

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

For the year ended December 31, 2016 and 2015
(Expressed in thousands of New Taiwan Dollars)

	12.31.2016		12.31.2015			12.31.2016		12.31.2015	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets									
Current Assets:									
Cash and Cash Equivalents	\$ 3,406,289	28	2,905,532	24		\$ 1,663,059	14	1,300,187	11
Financial Assets at Fair Value through Profit or Loss - Current	92,368	1	618,567	5		1,064,785	9	1,052,056	9
Notes and Accounts Receivable, net	3,398,021	28	3,046,660	25		26,411	-	19,701	-
Other Receivables	152,948	1	54,669	-		581,749	5	599,627	5
Inventories	1,805,964	15	1,705,637	14		45,301	-	75,485	2
Prepaid Expenses and Other Current Assets*	43,226	-	37,327	-		2,171	-	2,122	-
Total Current Assets	8,898,816	73	8,368,392	68		3,383,476	28	3,049,178	27
Noncurrent Assets:									
Available-for-sale Financial Assets - Noncurrent	381,162	3	320,671	3		17,058	-	19,240	-
Financial Assets Carried at Cost - Noncurrent	317,987	3	420,855	3		28,464	-	45,752	-
Property, Plant and Equipment	2,406,685	19	2,629,430	22		59,738	-	56,774	-
Intangible Assets	254,298	2	314,614	3		2,868	-	2,301	-
Deferred Income Tax Assets*	32,265	-	29,079	-		108,128	-	124,067	-
Prepaid Expense on Equipment*	10,051	-	18,057	-		3,491,604	28	3,173,245	27
Other Noncurrent Assets - Others	23,220	-	74,140	1					
Total Noncurrent Assets	3,425,668	27	3,806,846	32					
Total Assets*	\$ 12,324,484	100	12,175,238	100					
					Liabilities and Equity				
					Current Liabilities:				
					Short-term Loans	\$ 1,663,059	14	1,300,187	11
					Notes and Accounts Payable	1,064,785	9	1,052,056	9
					Accounts Payable - Related Parties	26,411	-	19,701	-
					Other Payables	581,749	5	599,627	5
					Current Period Income Tax Liability	45,301	-	75,485	2
					Current Portion of Long-term Debt	2,171	-	2,122	-
					Total Current Liabilities	3,383,476	28	3,049,178	27
					Noncurrent Liabilities:				
					Long-term Loans	17,058	-	19,240	-
					Deferred Income Tax Liabilities	28,464	-	45,752	-
					Accrued Pension Liabilities - Noncurrent	59,738	-	56,774	-
					Other Noncurrent Liabilities - Others	2,868	-	2,301	-
					Total Noncurrent Liabilities	108,128	-	124,067	-
					Total Liabilities	3,491,604	28	3,173,245	27
					Equity Attributable to Parent Company:				
					Common Stock	2,242,154	18	2,242,154	18
					Capital Surplus	3,567,070	29	3,608,244	30
					Retained Earnings:				
					Legal Reserve	1,221,549	10	1,161,732	10
					Unappropriated Earnings	1,032,179	9	1,150,743	9
					Total Retained Earnings	2,253,728	19	2,312,475	19
					Other Equity:				
					Exchange Differences on Translation of Financial Statements of Foreign Operations	13,280	-	45,807	-
					Unrealized gains and losses on Available-for-sale Financial Assets	163,345	1	156,047	1
					Total Other Equity	176,625	1	201,854	1
					Total Equity Attributable to Stockholders of Parent Company	8,239,577	67	8,364,727	68
					Non-Controlling Equity	593,303	5	637,266	5
					Total Equity	8,832,880	72	9,001,993	73
					Total Liabilities and Equity	\$ 12,324,484	100	\$ 12,175,238	100

Note: Accounts and amounts were properly adjusted due to the adoption of IFRS in 2013.

