

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

As of March 31, 2018, December 31,2017 and March 31,2017

Assets	2018/3/31	2017/12/31	2017/3/31
	NT\$'000	NT\$'000	NT\$'000
Current assets			
Cash and cash equivalents	5,605,168	5,395,029	5,154,635
Current financial assets at fair value through profit or loss	101,136	0	0
Current financial assets at fair value through other comprehensive income	13,515	0	0
Current available-for-sale financial assets	0	112,730	117,252
Current contract assets	496,816	0	0
Notes receivable, net	6,238	10,656	6,291
Accounts receivable, net	3,321,648	3,804,112	3,302,875
Accounts receivable due from related parties, net	692,570	673,148	775,148
Other receivables	405,191	197,342	185,814
Other receivables due from related parties	153,414	156,419	101,939
Inventories, net	522,121	473,829	507,370
Prepayments	303,699	408,405	87,090
Other current assets	242,262	273,253	280,977
Other current financial assets	480	472	4
Total current assets	<u>11,864,258</u>	<u>11,505,395</u>	<u>10,519,395</u>
Non-current assets			
Non-current financial assets at fair value through other comprehensive income	1,973,582	0	0
Non-current available-for-sale financial assets	0	22,082	24,349
Non-current financial assets measured at cost	0	1,785,558	1,537,536
Investments accounted for using the equity method	437,142	578,082	948,287
Property, plant and equipment	27,506,066	26,657,896	28,010,802
Intangible assets	46,894	44,915	46,576
Deferred income tax assets	318,299	333,914	353,520
Other non-current assets	131,433	130,881	126,147
Other non-current financial assets	99,521	99,521	93,996
Total non-current assets	<u>30,512,937</u>	<u>29,652,849</u>	<u>31,141,213</u>
Total assets	<u>42,377,195</u>	<u>41,158,244</u>	<u>41,660,608</u>

English Translation of Financial Statements Originally Issued in Chinese

KING YUAN ELECTRONICS CO.,LTD AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

As of March 31, 2018, December 31,2017 and March 31,2017

Liabilities and shareholders' Equity	2018/3/31	2017/12/31	2017/3/31
	NT\$'000	NT\$'000	NT\$'000
Liabilities			
Current liabilities			
Short-term loans	0	0	13,700
Notes payable	12,682	11,815	5,488
Accounts payable	610,021	614,951	453,076
Accounts payable to related parties	18,192	7,236	8,274
Other payables	1,720,619	1,927,442	1,813,783
Other payables to related parties	68,443	28,343	45,430
Payables on equipment	813,938	450,769	623,684
Current tax liabilities	439,303	340,217	586,878
Bonds payable, current portion	0	64,829	0
Current portion of long-term loans	2,207,795	3,289,181	2,665,254
Other current liabilities	344,992	273,222	264,467
Total current liabilities	<u>6,235,985</u>	<u>7,008,005</u>	<u>6,480,034</u>
Non-current liabilities			
Bonds payable	0	0	1,320,904
Long-term loans	10,034,320	8,650,497	9,342,951
Net defined benefit liability, non-current	446,624	446,624	361,477
Guarantee deposits	1,573	1,124	1,199
Total non-current liabilities	<u>10,482,517</u>	<u>9,098,245</u>	<u>11,026,531</u>
Total liabilities	<u>16,718,502</u>	<u>16,106,250</u>	<u>17,506,565</u>
Equity			
Equity attributable to owners of the parent company			
Share capital			
Ordinary share	12,212,777	12,202,383	11,711,731
Advance receipts for share capital	14,674	0	0
Total capital stock	<u>12,227,451</u>	<u>12,202,383</u>	<u>11,711,731</u>
Capital surplus	5,366,802	5,327,372	5,027,961
Retained earnings			
Legal reserve	1,956,400	1,956,400	1,658,280
Special reserve	386,010	386,010	201,416
Undistributed earnings	6,200,557	5,403,995	5,942,892
Total retained earnings	<u>8,542,967</u>	<u>7,746,405</u>	<u>7,802,588</u>
Other equity	(484,365)	(229,824)	(393,697)
Total equity attributable to owners of the parent company	<u>25,652,855</u>	<u>25,046,336</u>	<u>24,148,583</u>
Non-controlling interests	5,838	5,658	5,460
Total equity	<u>25,658,693</u>	<u>25,051,994</u>	<u>24,154,043</u>
Total liabilities and equity	<u>42,377,195</u>	<u>41,158,244</u>	<u>41,660,608</u>

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO.,LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three months ended March 31, 2018 and 2017

