

L&K[®] 亞翔工程股份有限公司
L&K ENGINEERING CO., LTD.



榮工工程股份有限公司
RSEA Engineering Corporation
privatized 2009



Disclaimer

The above statements that pertain to future projections constitute the expectations, opinions, outlooks, or predictions of our company and its affiliates based on information available at the time the statements were made. Such statements may be affected by known and unknown risks and inherent uncertainties, the existence or emergence of facts or factors that differ from the assumptions, suppositions, or judgments of the Company, or other factors. Consequently, there may be significant discrepancies between actual results pertaining to the Company's future earnings, management results, financial conditions, and other matters as explicitly or implicitly referred to in the statements and the content of such statements.

The presentation is run exclusively for the purpose of providing information and not for the purpose of soliciting investments or recommending the buying or selling of specific shares or products. Company makes no warranty concerning the accuracy or completeness of the information and will not be liable for any damages arising out of use of the Information thereof.

本報告內容係依現有資訊而做成，上述說明中的財務或相關資訊可能包含一些對本公司及其子公司未來前景的說明，這些說明易受重大的風險和不確定性因素影響，致使最後結果與原先的說明迥異，是本公司特此聲明，本報告中的內容，僅為資訊流通之目的而公佈，並非投資建議，本公司不對報告內容的正確性、完整性或任何使用本報告內容所產生的損害負任何責任。

- **L&K Introduction**
- **Operational Summary**
- **Strategy and Prospect**
- **Financial Summary**





L&K Introduction

**In the past, we got a foothold in Taiwan.
Nowadays, we strive to expand our business in China.
Future, we expect can service the whole Asia.**

➤ L&K Engineering Co., LTD was listed on Taiwan Stock Exchange. (Code: 6139)

➤ L&K Engineering (Suzhou)Co., Ltd. was listed as an A-Shares on Shanghai Stock Exchange.(Code: 603929)



1978

2002

2003

2009

2016

➤ L&K Founded

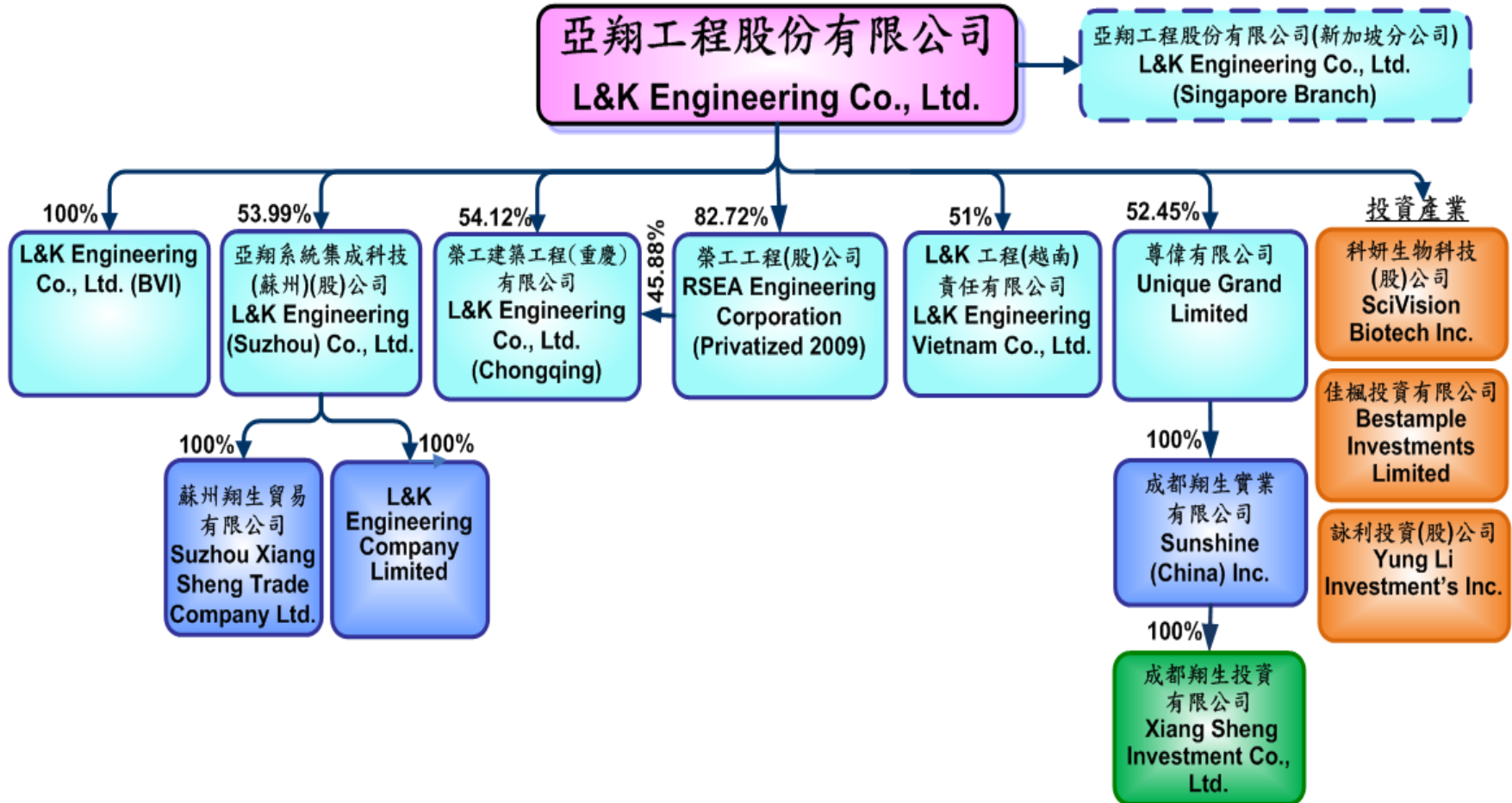
➤ Established L&K Engineering (Suzhou)Co., Ltd.

