

English Translation of Financial Statements Originally Issued in Chinese

KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	%	December 31, 2020	%
Current assets				
Cash and cash equivalents	\$8,649,932	12	\$8,008,530	13
Contract assets-current	178,880	-	202,972	-
Notes receivable, net	7,706	-	3,049	-
Accounts receivable, net	5,765,273	8	4,164,991	7
Accounts receivable from related parties, net	2,151,913	3	1,724,951	3
Other receivables	352,477	1	161,712	-
Other receivables from related parties	4,825	-	33,257	-
Current tax assets	315	-	315	-
Inventories, net	1,371,473	2	980,969	2
Prepayments	299,259	-	479,283	1
Other current assets	67,160	-	51,843	-
Other financial assets-current	3	-	4	-
Total current assets	18,849,216	26	15,811,876	26
Non-current assets				
Financial assets at fair value through other comprehensive income-non-current	6,546,477	10	4,446,563	8
Investments accounted for using the equity method	79,126	-	69,856	-
Property, plant and equipment	45,576,661	63	39,147,575	64
Right-of-use asset	677,896	1	1,328,232	2
Intangible assets	73,599	-	86,442	-
Deferred tax assets	261,675	-	227,623	-
Other financial assets-non-current	105,972	-	115,669	-
Other non-current assets	49,561	-	81,682	-
Total non-current assets	53,370,967	74	45,503,642	74
Total assets	\$72,220,183	100	\$61,315,518	100

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

(continued)

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KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2021	%	December 31, 2020	%
Current liabilities				
Short-term loans	\$566,856	1	\$100,854	-
Contract liabilities-current	157,024	-	229,603	-
Notes payable	10,066	-	4,435	-
Accounts payable	1,119,144	2	1,117,955	2
Accounts payable to related parties	21,414	-	19,487	-
Other payables	3,731,749	5	2,914,621	5
Other payables to related parties	98,930	-	65,456	-
Payables on equipment	1,778,300	3	623,324	1
Current tax liabilities	666,596	1	408,303	1
Lease liabilities-current	92,050	-	310,144	1
Current portion of long-term loans	2,017,322	3	1,844,759	3
Other current liabilities	884,648	1	580,856	1
Total current liabilities	11,144,099	16	8,219,797	14
Non-current liabilities				
Long-term loans	23,517,245	32	21,966,029	36
Deferred tax liabilities	1,527,445	2	667,968	1
Lease liabilities-non-current	492,615	1	566,437	1
Long-term deferred income	16,538	-	-	-
Net defined benefit liabilities	610,222	1	566,456	1
Guarantee deposits	33,851	-	2,755	-
Total non-current liabilities	26,197,916	36	23,769,645	39
Total liabilities	37,342,015	52	31,989,442	53
Equity attributable to owners of the parent company				
Share capital				
Common stock	12,227,451	17	12,227,451	20
Capital surplus	4,885,134	7	4,588,172	7
Retained earnings				
Legal reserve	3,019,879	4	2,656,958	4
Special reserve	201,416	-	402,406	1
Undistributed earnings	10,580,312	15	8,147,631	13
Total retained earnings	13,801,607	19	11,206,995	18
Other equity	3,270,083	4	1,296,453	2
Equity attributable to owners of the parent company	34,184,275	47	29,319,071	47
Non-controlling interests	693,893	1	7,005	-
Total equity	34,878,168	48	29,326,076	47
Total liabilities and equities	\$72,220,183	100	\$61,315,518	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, 2021 and 2020
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	2021	%	2020	%
Net sales	\$33,759,389	100	\$28,959,304	100
Operating costs	(23,407,322)	(69)	(21,005,316)	(73)
Gross profit	<u>10,352,067</u>	<u>31</u>	<u>7,953,988</u>	<u>27</u>
Operating expenses				
Selling expenses	(363,529)	(1)	(387,045)	(1)
Administrative expenses	(2,178,521)	(6)	(1,710,532)	(6)
Research and development expenses	(1,202,856)	(4)	(1,202,520)	(4)
Expected credit losses	(645)	-	(3,180)	-
Total operating expenses	<u>(3,745,551)</u>	<u>(11)</u>	<u>(3,303,277)</u>	<u>(11)</u>
Operating income	<u>6,606,516</u>	<u>20</u>	<u>4,650,711</u>	<u>16</u>
Non-operating income and expenses				
Interest income	22,692	-	19,335	-
Other income	320,231	1	260,488	1
Other gains and losses	227,074	-	(23,928)	-
Finance costs	(343,526)	(1)	(379,039)	(1)
Share of profit of associates accounted for using the equity method	22,260	-	16,088	-
Total non-operating income and expenses	<u>248,731</u>	<u>-</u>	<u>(107,056)</u>	<u>-</u>
Net income before income tax	<u>6,855,247</u>	<u>20</u>	<u>4,543,655</u>	<u>16</u>
Income tax expense	<u>(1,621,005)</u>	<u>(5)</u>	<u>(906,515)</u>	<u>(3)</u>
Net income	<u>5,234,242</u>	<u>15</u>	<u>3,637,140</u>	<u>13</u>
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of the defined benefit plan	(53,368)	-	(45,906)	-
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	2,101,279	6	2,056,310	7
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(419,982)	(1)	(403,570)	(2)
Items that will be reclassified subsequently to profit or loss:				
Exchange differences resulting from translating the financial statements of foreign operations	(41,254)	-	105,729	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	8,448	-	(21,145)	-
Other comprehensive income, net of tax	<u>1,595,123</u>	<u>5</u>	<u>1,691,418</u>	<u>5</u>
Total comprehensive income	<u>\$6,829,365</u>	<u>20</u>	<u>\$5,328,558</u>	<u>18</u>
Net income attributable to :				
Owners of the parent company	\$5,175,046	15	\$3,636,653	13
Non-controlling interests	59,196	-	487	-
	<u>\$5,234,242</u>	<u>15</u>	<u>\$3,637,140</u>	<u>13</u>
Total comprehensive income attributable to :				
Owners of the parent company	\$6,769,183	20	\$5,328,068	18
Non-controlling interests	60,182	-	490	-
	<u>\$6,829,365</u>	<u>20</u>	<u>\$5,328,558</u>	<u>18</u>
Earning per share(NT\$)				
Basic Earnings Per Share	<u>\$4.23</u>		<u>\$2.97</u>	
Diluted Earnings Per Share	<u>\$4.18</u>		<u>\$2.94</u>	

