

Minutes of 2016 Annual General Meeting of Shareholders of KD Holding Corporation (Translation)

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

Time and Date of Meeting: 9:00 a.m., June 21, 2016

Place of Meeting: No. 113, Sec.7, Zhongshan N. Rd., Taipei,

Mellow Fields Hotel Tien-Mou Convention Center 202 Room

Total outstanding shares of KD (excluding the shares without voting right as stipulated in Article 179 of the Company Act) : 66,245,148 shares

Total shares represented by shareholders present : 51,390,445 shares

Percentage of shares held by shareholders present : 77.58%

**Attendees : Sidney Hsin Huai Chow (Audit Committee Convenor),
Michael Yang (Director), Ming-Cheng Hsiao (Director),
Kuan-Shen Wang (Director), J. J. Liao (President),
Shyu-Rong Ueng (CPA), Frank Kung (Attorney-at-law)**

Chairman : Jiung-Hwa Lin, Chairman of the Board of Directors

Recorder : C. N. Jiang

**The aggregate shareholding of the shareholders present constituted a quorum.
The Chairman called the meeting to order.**

Chairman's Address : (Omitted)

1. Discussion Items

(1) Approval of the amendment to the company's "Articles of Incorporation". (Proposed by the Board of Directors)

Explanatory Notes :

Please refer to Attachment 1 for the comparison table between the existing provisions and amendments of "Articles of Incorporation".

Voting Results : Shares represented at the time of voting : 51,389,445

| Voting Results* | % of the total represented share present |
|--|--|
| Votes in favor : 48,373,895 votes (6,641,418 votes) | 94.13% |
| Votes against : 3,824 votes (3,824 votes) | 0.01% |
| Votes invalid : 0 vote | 0.00% |
| Votes abstained : 3,011,726 votes (2,986,226 votes) | 5.86% |

*including votes casted electronically (numbers in brackets)

Resolved, that the above proposal be and hereby was approved as proposed.

(2) Approval of the amendment to the company's "Rules Governing the Election of Directors". (Proposed by the Board of Directors)

Explanatory Notes :

Please refer to Attachment 2 for the comparison table between the existing provisions and amendments of "Rules Governing the Election of Directors".

Voting Results : Shares represented at the time of voting : 51,390,445

| Voting Results* | % of the total represented share present |
|--|--|
| Votes in favor : 48,373,595 votes (6,641,118 votes) | 94.13% |
| Votes against : 4,124 votes (4,124 votes) | 0.01% |
| Votes invalid : 0 vote | 0.00% |
| Votes abstained : 3,012,726 votes (2,986,226 votes) | 5.86% |

*including votes casted electronically (numbers in brackets)

Resolved, that the above proposal be and hereby was approved as proposed.

2. Report Items

- (1) The company's business report of 2015. (See Attachment 3)
- (2) The audit committee's review report of 2015. (See Attachment 5)
- (3) The directors' & employees' remuneration of 2015. (See Attachment 7)
- (4) As of the end of 2015, the aggregate amount of guarantees provided by the Company

As of the end of 2015, the aggregate amount of guarantees provided by the Company was NT\$629,076 thousands and the highest amount for a single enterprise was NT\$629,076 thousands which are all under its respective ceiling. (See Attachment 8)

- (5) Issue of domestic unsecured convertible bonds

November 15, 2010 issued the 1st domestic unsecured convertible bonds, to November 15, 2015 maturity, creditor conversion 4,985 sheets, unconverted 15 sheets.

3. Proposals

- (1) Adoption of the Company's 2015 Business Report, Financial Statements and Consolidated Financial Statements. (Proposed by the Board of Directors)**

Explanatory Notes :

The business report, financial statements and consolidated financial statements of the Company for the year of 2015 have been approved by the Board of Directors, with the financial statements having been audited and certified by Mr. Shyu-Rong Ueng and Ms. Shu-Chiung Chang, the CPA of the PricewaterhouseCoopers. The above-mentioned documents subsequently examined by Audit Committee pursuant to Article 228 of the Company Act. The Business Report and Financial Statements are hereby submitted for adoption. (See Attachment 3~ Attachment 6)

Voting Results : Shares represented at the time of voting : 51,390,445

| Voting Results* | % of the total represented share present |
|--|--|
| Votes in favor : 50,657,453 votes (9,246,976 votes) | 98.57% |
| Votes against : 3,266 votes (3,266 votes) | 0.01% |

| | |
|--|-------|
| Votes invalid : 0 vote | 0.00% |
| Votes abstained : 729,726 votes (381,226 votes) | 1.42% |

*including votes casted electronically (numbers in brackets)

Resolved, that the 2015 business report, financial statements and consolidated financial statements be and hereby were adopted as submitted.

(2) Adoption of the Company's Distribution of 2015 Profits. (Proposed by the Board of Directors)

Explanatory Notes :

- 1) The 2015 net income after tax is NT\$710,369,540. After setting aside legal reserve NT\$71,036,954, remeasurement arising on defined benefit plans are recognized in retained earnings in 2015 NT\$9,766,945, adding the unappropriated retained earnings as of 2014 NT\$607,943,699, remeasurement arising on defined benefit plans are recognized in retained earnings before 2014 NT\$ 5,712,136, the retained earnings available for distribution in 2015 is NT\$1,243,221,446. The proposal is that NT\$639,351,926 will be cash dividends to common shareholders (NT\$9.6934 per share based on common share outstanding is 65,957,448 shares).
- 2) Upon the approval of the Annual General Meeting of shareholders, it is proposed that the Board of Directors be authorized to determine the record date to distribute the cash dividends and other relevant issues.
- 3) In case that the total amount of common shares outstanding may change and the ultimate cash to be distributed to each common share may need to be adjusted, it is proposed that the Board of Directors be authorized to adjust the cash to be distributed to each common share.
- 4) Cash dividend distribution ratio is calculated and rounded to NT\$, the difference is recognized and balanced in other income or expense.
- 5) The 2015 profit distribution proposal is referring to Attachment 4.

Voting Results : Shares represented at the time of voting : 51,390,445

| Voting Results* | % of the total represented share present |
|--|--|
| Votes in favor : 50,979,453 votes (9,246,976 votes) | 99.20% |
| Votes against : 3,266 votes (3,266 votes) | 0.01% |
| Votes invalid : 0 vote | 0.00% |
| Votes abstained : 407,726 votes (381,226 votes) | 0.79% |

*including votes casted electronically (numbers in brackets)

Resolved, that the distribution of 2015 profits be and hereby was adopted as submitted.

