

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2019 and 2018
(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2019	%	December 31, 2018	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$6,166,005	11	\$4,786,626	10
Financial assets at fair value through profit or loss-current	4, 6(2)	-	-	101,461	-
Financial assets at fair value through other comprehensive income-current	4, 6(3)	30,114	-	15,989	-
Contract assets-current	4, 6(17), 6(18), 7	126,182	-	289,427	1
Notes receivable, net	4, 6(4), 6(18)	4,268	-	13,844	-
Accounts receivable, net	4, 6(5), 6(18)	4,936,281	9	4,418,689	9
Accounts receivable from related parties, net	4, 6(5), 6(18), 7	911,027	2	769,731	2
Other receivables		278,134	1	233,559	1
Other receivables from related parties	4, 7	7,956	-	11,337	-
Inventories, net	4, 6(6)	1,081,035	2	1,137,152	2
Prepayments	6(7)	272,607	1	656,455	2
Other current assets		77,370	-	191,099	-
Other financial assets-current	8	4	-	4	-
Total current assets		13,890,983	26	12,625,373	27
Non-current assets					
Financial assets at fair value through other comprehensive income-non-current	4, 6(3)	2,425,166	5	1,752,480	4
Investments accounted for using the equity method	4, 6(8)	65,228	-	62,352	-
Property, plant and equipment	4, 6(9), 7, 8	36,890,887	67	31,907,296	68
Right-of-use asset	4, 6(19)	1,373,907	2	-	-
Intangible assets	4, 6(10), 6(12), 6(25)	73,795	-	171,062	-
Deferred tax assets	4, 6(22), 6(23)	229,882	-	405,398	1
Other financial assets-non-current	8	113,125	-	109,912	-
Other non-current assets	4, 6(11)	16,176	-	121,886	-
Total non-current assets		41,188,166	74	34,530,386	73
Total assets		\$55,079,149	100	\$47,155,759	100

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

(continued)

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2019 and 2018
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2019	%	December 31, 2018	%
Current liabilities					
Short-term loans	4, 6(13), 9	\$493,383	1	\$111,879	-
Contract liabilities-current	4, 6(17), 7	68,330	-	130,203	-
Notes payable		1,633	-	50,156	-
Accounts payable		1,054,963	2	1,183,765	2
Accounts payable to related parties	7	30,713	-	12,391	-
Other payables		2,973,602	5	2,276,173	5
Other payables to related parties	7	91,048	-	80,831	-
Payables on equipment		963,512	2	800,724	2
Current tax liabilities	4, 6(23)	723,277	1	291,830	1
Lease liabilities-current	4, 6(19)	792,980	1	-	-
Current portion of long-term liabilities	4, 6(14), 8, 9	403,605	1	184,284	-
Other current liabilities		303,923	1	279,668	1
Total current liabilities		7,900,969	14	5,401,904	11
Non-current liabilities					
Long-term loans	4, 6(14), 8, 9	19,924,440	36	16,750,860	36
Deferred tax liabilities	4, 6(23)	39,921	-	-	-
Lease liabilities-non-current	4, 6(19)	485,263	1	-	-
Net defined benefit liabilities	4, 6(15)	528,169	1	481,570	1
Guarantee deposits		1,933	-	1,573	-
Total non-current liabilities		20,979,726	38	17,234,003	37
Total liabilities		28,880,695	52	22,635,907	48
Equity attributable to owners of the parent company					
Share capital	4, 6(16)				
Common stock		12,227,451	22	12,227,451	26
Capital surplus	4, 6(16)	4,832,721	9	4,844,536	10
Retained earnings	4, 6(16)				
Legal reserve		2,359,299	4	2,179,765	4
Special reserve		803,172	2	431,239	1
Undistributed earnings		6,371,702	12	5,597,293	12
Total retained earnings		9,534,173	18	8,208,297	17
Other equity	4	(402,406)	(1)	(803,173)	(1)
Equity attributable to owners of the parent company		26,191,939	48	24,477,111	52
Non-controlling interests	4, 6(16)	6,515	-	42,741	-
Total equity		26,198,454	48	24,519,852	52
Total liabilities and equities		\$55,079,149	100	\$47,155,759	100

