

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD.
BALANCE SHEETS (CONSOLIDATED)
December 31, 2015, and December 31, 2014

Assets	Notes	2015/12/31 NTS'000	2014/12/31 NTS'000
Current assets			
Cash and cash equivalents	4,6(1)	6,234,138	7,418,163
Available-for-sale financial assets-current	4,6(2)	115,787	67,460
Notes receivable, net	4,6(3)	8,463	11,402
Accounts receivable, net	4,6(4)	3,008,420	3,494,939
Receivables from related parties	4,6(4),7	685,757	716,931
Other receivables		95,897	173,093
Other receivables from related parties	7	100,614	157,741
Inventories	4,6(5)	414,229	286,284
Prepayments		211,606	412,533
Other current assets		217,217	167,031
Other financial assets-current	8	3,037	17,781
Total current assets		<u>11,095,165</u>	<u>12,923,358</u>
Non-current assets			
Available-for-sale financial assets-noncurrent	4,6(2)	9,638	16,544
Financial assets measured at cost-noncurrent	4,6(6)	1,621,461	632,579
Investments - equity method	4,6(7)	1,222,692	1,137,346
Property, plant & equipments	4,6(8),8	25,689,164	24,009,814
Intangible assets	4,6(9),6(11)	104,529	108,107
Deferred income tax assets	4,6(22)	449,824	650,090
Other financial assets-noncurrent	8	93,170	94,476
Other non-current assets - other	6(10)	146,493	150,044
Total non-current assets		<u>29,336,971</u>	<u>26,799,000</u>
Total Assets		<u><u>40,432,136</u></u>	<u><u>39,722,358</u></u>

KING YUAN ELECTRONICS CO., LTD.
BALANCE SHEETS
December 31, 2015, and December 31, 2014

Liabilities and shareholders' Equity	Notes	2015/12/31	2014/12/31
		NT\$'000	NT\$'000
Current liabilities			
Notes payable		7,118	4,225
Accounts payable		528,431	496,870
Other payables		1,725,293	1,750,275
Other payables to related parties	7	72,950	33,530
Payables to equipment suppliers		746,758	825,010
Income tax payable for the period	4,6(22)	342,912	371,999
Current portion of long-term loans payable	4,6(13),8	2,475,478	1,895,299
Other current liabilities		244,356	234,434
Total current liabilities		<u>6,143,296</u>	<u>5,611,642</u>
Non-current liabilities			
Long-term loans	4,6(13),8	11,615,080	10,889,013
Accrued pension liabilities	4,6(14)	315,848	262,216
Deposits received		759	631
Total non-current liabilities		<u>11,931,687</u>	<u>11,151,860</u>
Total liabilities		<u>18,074,983</u>	<u>16,763,502</u>
The owner's equity			
Capital	4,6(15)		
Common stock		11,622,944	11,923,184
Additional paid-in capital	4,6(15),6(16)	5,987,947	6,623,735
Retained earnings	4,6(15)		
Legal reserve		1,430,126	1,174,220
Special reserve		201,416	201,416
Retained earnings-unappropriated		2,916,901	2,739,431
Total retained earnings		<u>4,548,443</u>	<u>4,115,067</u>
Other equity	6(16)	192,939	292,876
The owner's equity		<u>22,352,273</u>	<u>22,954,862</u>
Non-controlling interest	6(15)	4,880	3,994
Total owner's equity		<u>22,357,153</u>	<u>22,958,856</u>
Total Liabilities and Equity		<u>40,432,136</u>	<u>39,722,358</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, 2015 and 2014