4. Special Motion : None

5. Meeting Adjourned

KD Holding Corporation

Table of Amendments to “Articles of Incorporation”

| Article | Existing Provisions | Amendments |
|--------------|---|--|
| Article 17-1 | <p>Two to three of the aforementioned directors shall be independent directors. The <u>candidates for independent directors shall be nominated and shall be elected from the list of candidates during the shareholders’ meeting.</u></p> <p>Professional qualification, number of shareholdings, restrictions regarding holding other jobs, nomination and election of independent directors and other compliance matters shall be governed by the relevant regulations set forth by the competent authority.</p> | <p>Two to three of the aforementioned directors shall be independent directors. The <u>directors (including independent directors) shall be elected by adopting the candidate nomination system specified in Article 192-1 of the ROC Company Law.</u></p> <p>Professional qualification, number of shareholdings, restrictions regarding holding other jobs, nomination and election of independent directors and other compliance matters shall be governed by the relevant regulations set forth by the competent authority.</p> |
| Article 29 | <p><u>If there are net profits at the end of a fiscal year, the Company shall first pay the profit-seeking enterprise income taxes and offset its losses in previous years. After having paid the corporate taxes and off-set past losses, 10% of the profit earned by the Company of each fiscal year shall be set aside as statutory reserve, except where such reserve has reached the total authorized capital of the Company. Moreover, a special capital reserve in the amount equivalent to the balance of shareholders’ equity deficit of the current fiscal year shall be set aside. If there is recovery of the</u></p> | <p><u>When net profit occurs in the annual accounts, the Company may, after reserving a sufficient amount of the income before tax to cover the accumulated losses, with the resolution of the board of directors, distribute at least 0.01% of the income before tax to pay to the employees as remuneration, and distribute no more than 2% of the income before tax to pay to the board of directors as remuneration. The remuneration could be stock or cash, and the employee remuneration could be distributed to the employees of subsidiaries of the Company under certain conditions.</u></p> |

| | | |
|--------------------------|--|--|
| | <p><u>balance of shareholders' equity deficit, the recovered amount shall be included in the distribution of the profit for the current year. The balance of the profit for the current fiscal year, together with the cumulative undistributed profit of the previous year shall be referred to as cumulative allocable profit, which shall be distributed according to shareholders' resolutions.</u></p> | <p><u>A report of the distribution of employee remuneration or the board of directors remuneration shall be submitted to the shareholders' meeting.</u></p> |
| <p><u>Article 30</u></p> | <p><u>In order to expand the business needs and in response to the growth of the industry, the Company shall set its priority on satisfying the future business needs and strengthening the financial structure of the Company in respect to its policy on distribution of dividends and the profits shall be distributed in accordance with the following percentage:</u></p> <p><u>(1) Employee bonus: 0.05% of the profit for the current year or more.</u></p> <p><u>(2) Directors' remuneration: Limited to 2% of the profit for the current year.</u></p> <p><u>(3) Shareholders' bonus: the remainder of cumulative allocable profit minus the amount under item (1) and (2), if any, shall be listed as shareholders' bonus.</u></p> <p><u>(4) In respect to the aforementioned amount of shareholders' bonus, cash dividend shall not be less than 20% of the total amount of</u></p> | <p><u>The Company shall, after all taxes and dues have been paid and its losses have been covered and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply.</u></p> <p><u>Furthermore, in accordance with the provisions of laws and regulations and the rules prescribed by the central competent authority, a special reserve shall be set aside. If there is recovery of the balance of special reserve, the recovered amount shall be included in the distribution of the profit for the current year.</u></p> <p><u>The allocable profit for the current year, which is the balance after the profit distribution and covering losses aforementioned as the preceding Paragraph, together with the undistributed retained earnings accrued from prior years shall be referred to as accumulated distributable earnings, which shall</u></p> |

| | | |
|------------|--|--|
| | <p><u>dividends. However, in the event of a sudden major investment plan and no other fund can be obtained in support thereof, the Company may reduce the distribution of cash dividend to at least 5%.</u></p> <p><u>The proposal for the aforementioned allocation of profit shall be drafted by the Board of Directors and submitted to the shareholders' meeting for resolution.</u></p> | <p><u>be distributed as dividends to shareholders according to shareholders' resolutions.</u></p> <p><u>In order to meet the requirements in business expansion and industry growth, fulfilling future operating needs and stabilizing financial structure is the priority of the Company's dividend policy.</u></p> <p><u>Thus, the distribution of the accumulated distributable earnings accords to the shareholders' resolutions. And, the amount of shareholders' bonus shall not be less than 20% of accumulated distributable earnings of the Company, and in particular cash dividend shall not be less than 5%.</u></p> |
| Article 34 | <p>These Articles of Incorporation were enacted on December 8, 1999.</p> <p>...</p> <p>the sixth amendment on June 23, 2014.</p> | <p>These Articles of Incorporation were enacted on December 8, 1999.</p> <p>...</p> <p>the sixth amendment on June 23, 2014.</p> <p><u>the seventh amendment on June 21, 2016.</u></p> |

KD Holding Corporation
Table of Amendments to "Rules Governing the Election of Directors"

| Article | Existing provisions | Amendments |
|-----------|---|--|
| Article 2 | <p>The directors shall be elected among people with legal capacity at the shareholders' meeting. The position number is defined by the Articles of Incorporation.</p> <p>The <u>independent</u> directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of the ROC Company Law.</p> | <p>The directors shall be elected among people with legal capacity at the shareholders' meeting. The position number is defined by the Articles of Incorporation.</p> <p>The directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of the ROC Company Law.</p> |

KD HOLDING CORPORATION

Business Report of 2015

1、Business Performance:

For the year end of 2015, the standalone operating revenue was NT\$731,917 thousands, the consolidated operating revenue was NT\$4,078,753 thousands, and the consolidated profit after tax was NT\$710,370 thousands. Consolidated operating revenue breakdown is as follows:

(Unit : NT\$ thousands)

| | |
|-----------------------------|-----------|
| Waste Disposal Revenues | 731,418 |
| Tipping Fees Revenues | 521,828 |
| Sales of Electricity | 1,295,926 |
| Service Concession Revenues | 611,354 |
| Removal & Trans. Revenues | 120,487 |
| Others | 797,740 |
| Total | 4,078,753 |

2、Performance Review :

Compared to the year end of 2014, the year end of 2015 consolidated operating revenue of NT\$4,078,753 thousands has increased by NT\$153,726 thousands. The main reasons for the above changes are including the increases of Tipping Fees Revenues, Revenue from Sales of Electricity, which are based on the more amount of disposing, and other incomes from new businesses.

Standalone operating revenue of NT\$731,917 thousands has increased by NT\$21,434 thousands in 2015 due to the promoting profits from Sino Environmental Services Corp., Leading Energy Corp., HD Resource Management Corp., and G.D. Development Corp.

