

**English Translation of Financial Statements Originally Issued in Chinese**

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

**CONSOLIDATED BALANCE SHEETS**

**As of March 31, 2019, December 31, 2018 and March 31, 2018**

(Amounts in thousands of New Taiwan Dollars)

<b>Assets</b>	<b>2019/3/31</b>	<b>2018/12/31</b>	<b>2018/3/31</b>
Current assets			
Cash and cash equivalents	4,494,304	4,786,626	5,605,168
Financial assets at fair value through profit or loss-current	101,592	101,461	101,136
Financial assets at fair value through other comprehensive income-current	21,223	15,989	13,515
Contract assets-current	241,452	289,427	496,816
Notes receivable, net	13,984	13,844	6,238
Accounts receivable, net	3,917,896	4,418,689	3,321,648
Accounts receivable due from related parties, net	735,975	769,731	692,570
Other receivables	275,973	233,559	405,191
Other receivables due from related parties	4,889	11,337	153,414
Inventories, net	1,090,188	1,137,152	522,121
Prepayments	707,813	656,455	303,699
Other current assets	195,250	191,099	242,262
Other financial assets-current	264	4	480
Total current assets	11,800,803	12,625,373	11,864,258
Non-current assets			
Financial assets at fair value through other comprehensive income- non-current	1,928,388	1,752,480	1,973,582
Investments accounted for using the equity method	65,088	62,352	437,142
Property, plant and equipment	32,363,089	31,907,296	27,506,066
Right-of-use assets	632,991	0	0
Intangible assets	149,435	171,062	46,894
Deferred tax assets	343,905	405,398	318,299
Other financial assets- non-current	112,400	109,912	99,521
Other non-current assets	16,260	121,886	131,433
Total non-current assets	35,611,556	34,530,386	30,512,937
<b>Total assets</b>	<b>47,412,359</b>	<b>47,155,759</b>	<b>42,377,195</b>

**English Translation of Financial Statements Originally Issued in Chinese**  
**KING YUAN ELECTRONICS CO.,LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (Continued)**  
**As of March 31, 2019, December 31, 2018 and March 31, 2018**  
(Amounts in thousands of New Taiwan Dollars)

Liabilities and shareholders' Equity	2019/3/31	2018/12/31	2018/3/31
<b>Liabilities</b>			
Current liabilities			
Short-term loans	114,419	111,879	0
Contract liabilities-current	69,718	85,963	83,140
Notes payable	14,952	50,156	12,682
Accounts payable	840,779	1,183,765	610,021
Accounts payable to related parties	5,351	12,391	18,192
Other payables	1,967,400	2,276,173	1,720,619
Other payables to related parties	60,909	80,831	68,443
Payables on equipment	717,733	800,724	813,938
Current tax liabilities	389,087	291,830	439,303
Current portion of Lease liabilities	18,897	0	0
Current portion of long-term liabilities	197,233	184,284	2,207,795
Other current liabilities	286,221	323,908	261,852
Total current liabilities	4,682,699	5,401,904	6,235,985
Non-current liabilities			
Long-term loans	16,644,265	16,750,860	10,034,320
Deferred tax liability	299	0	0
Non-current lease liabilities	507,063	0	0
Net defined benefit liability	481,570	481,570	446,624
Guarantee deposits	1,580	1,573	1,573
Total non-current liabilities	17,634,777	17,234,003	10,482,517
<b>Total liabilities</b>	<b>22,317,476</b>	<b>22,635,907</b>	<b>16,718,502</b>
<b>Equity</b>			
Equity attributable to owners of the parent company			
Share capital			
Common stock	12,227,451	12,227,451	12,212,777
Advance receipts for share capital	0	0	14,674
Total capital stock	12,227,451	12,227,451	12,227,451
Capital surplus	4,843,558	4,844,536	5,366,802
Retained earnings			
Legal reserve	2,179,765	2,179,765	1,956,400
Special reserve	431,239	431,239	386,010
Undistributed earnings	5,976,702	5,597,293	6,200,557
Total retained earnings	8,587,706	8,208,297	8,542,967
Other equity	(570,441)	(803,173)	(484,365)
<b>Equity attributable to owners of the parent company</b>	<b>25,088,274</b>	<b>24,477,111</b>	<b>25,652,855</b>
Non-controlling interests	6,609	42,741	5,838
<b>Total equity</b>	<b>25,094,883</b>	<b>24,519,852</b>	<b>25,658,693</b>
<b>Total liabilities and equities</b>	<b>47,412,359</b>	<b>47,155,759</b>	<b>42,377,195</b>

