

**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET**

**For the year ended December 31, 2017 and 2016**

**(Expressed in thousands of New Taiwan Dollars)**

	12.31.2017		12.31.2016			12.31.2017		12.31.2016	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Assets</b>					<b>Liabilities and Equity</b>				
<b>Current Assets:</b>					<b>Current Liabilities:</b>				
Cash and Cash Equivalents	3,009,908	25	3,406,289	28	Short-term Loans	1,093,050	9	1,663,059	14
Financial Assets at Fair Value through Profit or Loss - Current	66,870	1	92,368	1	Notes and Accounts Payable	1,370,532	11	1,064,785	9
Notes and Accounts Receivable, net	3,104,846	26	3,398,021	28	Accounts Payable - Related Parties	14,809	-	26,411	-
Other Receivables	114,688	1	152,948	1	Other Payables	840,807	7	581,749	5
Inventories	2,193,230	18	1,805,964	15	Current Period Income Tax Liability	133,586	1	45,301	-
Prepaid Expenses and Other Current Assets	70,831	1	43,226	-	Current Portion of Long-term Debt	2,198	-	2,171	-
<b>Total Current Assets</b>	<b>8,560,373</b>	<b>72</b>	<b>8,898,816</b>	<b>73</b>	<b>Total Current Liabilities</b>	<b>3,454,982</b>	<b>28</b>	<b>3,383,476</b>	<b>28</b>
<b>Noncurrent Assets:</b>					<b>Noncurrent Liabilities:</b>				
Available-for-sale Financial Assets - Noncurrent	334,574	3	381,162	3	Long-term Loans	68,014	1	17,058	-
Financial Assets Carried at Cost - Noncurrent	323,716	3	317,987	3	Deferred Income Tax Liabilities	16,684	-	28,464	-
Investments Accounted for Using Equity Method	748	-	-	-	Accrued Pension Liabilities - Noncurrent	61,707	1	59,738	-
Property, Plant and Equipment	2,320,640	19	2,406,685	19	Other Noncurrent Liabilities - Others	2,311	-	2,868	-
Intangible Assets	186,263	2	254,298	2	<b>Total Noncurrent Liabilities</b>	<b>148,716</b>	<b>2</b>	<b>108,128</b>	<b>0</b>
Deferred Income Tax Assets	36,901	-	32,265	-	<b>Total Liabilities</b>	<b>3,603,698</b>	<b>30</b>	<b>3,491,604</b>	<b>28</b>
Prepaid Expense on Equipment	140,515	1	10,051	-	<b>Equity Attributable to Parent Company:</b>				
Other Noncurrent Assets - Others	23,268	-	23,220	-	Common Stock	1,579,908	13	2,242,154	18
<b>Total Noncurrent Assets</b>	<b>3,366,625</b>	<b>28</b>	<b>3,425,668</b>	<b>27</b>	Capital Surplus	3,493,390	29	3,567,070	29
					Retained Earnings:				
					Legal Reserve	1,272,159	11	1,221,549	10
					Unappropriated Earnings	1,408,577	12	1,032,179	9
					Total Retained Earnings	2,680,736	23	2,253,728	19
					Other Equity:				
					Exchange Differences on Translation of Financial Statements of Foreign Operations	(57,854)	0	13,280	0
					Unrealized gains and losses on Available-for-sale Financial Assets	163,625	1	163,345	1
					Total Other Equity	105,771	1	176,625	1
					<b>Total Equity Attributable to Stockholders of Parent Company</b>	<b>7,859,805</b>	<b>66</b>	<b>8,239,577</b>	<b>67</b>
					<b>Non-Controlling Equity</b>	<b>463,495</b>	<b>4</b>	<b>593,303</b>	<b>5</b>
					<b>Total Equity</b>	<b>8,323,300</b>	<b>70</b>	<b>8,832,880</b>	<b>72</b>
<b>Total Assets</b>	<b>11,926,998</b>	<b>100</b>	<b>12,324,484</b>	<b>100</b>	<b>Total Liabilities and Equity</b>	<b>11,926,998</b>	<b>100</b>	<b>12,324,484</b>	<b>100</b>

# HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES

## CONSOLIDATED COMPREHENSIVE STATEMENT OF INCOME

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

	For the year ended December 31, 2017 and 2016			
	2017		2016	
	Amount	%	Amount	%
<b>Net Sales</b>	13,108,837	100	13,166,572	100
<b>Cost of Goods Sold</b>	10,687,871	82	11,261,662	86
<b>Gross Profit</b>	2,420,966	18	1,904,910	14
<b>Operating Expense</b>				
Selling and Administrative	1,249,303	10	1,158,620	9
Research and Development	287,480	2	304,832	2
<b>Total Operating Expense</b>	1,536,783	12	1,463,452	11
<b>Operating Income</b>	884,183	6	441,458	3
<b>Non-Operating Income and Expenses:</b>				
Other Gains and Losses	51,014	0	11,940	0
Financial Costs	(20,714)	-	(16,143)	-
Share of Profit of Associates Accounted for Using Equity Method	(252)	-	-	-
Interest Income	14,299	-	17,668	-
<b>Total Non-Operating Income and Expenses</b>	44,347	0	13,465	0
<b>Income before Income Tax</b>	928,530	6	454,923	3
<b>Less: Income Tax Expense</b>	(191,092)	(1)	(116,802)	(1)
<b>Net Income for Current Period</b>	737,438	5	338,121	2
<b>Other Comprehensive Gains and Losses:</b>				
<b>Items not to be reclassified into profit or loss:</b>				
Remeasurements of defined benefit plans	(3,414)	-	(4,310)	-
Less: Income Tax	-	-	-	-
<b>Total Items not to be reclassified</b>	(3,414)	-	(4,310)	-
<b>Revaluation gain or loss arising from reclassification</b>				
Exchange Differences on Translation of Financial Statements of Foreign	(73,255)	(1)	(45,687)	0
Unrealized Valuation Gains (Loss) on Available-for-sale Financial Assets	8,711	0	9,117	0
Income Tax arising from revaluation gain or loss	5,098	0	6,101	-
Total revaluation gain or loss arising from reclassification	(59,446)	(1)	(30,469)	-
<b>Other Comprehensive Gains and Losses (Net of Tax)</b>	(62,860)	(1)	(34,779)	-
<b>Total Comprehensive Profit or Loss for Current Period</b>	<b>674,578</b>	<b>4</b>	<b>303,342</b>	<b>2</b>
<b>Net Income Attributable to:</b>				
Stockholders of Parent Company	878,853	6	506,101	3
Non-Controlling Equity	(141,415)	(1)	(167,980)	(1)
	<b>737,438</b>	<b>5</b>	<b>338,121</b>	<b>2</b>
<b>Comprehensive Profit or Loss Attributable to:</b>				
Stockholders of Parent Company	804,585	5	476,562	3
Non-Controlling Equity	(130,007)	(1)	(173,220)	(1)
	<b>674,578</b>	<b>4</b>	<b>303,342</b>	<b>2</b>
<b>Earnings per Share</b>				
<b>Basic Earnings per Share (Unit: NT Dollar)</b>		<b>4.40</b>		<b>2.26</b>
<b>Diluted Earnings per Share (Unit: NT Dollar)</b>		<b>4.37</b>		<b>2.23</b>

**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**  
**CONSOLIDATED CONDENSED INCOME STATEMENT**  
**For the Three Months ended Dec. 31, Sep. 30, 2017 and Dec.31, 2016**

	2017 Q4		2017 Q3		2016 Q4		Growth Rate (QoQ)		Growth Rate (YoY)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	\$ 3,399,109	100	\$ 3,398,861	100	\$ 3,448,001	100	248	0	(48,892)	(1)
Cost of Goods Sold	2,530,393	74	2,746,896	81	2,964,573	86	(216,503)	-	(434,180)	(15)
Gross Profit	868,716	26	651,965	19	483,428	14	216,751	33	385,288	80
Operating Expenses	470,033	14	399,204	12	377,975	11	70,829	18	92,058	24
Operating Income	398,683	12	252,761	7	105,453	3	145,922	58	293,230	278
Non-Operating Income and Expense	22,085	1	14,681	0	(26,173)	-	7,404	50	48,258	- 184
Income before Income Tax	420,768	12	267,442	8	79,280	2	153,326	57	341,488	431
Less: Income Tax	83,045	2	51,240	2	23,096	1	31,805	62	59,949	260
Net Income	\$ 337,723	10	216,202	6	56,184	2	121,521	56	281,539	501
Net Income Attributable to Parent Company	380,561	11	242,761	7	103,602	3	137,800	57	276,959	267
Basic Earnings per Share - after tax (NT Dollars)	\$ 2.07		1.25		0.46					