(Unit : NT\$ thousands)

| | |
|--|-----------|
| Consolidated Operating Revenues for 2015 | 4,078,753 |
| Consolidated Operating Revenues for 2014 | 3,925,027 |
| Increase from 2014 to 2015 | 153,726 |
| Percentage of increase | 3.92% |
| Operating Revenues for 2015 | 731,917 |
| Operating Revenues for 2014 | 710,483 |
| Increase from 2014 to 2015 | 21,434 |
| Percentage of increase | 3.02% |
| Net Profit After Tax for 2015 | 710,370 |
| Net Profit After Tax for 2014 | 678,857 |
| Increase from 2014 to 2015 | 31,513 |
| Percentage of increase | 4.64% |

3、 Business Prospect of Year 2016 :

Looking back year 2015, KD fully demonstrated the fervent ambition on "Qualitative Change" for business promotion and execution. In addition to developing the existing business steadily, KD also prospected with fully confidence on new business development. In future, KD will endeavor on the following three business area to enhance sustainable development and expand abroad.

A. Waste to Energy Business

In addition to securing the existing projects, KD is keen to develop the business in ASEAN, India and China. By participating WtE bid, signing memorandum of cooperation with government or teaming up with local enterprise, KD will replicate successful PPP (BOT) business model to overseas market.

B. Solar Energy Business

In Taiwan, KD continuously and cautiously seeks for proper investment target, from roof-top type to ground-mounted type PVPP. For overseas market, KD is not only focusing on the existing project in the U.S. but also keen to search for proper target in other regions. Moreover, KD will consult with financial consultant for financing advice so as to expand business.

C. Resource Recycling Business

For PET bottle recycling, KD keeps working on plant upgrades, enhancing product competitiveness and improving process capability to providing food grade or customized products to client. In addition, KD actively develops other recycling business, such as precious metal recycling from electronic waste and so on.

KD HOLDING CORPORATION
NON-CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2015 | | (adjusted) December 31, 2014 | | (adjusted) January 1, 2014 | | |
|---------------------------|-------------------------------------|-------------------|---------------------|---------------------------------|---------------------|-------------------------------|---------------------|------------|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 409,354 | 9 | \$ 200,043 | 5 | \$ 578,629 | 14 |
| 1110 | Financial assets at fair value | 6(2) | | | | | | |
| | through profit or loss - current | | 52,190 | 1 | 80,313 | 2 | 520 | - |
| 1125 | Available-for-sale financial assets | 6(3) | | | | | | |
| | — | | | | | | | |
| | current | | 19,715 | 1 | 18,521 | - | 24,023 | 1 |
| 1200 | Other receivables | | 1,179 | - | 1,003 | - | 1,050 | - |
| 1210 | Other receivables - related parties | 7 | 32,056 | 1 | 31,152 | 1 | 29,036 | 1 |
| 1410 | Prepayments | | - | - | 11 | - | 17 | - |
| 11XX | Current Assets | | <u>514,494</u> | <u>12</u> | <u>331,043</u> | <u>8</u> | <u>633,275</u> | <u>16</u> |
| Non-current assets | | | | | | | | |
| 1543 | Financial assets carried at cost – | 6(4) | | | | | | |
| | noncurrent | | 475 | - | 632 | - | 848 | - |
| 1550 | Investments accounted for using | 6(5) | | | | | | |
| | equity method | | 3,941,961 | 88 | 3,941,550 | 92 | 3,415,235 | 84 |
| 1840 | Deferred income tax assets | 6(14) | <u>666</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 15XX | Non-current assets | | <u>3,943,102</u> | <u>88</u> | <u>3,942,182</u> | <u>92</u> | <u>3,416,083</u> | <u>84</u> |
| 1XXX | Total assets | | <u>\$ 4,457,596</u> | <u>100</u> | <u>\$ 4,273,225</u> | <u>100</u> | <u>\$ 4,049,358</u> | <u>100</u> |

(Continued)

KD HOLDING CORPORATION
NON-CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | Notes | December 31, 2015 | | (adjusted) December 31, 2014 | | (adjusted) January 1, 2014 | |
|---|-------------------------------------|---------------------|------------|---------------------------------|------------|-------------------------------|------------|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | | |
| 2200 | Other payables | \$ 14,639 | - | \$ 18,264 | - | \$ 17,367 | - |
| 2220 | Other payables - related parties | 7 1,074 | - | 1,053 | - | 1,789 | - |
| 2230 | Current income tax liabilities | 2,563 | - | 2,013 | - | 910 | - |
| 2300 | Other current liabilities | 6(6) - | - | 19,224 | 1 | 33,200 | 1 |
| 21XX | Current Liabilities | <u>18,276</u> | <u>-</u> | <u>40,554</u> | <u>1</u> | <u>53,266</u> | <u>1</u> |
| Non-current liabilities | | | | | | | |
| 2640 | Accrued pension liabilities | 6(7) 366 | - | 1,195 | - | 3,845 | - |
| 25XX | Non-current liabilities | <u>366</u> | <u>-</u> | <u>1,195</u> | <u>-</u> | <u>3,845</u> | <u>-</u> |
| 2XXX | Total Liabilities | <u>18,642</u> | <u>-</u> | <u>41,749</u> | <u>1</u> | <u>57,111</u> | <u>1</u> |
| Share capital | | | | | | | |
| | | 6(9) | | | | | |
| 3110 | Common stock | 658,394 | 15 | 648,708 | 15 | 635,464 | 16 |
| 3140 | Capital collected in advance | 233 | - | 1,157 | - | 4,131 | - |
| Capital surplus | | | | | | | |
| | | 6(6)(8)(10) | | | | | |
| | |) | | | | | |
| 3200 | Capital surplus | 2,069,266 | 46 | 1,977,434 | 46 | 1,871,722 | 46 |
| Retained earnings | | | | | | | |
| | | 6(11)(14) | | | | | |
| 3310 | Legal reserve | 371,649 | 9 | 304,245 | 7 | 242,213 | 6 |
| 3320 | Special reserve | 145 | - | 762 | - | 24,423 | 1 |
| 3350 | Unappropriated retained earnings | 1,314,258 | 30 | 1,287,692 | 30 | 1,215,056 | 30 |
| Other equity interest | | | | | | | |
| 3400 | Other equity interest | 25,009 | - | 11,478 | 1 | (762) | - |
| 3XXX | Total equity | <u>4,438,954</u> | <u>100</u> | <u>4,231,476</u> | <u>99</u> | <u>3,992,247</u> | <u>99</u> |
| Significant contingent liabilities and unrecognised contract commitments | | | | | | | |
| Significant events after the balance sheet date | | | | | | | |
| 3X2X | Total liabilities and equity | <u>\$ 4,457,596</u> | <u>100</u> | <u>\$ 4,273,225</u> | <u>100</u> | <u>\$ 4,049,358</u> | <u>100</u> |

