

PRIMASIA SECURITIES COMPANY LIMITED

BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | June 30, 2017 | | December 31, 2016 | | June 30, 2016 | |
|--|------------------|---------------------|------------|---------------------|------------|---------------------|------------|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | | |
| Cash and cash equivalents | 6(1) | \$ 25,672 | 1 | \$ 15,295 | - | \$ 15,267 | - |
| Financial assets measured at fair value through profit or loss - current | 6(2) and 8 | 1,801,206 | 36 | 1,508,301 | 32 | 1,518,525 | 35 |
| Available-for-sale financial assets - current | 6(2) | 32,980 | 1 | - | - | - | - |
| Accounts receivable | 6(4) | 175,254 | 3 | 455,545 | 10 | 223,548 | 5 |
| Prepayments | | 1,346 | - | 1,165 | - | 1,259 | - |
| Other receivables | | 21,870 | - | 223 | - | 215 | - |
| Other financial assets - current | 7 | 202 | - | 202 | - | 202 | - |
| Current income tax assets | | 6,029 | - | 9,237 | - | 9,236 | - |
| Restricted assets - current | 6(1) and 8 | 442,200 | 9 | 442,200 | 9 | 442,200 | 10 |
| Other current assets | | 31 | - | 278 | - | 31 | - |
| Total | | <u>2,506,790</u> | <u>50</u> | <u>2,432,446</u> | <u>51</u> | <u>2,210,483</u> | <u>50</u> |
| Non-current assets | | | | | | | |
| Available-for-sale financial assets - non-current | 5, 6(2), 7 and 8 | 2,056,382 | 41 | 1,849,995 | 39 | 1,696,720 | 39 |
| Property and equipment, net | 6(5) and 8 | 210,486 | 4 | 212,206 | 5 | 214,419 | 5 |
| Intangible assets, net | 6(6) | 417 | - | 780 | - | 1,058 | - |
| Other non-current assets | 6(7) and 8 | 256,284 | 5 | 254,959 | 5 | 254,959 | 6 |
| Total | | <u>2,523,569</u> | <u>50</u> | <u>2,317,940</u> | <u>49</u> | <u>2,167,156</u> | <u>50</u> |
| Total Assets | | <u>\$ 5,030,359</u> | <u>100</u> | <u>\$ 4,750,386</u> | <u>100</u> | <u>\$ 4,377,639</u> | <u>100</u> |

(Continued)

PRIMASIA SECURITIES COMPANY LIMITED

BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | Notes | June 30, 2017 | | December 31, 2016 | | June 30, 2016 | | |
|---|-------------|---------------------|------------|---------------------|------------|---------------------|------------|--|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | |
| Current liabilities | | | | | | | | |
| Short-term loans | 6(8) | \$ 1,400,000 | 28 | \$ 1,157,000 | 24 | \$ 1,099,000 | 25 | |
| Commercial paper payable | 6(8) | 827,394 | 16 | 745,550 | 16 | 774,659 | 18 | |
| Accounts payable | 6(9) | 174,335 | 4 | 454,621 | 10 | 222,358 | 5 | |
| Other current liabilities | | 13,709 | - | 15,173 | - | 13,771 | - | |
| Total | | <u>2,415,438</u> | <u>48</u> | <u>2,372,344</u> | <u>50</u> | <u>2,109,788</u> | <u>48</u> | |
| Non - current liabilities | | | | | | | | |
| Provision for liabilities - non-current | 5 and 6(11) | 15,422 | - | 15,907 | - | 14,392 | 1 | |
| Total Liabilities | | <u>2,430,860</u> | <u>48</u> | <u>2,388,251</u> | <u>50</u> | <u>2,124,180</u> | <u>49</u> | |
| Capital stock | 6(13) | 1,137,554 | 23 | 1,137,554 | 24 | 1,137,554 | 26 | |
| Retained earnings | | | | | | | | |
| Legal reserve | 6(13) | 66,345 | 1 | 111,422 | 2 | 111,422 | 2 | |
| Special reserve | 6(13) | - | - | 122,733 | 3 | 122,733 | 3 | |
| Accumulated earnings (deficit) | 6(13) | 23,238 | 1 (| 167,810)(| 3)(| 133,650)(| 3) | |
| Other equity interest | 6(13) | <u>1,372,362</u> | <u>27</u> | <u>1,158,236</u> | <u>24</u> | <u>1,015,400</u> | <u>23</u> | |
| Total Equity | | <u>2,599,499</u> | <u>52</u> | <u>2,362,135</u> | <u>50</u> | <u>2,253,459</u> | <u>51</u> | |
| Total liabilities and equity | | <u>\$ 5,030,359</u> | <u>100</u> | <u>\$ 4,750,386</u> | <u>100</u> | <u>\$ 4,377,639</u> | <u>100</u> | |

The accompanying notes are an integral part of these financial statements.