➤ Joined the privatization and established a joint venture company, RSEA Engineering Corporation

➤ 2016 Engineering Company's Revenues Survey of Commom Wealth Magazine

➤ L&K ranked 2nd place.

➤ RSEA ranked 11th place.



2017.04.01



- Hospitals
- Bio-Medical Plants
- Commercial Building
- Residential Building
- Solar Cell and Module Plants
- Solar Energy
- Semi-conductor Facilities
- TFT-LCD Plants
- Government Public Construction
- Petrochemical Plants
- ESCO Services



- Civil
- Structure
- Architect
- Mechanical System
- Electrical System
- Piping System
- Cleanroom System
- Process Exhaust System
- Fire Protection System
- Water Supply System
- Heating and Chilled Water System
- Waste Water System
- Pure and Ultra-pure Water System
- Gas System
- Chemical System
- Security, Control and Monitoring System



(Exhaust)



(CUB area)



(UPW system)



(GIS power S/S)

Academia Sinica
National Biotechnology Research Park
Turnkey Project



Railway Reconstruction Bureau
CL212 Kaohsiung Railway Underground
(Cut and Cover Construction) Project



Chinatrust Commercial Bank
New Headquarters Project



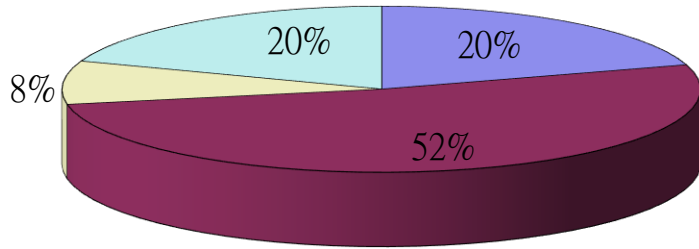
Mercedes-Benz
AH500 Exhibition Center Project





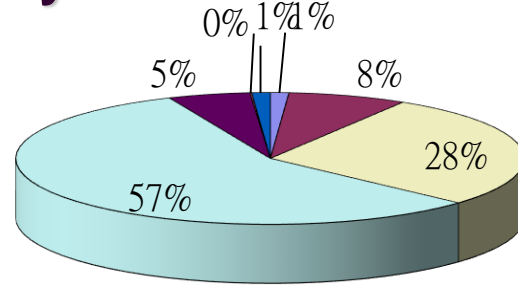


Employee Skill Profile



| | | | |
|--------------|------------|----------------|------------|
| ■ Design | 190persons | ■ Construction | 486persons |
| □ Technician | 79persons | □ other | 183persons |

Employee Educational Background



| | | | |
|----------------------|------------|----------------------|------------|
| ■ Junior high school | 11persons | ■ Senior high school | 71persons |
| □ A.S. Degree | 263persons | □ B.S. Degree | 532persons |
| ■ Graduate school | 49persons | ■ Doctor | 1persons |

Total : 938 (As of Mar. 2017) (Taiwan+China+Singapore+Vietnam)

Registered Professionals in Taiwan

- Licensed HVAC Engineer – 3
- Fire Protection Equipment Engineer – 2
- Fire Protection Equipment Technician – 2
- Class I Certified Occupational Hygiene Specialist - 5
- Class I Certified Occupational Safety Specialist - 4
- Licensed Mechanical Engineer – 1
- Licensed Electrical Professional Engineer-1
- Class I Certified HVAC Technician -2
- Grade B Certified HVAC Technician -11
- Grade B interior wiring -17
- Class I Certified Electrician -15

Registered Professionals in China

- Senior Engineer-11
- Advanced Accounting Certificate-1
- Engineer-63
- 2nd Grade Constructor Certificate -22
- Safety Officer -112
- Certified Safety Engineer – 8
- Class A Architect – 24
- Economist – 4
- Intermediate Accounting Certificate – 2
- Senior Accounting Certificate – 1

