

English Translation of Financial Statements Originally Issued in Chinese

KING YUAN ELECTRONICS CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of June 30, 2019, December 31, 2018 and Jun 30, 2018

(Amounts in thousands of New Taiwan Dollars)

Assets	2019/6/30	2018/12/31	2018/6/30
Current assets			
Cash and cash equivalents	5,290,577	4,786,626	4,799,238
Financial assets at fair value through profit or loss-current	101,723	101,461	101,231
Financial assets at fair value through other comprehensive income-current	25,274	15,989	11,687
Contract assets-current	222,348	289,427	351,603
Notes receivable, net	9,066	13,844	9,939
Accounts receivable, net	4,547,769	4,418,689	3,557,754
Accounts receivable due from related parties, net	845,247	769,731	1,112,916
Other receivables	298,131	233,559	367,564
Other receivables due from related parties	3,836	11,337	171,153
Inventories, net	1,038,582	1,137,152	578,309
Prepayments	1,135,158	656,455	472,694
Other current assets	226,020	191,099	253,475
Other financial assets-current	261	4	4
Total current assets	13,743,992	12,625,373	11,787,567
Non-current assets			
Financial assets at fair value through other comprehensive income- non-current	2,035,248	1,752,480	1,985,782
Investments accounted for using the equity method	56,390	62,352	352,147
Property, plant and equipment	34,405,319	31,907,296	28,886,546
Right-of-use assets	618,463	0	0
Intangible assets	137,928	171,062	44,228
Deferred tax assets	316,836	405,398	322,791
Other financial assets- non-current	112,400	109,912	99,521
Other non-current assets	16,014	121,886	128,961
Total non-current assets	37,698,598	34,530,386	31,819,976
Total assets	51,442,590	47,155,759	43,607,543

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KING YUAN ELECTRONICS CO.,LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
As of June 30, 2019, December 31, 2018 and Jun 30, 2018
(Amounts in thousands of New Taiwan Dollars)

Liabilities and shareholders' Equity	2019/6/30	2018/12/31	2018/6/30
Liabilities			
Current liabilities			
Short-term loans	299,423	111,879	0
Contract liabilities-current	95,569	130,203	142,883
Notes payable	4,166	50,156	14,976
Accounts payable	909,316	1,183,765	648,353
Accounts payable to related parties	6,180	12,391	14,509
Other payables	4,031,865	2,276,173	4,042,572
Other payables to related parties	70,396	80,831	59,200
Payables on equipment	1,400,411	800,724	879,148
Current tax liabilities	438,988	291,830	283,569
Current portion of Lease liabilities	18,319	0	0
Current portion of long-term liabilities	192,624	184,284	274,076
Other current liabilities	234,797	279,668	222,034
Total current liabilities	7,702,054	5,401,904	6,581,320
Non-current liabilities			
Long-term loans	18,663,992	16,750,860	12,799,905
Deferred tax liability	479	0	0
Non-current lease liabilities	496,088	0	0
Net defined benefit liability	481,570	481,570	446,624
Guarantee deposits	1,933	1,573	1,573
Total non-current liabilities	19,644,062	17,234,003	13,248,102
Total liabilities	27,346,116	22,635,907	19,829,422
Equity			
Equity attributable to owners of the parent company			
Share capital			
Common stock	12,227,451	12,227,451	12,227,451
Capital surplus	4,843,558	4,844,536	4,844,536
Retained earnings			
Legal reserve	2,359,299	2,179,765	2,179,765
Special reserve	803,171	431,239	431,239
Undistributed earnings	4,379,364	5,597,293	4,594,398
Total retained earnings	7,541,834	8,208,297	7,205,402
Other equity	(523,268)	(803,173)	(505,328)
Equity attributable to owners of the parent company	24,089,575	24,477,111	23,772,061
Non-controlling interests	6,899	42,741	6,060
Total equity	24,096,474	24,519,852	23,778,121
Total liabilities and equities	51,442,590	47,155,759	43,607,543

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, 2019 and 2018

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	For the six months ended June 30,	
	2019	2018
Net sales	11,351,086	9,621,057
Operating Costs	8,713,872	7,146,092
Gross Profit	2,637,214	2,474,965
Operating expenses		
Selling expenses	186,322	149,360
Administrative expenses	718,934	637,356
Research and development expenses	473,645	422,864
Expected credit losses	23	1,115
Total operating expenses	1,378,924	1,210,695
Operating Income	1,258,290	1,264,270
Non-operating income and expenses		
Other income	76,180	27,869
Other gains and losses	53,754	209,561
Finance costs	(138,697)	(91,294)
Share of profit of associates accounted for using the equity method	5,498	(408,200)
Total non-operating income and expenses	(3,265)	(262,064)
Net income before income tax	1,255,025	1,002,206
Income tax expense	270,757	281,586
Net income	984,268	720,620
Other comprehensive income		
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	292,053	118,841
Share of unrealized losses from equity instruments investments measured at fair value through other comprehensive income, accounted for using equity method	0	(9,065)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(56,661)	(36,502)
Items that will be reclassified subsequently to profit or loss :		
Exchange differences resulting from translating the financial statements of foreign operations	55,865	52,848
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(11,127)	(2,019)
Other comprehensive income, net of tax	280,130	124,103
Total comprehensive income	1,264,398	844,723
Net income attributable to:		
Owners of the parent company	984,243	720,458
Non-controlling interests	25	162
	984,268	720,620
Total comprehensive income for the periods attributable to:		
Owners of the parent company	1,264,148	844,321
Non-controlling interests	250	402
	1,264,398	844,723
Earning per share(NT\$)		
Basic earnings per share	0.80	0.59
Diluted earnings per share	0.80	0.59

