

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

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

Assets	2018/6/30	2017/12/31	2017/6/30
	NT\$'000	NT\$'000	NT\$'000
Current assets			
Cash and cash equivalents	4,799,238	5,395,029	5,047,388
Current financial assets at fair value through profit or loss	101,231	0	0
Current financial assets at fair value through other comprehensive income	11,687	0	0
Current available-for-sale financial assets	0	112,730	118,130
Current contract assets	351,603	0	0
Notes receivable, net	9,939	10,656	6,987
Accounts receivable, net	3,557,754	3,804,112	3,627,751
Accounts receivable due from related parties, net	1,112,916	673,148	817,410
Other receivables	367,564	197,342	139,774
Other receivables due from related parties	171,153	156,419	91,905
Inventories, net	578,309	473,829	501,688
Prepayments	472,694	408,405	220,428
Other current assets	253,475	273,253	319,973
Other current financial assets	4	472	466
Total current assets	11,787,567	11,505,395	10,891,900
Non-current assets			
Non-current financial assets at fair value through other comprehensive income	1,985,782	0	0
Non-current available-for-sale financial assets	0	22,082	23,302
Non-current financial assets measured at cost	0	1,785,558	1,812,536
Investments accounted for using the equity method	352,147	578,082	795,861
Property, plant and equipment	28,886,546	26,657,896	27,589,062
Intangible assets	44,228	44,915	49,464
Deferred income tax assets	322,791	333,914	356,448
Other non-current assets	128,961	130,881	125,883
Other non-current financial assets	99,521	99,521	93,996
Total non-current assets	31,819,976	29,652,849	30,846,552
Total assets	43,607,543	41,158,244	41,738,452

English Translation of Financial Statements Originally Issued in Chinese

KING YUAN ELECTRONICS CO.,LTD AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

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

Liabilities and shareholders' Equity	2018/6/30	2017/12/31	2017/6/30
	NT\$'000	NT\$'000	NT\$'000
Liabilities			
Current liabilities			
Notes payable	14,976	11,815	4,031
Accounts payable	648,353	614,951	544,314
Accounts payable to related parties	14,509	7,236	10,530
Other payables	4,042,572	1,927,442	3,911,805
Other payables to related parties	59,200	28,343	74,167
Payables on equipment	879,148	450,769	551,432
Current tax liabilities	283,569	340,217	394,688
Bonds payable, current portion	0	64,829	0
Current portion of long-term loans	274,076	3,289,181	1,996,246
Other current liabilities	364,917	273,222	266,144
Total current liabilities	6,581,320	7,008,005	7,753,357
Non-current liabilities			
Bonds payable	0	0	1,257,416
Long-term loans	12,799,905	8,650,497	9,550,632
Net defined benefit liability, non-current	446,624	446,624	361,477
Guarantee deposits	1,573	1,124	1,376
Total non-current liabilities	13,248,102	9,098,245	11,170,901
Total liabilities	19,829,422	16,106,250	18,924,258
Equity			
Equity attributable to owners of the parent company			
Share capital			
Ordinary share	12,227,451	12,202,383	11,737,099
Capital surplus	4,844,536	5,327,372	4,602,749
Retained earnings			
Legal reserve	2,179,765	1,956,400	1,956,400
Special reserve	431,239	386,010	386,010
Undistributed earnings	4,594,398	5,403,995	4,408,865
Total retained earnings	7,205,402	7,746,405	6,751,275
Other equity	(505,328)	(229,824)	(282,511)
Total equity attributable to owners of the parent company	23,772,061	25,046,336	22,808,612
Non-controlling interests	6,060	5,658	5,582
Total equity	23,778,121	25,051,994	22,814,194
Total liabilities and equity	43,607,543	41,158,244	41,738,452

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

	For the six months ended June 30,	
	2018	2017
	NT\$'000	NT\$'000
Operating revenue		
Net operating revenues	9,621,057	9,711,556
Operating Costs	7,146,092	6,712,140
Gross Profit	2,474,965	2,999,416
Operating expenses		
Selling expenses	149,360	141,913
General and administrative expenses	637,356	590,338
Research and development expenses	422,864	373,127
Expected credit losses	1,115	0
Total operating expenses	1,210,695	1,105,378
Operating Income	1,264,270	1,894,038
Non-operating income and expenses		
Other income	27,869	43,139
Other gains and losses	209,561	16,972
Finance costs	(91,294)	(105,379)
Investment loss accounted for using the equity method	(408,200)	(285,357)
Total non-operating income and expenses	(262,064)	(330,625)
Net income before income tax	1,002,206	1,563,413
Income tax expense	281,586	414,221
Net income	720,620	1,149,192
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	118,841	0
Share of on unrealized losses from equity instruments investments measured at fair value through other comprehensive income, accounted for using equity method	(9,065)	0
Income tax related to components of other comprehensive income that will not to be reclassified to profit or loss	(36,502)	0
To be reclassified to profit or loss		
Exchange differences resulting from translating the financial statements of a foreign operation	52,848	(162,877)
Unrealized gains from available-for-sale financial assets	0	6,046
Income tax related to components of other comprehensive income that will to be reclassified to profit or loss	(2,019)	58,834
Total other comprehensive income(losses)	124,103	(97,997)
Total comprehensive income	844,723	1,051,195
Net income for the periods attributable to:		
Owners of the parent company	720,458	1,148,993
Non-controlling interests	162	199
	720,620	1,149,192
Total comprehensive income for the periods attributable to:		
Owners of the parent company	844,321	1,051,075
Non-controlling interests	402	120
	844,723	1,051,195
Basic earnings per share	0.59	0.98
Diluted earnings per share	0.59	0.95