Registered Professionals in Singapore

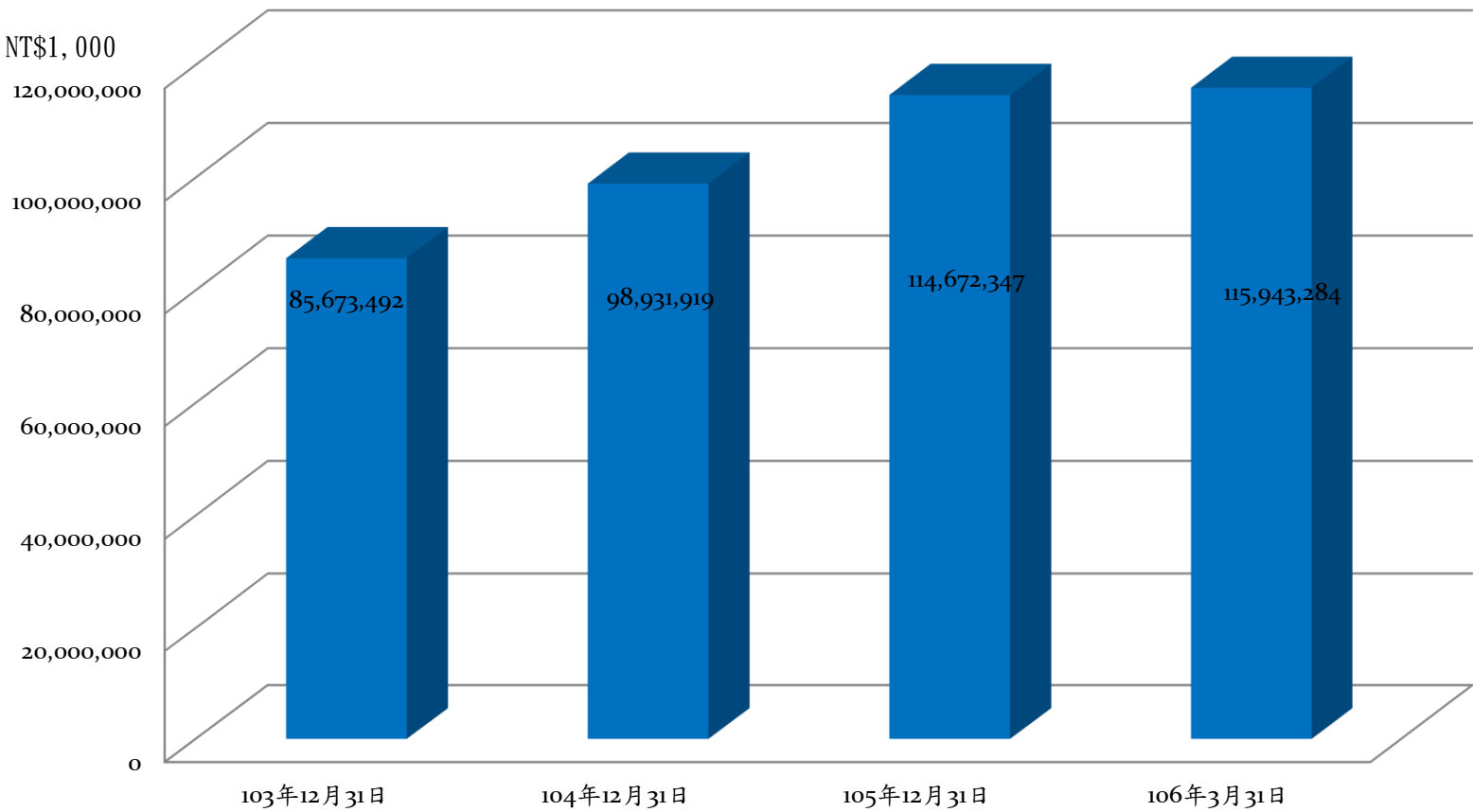
- Certificate in Building Information Modeling (BIM)
- Management- 1
- Certificate in Construction Productivity Management – 2
- Construction Safety Course for Project Managers -3
- Building Construction Safety Supervisor Certificate. -6



Operational Summary

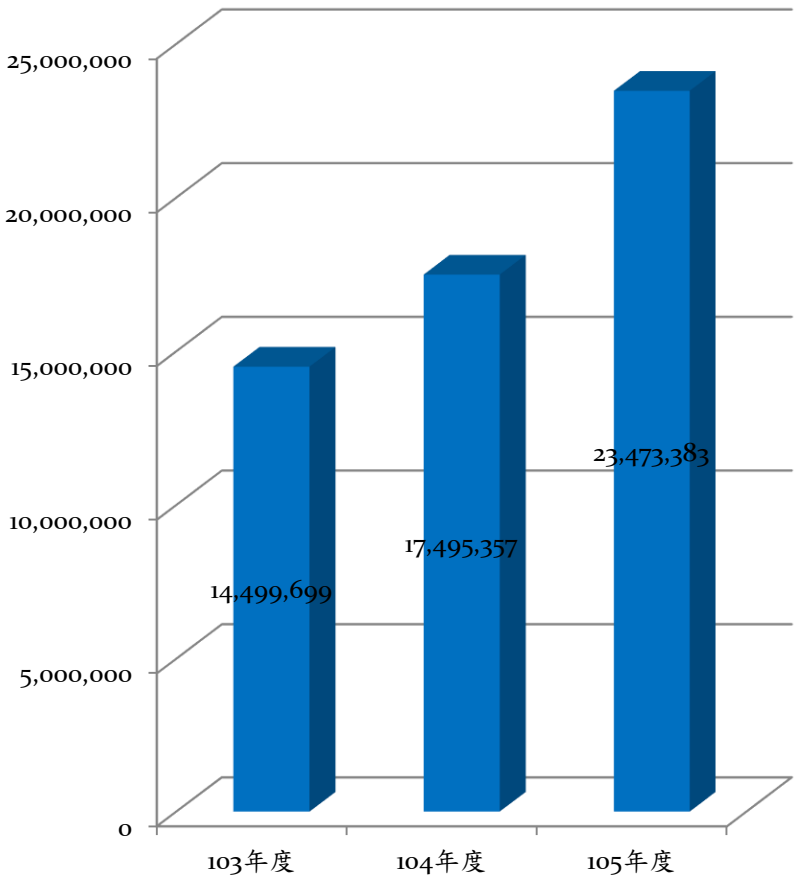
**Design 、 Procurement 、 Construction 、
performing 、 After-sales Service ...**