The accompanying notes are an integral part of the consolidated company 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, 2019 and 2018
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	2019	%	2018	%
Net sales	4, 6(17), 7	\$25,539,437	100	\$20,815,369	100
Operating costs	4, 6(6), 6(9), 6(10), 6(15), 6(19), 6(20), 7	(18,523,521)	(73)	(15,451,671)	(74)
Gross profit		<u>7,015,916</u>	<u>27</u>	<u>5,363,698</u>	<u>26</u>
Operating expenses	4, 6(9), 6(10), 6(15), 6(18), 6(19), 6(20), 7				
Selling expenses		(398,765)	(2)	(331,677)	(2)
Administrative expenses		(1,516,321)	(6)	(1,400,283)	(7)
Research and development expenses		(1,035,207)	(4)	(909,086)	(4)
Expected credit losses		(20,609)	-	(2,971)	-
Total operating expenses		<u>(2,970,902)</u>	<u>(12)</u>	<u>(2,644,017)</u>	<u>(13)</u>
Operating income		<u>4,045,014</u>	<u>15</u>	<u>2,719,681</u>	<u>13</u>
Non-operating income and expenses	4, 6(8), 6(9), 6(12), 6(21), 7				
Other income		188,133	1	91,280	-
Other gains and losses		(20,947)	-	324,961	2
Finance costs		(311,673)	(1)	(204,987)	(1)
Share of profit of associates accounted for using the equity method		14,336	-	(541,377)	(3)
Total non-operating income and expenses		<u>(130,151)</u>	<u>-</u>	<u>(330,123)</u>	<u>(2)</u>
Net income before income tax		3,914,863	15	2,389,558	11
Income tax expense	4, 6(23)	<u>(873,379)</u>	<u>(3)</u>	<u>(595,668)</u>	<u>(2)</u>
Net income		<u>3,041,484</u>	<u>12</u>	<u>1,793,890</u>	<u>9</u>
Other comprehensive income	4, 6(22)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of the defined benefit plan		(57,525)	-	(41,788)	-
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		687,206	3	(164,411)	(1)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(136,555)	(1)	17,118	-
Items that will be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations		(186,914)	(1)	(81,443)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		37,373	-	24,851	-
Other comprehensive income, net of tax		<u>343,585</u>	<u>1</u>	<u>(245,673)</u>	<u>(1)</u>
Total comprehensive income		<u>\$3,385,069</u>	<u>13</u>	<u>\$1,548,217</u>	<u>8</u>
Net income attributable to :					
Owners of the parent company		\$3,041,566	12	\$1,795,344	9
Non-controlling interests		<u>(82)</u>	<u>-</u>	<u>(1,454)</u>	<u>-</u>
		<u>\$3,041,484</u>	<u>12</u>	<u>\$1,793,890</u>	<u>9</u>
Total comprehensive income attributable to :					
Owners of the parent company		\$3,385,203	13	\$1,549,371	8
Non-controlling interests		<u>(134)</u>	<u>-</u>	<u>(1,154)</u>	<u>-</u>
		<u>\$3,385,069</u>	<u>13</u>	<u>\$1,548,217</u>	<u>8</u>
Earning per share(NT\$)	4, 6(24)				
Basic Earnings Per Share		<u>\$2.49</u>		<u>\$1.47</u>	
Diluted Earnings Per Share		<u>\$2.47</u>		<u>\$1.46</u>	

The accompanying notes are an integral part of the consolidated company 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, 2019 and 2018