**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER EQUITY**  
For the year ended December 31, 2017 and 2016  
(Expressed in thousands of New Taiwan dollars)

	Equity Attributable to Stockholders of Parent Company								
	Retained Earnings				Other Equity		Total Equity Attributable to Stockholders of Parent Company	Non- Controlling Equity	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Unappropriate d Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Products			
<b>Beginning Balance, January 1, 2016</b>	2,242,154	3,608,244	1,161,732	1,150,743	45,807	156,047	8,364,727	637,266	9,001,993
Net Income for Current Period	-	-	-	506,101	-	-	506,101	(167,980)	338,121
Other Comprehensive Profit or Loss for Current Period	-	-	-	4,310	(32,527)	7,298	(29,539)	(5,240)	(34,779)
Total Comprehensive Profit or Loss for Current Period	-	-	-	501,791	(32,527)	7,298	476,562	(173,220)	303,342
Appropriations of Retained Earnings:									
Legal Capital Reserve	-	-	59,817	(59,817)	-	-	-	-	-
Cash Dividends to Shareholders	-	-	-	(560,538)	-	-	(560,538)	-	(560,538)
Other Changes to Additional Paid-In Capital:									
Cash Dividends Distributed from Additional Paid-In	-	-	-	-	-	-	-	-	-
Profit(loss) of associates and joint ventures accounted for using equity method	-	(41,174)	-	-	-	-	(41,174)	-	(41,174)
Non-controlling Interests	-	-	-	-	-	-	-	129,257	129,257
<b>Ending Balance, Dec. 31, 2016</b>	<b>2,242,154</b>	<b>3,567,070</b>	<b>1,221,549</b>	<b>1,032,179</b>	<b>13,280</b>	<b>163,345</b>	<b>8,239,577</b>	<b>593,303</b>	<b>8,832,880</b>
<b>Beginning Balance, January 1, 2017</b>	2,242,154	3,567,070	1,221,549	1,032,179	13,280	163,345	8,239,577	593,303	8,832,880
Net Income for Current Period	-	-	-	878,853	-	-	878,853	(141,415)	737,438
Other Comprehensive Profit or Loss for Current Period	-	-	-	(3,414)	(71,134)	280	(74,268)	11,408	(62,860)
Total Comprehensive Profit or Loss for Current Period	-	-	-	875,439	(71,134)	280	804,585	(130,007)	674,578
Appropriations of Retained Earnings:									
Legal Capital Reserve	-	-	50,610	(50,610)	-	-	-	-	-
Cash Dividends to Shareholders	-	-	-	(448,431)	-	-	(448,431)	-	(448,431)
Other Changes to Additional Paid-In Capital:									
Capital reserve distribution of cash dividends	-	(112,107)	-	-	-	-	(112,107)	-	(112,107)
Exercise Employee Stock Warrants	10,400	38,376	-	-	-	-	48,776	-	48,776
Cash reduction	(672,646)	-	-	-	-	-	(672,646)	-	(672,646)
Profit(loss) of associates and joint ventures accounted for using equity method	-	51	-	-	-	-	51	-	51
Non-controlling Interests	-	-	-	-	-	-	-	199	199
<b>Ending Balance, Dec. 31, 2017</b>	<b>1,579,908</b>	<b>3,493,390</b>	<b>1,272,159</b>	<b>1,408,577</b>	<b>(57,854)</b>	<b>163,625</b>	<b>7,859,805</b>	<b>463,495</b>	<b>8,323,300</b>