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

KD HOLDING CORPORATION
NON-CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars)

| Items | Notes | Year ended December 31 | | | | |
|-------|--|------------------------|------------|-----------------|------------|------|
| | | 2015 | | 2014 (adjusted) | | |
| | | AMOUNT | % | AMOUNT | % | |
| 4000 | Operating revenue | 6(5) | \$ 731,917 | 100 | \$ 710,483 | 100 |
| 5900 | Gross profit | | 731,917 | 100 | 710,483 | 100 |
| | Operating expenses | | | | | |
| 6200 | General & administrative expenses | 6(12)(13) and 7 | (46,671) | (7) | (51,988) | (7) |
| 6000 | Total operating expenses | | (46,671) | (7) | (51,988) | (7) |
| 6900 | Operating profit | | 685,246 | 93 | 658,495 | 93 |
| | Non-operating income and expenses | | | | | |
| 7010 | Other income | 7 | 27,022 | 4 | 27,391 | 4 |
| 7020 | Other gains and losses | | 312 | - | (3,000) | (1) |
| 7050 | Finance costs | | (181) | - | (492) | - |
| 7000 | Total non-operating income and expenses | | 27,153 | 4 | 23,899 | 3 |
| 7900 | Profit before income tax | | 712,399 | 97 | 682,394 | 96 |
| 7950 | Income tax expense | 6(14) | (2,029) | - | (3,537) | (1) |
| 8200 | Profit for the year | | \$ 710,370 | 97 | \$ 678,857 | 95 |
| | Other comprehensive income | | | | | |
| | Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 8311 | Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans | | \$ 1,222 | - | \$ 1,596 | - |
| 8330 | Total share of other comprehensive income of associates and joint ventures accounted for using equity method | | (10,990) | (1) | 12,502 | 2 |
| | Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 | Cumulative translation differences of foreign operations | | 29,705 | 4 | 27,386 | 4 |
| 8362 | Unrealized gain (loss) on valuation of available-for-sale financial assets | 6(3) | 1,194 | - | (5,502) | (1) |
| 8380 | Total share of other comprehensive income of associates and joint ventures accounted for using equity method | | (17,368) | (2) | (9,644) | (1) |
| 8300 | Other comprehensive income for the year | | \$ 3,763 | 1 | \$ 26,338 | 4 |
| 8500 | Total comprehensive income for the year | | \$ 714,133 | 98 | \$ 705,195 | 99 |
| | Basic earnings per share | | | | | |
| 9710 | Basic earnings per share from continuing operations | 6(15) | \$ 10.84 | | \$ 10.55 | |
| | Diluted earnings per share | | | | | |
| 9810 | Diluted earnings per share from continuing operations | 6(15) | \$ 10.77 | | \$ 10.39 | |

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

KD HOLDING CORPORATION
NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

| | Notes | Capital | | | Retained Earnings | | | Other equity interest | | Total equity |
|--|----------|-------------------|------------------------------|---------------------|-------------------|-----------------|----------------------------------|--|--|---------------------|
| | | Common stock | Capital collected in advance | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Cumulative translation differences of foreign operations | Unrealized gain or loss on available-for-sale financial assets | |
| For the year ended December 31, 2014 | | | | | | | | | | |
| Balance at January 1, 2014 | | \$ 635,464 | \$ 4,131 | \$ 1,871,722 | \$ 242,213 | \$ 24,423 | \$ 1,228,263 | \$ 264 | (\$ 1,026) | \$ 4,005,454 |
| The effects of retrospective application and restatement | | - | - | - | - | - | (13,207) | - | - | (13,207) |
| Restated balance at 1 January | | 635,464 | 4,131 | 1,871,722 | 242,213 | 24,423 | 1,215,056 | 264 | (1,026) | 3,992,247 |
| Capital collected in advance transferred to common stock | 6(9) | 4,131 | (4,131) | - | - | - | - | - | - | - |
| Appropriation of 2013 earnings (Note 1) | 6(11) | - | - | - | - | - | - | - | - | - |
| Legal reserve | | - | - | - | 62,032 | - | (62,032) | - | - | - |
| Special reserve | | - | - | - | - | (23,661) | 23,661 | - | - | - |
| Cash dividends | | - | - | - | - | - | (581,948) | - | - | (581,948) |
| Profit for the year | | - | - | - | - | - | 678,857 | - | - | 678,857 |
| Convertible bonds transferred to common stock | 6(10) | 193 | 1,157 | 12,938 | - | - | - | - | - | 14,288 |
| Share-based payment transaction | 6(10) | - | - | 19,597 | - | - | - | - | - | 19,597 |
| Employee stock options exercised | 6(8)(10) | 8,920 | - | 73,172 | - | - | - | - | - | 82,092 |
| Cumulative translation differences of foreign operations | | - | - | - | - | - | - | 27,386 | - | 27,386 |
| Unrealized gain or loss on available-for-sale financial assets | | - | - | - | - | - | - | - | (15,146) | (15,146) |
| Adjustments due to capital transfer of investees | 6(10) | - | - | 5 | - | - | - | - | - | 5 |
| Other comprehensive income for the year | | - | - | - | - | - | 14,098 | - | - | 14,098 |
| Balance at December 31, 2014 | | <u>\$ 648,708</u> | <u>\$ 1,157</u> | <u>\$ 1,977,434</u> | <u>\$ 304,245</u> | <u>\$ 762</u> | <u>\$ 1,287,692</u> | <u>\$ 27,650</u> | <u>(\$ 16,172)</u> | <u>\$ 4,231,476</u> |
| For the year ended December 31, 2015 | | | | | | | | | | |
| Balance at January 1, 2015 | | \$ 648,708 | \$ 1,157 | \$ 1,977,434 | \$ 304,245 | \$ 762 | \$ 1,287,692 | \$ 27,650 | (\$ 16,172) | \$ 4,231,476 |
| Capital collected in advance transferred to common stock | 6(9) | 1,157 | (1,157) | - | - | - | - | - | - | - |
| Appropriation of 2014 earnings (Note 2) | 6(11) | - | - | - | - | - | - | - | - | - |
| Legal reserve | | - | - | - | 67,404 | - | (67,404) | - | - | - |
| Special reserve | | - | - | - | - | (617) | 617 | - | - | - |
| Cash dividends | | - | - | - | - | - | (607,249) | - | - | (607,249) |
| Profit for the year | | - | - | - | - | - | 710,370 | - | - | 710,370 |
| Convertible bonds transferred to common stock | 6(6)(10) | 1,502 | 233 | 16,063 | - | - | - | - | - | 17,798 |
| Share-based payment transaction | 6(10) | - | - | 8,224 | - | - | - | - | - | 8,224 |
| Employee stock options exercised | 6(8)(10) | 7,027 | - | 67,624 | - | - | - | - | - | 74,651 |
| Cumulative translation differences of foreign operations | | - | - | - | - | - | - | 29,705 | - | 29,705 |
| Unrealized gain or loss on available-for-sale financial assets | | - | - | - | - | - | - | - | (16,174) | (16,174) |
| Adjustments due to capital transfer of investees | 6(10) | - | - | (79) | - | - | - | - | - | (79) |
| Other comprehensive income for the year | | - | - | - | - | - | (9,768) | - | - | (9,768) |
| Balance at December 31, 2015 | | <u>\$ 658,394</u> | <u>\$ 233</u> | <u>\$ 2,069,266</u> | <u>\$ 371,649</u> | <u>\$ 145</u> | <u>\$ 1,314,258</u> | <u>\$ 57,355</u> | <u>(\$ 32,346)</u> | <u>\$ 4,438,954</u> |

Note 1: The directors' and supervisors' remuneration of \$6,300 and the employees' bonus of \$495 for the year ended December 31, 2013 has been deducted from the statement of comprehensive income.
Note 2: The directors' and supervisors' remuneration of \$5,721 and the employees' bonus of \$304 for the year ended December 31, 2014 has been deducted from the statement of comprehensive income.