Total Contracted Amount of Construction Work in Progress

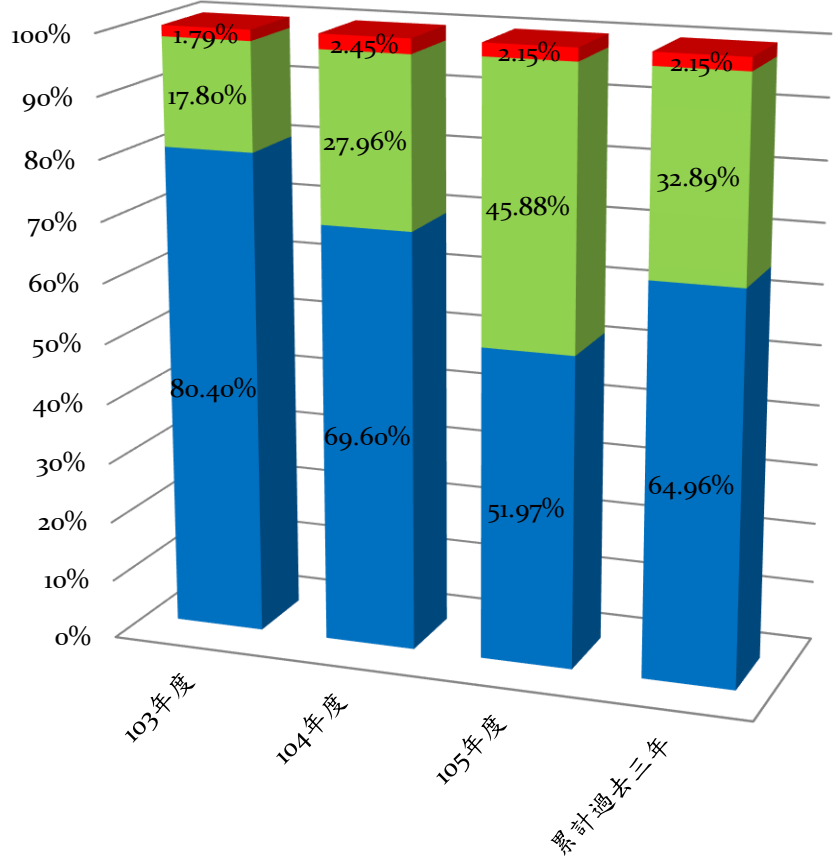


Data source : Audited and certified report by a certified public accountant.

Consolidated Revenue



Distribution



■ 台灣地區 ■ 大陸地區 ■ 其他地區

Data source : Audited and certified report by a certified public accountant.



Mass Rapid Transit Project

- Taipei City MRT System Da-Ping-Lin Station(Y6) Diaphragm Walls and Structure Project
- Sanying Line Rapid Transit System Plan Turnkey Project
- Wanda-Zhonghe-Shulin Line Project Phase I Contract No.CQ850
- Construction of Mount Pleasant Station and Tunnel for Thomson Line T215(Land Transport Authority of Singapore)

Construction Project

- Academia Sinica. / The National Biotechnology Research Park Construction Project(Turn-key)
- Academia Sinica / Construction Project of Research Center for Environmental Changes
- National Convention and Exhibition Center

MEP Project

- National Yang-Ming University Hospital / Interior Decoration and MEP Project of National Yang-Ming University Hospital

Professional Equipment Project

- Wei-wu-ying Center of Arts / Special Facility Project
- East District Project Office, Department of Rapid Transit Systems, Taipei City Government / Taipei Performing Arts Center Theater Equipment Project

Railway/ Highway Project

- Railway Reconstruction Bureau, Ministry of Transportation and Communications / CL212 Kaohsiung Railway Underground (Cut and Cover Construction) Project
- Daan-Dajia Main Route Elevated Section Construction Project of West Coast Expressway

Others

- Nanhua Reservoir Prevent Silt Tunnel Project
- Engineering, Procurement Construction and Commissioning Project for Full Containment LNG Storage Tanks of Taichung LNG Plant Phase II Expansion Project

