

English Translation of Financial Statements Originally Issued in Chinese  
**KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**As of December 31, 2020 and 2019**  
(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2020	%	December 31, 2019	%
<b>Current assets</b>					
Cash and cash equivalents	4, 6(1)	\$8,008,530	13	\$6,166,005	11
Financial assets at fair value through other comprehensive income-current	4, 6(2)	-	-	30,114	-
Contract assets-current	4, 6(16), 6(17), 7	202,972	-	126,182	-
Notes receivable, net	4, 6(3), 6(17)	3,049	-	4,268	-
Accounts receivable, net	4, 6(4), 6(17)	4,164,991	7	4,936,281	9
Accounts receivable from related parties, net	4, 6(4), 6(17), 7	1,724,951	3	911,027	2
Other receivables		161,712	-	278,134	1
Other receivables from related parties	4, 7	33,257	-	7,956	-
Current tax assets		315	-	-	-
Inventories, net	4, 6(5)	980,969	2	1,081,035	2
Prepayments	6(6)	479,283	1	272,607	1
Other current assets		51,843	-	77,370	-
Other financial assets-current	8	4	-	4	-
Total current assets		15,811,876	26	13,890,983	26
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income-non-current	4, 6(2)	4,446,563	8	2,425,166	5
Investments accounted for using the equity method	4, 6(7)	69,856	-	65,228	-
Property, plant and equipment	4, 6(8), 6(20), 7, 8	39,147,575	64	36,890,887	67
Right-of-use asset	4, 6(18)	1,328,232	2	1,373,907	2
Intangible assets	4, 6(9), 6(10)	86,442	-	73,795	-
Deferred tax assets	4, 6(21), 6(22)	227,623	-	229,882	-
Other financial assets-non-current	8	115,669	-	113,125	-
Other non-current assets		81,682	-	16,176	-
Total non-current assets		45,503,642	74	41,188,166	74
<b>Total assets</b>		<b>\$61,315,518</b>	<b>100</b>	<b>\$55,079,149</b>	<b>100</b>

The accompanying notes are an integral part of the consolidated financial statements.

(continued)

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**CONSOLIDATED BALANCE SHEETS**  
**As of December 31, 2020 and 2019**  
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2020	%	December 31, 2019	%
<b>Current liabilities</b>					
Short-term loans	4, 6(11), 9	\$100,854	-	\$493,383	1
Contract liabilities-current	4, 6(16), 7	229,603	-	68,330	-
Notes payable		4,435	-	1,633	-
Accounts payable		1,117,955	2	1,054,963	2
Accounts payable to related parties	7	19,487	-	30,713	-
Other payables		2,914,621	5	2,973,602	5
Other payables to related parties	7	65,456	-	91,048	-
Payables on equipment		623,324	1	963,512	2
Current tax liabilities	4, 6(22)	408,303	1	723,277	1
Lease liabilities-current	4, 6(18)	310,144	1	792,980	1
Current portion of long-term loans	4, 6(13), 8, 9	1,844,759	3	403,605	1
Other current liabilities	6(12)	580,856	1	303,923	1
Total current liabilities		8,219,797	14	7,900,969	14
<b>Non-current liabilities</b>					
Long-term loans	4, 6(13), 8, 9	21,966,029	36	19,924,440	36
Deferred tax liabilities	4, 6(21), 6(22)	667,968	1	39,921	-
Lease liabilities-non-current	4, 6(18)	566,437	1	485,263	1
Net defined benefit liabilities	4, 6(14)	566,456	1	528,169	1
Guarantee deposits		2,755	-	1,933	-
Total non-current liabilities		23,769,645	39	20,979,726	38
Total liabilities		31,989,442	53	28,880,695	52
<b>Equity attributable to owners of the parent company</b>					
Share capital	4, 6(15)				
Common stock		12,227,451	20	12,227,451	22
Capital surplus	4, 6(15)	4,588,172	7	4,832,721	9
Retained earnings	4, 6(15)				
Legal reserve		2,656,958	4	2,359,299	4
Special reserve		402,406	1	803,172	2
Undistributed earnings		8,147,631	13	6,371,702	12
Total retained earnings		11,206,995	18	9,534,173	18
Other equity	4, 6(15)	1,296,453	2	(402,406)	(1)
Equity attributable to owners of the parent company		29,319,071	47	26,191,939	48
<b>Non-controlling interests</b>	4, 6(15)	7,005	-	6,515	-
Total equity		29,326,076	47	26,198,454	48
<b>Total liabilities and equities</b>		\$61,315,518	100	\$55,079,149	100