	For the three months ended March 31,	
	2018	2017
	NT\$'000	NT\$'000
Operating revenue		
Net operating revenues	4,580,790	4,868,863
Operating Costs	3,520,345	3,390,481
Gross Profit	<u>1,060,445</u>	<u>1,478,382</u>
Operating expenses		
Selling expenses	74,313	69,699
General and administrative expenses	306,231	294,164
Research and development expenses	200,079	178,405
Expected credit losses	1,210	0
Total operating expenses	<u>581,833</u>	<u>542,268</u>
Operating Income	<u>478,612</u>	<u>936,114</u>
Non-operating income and expenses		
Other income	13,244	24,464
Other gains and losses	111,417	(51,495)
Finance costs	(45,624)	(54,659)
Investment loss accounted for using the equity method	(130,261)	(143,978)
Total non-operating income and expenses	<u>(51,224)</u>	<u>(225,668)</u>
Net income before income tax	427,388	710,446
Income tax expense	79,181	149,698
Net income	<u>348,207</u>	<u>560,748</u>
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	108,469	0
Share of on unrealized losses from equity instruments investments measured at fair value through other comprehensive income, accounted for using equity method	(378)	0
Income tax related to components of other comprehensive income that will not to be reclassified to profit or loss	(34,428)	0
To be reclassified to profit or loss		
Exchange differences resulting from translating the financial statements of a foreign operation	78,532	(259,506)
Unrealized gains from available-for-sale financial assets	0	6,215
Income tax related to components of other comprehensive income that will to be reclassified to profit or loss	(7,162)	44,101
Total other comprehensive income(losses)	<u>145,033</u>	<u>(209,190)</u>
Total comprehensive income	<u>493,240</u>	<u>351,558</u>
Net income for the periods attributable to:		
Owners of the parent company	348,234	560,664
Non-controlling interests	(27)	84
	<u>348,207</u>	<u>560,748</u>
Total comprehensive income for the periods attributable to:		
Owners of the parent company	493,060	351,560
Non-controlling interests	180	(2)
	<u>493,240</u>	<u>351,558</u>
Basic earnings per share	<u>0.29</u>	<u>0.48</u>
Diluted earnings per share	<u>0.28</u>	<u>0.46</u>

English Translation of Financial Statements Originally Issued in Chinese

KING YUAN ELECTRONICS CO.,LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES EQUITY

For the three months ended March 31, 2018 and 2017

	Ordinary share	Advance receipts for share capital	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 investments 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	NT\$'000
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 income for the three months ended March 31, 2017						560,664				560,664	84	560,748
Other comprehensive income for the three months ended March 31, 2017							(215,319)		6,215	(209,104)	(86)	(209,190)
Total comprehensive income	0	0	0	0	0	560,664	(215,319)	0	6,215	351,560	(2)	351,558
Conversion of convertible bonds	36,898		62,548							99,446		99,446
Balance as of March 31, 2017	11,711,731	0	5,027,961	1,658,280	201,416	5,942,892	(398,602)	0	4,905	24,148,583	5,460	24,154,043
										0		0
Balance as of January 1, 2018	12,202,383	0	5,327,372	1,956,400	386,010	5,403,995	(235,236)	0	5,412	25,046,336	5,658	25,051,994
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	0	5,327,372	1,956,400	386,010	5,852,323	(235,236)	(393,955)	0	25,095,297	5,658	25,100,955
Net income for the three months ended March 31, 2018						348,234				348,234	(27)	348,207
Other comprehensive income for the three months ended March 31, 2018							71,163	73,663		144,826	207	145,033
Total comprehensive income	0	0	0	0	0	348,234	71,163	73,663	0	493,060	180	493,240
Conversion of convertible bonds	10,394	14,674	39,430							64,498		64,498
Balance as of March 31, 2018	12,212,777	14,674	5,366,802	1,956,400	386,010	6,200,557	(164,073)	(320,292)	0	25,652,855	5,838	25,658,693

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO.,LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2018 and 2017

	For the three months ended March 31,	
	2018	2017
	NT\$'000	NT\$'000
Cash flows from operating activities		
Profit before income tax from continuing operations	427,388	710,446
Adjustments for :		
Depreciation	1,573,769	1,579,554
Amortization	7,673	5,938
Expected credit loss (reversal of provision)	1,210	(60)
Net gain on financial assets at fair value through profit or loss	(93)	0
Interest expense	45,624	54,659
Interest income	(7,389)	(7,008)
Investment loss accounted for using the equity method	130,261	143,978
Loss (gain) on disposal of property, plan and equipment	(112,253)	1,818
Unrealized foreign exchange gain	(25,093)	(146,814)
Changes in operating assets and liabilities		
Contract assets	(496,816)	0
Notes receivable	4,418	7,959
Accounts receivable	481,207	401,420
Accounts receivable due from related parties	(19,422)	194,052
Other receivable	(373,412)	(70,049)
Other receivable due from related parties	3,005	28,110
Inventories	(48,292)	167,124
Prepayments	(12,142)	39,003
Other current assets	30,991	43,774
Notes payable	867	(5,682)
Accounts payable	(4,930)	(197,966)
Accounts payable to related parties	10,956	369
Other payable	(206,137)	(346,787)
Other payable to related parties	33,686	3,909
Other current liabilities	71,770	13,945
Net cash generated from operations	1,516,846	2,621,692
Interest received	6,355	6,248
Income taxes paid	(6,070)	(8,220)
Net cash provided by operating activities	1,517,131	2,619,720
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,954,956)	(1,241,141)
Proceeds from disposal of property, plant and equipment	351,951	20,172
Decrease(increase) in refundable deposits	827	(5,233)
Acquisition of intangible assets	(9,624)	(20,971)
Decrease in other prepayments	542	536
Net cash used in investing activities	(1,611,260)	(1,246,637)
Cash flows from financing activities		
Proceeds from long-term debt	2,975,859	245,200
Repayments of long-term debt	(2,650,579)	(1,950,993)
Increase in guarantee deposits	449	1
Interest paid	(44,391)	(48,449)
Net cash provided by(used in) financing activities	281,338	(1,754,241)
Effect of change in exchange rate on cash and cash equivalents	22,930	(81,610)
Net increase (decrease) in cash and cash equivalents	210,139	(462,768)
Cash and cash equivalents at the beginning of period	5,395,029	5,617,403
Cash and cash equivalents at the end of period	5,605,168	5,154,635