**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, 2019 and 2018**  
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	For the three months ended March 31,	
	2019	2018
<b>Net sales</b>	5,260,124	4,580,790
<b>Operating Costs</b>	4,137,141	3,520,345
<b>Gross Profit</b>	1,122,983	1,060,445
<b>Operating expenses</b>		
Selling expenses	89,550	74,313
Administrative expenses	355,182	306,231
Research and development expenses	219,723	200,079
Expected credit losses	123	1,210
Total operating expenses	664,578	581,833
<b>Operating Income</b>	458,405	478,612
<b>Non-operating income and expenses</b>		
Other income	62,774	13,244
Other gains and losses	27,697	111,417
Finance costs	(68,007)	(45,624)
Share of profit of associates accounted for using the equity method	2,736	(130,261)
Total non-operating income and expenses	25,200	(51,224)
<b>Net income before income tax</b>	483,605	427,388
<b>Income tax expense</b>	104,239	79,181
<b>Net income</b>	<b>379,366</b>	<b>348,207</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified subsequently to profit or loss :		
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	181,142	108,469
Share of unrealized losses from equity instruments investments measured at fair value through other comprehensive income, accounted for using equity method	0	(378)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(34,479)	(34,428)
Items that will be reclassified subsequently to profit or loss :		
Exchange differences resulting from translating the financial statements of foreign operations	107,589	78,532
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(21,517)	(7,162)
<b>Other comprehensive income, net of tax</b>	<b>232,735</b>	<b>145,033</b>
<b>Total comprehensive income</b>	<b>612,101</b>	<b>493,240</b>
<b>Net income attributable to:</b>		
Owners of the parent company	379,409	348,234
Non-controlling interests	(43)	(27)
	<b>379,366</b>	<b>348,207</b>
<b>Total comprehensive income for the periods attributable to:</b>		
Owners of the parent company	612,141	493,060
Non-controlling interests	(40)	180
	<b>612,101</b>	<b>493,240</b>
<b>Earning per share(NT\$)</b>		
Basic earnings per share	<b>0.31</b>	<b>0.29</b>
Diluted earnings per share	<b>0.31</b>	<b>0.28</b>

English Translation of Financial Statements Originally Issued in Chinese

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the three months ended March 31, 2019 and 2018

(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent company										Non-controlling interests	Total Equity
	Common stock	Advance receipts for share capital	Capital surplus	Retained earnings			Other equity			Equity attributable to owners of the parent		
				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			
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
Balance 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
Profit 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
Balance as of January 1, 2019	12,227,451	0	4,844,536	2,179,765	431,239	5,597,293	(292,128)	(511,045)	0	24,477,111	42,741	24,519,852
Profit for the three months ended March 31, 2019						379,409				379,409	(43)	379,366
Other comprehensive income for the three months ended March 31, 2018							86,069	146,663		232,732	3	232,735
Total comprehensive income	0	0	0	0	0	379,409	86,069	146,663	0	612,141	(40)	612,101
Changes in ownership interests in subsidiaries			(978)							(978)	(36,092)	(37,070)
Balance as of March 31, 2019	12,227,451	0	4,843,558	2,179,765	431,239	5,976,702	(206,059)	(364,382)	0	25,088,274	6,609	25,094,883

**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, 2019 and 2018**

(Amounts in thousands of New Taiwan Dollars)

Description	For the three months ended March 31,	
	2019	2018
<b>Cash flows from operating activities :</b>		
Profit before tax from continuing operations	483,605	427,388
Adjustments for :		
The profit or loss items which did not affect cash flows :		
Depreciation	1,671,598	1,573,769
Amortization	22,722	7,673
Expected credit loss (reversal of provision)	123	1,210
Gain on financial assets and liabilities at fair value through profit or loss	(131)	(93)
Interest expense	68,007	45,624
Interest income	(331)	(7,389)
Investment (gain)loss accounted for using the equity method	(2,736)	130,261
Gain on disposal of property, plant and equipment	(8,250)	(112,253)
Unrealized foreign exchange (gain) loss	17,224	(25,093)
Changes in operating assets and liabilities		
Contract assets	47,975	(496,816)
Notes receivable	(140)	4,418
Accounts receivable	500,661	481,207
Accounts receivable from related parties	33,756	(19,422)
Other receivable	(39,564)	(373,412)
Other receivable from related parties	6,431	3,005
Inventories	46,964	(48,292)
Prepayments	(18,375)	(12,142)
Other current assets	(4,151)	30,991
Contract liabilities	(16,245)	36,850
Notes payable	(35,204)	867
Accounts payable	(342,986)	(4,930)
Accounts payable to related parties	(7,040)	10,956
Other payable	(308,675)	(206,137)
Other payable to related parties	(19,678)	33,686
Other current liabilities	(37,687)	34,920
Cash generated from operating activities	2,057,873	1,516,846
Interest received	7,033	6,355
Income tax paid	(1,186)	(6,070)
<b>Net cash provided by operating activities</b>	<b>2,063,720</b>	<b>1,517,131</b>
<b>Cash flows from investing activities :</b>		
Acquisition of property, plant and equipment	(2,166,366)	(1,954,956)
Proceeds from disposal of property, plant and equipment	9,407	351,951
Decrease(increase) in refundable deposits	(424)	827
Acquisition of intangible assets	(907)	(9,624)
Increase in other financial assets	(2,748)	0
Decrease in other prepayments	0	542
<b>Net cash used in investing activities</b>	<b>(2,161,038)</b>	<b>(1,611,260)</b>
<b>Cash flows from financing activities :</b>		
Borrowing in long-term loans	3,763,370	2,975,859
Repayments of long-term loans	(3,874,272)	(2,650,579)
Increase in guarantee deposits	7	449
Cash outflow for leases	(7,075)	0
Interest paid	(62,887)	(44,391)
Acquisition of ownership interests in subsidiaries	(37,070)	0
<b>Net cash provided by(used in) financing activities</b>	<b>(217,927)</b>	<b>281,338</b>
Effect of change in exchange rate on cash and cash equivalents	22,923	22,930
Net increase (decrease) in cash and cash equivalents	(292,322)	210,139
Cash and cash equivalents at the beginning of the year	4,786,626	5,395,029
<b>Cash and cash equivalents at the end of the year</b>	<b>4,494,304</b>	<b>5,605,168</b>