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO.,LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six months ended June 30, 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	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 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	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	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)
Share of changes in net assets of associates and joint ventures accounted for using equity method		(33,755)							(33,755)		(33,755)
Profit 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
Balance as of January 1, 2019	12,227,451	4,844,536	2,179,765	431,239	5,597,293	(292,128)	(511,045)	0	24,477,111	42,741	24,519,852
Appropriation and distribution of 2018 earnings:											
Legal reserve			179,534		(179,534)				0		0
Special reserve				371,932	(371,932)				0		0
Cash dividends					(1,650,706)				(1,650,706)		(1,650,706)
Profit for the six months ended June 30, 2019					984,243				984,243	25	984,268
Other comprehensive income for the six months ended June 30, 2019						44,513	235,392		279,905	225	280,130
Total comprehensive income	0	0	0	0	984,243	44,513	235,392	0	1,264,148	250	1,264,398
Changes in ownership interests in subsidiaries		(978)							(978)	(36,092)	(37,070)
Balance as of June 30, 2019	12,227,451	4,843,558	2,359,299	803,171	4,379,364	(247,615)	(275,653)	0	24,089,575	6,899	24,096,474

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, 2019 and 2018
(Amounts in thousands of New Taiwan Dollars)

Description	For the six months ended June 30,	
	2019	2018
Cash flows from operating activities :		
Profit before tax from continuing operations	1,255,025	1,002,206
Adjustments for :		
The profit or loss items which did not affect cash flows :		
Depreciation	3,385,961	3,163,739
Amortization	45,579	14,766
Expected credit loss	23	1,115
Gain on financial assets and liabilities at fair value through profit or loss	(262)	(188)
Interest expense	138,697	91,294
Interest income	(4,049)	(15,255)
Dividend income	(324)	0
Investment (gain)loss accounted for using the equity method	(5,498)	408,200
Gain on disposal of property, plan and equipment	(14,110)	(156,225)
Unrealized foreign exchange (gain) loss	10,841	88,341
Changes in operating assets and liabilities		
Contract assets	67,079	(351,603)
Notes receivable	5,102	717
Accounts receivable	(129,106)	245,217
Accounts receivable from related parties	(75,516)	(439,768)
Other receivable	(95,814)	60,417
Other receivable from related parties	10,679	(14,410)
Inventories	87,170	(104,480)
Prepayments	(538,181)	(192,425)
Other current assets	(34,921)	19,778
Contract liabilities	(34,634)	50,746
Notes payable	(45,990)	3,161
Accounts payable	(274,449)	33,402
Accounts payable to related parties	(6,211)	7,273
Other payable	101,567	(83,889)
Other payable to related parties	(19,717)	26,597
Other current liabilities	(44,871)	40,949
Cash generated from operating activities	3,784,070	3,899,675
Interest received	11,248	16,474
Income tax paid	(102,346)	(365,632)
Net cash provided by operating activities	3,692,972	3,550,517
Cash flows from investing activities :		
Acquisition of investments accounted for using the equity method	0	(245,408)
Acquisition of property, plant and equipment	(5,175,340)	(4,977,470)
Proceeds from disposal of property, plant and equipment	58,512	107,314
(Increase)Decrease in refundable deposits	(133)	2,171
Acquisition of intangible assets	(12,346)	(14,054)
Increase in other financial assets	(2,745)	468
Decrease in other prepayments	0	1,089
Dividend received	11,460	10,060
Net cash used in investing activities	(5,120,592)	(5,115,830)
Cash flows from financing activities :		
Borrowing in short-term loans	304,097	0
Repayments of short-term loans	(114,790)	0
Borrowing in long-term loans	8,869,919	9,570,406
Repayments of long-term loans	(6,966,862)	(8,528,359)
Increase in guarantee deposits	360	449
Cash outflow for leases	(14,064)	0
Interest paid	(123,556)	(86,991)
Acquisition of ownership interests in subsidiaries	(37,070)	0
Net cash provided by financing activities	1,918,034	955,505
Effect of change in exchange rate on cash and cash equivalents	13,537	14,017
Net increase (decrease) in cash and cash equivalents	503,951	(595,791)
Cash and cash equivalents at the beginning of the year	4,786,626	5,395,029
Cash and cash equivalents at the end of the period	5,290,577	4,799,238