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

KD HOLDING CORPORATION
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | <u>Notes</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------------|--------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax for the year | | \$ 712,399 | \$ 682,394 |
| Adjustments to reconcile profit before tax to net cash (used in) provided by operating activities | | | |
| Income and expenses having no effect on cash flows | | | |
| Interest income | | (3,246) | (4,935) |
| Dividend income | | (12,570) | (10,547) |
| Salary expense-employee stock options | 6(8)(13) | 1,842 | 4,118 |
| Gain on valuation of financial assets | 6(2) | (277) | (68) |
| Share of profit of associates and joint ventures accounted for using equity method | 6(5) | (731,917) | (710,483) |
| Discount on convertible bonds recognized as interest expense | | 181 | 492 |
| Impairment loss | 6(4) | 157 | 216 |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in assets relating to operating activities | | | |
| Financial assets at fair value through profit or loss | | 28,293 | (79,906) |
| Other receivables | | (36) | (59) |
| Other receivables-related parties | | (913) | (2,134) |
| Prepayments | | 11 | 6 |
| Net changes in liabilities relating to operating activities | | | |
| Other payables | | (3,625) | 897 |
| Other payables - related parties | | 21 | (736) |
| Preference share liabilities-non-current | | 393 | (1,054) |
| Cash used in operations | | (9,287) | (121,799) |
| Interest received | | 2,651 | 4,577 |
| Dividends received | 6(5) | 650,226 | 576,332 |
| Income tax paid | | (2,145) | (2,433) |
| Net cash provided by operating activities | | <u>641,445</u> | <u>456,677</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Increase in investments accounted for using the equity method-subsiaries | | - | (26,400) |
| Increase in investments accounted for using the equity method-nonsubsidiaries | | (94,500) | (309,489) |
| Interest received | | 464 | 482 |
| Proceeds from reduction of capital of investee company | | 196,000 | - |
| Redemption of convertible bonds | | (1,500) | - |
| Net cash provided by (used in) investing activities | | <u>100,464</u> | <u>(335,407)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Employee stock options exercised | 6(8) | 74,651 | 82,092 |
| Cash dividends paid | 6(11) | (607,249) | (581,948) |
| Net cash used in financing activities | | <u>(532,598)</u> | <u>(499,856)</u> |
| Increase (decrease) in cash and cash equivalents | | 209,311 | (378,586) |
| Cash and cash equivalents at beginning of year | | 200,043 | 578,629 |
| Cash and cash equivalents at end of year | | <u>\$ 409,354</u> | <u>\$ 200,043</u> |

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.



KD HOLDING CORPORATION
Proposed Profit Distribution Table
Year 2015

| Item | Unit : NT\$ Total |
|--|----------------------|
| Unappropriated retained earnings of previous years | 607,943,669 |
| Add : Remeasurement arising on defined benefit plans is recognized in retained earnings before 2014. | 5,712,136 |
| Less : Remeasurement arising on defined benefit plans is recognized in retained earnings in 2015. | -9,766,945 |
| Add : Net income of 2015 | 710,369,540 |
| Less : 10% legal reserve | -71,036,954 |
| Retained earnings available for distribution as of December 31,2015 | 1,243,221,446 |
| Cash dividends (Based on 65,957,448 outstanding shares at 29/2/2016, NT\$9.6934 per share) | -639,351,926 |
| Unappropriated retained earnings | 603,869,520 |

Notes : 1. Prior period retained earnings include:

- (a) Unappropriated retained earnings of NT\$25,302 before and including 2012.
 - (b) IFRSs adjustment of NT\$571,581,270 beginning retained earnings in 2012.
 - (c) IFRSs parallel books adjustment of NT\$36,337,097 in 2012.
2. Distribution will be made primarily by 2015 retained earnings; the insufficient amount will be reimbursed by undistributed retained earnings before 2015.
 3. For the proposed distribution date, shares for distribution are based on outstanding shares by the end of February 2016; the actual shares for distribution will be based on the actual outstanding shares on the record date.

KD HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2015 | | (adjusted) December 31, 2014 | | (adjusted) January 1, 2014 | | |
|---------------------------|------------------------------------|-------------------|---------------------|---------------------------------|---------------------|-------------------------------|---------------------|------------|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 2,159,130 | 28 | \$ 1,830,051 | 25 | \$ 2,004,685 | 29 |
| 1110 | Financial assets at fair value | 6(2) | | | | | | |
| | through profit or loss - current | | 320,700 | 4 | 247,398 | 3 | 90,665 | 1 |
| 1125 | Available-for-sale financial | 6(3) | | | | | | |
| | assets - current | | 132,388 | 2 | 150,109 | 2 | 104,013 | 2 |
| 1150 | Notes receivable, net | | 529 | - | 690 | - | 1,038 | - |
| 1170 | Accounts receivable, net | 6(4) | 906,575 | 12 | 823,338 | 11 | 788,628 | 11 |
| 1180 | Accounts receivable, net - | 7 | | | | | | |
| | related parties | | 138,457 | 2 | 118,742 | 2 | 80,886 | 1 |
| 1200 | Other receivables | | 11,637 | - | 11,750 | - | 7,588 | - |
| 1210 | Other receivables - related | 7 | | | | | | |
| | parties | | 47,151 | 1 | 44,374 | 1 | 78,974 | 1 |
| 130X | Inventories | | 54,325 | 1 | 44,258 | 1 | 32,150 | 1 |
| 1410 | Prepayments | | 112,312 | 1 | 52,506 | 1 | 29,682 | - |
| 11XX | Current Assets | | <u>3,883,204</u> | <u>51</u> | <u>3,323,216</u> | <u>46</u> | <u>3,218,309</u> | <u>46</u> |
| Non-current assets | | | | | | | | |
| 1543 | Financial assets carried at cost - | 6(5) | | | | | | |
| | non-current | | 475 | - | 632 | - | 848 | - |
| 1550 | Investments accounted for using | 6(6) | | | | | | |
| | equity method | | 618,183 | 8 | 497,296 | 7 | 154,489 | 2 |
| 1600 | Property, plant and equipment, | 6(7) | | | | | | |
| | net | | 51,075 | 1 | 60,915 | 1 | 52,927 | 1 |
| 1840 | Deferred income tax assets | 6(21) | 15,811 | - | 12,529 | - | 19,307 | - |
| 1900 | Other non-current assets | 6(8) | | | | | | |
| | | and 8 | <u>3,087,366</u> | <u>40</u> | <u>3,340,895</u> | <u>46</u> | <u>3,592,600</u> | <u>51</u> |
| 15XX | Non-current assets | | <u>3,772,910</u> | <u>49</u> | <u>3,912,267</u> | <u>54</u> | <u>3,820,171</u> | <u>54</u> |
| 1XXX | Total assets | | <u>\$ 7,656,114</u> | <u>100</u> | <u>\$ 7,235,483</u> | <u>100</u> | <u>\$ 7,038,480</u> | <u>100</u> |