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Financial Statements Originally Issued in Chinese  
**KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the years ended December 31, 2020 and 2019**  
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	2020	%	2019	%
<b>Net sales</b>	4, 6(16), 6(18), 7	\$28,959,304	100	\$25,539,437	100
<b>Operating costs</b>	4, 6(5), 6(9), 6(14), 6(18), 6(19), 7	(21,005,316)	(73)	(18,523,521)	(73)
<b>Gross profit</b>		<u>7,953,988</u>	<u>27</u>	<u>7,015,916</u>	<u>27</u>
<b>Operating expenses</b>	4, 6(9), 6(14), 6(17), 6(18), 6(19), 7				
Selling expenses		(387,045)	(1)	(398,765)	(2)
Administrative expenses		(1,710,532)	(6)	(1,516,321)	(6)
Research and development expenses		(1,202,520)	(4)	(1,035,207)	(4)
Expected credit losses		(3,180)	-	(20,609)	-
Total operating expenses		<u>(3,303,277)</u>	<u>(11)</u>	<u>(2,970,902)</u>	<u>(12)</u>
<b>Operating income</b>		<u>4,650,711</u>	<u>16</u>	<u>4,045,014</u>	<u>15</u>
<b>Non-operating income and expenses</b>	4, 6(2), 6(7), 6(8), 6(10), 6(20), 7				
Interest income		19,335	-	12,617	-
Other income		260,488	1	175,516	1
Other gains and losses		(23,928)	-	(20,947)	-
Finance costs		(379,039)	(1)	(311,673)	(1)
Share of profit of associates accounted for using the equity method		16,088	-	14,336	-
Total non-operating income and expenses		<u>(107,056)</u>	<u>-</u>	<u>(130,151)</u>	<u>-</u>
<b>Net income before income tax</b>		4,543,655	16	3,914,863	15
<b>Income tax expense</b>	4, 6(22)	<u>(906,515)</u>	<u>(3)</u>	<u>(873,379)</u>	<u>(3)</u>
<b>Net income</b>		<u>3,637,140</u>	<u>13</u>	<u>3,041,484</u>	<u>12</u>
<b>Other comprehensive income</b>	4, 6(21)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of the defined benefit plan		(45,906)	-	(57,525)	-
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income		2,056,310	7	687,206	3
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(403,570)	(2)	(136,555)	(1)
Items that will be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations		105,729	-	(186,914)	(1)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(21,145)	-	37,373	-
<b>Other comprehensive income, net of tax</b>		<u>1,691,418</u>	<u>5</u>	<u>343,585</u>	<u>1</u>
<b>Total comprehensive income</b>		<u>\$5,328,558</u>	<u>18</u>	<u>\$3,385,069</u>	<u>13</u>
<b>Net income attributable to :</b>					
Owners of the parent company		\$3,636,653	13	\$3,041,566	12
Non-controlling interests		487	-	(82)	-
		<u>\$3,637,140</u>	<u>13</u>	<u>\$3,041,484</u>	<u>12</u>
<b>Total comprehensive income attributable to :</b>					
Owners of the parent company		\$5,328,068	18	\$3,385,203	13
Non-controlling interests		490	-	(134)	-
		<u>\$5,328,558</u>	<u>18</u>	<u>\$3,385,069</u>	<u>13</u>
<b>Earning per share(NT\$)</b>	4, 6(23)				
Basic Earnings Per Share		<u>\$2.97</u>		<u>\$2.49</u>	
Diluted Earnings Per Share		<u>\$2.94</u>		<u>\$2.47</u>	

The accompanying notes are an integral part of the consolidated financial statements.

## KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent company								Non-controlling interests	Total Equity
	Common stock	Capital surplus	Retained earnings			Other equity		Equity attributable to owners of the parent company		
			Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income			
Balance as of January 1, 2019	\$12,227,451	\$4,844,536	\$2,179,765	\$431,239	\$5,597,293	\$(292,128)	\$(511,045)	\$24,477,111	\$42,741	\$24,519,852
Appropriation and distribution of 2018 earnings:										
Legal reserve	-	-	179,534	-	(179,534)	-	-	-	-	-
Special reserve	-	-	-	371,933	(371,933)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,650,706)	-	-	(1,650,706)	-	(1,650,706)
Profit for the year ended December 31, 2019	-	-	-	-	3,041,566	-	-	3,041,566	(82)	3,041,484
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(57,525)	(149,489)	550,651	343,637	(52)	343,585
Total comprehensive income	-	-	-	-	2,984,041	(149,489)	550,651	3,385,203	(134)	3,385,069
Changes in ownership interests in subsidiaries	-	(11,815)	-	-	(7,854)	-	-	(19,669)	(36,092)	(55,761)
Disposal of equity instruments investments measured at fair value through other comprehensive income	-	-	-	-	395	-	(395)	-	-	-
Balance as of December 31, 2019	\$12,227,451	\$4,832,721	\$2,359,299	\$803,172	\$6,371,702	\$(441,617)	\$39,211	\$26,191,939	\$6,515	\$26,198,454
Balance as of January 1, 2020	\$12,227,451	\$4,832,721	\$2,359,299	\$803,172	\$6,371,702	\$(441,617)	\$39,211	\$26,191,939	\$6,515	\$26,198,454
Appropriation and distribution of 2019 earnings:										
Legal reserve	-	-	297,659	-	(297,659)	-	-	-	-	-
Cash dividends	-	(244,549)	-	-	(1,956,392)	-	-	(2,200,941)	-	(2,200,941)
Reversal of special reserve	-	-	-	(400,766)	400,766	-	-	-	-	-
Profit for the year ended December 31, 2020	-	-	-	-	3,636,653	-	-	3,636,653	487	3,637,140
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(45,906)	84,581	1,652,740	1,691,415	3	1,691,418
Total comprehensive income	-	-	-	-	3,590,747	84,581	1,652,740	5,328,068	490	5,328,558
Changes in ownership interests in subsidiaries	-	-	-	-	5	-	-	5	-	5
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	38,462	-	(38,462)	-	-	-
Balance as of December 31, 2020	\$12,227,451	\$4,588,172	\$2,656,958	\$402,406	\$8,147,631	\$(357,036)	\$1,653,489	\$29,319,071	\$7,005	\$29,326,076