- Taipei Dome / Complex-Large Indoor Stadium Project - Mechanical & Electrical Construction
- Nanya Technology Corporation / NTC FAB 3A-N Cleanroom Expansion Project
- InnoLux Corporation / G8.6 CF Cleanroom Project
- InnoLux Corporation / Innolux L6 Cleanroom Systems Turnkey Project
- United BioPharma, Inc. / Protein Plant Construction Project
- ASE Group Chung-Li / Expansion Project of Production Line in Building L 9F
- United Microelectronics Corporation / UMC 12A P5 Process Piping Project
- Synpac-Kingdom Pharmaceutical Co., Ltd. / Luzhu PIC/S GMP FAB for Ophthalmic preparations Turn-key Project:
- Nanshan Life Shushi Plaza Building Project
- Nanshan Life Wenshin Plaza Building Project
- TAMECO New Two-Bay Hanger Construction

➤ China

- Changzhou Tronly New Electronic Materials Co., Ltd. / OLED Cleanroom Project of Crucial Material Tablet Display
- Shenzhen Royole Corporation / Resemble 6 G OLED CR Project 1
- Kunshan Country Significantly Photoelectric Co., Ltd. / 5.5-generation Active Matrix Light Emitting Display (AMOLED) Project 2W Building (FAB 1B Extend)
- Shenzhen China-Star Technology Co., Ltd. / T2 CF CR Renovation Project t2 CF
- Beijing Century Goldray Semiconductor Co., Ltd. / SiC Chip MEP & CR Project
- Semiconductor Manufacturing International Corporation / F FAB7 MAU Renovation Project
- Fujian Jinhua Integrated Circuit Co., Ltd. / Memory Building Project
- Dheere Pharmaceutical (Chengdu) Co., Ltd. / QAQC Laboratory MEP Package
- Shanghai Simgui Technology Co., Ltd / 8' MEMS MEP & CR Project
- TSMC / China Nanjing Project-MEP package
- Zai Lab co., LTD. / Whole plant turn-key
- Wuhan Tianma Micro-Electronics Co., Ltd. / 5.5G LTPS I ELEC PROJECT
- HKC (ChongQing) / 8.5+TFT (Phase 1) Utility hook up-HVAC System

➤ **China**

- HKC (ChongQing) / 8.5+TFT (Phase 1) Utility hook up Electrical Work
- HKC (ChongQing) / 8.5+TFT (Phase 1) Utility hook up Water System
- Wuhan Tianma Micro-Electronics Co., Ltd. / 5.5G LTPS PV PROJECT
- Wuhan Tianma Micro-Electronics Co., Ltd. / 5.5G LTPS A7 CR PROJECT
- Wuhan Tianma Micro-Electronics Co., Ltd. / CDA System Project
- Fujian Province Fulian Intergated Circuit co.,LTD / Whole plant turn-key

➤ **Vietnam**

- Hue Phong / Office MEP Systems Engineering :
- Nanpao Resins Dai-Dang Green Factory Planning / Main Building and M&E Construction



Strategy and Prospect

Railway Development

Make Taiwan's railway system a core transport service that is seamless, safe and reliable, convenient and easy to use, and sustainable.

Digital Infrastructure

- ◆ Provide fast and secure broadband
- ◆ Ultra wideband internet connectivity
- ◆ Citizens' basic right to access guaranteed
- ◆ Implement smart urban-rural infrastructure
- ◆ Set up a digital learning environment



Urban-rural Development

Improve the quality of public spaces, everyday living conditions and Taiwan's overall image.

Development of Aquatic Environments

Create a future that includes reliable water supplies, no flooding, high-quality drinking water and accessible aquatic spaces.

Green Energy Development

- ◆ Shalun Green Energy Science and Technology City
- ◆ Solar Energy
- ◆ Wind Power

Investment under the infrastructure development bill is expected to reach approximately NT\$420 billion (US\$13 billion) over 4 years (2017-2020).

➤ Railway Construction

Tainan City Railway Underground Plan、Taoyuan Metropolitan Area Railway Underground Plan、Chiayi City Railway Elevated Plan、Tainan City Railway Grade Separation and Extend to Shanhua Dist、Taichung Mountains and Coast Line First Stage Plan (Dajia – Zhuifen、Daqing – Wuri)、Taoyuan Green Line and Extend to Zhongli etc.