		<u>2015</u>	<u>2014</u>
		NT\$'000	NT\$'000
Operating Revenues			
Net operating revenues	4,6(17),7	17,128,536	16,277,769
Cost of goods sold	6(5),6(8),6(9),6(14),6(18),6(19),7	(12,334,553)	(11,396,039)
Gross Profit		<u>4,793,983</u>	<u>4,881,730</u>
Operating Expenses	6(8),6(9),6(14),6(18),6(19)		
Selling expenses		(269,328)	(248,398)
Administrative expenses		(1,141,722)	(1,095,650)
Research and development expenses		(679,573)	(605,451)
Total operating expenses		<u>(2,090,623)</u>	<u>(1,949,499)</u>
Operating Income(loss)		<u>2,703,360</u>	<u>2,932,231</u>
Non-operating Income			
Other income	6(20)	139,176	188,936
Other profit or loss	6(20)	118,212	24,492
Financial cost	6(8),6(20)	(171,768)	(138,847)
Gain on the shareportion of associates and joint venture - equity method	6(7)	59,621	112,548
Total non-operating income		<u>145,241</u>	<u>187,129</u>
Net income before tax		2,848,601	3,119,360
Income tax expense	4,6(22)	(566,328)	(559,629)
Net Income		<u>2,282,273</u>	<u>2,559,731</u>
Other comprehensive income	4,6(21)		
Items that will not be classified to profit or loss			
Remeasurements of post employment benefit obligations		(59,715)	(4,336)
Items that may be subsequentli reclassified to profit or loss			
Exchange difference on translation of foreign financial statements		(95,655)	250,664
Unrealized gain or loss on available-for-sale financial instruments		(6,195)	(269)
Other comprehensive profit and loss for the period (net income post-tax)		<u>(161,565)</u>	<u>246,059</u>
Total comprehensive income		<u>2,120,708</u>	<u>2,805,790</u>
Net income belonging to :			
Owner		2,281,546	2,559,056
Non-controlling interest		727	675
		<u>2,282,273</u>	<u>2,559,731</u>
Total comprehensive income belonging to :			
Owner		2,119,822	2,805,437
Non-controlling interest		886	353
		<u>2,120,708</u>	<u>2,805,790</u>
Earnings Per Share	4,6(23)		
Basic Earnings Per Share		<u>\$ 1.93</u>	<u>\$ 2.15</u>
Diluted Earnings Per Share		<u>\$ 1.91</u>	<u>\$ 2.13</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, 2015 and 2014

	For the twelve-month period ended December 31,	
	2015	2014
	NT\$'000	NT\$'000
Cash flows from operating activities:		
Net income before tax	2,848,601	3,119,360
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation (including other assets)	5,114,437	4,420,138
Amortization	11,236	8,753
Interest expense	171,768	138,847
Interest income	(71,072)	(88,723)
Dividend income	(362)	(432)
Stock-based compensation expenses	4,411	19,355
Gain on the shareportion of associates and joint venture - equity method	(59,621)	(112,548)
Gain on disposal (retirement) of property, plant & equipments	(42,260)	(2,482)
Gain on reclassified of property, plant & equipments	-	1099
Gain on disposal of other assets	(35,731)	-
Gain on disposal of investments	(188)	(4,245)
Impairment loss on financial assets	9,681	87,490
Impairment loss on non-financial assets	25,000	-
Unrealized loss (gain) on foreign exchange	(5,861)	145,463
Varies in the value of assets and liabilities related to operation activities :		
Decrease (increase) in notes receivable	2,939	2,940
Increase in accounts receivable	486,519	(654,560)
(Increase) Decrease in receivables from related parties	31,174	(58,606)
Decrease in other receivables	80,264	(18,524)
Increase in other receivables from related parties	3,200	1,482,643
Decrease in inventories	(127,945)	(36,798)
(Increase) Decrease in unearned receipts	177,772	(201,092)
Increase in other current assets	(50,186)	(65,794)
Decrease in notes payable	2,893	(2,594)
Increase (Decrease) in accounts payable	31,561	89,906
Increase in other accounts payable	(25,928)	(1,186,044)
Increase in other payables to related parties	22,338	6,145
Decrease in accrued pension liabilities	9,922	32,145
Increase (decrease) in other current liabilities	(6,083)	(5,133)
Cash provided by operating activities	<u>8,608,479</u>	<u>7,116,709</u>
Gain on interest	71,182	93,938
Paid income tax	(395,149)	(309,164)
Net cash provided by operating activities	<u>8,284,512</u>	<u>6,901,483</u>

