchange differences resulting from translating the financial statements of a foreign operation	(122,632)	(91,971)
Unrealized gains from available-for-sale financial assets	0	7,920
Income tax related to components of other comprehensive income that will to be reclassified to profit or loss	33,050	46,770
Total other comprehensive income(losses)	<u>(4,867)</u>	<u>(37,281)</u>
Total comprehensive income	<u>1,368,113</u>	<u>1,767,083</u>
Net income for the periods attributable to:		
Owners of the parent company	1,372,731	1,803,999
Non-controlling interests	249	365
	<u>1,372,980</u>	<u>1,804,364</u>
Total comprehensive income for the periods attributable to:		
Owners of the parent company	1,367,762	1,766,852
Non-controlling interests	351	231
	<u>1,368,113</u>	<u>1,767,083</u>
Basic earnings per share	<u>1.12</u>	<u>1.53</u>
Diluted earnings per share	<u>1.11</u>	<u>1.50</u>

English Translation of Financial Statements Originally Issued in Chinese

**KING YUAN ELECTRONICS CO.,LTD AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES EQUITY**

For the nine months ended September 30, 2018 and 2017

	Ordinary share	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	Unrealized gains (losses) from available-for-sale financial assets	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000
<b>Balance as of January 1, 2017</b>	<b>11,674,833</b>	<b>4,965,413</b>	<b>1,658,280</b>	<b>201,416</b>	<b>5,382,228</b>	<b>(183,283)</b>		<b>(1,310)</b>	<b>23,697,577</b>	<b>5,462</b>	<b>23,703,039</b>
Appropriation and distribution of 2016 earnings:											
Legal reserve			298,120		(298,120)				0		0
Special reserve				184,594	(184,594)				0		0
Cash dividends		(468,469)			(1,639,642)				(2,108,111)		(2,108,111)
Net income for the nine months ended September 30, 2017					1,803,999				1,803,999	365	1,804,364
Other comprehensive income for the nine months ended September 30, 2017						(45,067)		7,920	(37,147)	(134)	(37,281)
Total comprehensive income	0	0	0	0	1,803,999	(45,067)	0	7,920	1,766,852	231	1,767,083
Conversion of convertible bonds	390,594	616,311							1,006,905		1,006,905
<b>Balance as of September 30, 2017</b>	<b>12,065,427</b>	<b>5,113,255</b>	<b>1,956,400</b>	<b>386,010</b>	<b>5,063,871</b>	<b>(228,350)</b>	<b>0</b>	<b>6,610</b>	<b>24,363,223</b>	<b>5,693</b>	<b>24,368,916</b>
<b>Balance as of January 1, 2018</b>	<b>12,202,383</b>	<b>5,327,372</b>	<b>1,956,400</b>	<b>386,010</b>	<b>5,403,995</b>	<b>(235,236)</b>	<b>0</b>	<b>5,412</b>	<b>25,046,336</b>	<b>5,658</b>	<b>25,051,994</b>
Effects of retrospective application and retrospective restatement					448,328		(393,955)	(5,412)	48,961		48,961
Equity at beginning of period after adjustments	12,202,383	5,327,372	1,956,400	386,010	5,852,323	(235,236)	(393,955)	0	25,095,297	5,658	25,100,955
Appropriation and distribution of 2017 earnings:											
Legal reserve			223,365		(223,365)				0		0
Special reserve				45,229	(45,229)				0		0
Cash dividends		(488,511)			(1,709,789)				(2,198,300)		(2,198,300)
Changes in investments accounted for using the equity method		(33,755)							(33,755)		(33,755)
Net income for the nine months ended September 30, 2018					1,372,731				1,372,731	249	1,372,980
Other comprehensive income for the nine months ended September 30, 2018						(89,684)	84,715		(4,969)	102	(4,867)
Total comprehensive income	0	0	0	0	1,372,731	(89,684)	84,715	0	1,367,762	351	1,368,113
Conversion of convertible bonds	25,068	39,430							64,498		64,498
<b>Balance as of September 30, 2018</b>	<b>12,227,451</b>	<b>4,844,536</b>	<b>2,179,765</b>	<b>431,239</b>	<b>5,246,671</b>	<b>(324,920)</b>	<b>(309,240)</b>	<b>0</b>	<b>24,295,502</b>	<b>6,009</b>	<b>24,301,511</b>