**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the year ended December 31, 2017 and 2016**  
**(Expressed in thousands of New Taiwan Dollars)**

	2017	2016
<b>Cash Flows generated from Operating activities:</b>		
Income before Income Tax	\$ 928,530	454,923
<b>Adjustments:</b>		
Incomes or Expenses		
Depreciation Expense	282,465	285,733
Amortization Expense	3,702	3,310
Bad Debt Expense	1,565	(368)
Interest Expense	20,714	16,143
Interest Income	(14,299)	(17,668)
Dividend Income	(25,342)	(23,787)
Share of Profit of Associates Accounted for Using Equity Method	252	-
Gain (Loss) on Disposal and Scrap of Property and Equipment	(6,444)	(7,642)
Gain on Disposal of Investment	(53,861)	-
Gain (Loss) on Non-Financial Assests	48,690	56,535
Total Incomes or Expenses that do not affect Cash Flow	257,442	312,256
Total of Net Change in Assets and Liabilities related to Operating Activities:		
Total of Net Change in Assets related to Operating Activities:		
Financial Assets at Fair Value through Profit or Loss - Current	25,498	526,199
Notes and Accounts Receivable	291,884	(350,199)
Other Receivables	37,165	(98,385)
Inventory	(387,266)	(100,327)
Prepaid Expense and other current asset	(27,605)	(5,899)
Total Net Change in Asset related to Operating Activities	(60,324)	(28,611)
Total Net Change in Liabilities related to Operating Activities:		
Accounts and Notes Payable	305,747	12,729
Accounts Payable - Related Party	(11,602)	6,710
Other Payables	259,857	(18,675)
Net Defined benefit liability-Noncurrent	(1,444)	(1,346)
Total Net Change in Liabilities related to Operating Activities	552,558	(582)
Total Net Change in Assets and Liabilities related to Operating Activities	492,234	(29,193)
Total Adjustments	749,676	283,063
Cash Flow generated from Operating Activities	1,678,206	737,986
Interest Received	15,394	17,774
Dividend Received	25,342	23,787
Interest Paid	(21,513)	(15,346)
Income Tax Paid	(114,141)	(161,359)
<b>Net Cash Flows generated from Operating activities</b>	<b>1,583,288</b>	<b>602,842</b>
<b>Cash Flows generated from Investing Activities:</b>		
Disposal of Available-for-Sale Financial Assets	109,160	-
Acquisition of Financial Assets Carried at Cost	(26,500)	(5,991)
Disposal of Financial Assets Carried at Cost	-	15,000
Cash Refund from Capital Reduction Derived from Financial Assets Carried at Cost	20,148	42,340
Acquisition of Investments Accounted for Using Equity Method	(1,000)	-
Acquisition of Property and Equipments	(337,820)	(66,544)
Disposal of Property and Equipments	14,589	8,209
Acquisition of Intangible Assets	(936)	(541)
Decrease (Increase) in Other Noncurrent Assets	(1,061)	49,573
<b>Net Cash Flows generated from (used in) Investing Activities</b>	<b>(223,420)</b>	<b>42,046</b>
<b>Cash Flows generated from Financing Activities:</b>		
Increase in Short-term Loans	(570,009)	362,872
Increase in Long-term Loans	52,973	-
Decrease in Long-term Loans	(1,989)	(2,133)
Increase in Non-current Liability	(557)	567
Cash dividends paid	(560,538)	(560,538)
Cash reduction	(672,646)	-
Exercise Employee Stock Warrants	48,776	-
Changes in Non-Controlling Equity	250	78,702
<b>Net Cash Flows (generated from) used in Financing Activities</b>	<b>(1,703,740)</b>	<b>(120,530)</b>
Effect of Exchange Rate Changes in Cash and Cash Equivalents	(52,509)	(23,601)
<b>Increase in Cash and Cash in Banks of Current Period</b>	<b>(396,381)</b>	<b>500,757</b>
<b>Cash and Cash in Banks at Beginning of the Period</b>	<b>3,406,289</b>	<b>2,905,532</b>
<b>Cash and Cash in Banks at End of the Period</b>	<b>3,009,908</b>	<b>3,406,289</b>