	For the twelve-month period ended December 31,	
	2015	2014
	NT\$'000	NT\$'000
Cash flows from investing activities:		
Acquisition of financial assets in available-for-sale	(137,877)	(114,159)
Disposal of financial assets in available-for-sale	79,968	116,066
Returning cash of capital reduction by financial assets in available-for-sale	800	-
Acquisition of financial assets measured at cost - noncurrent	(1,000,000)	(30,301)
Financial assets at cost-noncurrent capital deducted by returning cash	11,118	8,600
Acquisition of investments accounted under the equity method	(2,179)	-
Acquisition of property, plant and equipment	(7,136,718)	(8,427,758)
Disposal of property, plant and equipment, and deferred assets	358,340	173,367
Increase in refundable deposits	(3,123)	381
Acquisition of intangible assets.	-	(238)
Increase in other financial assets	-	(31,794)
Decrease in other financial assets	16,050	-
(Increase) Decrease in other noncurrent assets	35,769	13,916
Increase in other prepaid	2,430	3,273
Gain on dividends income	23,476	6,757
Net cash used in investing activities	<u>(7,751,946)</u>	<u>(8,281,890)</u>

	For the twelve-month period ended December 31,	
	2015	2014
	NT\$'000	NT\$'000
Cash flows from financing activities:		
Increase in long-term loans	7,510,392	5,003,763
Repayments of long-term loans	(6,206,480)	(3,361,888)
Increase in deposit received	128	90
Cash dividends and cash paid for employees' bonus	(2,146,146)	(1,550,175)
Treasury shares repurchased	(625,691)	(1,311)
Paid Interest	(162,627)	(125,441)
Net cash used by/generated from financing activities	<u>(1,630,424)</u>	<u>(34,962)</u>
The impact of exchange rate fluctuation on cash and cash equivalents	(86,167)	125,100
Net increase in cash and cash equivalents	<u>(1,184,025)</u>	<u>(1,290,269)</u>
Cash and cash equivalents at the beginning of period	<u>7,418,163</u>	<u>8,708,432</u>
Cash and cash equivalents at the end of period	<u>6,234,138</u>	<u>7,418,163</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, 2015 and 2014

	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	Others	Treasury Stock	Total	Non-controlling interest	Total equity
NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000
Balance as of January 1, 2014	11,925,369	6,620,582	992,583	201,416	1,925,430	51,798	(7,567)	(18,818)	(825)	21,689,968	3,641	21,693,609
Net earnings - appropriated and distributed, 2013					(181,637)							
Legal reserve	-	-	181,637	-	(1,550,175)	-	-	-	-	(1,550,175)	-	(1,550,175)
Common stock cash dividend	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in additional paid-in capital												
Changes in associates and joint venture - equity method	-	-	-	-	(8,907)	-	-	-	-	(8,907)	-	(8,907)
Net income for the year ended December 31, 2014	-	-	-	-	2,559,056	-	-	-	-	2,559,056	675	2,559,731
Other comprehensive income for the period	-	-	-	-	(4,336)	250,986	(269)	-	-	246,381	(322)	246,059
Total comprehensive income for the period	-	-	-	-	2,554,720	250,986	(269)	-	-	2,805,437	353	2,805,790
Employee restricted stock	(2,185)	3,153	-	-	-	-	-	16,746	825	18,539	-	18,539
Balance as of December 31, 2014	11,923,184	6,623,735	1,174,220	201,416	2,739,431	302,784	(7,836)	(2,072)	-	22,954,862	3,994	22,958,856
Balance as of January 1, 2015	11,923,184	6,623,735	1,174,220	201,416	2,739,431	302,784	(7,836)	(2,072)	-	22,954,862	3,994	22,958,856
Net earnings - appropriated and distributed, 2014												
Legal reserve	-	-	255,906	-	(255,906)	-	-	-	-	-	-	-
Common stock cash dividend	-	(357,691)	-	-	(1,788,455)	-	-	-	-	(2,146,146)	-	(2,146,146)
Other changes in additional paid-in capital												
Changes in associates and joint venture - equity method	-	44,983	-	-	-	-	-	-	-	44,983	-	44,983
Net income for the year ended December 31, 2015	-	-	-	-	2,281,546	-	-	-	-	2,281,546	727	2,282,273
Other comprehensive income for the period	-	-	-	-	(59,715)	(95,814)	(6,195)	-	-	(161,724)	159	(161,565)
Total comprehensive income for the period	-	-	-	-	2,221,831	(95,814)	(6,195)	-	-	2,119,822	886	2,120,708
Share changes in equity of subsidiaries		32								32		32
Decrease in treasury stock	(300,000)	(325,547)								(625,547)		(625,547)
Employee restricted stock	(240)	2,435	-	-	-	-	-	2,072	825	4,267	-	4,267
Balance as of December 31, 2015	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