**English Translation of Financial Statements Originally Issued in Chinese**  
**KING YUAN ELECTRONICS CO.,LTD AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the nine months ended September 30, 2018 and 2017**

	For the nine months ended September 30,	
	2018	2017
	NT\$'000	NT\$'000
<b>Cash flows from operating activities</b>		
Profit before income tax from continuing operations	1,853,316	2,385,567
Adjustments for :		
Depreciation	4,832,821	4,747,213
Amortization	21,915	19,460
Expected credit loss (reversal of provision)	2,051	267
Net gain on financial assets at fair value through profit or loss	(297)	0
Interest expense	139,463	150,814
Interest income	(17,837)	(23,040)
Dividend income paid	(880)	(4,295)
Investment loss accounted for using the equity method	497,773	398,403
Loss (gain) on disposal of property, plan and equipment	(159,920)	(46,197)
Unrealized foreign exchange gain	68,266	(129,992)
Changes in operating assets and liabilities		
Contract assets	(383,953)	0
Notes receivable	1,151	6,674
Accounts receivable	63,645	(205,253)
Accounts receivable due from related parties	(418,845)	152,309
Other receivable	29,086	(126,462)
Other receivable due from related parties	(72,401)	(3,481)
Inventories	(159,491)	154,720
Prepayments	(199,185)	(5,543)
Other current assets	49,791	(8,784)
Notes payable	31,549	(9,819)
Accounts payable	57,422	81,138
Accounts payable to related parties	(1,818)	13,058
Other payable	33,080	(161,406)
Other payable to related parties	47,894	22,082
Other current liabilities	91,883	63,041
Net cash generated from operations	6,406,479	7,470,474
Interest received	20,202	22,321
Income taxes paid	(662,929)	(771,264)
<b>Net cash provided by operating activities</b>	<b>5,763,752</b>	<b>6,721,531</b>
<b>Cash flows from investing activities</b>		
Proceeds from capital return of financial assets at fair value through other comprehensive income	2,099	0
Acquisition of financial assets measured at cost	0	(275,000)
Proceeds from capital return of financial assets measured at cost	0	7,512
Acquisition of investments accounted for using the equity method	(245,408)	0
Acquisition of property, plant and equipment	(7,007,197)	(4,091,060)
Proceeds from disposal of property, plant and equipment	208,167	280,879
Decrease(increase) in refundable deposits	2,763	(4,301)
Acquisition of intangible assets	(20,514)	(39,631)
Decrease(increase) in other financial assets	(89)	(5,918)
Decrease in other prepayments	1,619	1,575
Dividend received	10,940	15,755
<b>Net cash used in investing activities</b>	<b>(7,047,620)</b>	<b>(4,110,189)</b>
<b>Cash flows from financing activities</b>		
Decrease in short-term borrowings	0	(13,655)
Proceeds from long-term debt	13,808,335	4,129,715
Repayments of long-term debt	(10,811,969)	(5,099,438)
Increase in guarantee deposits	449	(74)
Cash dividends	(2,198,300)	(2,108,111)
Interest paid	(133,495)	(137,516)
<b>Net cash provided by(used in) financing activities</b>	<b>665,020</b>	<b>(3,229,079)</b>
Effect of change in exchange rate on cash and cash equivalents	(53,835)	(10,989)
Net increase (decrease) in cash and cash equivalents	(672,683)	(628,726)
Cash and cash equivalents at the beginning of period	5,395,029	5,617,403
<b>Cash and cash equivalents at the end of period</b>	<b>4,722,346</b>	<b>4,988,677</b>