➤ Water Environmental Construction

Shuangxi Ecological Reservoir Project、Tianhua Ecological Reservoir Project、Zwngwen Reservoir Cross-over Pipe Project

“13th Five-Year Plan” 5th Plenum

- Innovation Development: Internet + 、 Made in China 2025 、 National Big Data Strategy
- Coordinated Development: Area and Urban-rural Collaboration 、 Integrated Development of the Economy and National Defense
- Green Development: Build a Beautiful Country of China 、 Low-Carbon Development 、 Environmental protection
- Opening Up Development: One Belt One Road International Capacity and Equipment Production Cooperation 、 FTA Strategy
- Sharing Development : Poverty Reduction 、 Increase Public Service Opportunities 、 Universal Two-child Policy



Reform of State – owned Enterprises

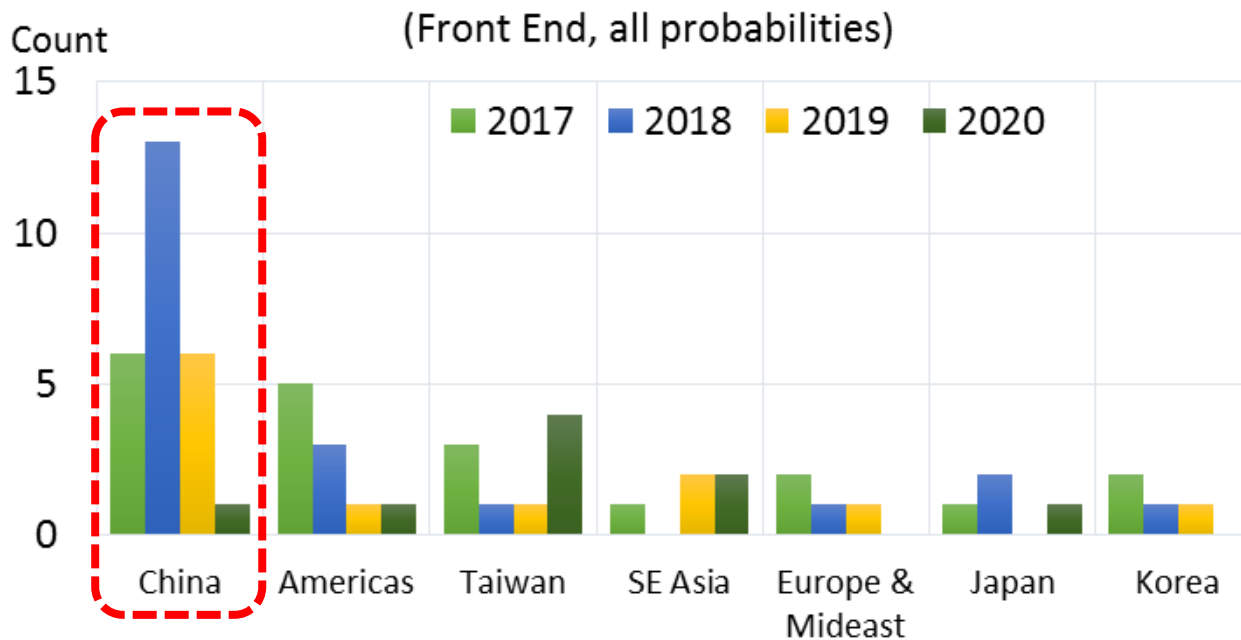
Made in China 2025



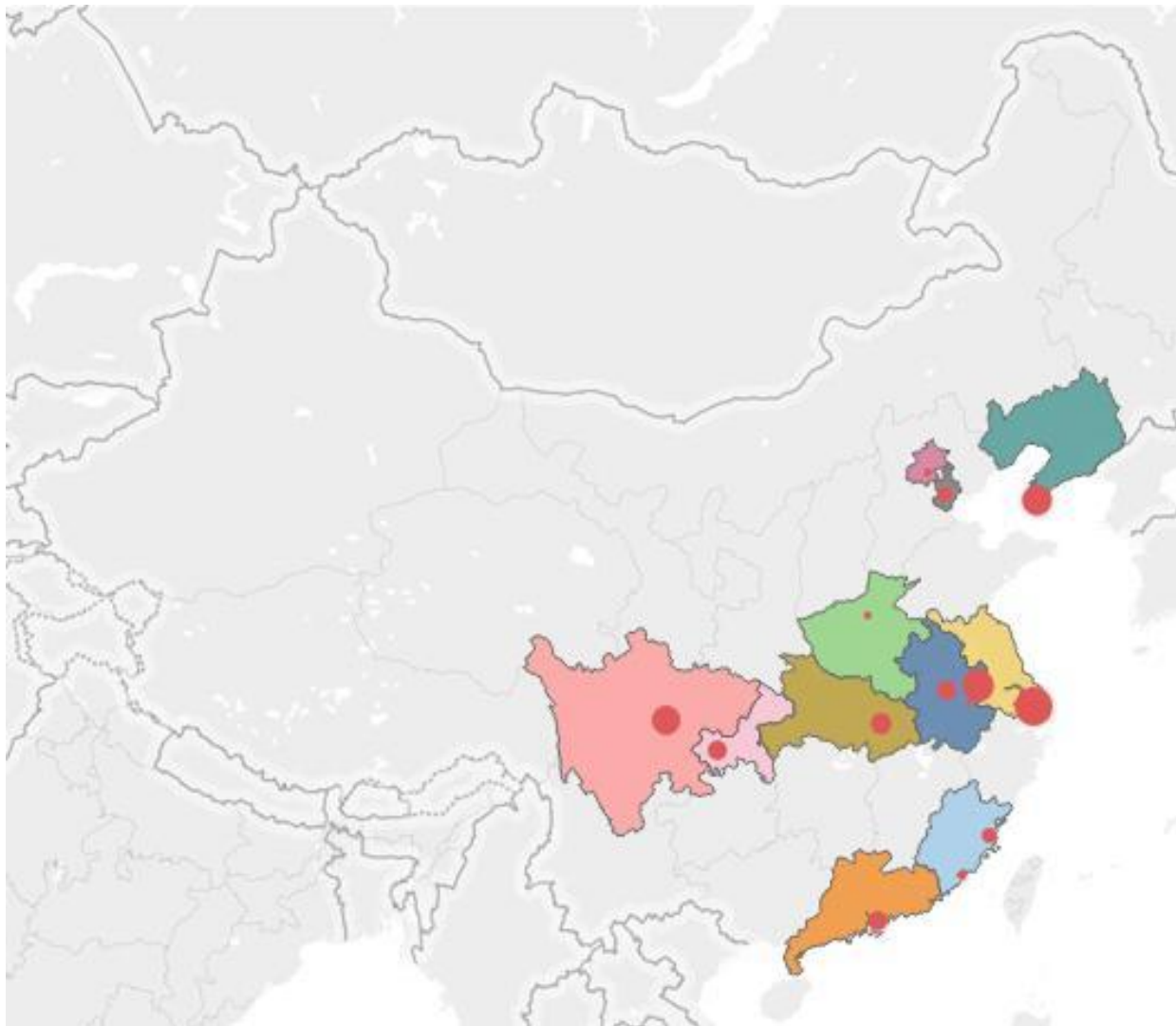
■ “13th Five-Year Plan” Chip Localization Strategy