(Continued)

KD HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | Notes | December 31, 2015 | | (adjusted) December 31, 2014 | | (adjusted) January 1, 2014 | | |
|---|--|-------------------|---------------------|---------------------------------|---------------------|-------------------------------|---------------------|------------|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | |
| Current liabilities | | | | | | | | |
| 2170 | Accounts payable | 6(9) | \$ 772,390 | 10 | \$ 601,942 | 8 | 480,950 | 7 |
| 2180 | Accounts payable - related parties | 7 | 27,196 | 1 | 29,933 | 1 | 30,616 | - |
| 2200 | Other payables | 6(10) | 297,973 | 4 | 289,945 | 4 | 266,211 | 4 |
| 2220 | Other payables - related parties | 7 | 2,674 | - | 6,158 | - | 4,060 | - |
| 2230 | Current income tax liabilities | | 74,794 | 1 | 67,100 | 1 | 50,062 | 1 |
| 2300 | Other current liabilities | 6(11)(12) | 774,847 | 10 | 643,381 | 9 | 647,103 | 9 |
| 21XX | Current Liabilities | | <u>1,949,874</u> | <u>26</u> | <u>1,638,459</u> | <u>23</u> | <u>1,479,002</u> | <u>21</u> |
| Non-current liabilities | | | | | | | | |
| 2540 | Long-term borrowings | 6(12) | 364,800 | 5 | 523,200 | 7 | 737,147 | 11 |
| 2570 | Deferred income tax liabilities | 6(21) | 161,105 | 2 | 161,872 | 2 | 153,876 | 2 |
| 2600 | Other non-current liabilities | 6(13) | 268,687 | 3 | 227,161 | 3 | 237,780 | 3 |
| 25XX | Non-current liabilities | | <u>794,592</u> | <u>10</u> | <u>912,233</u> | <u>12</u> | <u>1,128,803</u> | <u>16</u> |
| 2XXX | Total Liabilities | | <u>2,744,466</u> | <u>36</u> | <u>2,550,692</u> | <u>35</u> | <u>2,607,805</u> | <u>37</u> |
| Equity attributable to owners of parent | | | | | | | | |
| Share capital | | | | | | | | |
| | | 6(11)(16) | | | | | | |
| 3110 | Common stock | | 658,394 | 9 | 648,708 | 9 | 635,464 | 9 |
| 3140 | Capital collected in advance | | 233 | - | 1,157 | - | 4,131 | - |
| Capital surplus | | | | | | | | |
| | | 6(11)(17) | | | | | | |
| 3200 | Capital surplus | | 2,069,266 | 26 | 1,977,434 | 28 | 1,871,722 | 27 |
| Retained earnings | | | | | | | | |
| | | 6(18)(21) | | | | | | |
| 3310 | Legal reserve | | 371,649 | 5 | 304,245 | 4 | 242,213 | 4 |
| 3320 | Special reserve | | 145 | - | 762 | - | 24,423 | - |
| 3350 | Unappropriated retained earnings | | 1,314,258 | 17 | 1,287,692 | 18 | 1,215,056 | 17 |
| Other equity interest | | | | | | | | |
| 3400 | Other equity interest | | 25,009 | 1 | 11,478 | - | (762) | - |
| 31XX | Equity attributable to owners of the parent | | <u>4,438,954</u> | <u>58</u> | <u>4,231,476</u> | <u>59</u> | <u>3,992,247</u> | <u>57</u> |
| 36XX | Non-controlling interest | | <u>472,694</u> | <u>6</u> | <u>453,315</u> | <u>6</u> | <u>438,428</u> | <u>6</u> |
| 3XXX | Total equity | | <u>4,911,648</u> | <u>64</u> | <u>4,684,791</u> | <u>65</u> | <u>4,430,675</u> | <u>63</u> |
| Significant contingent liabilities and unrecognised contract commitments | | | | | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 7,656,114</u> | <u>100</u> | <u>\$ 7,235,483</u> | <u>100</u> | <u>\$ 7,038,480</u> | <u>100</u> |

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

See report of independent accountants dated March 16, 2016.

KD HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars)

| Items | Notes | Year ended December 31 | | | | |
|-------|--|------------------------|--------------|-----------------|--------------|-------|
| | | 2015 | | 2014 (adjusted) | | |
| | | AMOUNT | % | AMOUNT | % | |
| 4000 | Operating revenue | 7 | \$ 4,078,753 | 100 | \$ 3,925,027 | 100 |
| 5000 | Operating costs | 6(19)(20) and 7 | (3,018,765) | (74) | (2,891,796) | (74) |
| 5900 | Gross profit | | 1,059,988 | 26 | 1,033,231 | 26 |
| | Operating expenses | 6(19)(20) | | | | |
| 6200 | General & administrative expenses | | (165,874) | (4) | (170,399) | (4) |
| 6000 | Total operating expenses | | (165,874) | (4) | (170,399) | (4) |
| 6900 | Operating profit | | 894,114 | 22 | 862,832 | 22 |
| | Non-operating income and expenses | | | | | |
| 7010 | Other income | | 53,521 | 1 | 56,225 | 1 |
| 7020 | Other gains and losses | | 6,071 | - | 5,973 | - |
| 7050 | Finance costs | | (10,114) | - | (14,388) | - |
| 7060 | Share of profit of associates and joint ventures accounted for using equity method | 6(6) | 25,287 | 1 | 21,853 | 1 |
| 7000 | Total non-operating income and expenses | | 74,765 | 2 | 69,663 | 2 |
| 7900 | Profit before income tax | | 968,879 | 24 | 932,495 | 24 |
| 7950 | Income tax expense | 6(21) | (130,320) | (3) | (135,809) | (4) |
| 8200 | Profit for the year | | \$ 838,559 | 21 | \$ 796,686 | 20 |
| | Other comprehensive income | | | | | |
| | Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 8311 | Other comprehensive income, before tax, actuarial gains on defined benefit plans | 6(14) | (\$ 13,694) | - | \$ 17,133 | - |
| 8320 | Total share of other comprehensive income of associates and joint ventures accounted for using equity method | | 969 | - | 538 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(21) | 2,578 | - | (2,641) | - |
| | Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 | Cumulative translation differences of foreign operations | | 32,259 | 1 | 34,117 | 1 |
| 8362 | Unrealized loss on valuation of available-for-sale financial assets | 6(3) | (16,434) | (1) | (15,674) | - |
| 8300 | Total other comprehensive income for the year | | \$ 5,678 | - | \$ 33,473 | 1 |
| 8500 | Total comprehensive income for the year | | \$ 844,237 | 21 | \$ 830,159 | 21 |
| | Profit attributable to: | | | | | |
| 8610 | Owners of the parent | | \$ 710,370 | 18 | \$ 678,857 | 17 |
| 8620 | Non-controlling interest | | 128,189 | 3 | 117,829 | 3 |
| | Total | | \$ 838,559 | 21 | \$ 796,686 | 20 |
| | Comprehensive income attributable to: | | | | | |
| 8710 | Owners of the parent | | \$ 714,133 | 18 | \$ 705,195 | 18 |
| 8720 | Non-controlling interest | | 130,104 | 3 | 124,964 | 3 |
| | Total | | \$ 844,237 | 21 | \$ 830,159 | 21 |
| | Earnings per share (in dollars): | | | | | |
| 9750 | Total basic earnings per share | 6(22) | \$ 10.84 | | \$ 10.55 | |
| 9850 | Total diluted earnings per share | 6(22) | \$ 10.77 | | \$ 10.39 | |