PRIMASIA SECURITIES COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME

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

| Items | Notes | Six months ended June 30 | | | |
|--|-------------|--------------------------|--------------|-------------------|--------------|
| | | 2017 | | 2016 | |
| | | AMOUNT | % | AMOUNT | % |
| Income | | | | | |
| Brokerage handling fee revenue | 7 | \$ 21,538 | 25 | \$ 20,971 | 44 |
| Revenue from underwriting business | | 1,254 | 1 | 58 | - |
| Interest revenue | | 23,743 | 27 | 23,307 | 49 |
| Net gains (losses) on operating securities measured at fair value through profit or loss | | 41,541 | 47 | (45,207) | (95) |
| Futures commission revenue | | 153 | - | 162 | - |
| Net losses on derivative instruments-counter | 12 | (254) | - | (47,521) | (99) |
| Other operating revenue | | 241 | - | 321 | 1 |
| | | <u>88,216</u> | <u>100</u> | <u>(47,909)</u> | <u>(100)</u> |
| Expenses | | | | | |
| Brokerage handling fee expenses | | (1,993) | (2) | (1,883) | (4) |
| Proprietary handling fee expenses | | (1) | - | (1) | - |
| Finance costs | | (16,918) | (19) | (16,028) | (33) |
| Employee benefit expenses | 6(15) and 7 | (48,770) | (55) | (47,691) | (100) |
| Depreciation and amortization expenses | 6(16) | (2,966) | (4) | (3,298) | (7) |
| Other operating expenses | 7 | (18,993) | (22) | (20,332) | (42) |
| | | <u>(89,641)</u> | <u>(102)</u> | <u>(89,233)</u> | <u>(186)</u> |
| Non-operating income and expenses | | | | | |
| Other income and expenses, net | 6(17) and 7 | 24,663 | 28 | 3,492 | 7 |
| Income (loss) from continuing operations before income tax | | | | | |
| | | 23,238 | 26 | (133,650) | (279) |
| Income tax expense | 6(12) | - | - | - | - |
| Net income (loss) | | | | | |
| | | <u>23,238</u> | <u>26</u> | <u>(133,650)</u> | <u>(279)</u> |
| Other comprehensive income : Items that will not be reclassified subsequently to profit or loss : | | | | | |
| Unrealized gain on available-for-sale financial assets | | 214,126 | 243 | 450,818 | 941 |
| Other comprehensive income (net amount after tax) | | | | | |
| | | <u>214,126</u> | <u>243</u> | <u>450,818</u> | <u>941</u> |
| Total comprehensive income | | | | | |
| | | <u>\$ 237,364</u> | <u>269</u> | <u>\$ 317,168</u> | <u>662</u> |
| Basic earnings (losses) per share (in New Taiwan dollars) | | | | | |
| | 6(14) | <u>\$ 0.20</u> | | <u>(\$ 1.17)</u> | |

The accompanying notes are an integral part of these financial statements.

PRIMASIA SECURITIES COMPANY LIMITED
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