- It has cost about 180 billion dollars in the past nearly 10 years to import the chips, and which is 2 times the import amount of crude oil.
- The import amount of the chip is over 260 billion USD dollars for 4 years continuously.

New Facilities & Lines Starting Operation



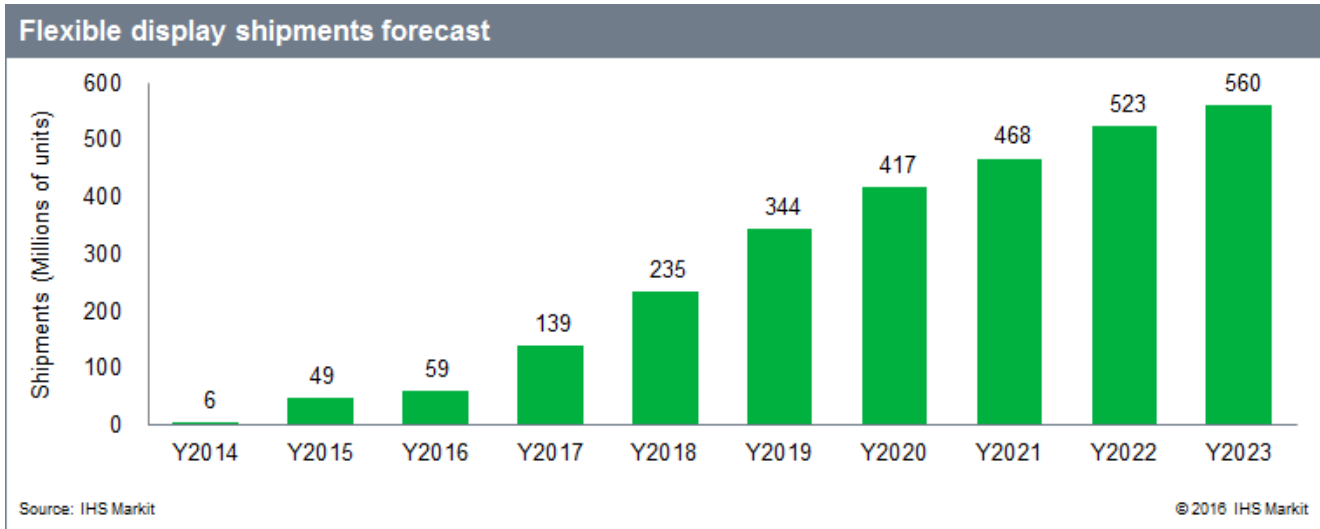
Source: World Fab Forecast report (November 2016, SEMI)



| Cleanroom Project | State |
|--------------------------|-------------|
| Nanjing tsmc | Ongoing |
| Dalian Intel | Ongoing |
| Shenzhen SMIC | Ongoing |
| Haiian Dekema | Ongoing |
| Wuhan XMC | New |
| HefeiChangxin | New |
| Jinjiang Jinhua | New |
| Shanghai Huali | New |
| Chengdu Global Foundries | New |
| Tianjin SMIC | New |
| Beijing Naweisilei | New |
| Nanjing Xinquan | New |
| Zhengzhou Wafer Works | New |
| Xiamen Photronics | New |
| Haiian Aucksun | Preparatory |
| Shanghai SMIC | Preparatory |
| Chengdu Tsinghua | Preparatory |
| Chongqing Universal | Preparatory |

From 2017 to 2020, there 26 wafer foundries will be constructed !