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

KD HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

| | Equity attributable to owners of the parent | | | | | | | | | | | |
|--|---|--------------|------------------------------|-------------------|---------------|-----------------|----------------------------------|--|--|--------------|--------------------------|--------------|
| | Capital | | | Retained earnings | | | | Other equity interest | | | | |
| | Notes | Common stock | Capital collected in advance | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Cumulative translation differences of foreign operations | Unrealized gain or loss on available-for-sale financial assets | Total | Non-controlling interest | Total equity |
| For the year ended December 31, 2014 | | | | | | | | | | | | |
| Balance at January 1, 2014 | | \$ 635,464 | \$ 4,131 | \$ 1,871,722 | \$ 242,213 | \$ 24,423 | \$ 1,228,263 | \$ 264 | (\$ 1,026) | \$ 4,005,454 | \$ 439,282 | \$ 4,444,736 |
| The effects of retrospective application and restatement | | - | - | - | - | - | (13,207) | - | - | (13,207) | (854) | (14,061) |
| Balance at 1 January (Restated) | | 635,464 | 4,131 | 1,871,722 | 242,213 | 24,423 | 1,215,056 | 264 | (1,026) | 3,992,247 | 438,428 | 4,430,675 |
| Capital collected in advance transferred to common stock | | 4,131 | (4,131) | - | - | - | - | - | - | - | - | - |
| Appropriation of 2013 earnings | | | | | | | | | | | | |
| Legal reserve | | - | - | - | 62,032 | (62,032) | - | - | - | - | - | - |
| Special reserve | | - | - | - | (23,661) | 23,661 | - | - | - | - | - | - |
| Cash dividends | | - | - | - | - | (581,948) | - | - | (581,948) | (111,249) | (693,197) | - |
| Profit for the year | | - | - | - | - | 678,857 | - | - | 678,857 | 117,829 | 796,686 | - |
| Convertible bonds transferred to common stock | 6(17) | 193 | 1,157 | 12,938 | - | - | - | - | - | 14,288 | - | 14,288 |
| Share-based payment transactions | 6(17) | - | - | 19,597 | - | - | - | - | - | 19,597 | 1,172 | 20,769 |
| Employee stock options exercised | 6(16)(17) | 8,920 | - | 73,172 | - | - | - | - | - | 82,092 | - | 82,092 |
| Cumulative translation differences of foreign operations | | - | - | - | - | - | - | 27,386 | - | 27,386 | 6,731 | 34,117 |
| Unrealized gain or loss on available-for-sale financial assets | 6(3) | - | - | - | - | - | - | (15,146) | (15,146) | (528) | (15,674) | - |
| Other comprehensive income for the year | | - | - | - | - | 14,098 | - | - | 14,098 | 932 | 15,030 | - |
| Adjustments due to capital transfer of investees | | - | - | 5 | - | - | - | - | 5 | - | - | 5 |
| Balance at December 31, 2014 | | \$ 648,708 | \$ 1,157 | \$ 1,977,434 | \$ 304,245 | \$ 762 | \$ 1,287,692 | \$ 27,650 | (\$ 16,172) | \$ 4,231,476 | \$ 453,315 | \$ 4,684,791 |
| For the year ended December 31, 2015 | | | | | | | | | | | | |
| Balance at January 1, 2015 | | \$ 648,708 | \$ 1,157 | \$ 1,977,434 | \$ 304,245 | \$ 762 | \$ 1,287,692 | \$ 27,650 | (\$ 16,172) | \$ 4,231,476 | \$ 453,315 | \$ 4,684,791 |
| Capital collected in advance transferred to common stock | | 1,157 | (1,157) | - | - | - | - | - | - | - | - | - |
| Appropriation of 2014 earnings | | | | | | | | | | | | |
| Legal reserve | | - | - | - | 67,404 | (67,404) | - | - | - | - | - | - |
| Special reserve | | - | - | - | (617) | 617 | - | - | - | - | - | - |
| Cash dividends | | - | - | - | - | (607,249) | - | - | (607,249) | (111,214) | (718,463) | - |
| Profit for the year | | - | - | - | - | 710,370 | - | - | 710,370 | 128,189 | 838,559 | - |
| Convertible bonds transferred to common stock | 6(11)(16)(17) | 1,502 | 233 | 16,063 | - | - | - | - | - | 17,798 | - | 17,798 |
| Share-based payment transactions | 6(15)(17) | - | - | 8,224 | - | - | - | - | - | 8,224 | 489 | 8,713 |
| Employee stock options exercised | 6(16)(17) | 7,027 | - | 67,624 | - | - | - | - | - | 74,651 | - | 74,651 |
| Cumulative translation differences of foreign operations | | - | - | - | - | - | - | 29,705 | - | 29,705 | 2,554 | 32,259 |
| Unrealized gain or loss on available-for-sale financial assets | 6(3) | - | - | - | - | - | - | (16,174) | (16,174) | (260) | (16,434) | - |
| Other comprehensive income for the year | | - | - | - | - | (9,768) | - | - | (9,768) | (379) | (10,147) | - |
| Adjustments due to capital transfer of investees | | - | - | (79) | - | - | - | - | (79) | - | - | (79) |
| Balance at December 31, 2015 | | \$ 658,394 | \$ 233 | \$ 2,069,266 | \$ 371,649 | \$ 145 | \$ 1,314,258 | \$ 57,355 | (\$ 32,346) | \$ 4,438,954 | \$ 472,694 | \$ 4,911,648 |

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

See report of independent accountants dated March 16, 2016.