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 CHANGES IN EQUITY

For the years ended December 31, 2021 and 2020

(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, 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
Balance as of January 1, 2021	\$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
Appropriation and distribution of 2020 earnings:										
Legal reserve	-	-	362,921	-	(362,921)	-	-	-	-	-
Cash dividends	-	(244,549)	-	-	(2,200,941)	-	-	(2,445,490)	-	(2,445,490)
Reversal of special reserve	-	-	-	(200,990)	200,990	-	-	-	-	-
Profit for the year ended December 31, 2021	-	-	-	-	5,175,046	-	-	5,175,046	59,196	5,234,242
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(53,368)	(33,792)	1,681,297	1,594,137	986	1,595,123
Total comprehensive income	-	-	-	-	5,121,678	(33,792)	1,681,297	6,769,183	60,182	6,829,365
Changes in ownership interests in subsidiaries	-	541,511	-	-	-	-	-	541,511	626,706	1,168,217
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(326,125)	-	326,125	-	-	-
Balance as of December 31, 2021	\$12,227,451	\$4,885,134	\$3,019,879	\$201,416	\$10,580,312	\$(390,828)	\$3,660,911	\$34,184,275	\$693,893	\$34,878,168

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KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

Description	2021	2020	Description	2021	2020
Cash flows from operating activities :			Cash flows from investing activities :		
Profit before tax from continuing operations	\$6,855,247	\$4,543,655	Proceeds from disposal of financial assets at fair value through other comprehensive income	\$1,365	\$65,027
Adjustments for :			Acquisition of property, plant and equipment	(13,963,127)	(10,935,021)
The profit or loss items which did not affect cash flows:			Proceeds from disposal of property, plant and equipment	341,578	89,917
Depreciation	9,162,765	8,355,775	Increase in refundable deposits	-	(65,528)
Amortization	49,593	52,193	Decrease in refundable deposits	32,109	-
Expected credit losses	645	3,180	Acquisition of intangible assets	(36,793)	(64,763)
Interest expenses	343,526	379,039	Increase in other financial assets	-	(2,544)
Interest income	(22,692)	(19,335)	Decrease in other financial assets	9,698	-
Dividend income	(85,016)	(50,966)	Dividend received	98,006	62,426
Share-based payment expenses	20,452	-	Net cash used in investing activities	(13,517,164)	(10,850,486)
Investment gain accounted for using the equity method	(22,260)	(16,088)			
(Gain) loss on disposal of property, plant and equipment	(164,810)	15,524			
Impairment of non-financial assets	59,461	153,955			
Unrealized foreign exchange gain	(164,411)	(264,212)			
Changes in operating assets and liabilities :			Cash flows from financing activities :		
Contract assets	24,092	(76,790)	Increase in short-term loans	598,369	145,628
Notes receivable	(4,657)	1,219	Decrease in short-term loans	(131,812)	(535,872)
Accounts receivable	(1,600,926)	791,252	Borrowing in long-term loans	16,299,865	28,934,872
Accounts receivable from related parties	(426,962)	(813,924)	Repayments of long-term loans	(14,433,360)	(25,212,072)
Other receivables	(195,069)	99,768	Increase in guarantee deposits	31,096	822
Other receivables from related parties	22,977	(18,780)	Cash payments for the principal portion of the lease liabilities	(310,374)	(510,312)
Inventories	(390,504)	100,066	Cash dividends	(2,445,490)	(2,200,941)
Prepayments	115,685	(266,952)	Interest paid	(329,548)	(372,098)
Other current assets	(15,317)	25,527	Change in non-controlling interests	1,147,767	-
Contract liabilities	(72,579)	161,273	Net cash provided by financing activities	426,513	250,027
Notes payable	5,631	2,802			
Accounts payable	1,189	62,992			
Accounts payable to related parties	1,927	(11,226)			
Other payables	820,074	(50,354)			
Other payables to related parties	18,225	(25,592)			
Other current liabilities	303,792	276,933			
Accrued pension liabilities	(9,602)	(7,619)			
Other operating liabilities	16,538	-			
Cash generated from operating activities	14,647,014	13,403,315	Effect of changes in exchange rate on cash and cash equivalents	8,999	40,259
Interest received	24,861	15,623	Net increase in cash and cash equivalents	641,402	1,842,525
Income tax paid	(948,821)	(1,016,213)	Cash and cash equivalents at the beginning of the year	8,008,530	6,166,005
Net cash provided by operating activities	13,723,054	12,402,725	Cash and cash equivalents at the end of the year	\$8,649,932	\$8,008,530

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