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED CONDENSED INCOME STATEMENT

For the Three Months ended December 31, September 30, 2016 and December 31, 2015

	2016 Q4		2016 Q3		2015 Q4		Growth Rate (QoQ)		Growth Rate (YoY)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	\$ 3,448,001	100.0	\$ 3,511,201	100.0	\$ 3,297,781	100.0	(63,200)	(1.8)	150,220	4.6
Cost of Goods Sold	2,964,573	86.0	2,993,069	85.2	2,849,439	86.4	(28,496)	(1.0)	115,134	4.0
Gross Profit	483,428	14.0	518,132	14.8	448,342	13.6	(34,704)	(6.7)	35,086	7.8
Operating Expenses*	377,975	11.0	343,106	9.8	347,160	10.5	34,869	10.2	30,815	8.9
Operating Income*	105,453	3.1	175,026	5.0	101,182	3.1	(69,573)	(39.8)	4,271	4.2
Non-Operating Income and Expense*	(26,173)	(0.8)	21,027	0.6	(70,882)	(2.1)	(47,200)	(224.5)	44,709	(63.1)
Income before Income Tax*	79,280	2.3	196,053	5.6	30,300	0.9	(116,773)	(59.6)	48,980	161.7
Less: Income Tax	(23,096)	(0.7)	(28,440)	(0.8)	(27,557)	(0.8)	5,344	(18.8)	4,461	(16.2)
Net Income*	\$ 56,184	1.6	\$ 224,493	6.4	\$ 2,743	0.1	(168,309)	(75.0)	53,441	1,948.3
Net Income Attributable to Parent Company	\$ 103,602	3.0	\$ 182,783	5.2	\$ 36,066	1.1	(79,181)	(43.3)	67,536	187.3
Attributable to Parent Company										
Basic Earnings per Share - after tax (NT Dollars)*	\$ 0.46		\$ 0.58		\$ 0.16					

Note: EPS calculation is based on the weighted average outstanding shares at the end of each quarter.

Note: Accounts and amounts were properly adjusted due to the adoption of IFRS in 2013.*

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES

CONSOLIDATED COMPREHENSIVE STATEMENT OF INCOME

For the year ended December 31, 2016 and 2015

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	2016		2015		Growth Rate (YoY)
	Amount	%	Amount	%	%
Net Sales	\$ 13,166,572	100	\$ 13,595,819	100	-3.16%
Cost of Goods Sold	<u>11,261,662</u>	<u>86</u>	<u>11,629,937</u>	<u>85</u>	<u>-3.17%</u>
Gross Profit	<u>1,904,910</u>	<u>14</u>	<u>1,965,882</u>	<u>15</u>	<u>-3.10%</u>
Operating Expense					
Selling and Administrative*	1,158,620	9	1,091,260	8	6.17%
Research and Development	<u>304,832</u>	<u>2</u>	<u>240,128</u>	<u>2</u>	<u>26.95%</u>
Total Operating Expense*	<u>1,463,452</u>	<u>11</u>	<u>1,331,388</u>	<u>10</u>	<u>9.92%</u>
Operating Income*	<u>441,458</u>	<u>3</u>	<u>634,494</u>	<u>5</u>	<u>-30.42%</u>
Non-Operating Income and Expenses:					
Other Gains and Losses*	11,940	-	(28,341)	-	-142.13%
Financial Costs*	(16,143)	-	(15,859)	-	1.79%
Interest Income	<u>17,668</u>	-	<u>24,344</u>	-	<u>-27.42%</u>
Total Non-Operating Income and Expenses*	<u>13,465</u>	-	<u>(19,856)</u>	-	<u>-167.81%</u>
Income before Income Tax*	454,923	3	614,638	5	-25.99%
Less: Income Tax Expense	<u>(116,802)</u>	<u>(1)</u>	<u>(142,852)</u>	<u>(1)</u>	<u>-18.24%</u>
Net Income	<u>338,121</u>	<u>2</u>	<u>471,786</u>	<u>4</u>	<u>-28.33%</u>
Other Comprehensive Income (Loss):					
Items not to be reclassified into profit or loss:					
Remeasurements of defined benefit plans	(4,310)	-	(1,911)	-	125.54%
Less: Income Tax	=	=	=	=	
Total Items not to be reclassified	<u>(4,310)</u>	-	<u>(1,911)</u>	-	<u>125.54%</u>
Revaluation Income (Loss) arising from reclassification					
Exchange Differences arising from Translation of Foreign Operations*	(45,687)	-	27,819	-	-264.23%
Changes in Fair Value of Available-for-Sale Financial	9,117	-	(83,558)	(1)	-110.91%
Less: Income Tax related to Other Comprehensive Income	<u>6,101</u>	-	<u>(2,824)</u>	-	<u>-316.04%</u>
Total Revaluation Income (Loss) arising from reclassification	<u>(30,469)</u>	-	<u>(58,563)</u>	<u>(1)</u>	<u>-47.97%</u>
Total Other Comprehensive Income (Loss), Net of Income Tax	<u>(34,779)</u>	-	<u>(60,474)</u>	<u>(1)</u>	<u>-42.49%</u>
Total Comprehensive Income	<u><u>303,342</u></u>	<u><u>2</u></u>	<u><u>411,312</u></u>	<u><u>3</u></u>	<u><u>-26.25%</u></u>
Net Income (Loss) Attributable to:					
Shareholders of the Parent	506,101	3	598,178	5	-15.39%
Noncontrolling Interests	<u>(167,980)</u>	<u>(1)</u>	<u>(126,392)</u>	<u>(1)</u>	<u>32.90%</u>
	\$ <u><u>338,121</u></u>	<u><u>2</u></u>	\$ <u><u>471,786</u></u>	<u><u>4</u></u>	<u><u>-28.33%</u></u>
Total Comprehensive Income (Loss) Attributable to:					
Shareholders of the Parent	476,562	3	566,976	4	-15.95%
Noncontrolling Interests	<u>(173,220)</u>	<u>(1)</u>	<u>(155,664)</u>	<u>(1)</u>	<u>11.28%</u>
	\$ <u><u>303,342</u></u>	<u><u>2</u></u>	\$ <u><u>411,312</u></u>	<u><u>3</u></u>	<u><u>-26.25%</u></u>
Earnings per Share					
Basic Earnings per Share (Unit: NT Dollar)*		<u>2.26</u>		<u>2.67</u>	
Diluted Earnings per Share (Unit: NT Dollar)*		<u>2.23</u>		<u>2.61</u>	