- Replace the cell phone in-panel with LCD. (2017)
- Popularization of 3D screen and increasing of flexible screen.(2018)
- The increasing market for VR products. (2020)



| Cleanroom Project | State |
|---------------------|-------------|
| Wuhan BOE | Ongoing |
| Shanwei Truly | Ongoing |
| Shenzhen Royole | Ongoing |
| Shenzhen China-Star | New |
| China Fortune | New |
| Shanghai Hehui | New |
| Wuhan China-Star | Preparatory |
| Xianyang Caihong | Preparatory |
| Zhengzhou Yinghui | Preparatory |
| Guangzhou Foxconn | Preparatory |
| Wuhan Tianma | Preparatory |
| Chongqing HKC | Preparatory |
| Suzhou Kangdixin | Preparatory |



Financial Summary

➤ 2017 First Quarter

Consolidated Statements of Comprehensive Income

NT\$1,000

| | 2017 First Quarter | % | 2016 First Quarter | % |
|---|--------------------|------|--------------------|------|
| Operating Income | 5,307,770 | 100 | 9,003,022 | 100 |
| Operating Costs | (4,808,575) | (91) | (8,357,893) | (93) |
| Gross Profit | 499,195 | 9 | 645,129 | 7 |
| Operating Expenses | (216,249) | (4) | (223,946) | (2) |
| Net Operating Income | 282,946 | 5 | 421,183 | 5 |
| Net Non-operating Income | (21,026) | (0) | 15,612 | 0 |
| Income before Income Tax | 261,920 | 5 | 436,795 | 5 |
| Income Tax Expense | (58,249) | (1) | (168,131) | (2) |
| Net Income | 203,671 | 4 | 268,664 | 3 |
| Net Income Attributable to the Owners of the Parent | 146,776 | | 164,814 | |
| Basic Earnings Per Share | 0.68 | | 0.87 | |

➤2017 First Quarter Consolidated Balance Sheets

NT\$1,000

| | 106/03/31 | 105/12/31 | 105/03/31 | | 106/03/31 | 105/12/31 | 105/03/31 |
|--|-------------------|-------------------|-------------------|---|-------------------|-------------------|-------------------|
| Cash and cash equivalents | 2,479,964 | 5,044,583 | 4,382,761 | Short-term borrowings | 2,853,623 | 1,808,699 | 1,614,737 |
| Receivables to customers on construction contracts | 6,565,125 | 5,582,100 | 4,313,505 | Accounts payable | 4,977,006 | 5,771,769 | 7,477,271 |
| Other financial assets - current* | 3,853,990 | 1,935,950 | 1,293,945 | Payables to customers on construction contracts | 2,787,950 | 2,325,465 | 2,043,611 |
| Other current assets | 6,461,187 | 5,986,615 | 8,458,890 | Other current liabilities | 1,563,870 | 1,515,506 | 894,316 |
| Total Current Assets | 19,360,266 | 18,549,248 | 18,449,101 | Total Current Liabilities | 12,182,449 | 11,421,439 | 12,029,935 |
| Property, plant and equipment, net | 1,103,980 | 1,146,751 | 1,373,607 | | | | |
| Long-term prepaid rent | 2,973,794 | 3,129,809 | 3,412,907 | Long-term borrowings | 1,316,337 | 1,364,352 | 2,421,018 |
| Other noncurrent assets | 1,141,654 | 1,184,226 | 1,519,420 | Other noncurrent liabilities | 307,891 | 333,311 | 378,702 |
| | | | | Total Liabilities | 13,806,677 | 13,119,102 | 14,829,655 |
| | | | | Total Equity of Shareholders | 10,773,017 | 10,890,932 | 9,925,380 |
| Total Assets | 24,579,694 | 24,010,034 | 24,755,035 | Total Liabilities and Equity of Shareholders | 24,579,694 | 24,010,034 | 24,755,035 |

*1285 million cash will be listed into other financial assets.

NT\$1,000

| | 2016 | 2015 | 2014 | 2013 |
|-------------------------------|------------|------------|------------|------------|
| Operating Income | 23,473,383 | 17,495,357 | 14,499,699 | 12,266,048 |
| Revenue Growth Rate(%) | 34.17% | 20.66% | 18.21% | -2.75% |
| Gross | 2,025,547 | 987,363 | 959,303 | 1,234,479 |
| Gross Rate (%) | 8.63% | 5.64% | 6.62% | 10.06% |
| Net Income | 844,983 | 279,638 | 291,841 | 455,424 |
| Earnings Per Share | 2.97 | 1.02 | 1.32 | 2.08 |
| Cash Dividend | 1.50 | 1.00 | 0.80 | 1.50 |
| Cash Dividend Payout Ratio | 50.51% | 98.04% | 60.61% | 72.12% |
| Debts Ratio | 54.64% | 60.01% | 54.62% | 51.53% |
| Current Ratio | 162.41% | 154.24% | 148.23% | 145.57% |
| Interest Protection Multiples | 14.47 | 6.49 | 8.13 | 19.17 |

Thank You



Q & A