KD HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, | |
|---|----------|----------------------------------|------------------|
| | | 2015 | 2014 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Consolidated profit before tax for the year | | \$ 968,879 | \$ 932,495 |
| Adjustments to reconcile profit before tax to net cash provided by operating activities | | | |
| Income and expenses having no effect on cash flows | | | |
| Depreciation | 6(7)(19) | 16,470 | 16,844 |
| Amortization | 6(19) | 14,274 | 14,409 |
| Interest expense | | 9,933 | 13,896 |
| Interest income | | (29,196) | (25,800) |
| Dividend income | | (15,823) | (13,551) |
| Salary expense-employee stock options | 6(15) | 8,713 | 20,747 |
| Gain on valuation of financial assets | 6(2) | (1,524) | (1,299) |
| Share of profit of associates and joint ventures accounted for using equity method | 6(6) | (25,287) | (21,853) |
| Loss on disposal of property, plant and equipment | | 286 | 784 |
| Discount on convertible bonds recognized as interest expense | | 181 | 492 |
| Impairment loss | 6(5) | 157 | 216 |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in assets relating to operating activities | | | |
| Financial assets at fair value through profit or loss | | (63,344) | (146,356) |
| Notes receivable, net | | 161 | 348 |
| Accounts receivable, net | | (83,237) | (34,710) |
| Accounts receivable, net - related parties | | (19,715) | (37,856) |
| Other receivables | | (2,335) | 1,296 |
| Other receivables-related parties | | (2,786) | 34,582 |
| Inventories | | (10,067) | (12,108) |
| Prepayments | | (59,806) | (22,824) |
| Other non-current assets | | 241,594 | 237,820 |
| Net changes in liabilities relating to operating activities | | | |
| Accounts payable | | 170,448 | 120,992 |
| Accounts payable - related parties | | (2,737) | (683) |
| Other payables | | 7,487 | 24,217 |
| Other payables - related parties | | (984) | 2,098 |
| Other current liabilities | | 150,689 | 165,800 |
| Other non-current liabilities | | 10,541 | 2,277 |
| Cash generated from operations | | 1,282,972 | 1,272,273 |
| Interest received | | 31,189 | 19,878 |
| Dividends received | | 40,753 | 26,279 |
| Interest paid | | (9,392) | (14,380) |
| Income tax paid | | (124,489) | (107,020) |
| Net cash provided by operating activities | | <u>1,221,033</u> | <u>1,197,030</u> |

(Continued)

KD HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | <u>Notes</u> | <u>For the years ended December 31,</u> | |
|--|--------------|---|---------------------|
| | | <u>2015</u> | <u>2014</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Increase in available-for-sale financial assets-current | | \$ - | (\$ 60,294) |
| Increase in investments accounted for using equity method-non-subsidiaries | 6(6) | (94,500) | (309,489) |
| Interest received | | 464 | 482 |
| Acquisition of property, plant and equipment | 6(7) | (9,322) | (25,962) |
| Proceeds from disposal of property, plant and equipment | | 164 | 486 |
| Increase in refundable deposits | | (2,339) | (524) |
| Payments for redemption of bonds payable | | (1,500) | - |
| Net cash used in investing activities | | <u>(107,033)</u> | <u>(395,301)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Repayment of long-term loans | | (158,400) | (369,494) |
| Increase in deposits received (shown in other non-current liabilities) | | 17,291 | 4,236 |
| Employee stock options exercised | | 74,651 | 82,092 |
| Cash dividends paid | | (718,463) | (693,197) |
| Net cash used in financing activities | | <u>(784,921)</u> | <u>(976,363)</u> |
| Increase (decrease) in cash and cash equivalents | | 329,079 | (174,634) |
| Cash and cash equivalents at beginning of year | | <u>1,830,051</u> | <u>2,004,685</u> |
| Cash and cash equivalents at end of year | | <u>\$ 2,159,130</u> | <u>\$ 1,830,051</u> |

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2015 Business Report, Financial Statements (both consolidated and individual), and proposal for allocation of profits. The CPA firm of PriceWaterhouseCoopers was retained to audit KD Holding Corporation's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of KD Holding Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

KD Holding Corporation.

Chairman of the Audit Committee: Sidney Hsin Huai Chow



Dated March 16th, 2016.



To the Board of Directors and Stockholders of KD Holding Corporation

We have audited the accompanying non-consolidated balance sheets of KD Holding Corporation as of December 31, 2015, December 31, 2014 and January 1, 2014, and the related non-consolidated statements of comprehensive income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statement by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of KD Holding Corporation as of December 31, 2015, December 31, 2014 and January 1, 2014, and the results of its financial performance and cash flows for the years then ended, in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".



資誠

As described in Note 3(1), KD Holding Corporation and its subsidiaries adopted the “2013 version of IFRS” as endorsed by the Financial Supervisory Commission (“FSC”) commencing 2015, and accordingly, the financial statements for the prior periods were retroactively adjusted.

PricewaterhouseCoopers, Taiwan

March 16, 2016
Taipei, Taiwan
Republic of China

The accompanying non-consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying non-consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.



REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of KD Holding Corporation

We have audited the accompanying consolidated balance sheets of KD Holding Corporation and its subsidiaries as of December 31, 2015, December 31, 2014 and January 1, 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statement by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of KD Holding Corporation and its subsidiaries as of December 31, 2015, December 31, 2014 and January 1, 2014, and the results of their financial performance and cash flows for the years ended December 31, 2015 and 2014 in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.



We have also audited the parent company only financial statements of KD Holding Corporation, not presented herein, as of and for the years ended December 31, 2015 and 2014, and have expressed a modified unqualified opinion on such financial statements.

As described in Note 3(1), KD Holding Corporation and its subsidiaries adopted the “2013 version of IFRS” as endorsed by the Financial Supervisory Commission commencing 2015, and accordingly, the financial statements for the prior periods were retroactively adjusted.

PricewaterhouseCoopers, Taiwan

March 16, 2016
Taipei, Taiwan
Republic of China

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

KD HOLDING CORPORATION
2015 Directors' and Employees' Remuneration Distribution

- (1) Executed in accordance with Article 29 of the revised company "Articles of Incorporation"
- (2) The 2015 pre-tax profit before remuneration distribution amounts to NT \$717,826,444. The Board of Directors proposed remuneration distribution of NT\$ 5,200,000 for the directors' and NT\$ 227,914 for the employees'. All paid for in cash, identical with no difference to the accounting records.

**KD Holding Corporation
Guarantee List**

2015/12/31

unit : TWD Thousand

| Target \ Item | Guarantees and Endorsements | |
|--|-----------------------------|------------------|
| | as of 2015/12/31 | as of 2014/12/31 |
| GD Development Corp. | 629,076 | 248,253 |
| Total | 629,076 | 248,253 |
| Note : 2015.12.31 Net worth : 4,438,954 thousand 1.Ceiling on total guarantee amount : 13,316,862thousand 2.Ceiling on guarantee amount for single enterprise : 8,877,908 thousand | | |