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER EQUITY
For the year ended December 31, 2016 and 2015
(Figures in thousand of New Taiwan Dollars)

	Equity Attributable to Stockholders of Parent Company								
	Retained Earnings				Other Equity			Non-Controlling Interests	Total Equity
	Common Stock	Capital Surplus	Legal Capital Reserve	Unappropriate d Earnings*	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Available-for-sale Financial Assets*	Total		
Beginning Balance, January 1, 2015	<u>2,235,481</u>	<u>3,588,009</u>	<u>1,071,291</u>	<u>1,382,626</u>	<u>24,645</u>	<u>206,500</u>	<u>8,508,552</u>	<u>806,669</u>	<u>9,315,221</u>
Net Income	-	-	-	598,178	-	-	598,178	(126,392)	471,786
Other Comprehensive Income (Loss)	-	-	-	(1,911)	21,162	(50,453)	(31,202)	(29,272)	(60,474)
Total Comprehensive Income (Loss)	-	-	-	<u>596,267</u>	<u>21,162</u>	<u>(50,453)</u>	<u>566,976</u>	<u>(155,664)</u>	<u>411,312</u>
Appropriation of Prior Year's Earnings									
Legal Capital Reserve	-	-	90,441	(90,441)	-	-	-	-	-
Cash Dividends to Shareholders	-	-	-	(737,709)	-	-	(737,709)	-	(737,709)
Conversion of Convertible Bond	6,673	20,100	-	-	-	-	26,773	-	26,773
Adjustments to share of changes in equities of associates and joint ventures	-	135	-	-	-	-	135	-	135
Increase (Decrease) in Non-controlling Interests	-	-	-	-	-	-	-	(13,739)	(13,739)
Ending Balance, December 31, 2015	<u>2,242,154</u>	<u>3,608,244</u>	<u>1,161,732</u>	<u>1,150,743</u>	<u>45,807</u>	<u>156,047</u>	<u>8,364,727</u>	<u>637,266</u>	<u>9,001,993</u>
Net Income	-	-	-	506,101	-	-	506,101	(167,980)	338,121
Other Comprehensive Income (Loss)	-	-	-	(4,310)	(32,527)	7,298	(29,539)	(5,240)	(34,779)
Total Comprehensive Income (Loss)	-	-	-	<u>501,791</u>	<u>(32,527)</u>	<u>7,298</u>	<u>476,562</u>	<u>(173,220)</u>	<u>303,342</u>
Appropriation of Prior Year's Earnings									
Legal Capital Reserve	-	-	59,817	(59,817)	-	-	-	-	-
Cash Dividends to Shareholders	-	-	-	(560,538)	-	-	(560,538)	-	(560,538)
Adjustments to share of changes in equities of associates and joint ventures	-	(41,174)	-	-	-	-	(41,174)	-	(41,174)
Increase (Decrease) in Non-controlling Interests	-	-	-	-	-	-	-	129,257	129,257
Ending Balance, December 31, 2016	<u>2,242,154</u>	<u>3,567,070</u>	<u>1,221,549</u>	<u>1,032,179</u>	<u>13,280</u>	<u>163,345</u>	<u>8,239,577</u>	<u>593,303</u>	<u>8,832,880</u>