English Translation of Financial Statements Originally Issued in Chinese

KING YUAN ELECTRONICS CO.,LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES EQUITY

For the six months ended June 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
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
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 six months ended June 30, 2017					1,148,993				1,148,993	199	1,149,192
Other comprehensive income for the six months ended June 30, 2017						(103,964)		6,046	(97,918)	(79)	(97,997)
Total comprehensive income	0	0	0	0	1,148,993	(103,964)	0	6,046	1,051,075	120	1,051,195
Conversion of convertible bonds	62,266	105,805							168,071		168,071
Balance as of June 30, 2017	11,737,099	4,602,749	1,956,400	386,010	4,408,865	(287,247)	0	4,736	22,808,612	5,582	22,814,194
Balance as of January 1, 2018	12,202,383	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	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 six months ended June 30, 2018					720,458				720,458	162	720,620
Other comprehensive income for the six months ended June 30, 2018						50,589	73,274		123,863	240	124,103
Total comprehensive income	0	0	0	0	720,458	50,589	73,274	0	844,321	402	844,723
Conversion of convertible bonds	25,068	39,430							64,498		64,498
Balance as of June 30, 2018	12,227,451	4,844,536	2,179,765	431,239	4,594,398	(184,647)	(320,681)	0	23,772,061	6,060	23,778,121

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

	For the six months ended June 30,	
	2018	2017
	NT\$'000	NT\$'000
Cash flows from operating activities		
Profit before income tax from continuing operations	1,002,206	1,563,413
Adjustments for :		
Depreciation	3,163,739	3,221,134
Amortization	14,766	12,481
Expected credit loss (reversal of provision)	1,115	(100)
Net gain on financial assets at fair value through profit or loss	(188)	0
Interest expense	91,294	105,379
Interest income	(15,255)	(16,103)
Investment loss accounted for using the equity method	408,200	285,357
Loss (gain) on disposal of property, plant and equipment	(156,225)	(33,835)
Unrealized foreign exchange gain	88,341	(139,273)
Changes in operating assets and liabilities		
Contract assets	(351,603)	0
Notes receivable	717	7,263
Accounts receivable	245,217	76,584
Accounts receivable due from related parties	(439,768)	151,790
Other receivable	60,417	17,175
Other receivable due from related parties	(14,410)	37,637
Inventories	(104,480)	172,806
Prepayments	(192,425)	(41,920)
Other current assets	19,778	4,778
Notes payable	3,161	(7,139)
Accounts payable	33,402	(106,728)
Accounts payable to related parties	7,273	2,625
Other payable	(83,889)	(356,385)
Other payable to related parties	26,597	11,094
Other current liabilities	91,695	15,622
Net cash generated from operations	3,899,675	4,983,655
Interest received	16,474	15,158
Income taxes paid	(365,632)	(453,128)
Net cash provided by operating activities	3,550,517	4,545,685
Cash flows from investing activities		
Acquisition of financial assets measured at cost	0	(275,000)
Acquisition of investments accounted for using the equity method	(245,408)	0
Acquisition of property, plant and equipment	(4,977,470)	(2,586,157)
Proceeds from disposal of property, plant and equipment	107,314	149,324
Decrease(increase) in refundable deposits	2,171	(3,159)
Acquisition of intangible assets	(14,054)	(30,373)
Decrease(increase) in other financial assets	468	(462)
Decrease in other prepayments	1,089	1,230
Dividend received	10,060	11,460
Net cash used in investing activities	(5,115,830)	(2,733,137)
Cash flows from financing activities		
Decrease in short-term borrowings	0	(13,655)
Proceeds from long-term debt	9,570,406	1,696,175
Repayments of long-term debt	(8,528,359)	(3,873,133)
Increase in guarantee deposits	449	178
Interest paid	(86,991)	(92,271)
Net cash provided by(used in) financing activities	955,505	(2,282,706)
Effect of change in exchange rate on cash and cash equivalents	14,017	(99,857)
Net increase (decrease) in cash and cash equivalents	(595,791)	(570,015)
Cash and cash equivalents at the beginning of period	5,395,029	5,617,403
Cash and cash equivalents at the end of period	4,799,238	5,047,388