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English Translation of Financial Statements Originally Issued in Chinese

**KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the years ended December 31, 2020 and 2019**

(Amounts in thousands of New Taiwan Dollars)

Description	2020	2019	Description	2020	2019
<b>Cash flows from operating activities :</b>			<b>Cash flows from investing activities :</b>		
Profit before tax from continuing operations	\$4,543,655	\$3,914,863	Proceeds from disposal of financial assets at fair value through other comprehensive income	\$65,027	\$-
Adjustments for :			Proceeds from capital return of financial assets at fair value through other comprehensive income	-	395
The profit or loss items which did not affect cash flows:			Proceeds from disposal of financial assets at fair value through profit or loss	-	101,885
Depreciation	8,355,775	6,971,919	Acquisition of property, plant and equipment	(10,935,021)	(11,621,595)
Amortization	52,193	87,531	Proceeds from disposal of property, plant and equipment	89,917	121,535
Expected credit loss	3,180	20,609	Increase in refundable deposits	(65,528)	(192)
Gains on financial assets and liabilities at fair value through profit or loss	-	(424)	Acquisition of intangible assets	(64,763)	(26,418)
Interest expenses	379,039	311,673	Increase in other financial assets	(2,544)	(3,213)
Interest income	(19,335)	(12,617)	Dividend received	62,426	49,858
Dividend income	(50,966)	(38,398)	Net cash used in investing activities	(10,850,486)	(11,377,745)
Investment gain accounted for using the equity method	(16,088)	(14,336)			
Loss (gain) on disposal of property, plant and equipment	15,524	(8,338)			
Impairment of non-financial assets	153,955	91,181			
Unrealized foreign exchange gain	(264,212)	(234,047)			
Changes in operating assets and liabilities :			<b>Cash flows from financing activities :</b>		
Contract Assets	(76,790)	163,245	Increase in short-term loans	145,628	780,438
Notes receivable	1,219	9,576	Decrease in short-term loans	(535,872)	(377,519)
Accounts receivable	791,252	(538,180)	Borrowing in long-term loans	28,934,872	21,591,057
Accounts receivable from related parties	(813,924)	(141,296)	Repayments of long-term loans	(25,212,072)	(17,999,744)
Other receivables	99,768	(73,767)	Increase in guarantee deposits	822	360
Other receivables from related parties	(18,780)	3,264	Cash payments for the principal portion of the lease liabilities	(510,312)	(18,186)
Inventories	100,066	44,717	Cash dividends	(2,200,941)	(1,650,706)
Prepayments	(266,952)	(8,927)	Acquisition of ownership interests in subsidiaries	-	(37,070)
Other current assets	25,527	113,729	Interest paid	(372,098)	(274,418)
Contract liabilities	161,273	(61,873)	Net cash provided by financing activities	250,027	2,014,212
Notes payable	2,802	(48,523)			
Accounts payable	62,992	(128,802)			
Accounts payable to related parties	(11,226)	18,322			
Other payables	(50,354)	673,593			
Other payables to related parties	(25,592)	13,937			
Other current liabilities	276,933	24,255			
Accrued pension liabilities	(7,619)	(10,926)			
Cash generated from operating activities	13,403,315	11,141,960	Effect of changes in exchange rate on cash and cash equivalents	40,259	(90,580)
Interest received	15,623	17,209	Net increase in cash and cash equivalents	1,842,525	1,379,379
Income tax paid	(1,016,213)	(325,677)	Cash and cash equivalents at the beginning of the year	6,166,005	4,786,626
Net cash provided by operating activities	12,402,725	10,833,492	Cash and cash equivalents at the end of the year	\$8,008,530	\$6,166,005

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