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended December 31, 2016 and 2015

(Expressed in thousands of New Taiwan Dollars)

	2016	2015
Cash Flows generated from Operating activities:		
Income before Income Tax	\$ <u>454,923</u>	<u>614,638</u>
Adjustments for:		
Incomes or Expenses		
Depreciation Expense	285,733	307,786
Amortization Expense	3,310	3,418
Bad Debt Expense Write-Off	(368)	(6,293)
Financial Instruments at Fair Value through Profit or Loss	-	(36,167)
Interest Expense	16,143	15,859
Interest Income	(17,668)	(24,344)
Dividend Income	(23,787)	(29,183)
Loss (Gain) on Disposal of Property, Plant and Equipment	(7,642)	2,335
Loss (Gain) on Disposal of Investments	-	(11,986)
Impairment Loss on Non-financial Assets	<u>56,535</u>	<u>175,192</u>
Total	<u>312,256</u>	<u>396,617</u>
Changes in Operating Assets and Liabilities:		
Changes in Operating Assets:		
Financial Instruments at Fair Value through Profit or Loss - Current	526,199	284,355
Notes and Accounts Receivable	(350,199)	377,074
Other Receivables	(98,385)	13,410
Inventory	(100,327)	347,539
Prepaid Expense and other current asset	<u>(5,899)</u>	<u>11,312</u>
Total Changes in Operating Assets	<u>(28,611)</u>	<u>1,033,690</u>
Changes in Operating Liabilities:		
Accounts and Notes Payable	12,729	(35,333)
Accounts Payable - related party	6,710	(8,635)
Other Payables	(18,675)	(47,039)
Net Defined benefit liability-Noncurrent	<u>(1,346)</u>	<u>(900)</u>
Total Changes in Operating Liabilities	<u>(582)</u>	<u>(91,907)</u>
Total Changes in Operating Assets and Liabilities	<u>(29,193)</u>	<u>941,783</u>
Total Adjustments	<u>283,063</u>	<u>1,338,400</u>
Cash generated from Operations	737,986	1,953,038
Interest Received	17,774	25,319
Dividend Received	23,787	29,183
Interest Paid	(15,346)	(14,882)
Income Tax Refund (Paid)	<u>(161,359)</u>	<u>(229,672)</u>
Net Cash Flows generated from Operating activities*	<u>602,842</u>	<u>1,762,986</u>
Cash Flows generated from Investing Activities:		
Proceeds from Disposal of Availabel-for-sale Financial Assets	-	9,422
Acquisition of Financial Assets carried at Cost*	(5,991)	(53,953)
Proceeds from Disposal of Financial Assets carried at Cost*	15,000	22,407
Capital Reduction on Financial Assets carried at Cost*	42,340	-
Acquisition of Property, Plant and Equipments*	(66,544)	(104,192)
Proceeds from Disposal of Property, Plant and Equipments*	8,209	2,425
Acquisition of Intangible Assets	(541)	(771)
Decrease (Increase) in Other Noncurrent Assets*	<u>49,573</u>	<u>30,180</u>
Net Cash Flows generated from (used in) Investing Activities*	<u>42,046</u>	<u>(94,482)</u>
Cash Flows generated from Financing Activities:		
Increase (decrease) in Short-term Loans	362,872	(516,687)
Repayments on Corporate Bonds	-	(75,699)
Repayments on Long-term Loans	(2,133)	(2,081)
Increase in Non-current Liability	567	(82)
Cash Dividend Payout	(560,538)	(737,709)
Changes in Non-Controlling Equity*	<u>78,702</u>	<u>(13,386)</u>
Net Cash Flows (generated from) used in Financing Activities*	<u>(120,530)</u>	<u>(1,345,644)</u>
Effect of Exchange Rate Changes in Cash and Cash Equivalents*	<u>(23,601)</u>	<u>14,840</u>
Increase in Cash and Cash in Banks of Current Period	500,757	337,700
Cash and Cash in Banks at Beginning of the Period	<u>2,905,532</u>	<u>2,567,832</u>
Cash and Cash in Banks at End of the Period	\$ <u>3,406,289</u>	<u>2,905,532</u>

Note: Accounts and amounts were properly adjusted due to the adoption of IFRS in 2014.