| | <u>Retained Earnings</u> | | | | <u>Other equity interest</u> | <u>Total equity</u> |
|---|--------------------------|----------------------|------------------------|---------------------------------------|---|---------------------|
| | <u>Capital stock</u> | <u>Legal reserve</u> | <u>Special reserve</u> | <u>Accumulated earnings (deficit)</u> | <u>Unrealized gain on available-for-sale financial assets</u> | |
| <u>Six months ended June 30, 2016</u> | | | | | | |
| Balance at January 1, 2016 | \$ 1,137,554 | \$ 111,422 | \$ 154,578 | (\$ 31,845) | \$ 564,582 | \$ 1,936,291 |
| Appropriation and distribution of prior year's earnings: | | | | | | |
| Special reserve used to cover accumulated deficit | - | - | (31,845) | 31,845 | - | - |
| Net loss for the six months ended June 30, 2016 | - | - | - | (133,650) | - | (133,650) |
| Other comprehensive income for the six months ended June 30, 2016 | - | - | - | - | 450,818 | 450,818 |
| Balance at June 30, 2016 | <u>\$ 1,137,554</u> | <u>\$ 111,422</u> | <u>\$ 122,733</u> | <u>(\$ 133,650)</u> | <u>\$ 1,015,400</u> | <u>\$ 2,253,459</u> |
| <u>Six months ended June 30, 2017</u> | | | | | | |
| Balance at January 1, 2017 | \$ 1,137,554 | \$ 111,422 | \$ 122,733 | (\$ 167,810) | \$ 1,158,236 | \$ 2,362,135 |
| Appropriation and distribution of prior year's earnings: | | | | | | |
| Legal reserve used to cover accumulated deficit | - | (45,077) | - | 45,077 | - | - |
| Special reserve used to cover accumulated deficit | - | - | (122,733) | 122,733 | - | - |
| Net income for the six months ended June 30, 2017 | - | - | - | 23,238 | - | 23,238 |
| Other comprehensive income for the six months ended June 30, 2017 | - | - | - | - | 214,126 | 214,126 |
| Balance at June 30, 2017 | <u>\$ 1,137,554</u> | <u>\$ 66,345</u> | <u>\$ -</u> | <u>\$ 23,238</u> | <u>\$ 1,372,362</u> | <u>\$ 2,599,499</u> |

The accompanying notes are an integral part of these financial statements.

PRIMASIA SECURITIES COMPANY LIMITED

STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

| | For the six months ended June 30, | |
|---|-----------------------------------|----------------|
| | 2017 | 2016 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Profit (loss) before tax | \$ 23,238 | (\$ 133,650) |
| Adjustments | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation expense | 2,552 | 2,838 |
| Amortization expense | 414 | 460 |
| Net (gains) losses on operating securities measured at fair value through profit or loss | (41,541) | 45,207 |
| Dividend income | (21,563) | - |
| Interest income | (25,626) | (25,704) |
| Interest expense | 16,918 | 16,028 |
| Gain on disposal of property and equipment | (120) | - |
| Changes in operating assets and liabilities | | |
| Changes in operating assets | | |
| (Increase) decrease in financial assets measured at fair value through profit or loss | (251,364) | 17,602 |
| Decrease in accounts receivable | 280,291 | 94,933 |
| Increase in prepayments | (181) | (101) |
| (Increase) decrease in other receivables | (90) | 35,033 |
| Decrease in restricted assets - current | - | 31,900 |
| Decrease in other current assets | 247 | 26,718 |
| (Increase) decrease in other non-current assets | (1,325) | 1,542 |
| Changes in operating liabilities | | |
| Decrease in accounts payable | (280,286) | (94,717) |
| Decrease in other current liabilities | (1,506) | (30,617) |
| Decrease in provision for liabilities-non-current | (485) | (455) |
| Cash outflow generated from operations | (300,427) | (12,983) |
| Interest received | 25,632 | 25,735 |
| Interest paid | (16,876) | (16,039) |
| Income tax refund (paid) | 3,208 | (1,832) |
| Net cash outflows used in operating activities | (288,463) | (5,119) |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Acquisition of available-for-sale financial assets | (25,241) | (33,546) |
| Acquisition of property and equipment | (832) | - |
| Proceeds from disposal of property and equipment | 120 | - |
| Acquisition of intangible assets | (51) | - |
| Net cash outflows used in investing activities | (26,004) | (33,546) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| Increase in short-term loans | 243,000 | 15,000 |
| Increase in commercial paper payable | 81,844 | 21,970 |
| Net cash flows from financing activities | 324,844 | 36,970 |
| Net increase (decrease) in cash and cash equivalents | 10,377 | (1,695) |
| Cash and cash equivalents at beginning of period | 15,295 | 16,962 |
| Cash and cash equivalents at end of period | \$ 25,672 | \$ 15,267 |

The accompanying notes are an integral part of these financial statements.