(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		
			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	Unrealized gains (losses) from available-for sale financial assets			
Balance as of January 1, 2018	\$12,202,383	\$5,327,372	\$1,956,400	\$386,010	\$5,403,995	\$(235,236)	\$-	\$5,412	\$25,046,336	\$5,658	\$25,051,994
Effects of retrospective application and retrospective restatement	-	-	-	-	448,328	-	(393,955)	(5,412)	48,961	-	48,961
Balance at beginning of period after adjustments	12,202,383	5,327,372	1,956,400	386,010	5,852,323	(235,236)	(393,955)	-	25,095,297	5,658	25,100,955
Appropriation and distribution of 2017 earnings:											
Legal reserve	-	-	223,365	-	(223,365)	-	-	-	-	-	-
Special reserve	-	-	-	45,229	(45,229)	-	-	-	-	-	-
Cash dividends	-	(488,511)	-	-	(1,709,789)	-	-	-	(2,198,300)	-	(2,198,300)
Share of changes in net assets of associates and joint ventures accounted for using equity method	-	(33,755)	-	-	-	-	-	-	(33,755)	-	(33,755)
Profit for the year ended December 31, 2018	-	-	-	-	1,795,344	-	-	-	1,795,344	(1,454)	1,793,890
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	(41,788)	(56,892)	(147,293)	-	(245,973)	300	(245,673)
Total comprehensive income	-	-	-	-	1,753,556	(56,892)	(147,293)	-	1,549,371	(1,154)	1,548,217
Conversion of convertible bonds	25,068	39,430	-	-	-	-	-	-	64,498	-	64,498
Non-controlling interests	-	-	-	-	-	-	-	-	-	38,237	38,237
Disposal of equity instruments investments measured at fair value through other comprehensive income	-	-	-	-	(30,203)	-	30,203	-	-	-	-
Balance as of December 31, 2018	\$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
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 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

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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, 2019 and 2018

(Amounts in thousands of New Taiwan Dollars)

Description	2019	2018	Description	2019	2018
Cash flows from operating activities :			Cash flows from investing activities :		
Profit before tax from continuing operations	\$3,914,863	\$2,389,558	Proceeds from disposal of financial assets at fair value through other comprehensive income	\$-	\$1,113
Adjustments for:			Proceeds from capital return of financial assets at fair value through other comprehensive income	395	8,625
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	6,971,919	6,686,191	Acquisition of investments accounted for using the equity method	-	(245,408)
Amortization	87,531	40,203	Acquisition of property, plant and equipment	(11,621,595)	(8,680,807)
Expected credit loss	20,609	2,971	Proceeds from disposal of property, plant and equipment	121,535	271,099
Gains on financial assets and liabilities at fair value through profit or loss	(424)	(418)	Increase in refundable deposits	(192)	-
Interest expenses	311,673	204,987	Decrease in refundable deposits	-	29,842
Interest income	(12,617)	(22,217)	Acquisition of intangible assets	(26,418)	(23,774)
Dividend income	(38,398)	(880)	Net cash outflows from acquisition of subsidiaries	-	(167,009)
Investment (gain) loss accounted for using the equity method	(14,336)	541,377	Increase in other financial assets	(3,213)	(9,923)
Gain on disposal of property, plant and equipment	(8,338)	(165,812)	Decrease in other prepayments	-	2,142
Gain on disposal of investments accounted for using the equity method	-	(74,427)	Dividend received	49,858	10,940
Impairment of non-financial assets	91,181	-	Net cash used in investing activities	(11,377,745)	(8,803,160)
Unrealized foreign exchange (gain) loss	(234,047)	72,386			
Changes in operating assets and liabilities :					
Contract Assets	163,245	(289,427)			
Notes receivable	9,576	(3,188)	Cash flows from financing activities :		
Accounts receivable	(538,180)	82,660	Increase in short-term loans	780,438	111,142
Accounts receivable from related parties	(141,296)	(96,583)	Decrease in short-term loans	(377,519)	(413,652)
Other receivables	(73,767)	9,337	Borrowing in long-term loans	21,591,057	21,516,981
Other receivables from related parties	3,264	145,199	Repayments of long-term loans	(17,999,744)	(19,017,327)
Inventories	44,717	(209,119)	Increase in guarantee deposits	360	449
Prepayments	(8,927)	(282,075)	Cash payment for the principal portion of the lease liabilities	(28,023)	-
Other current assets	113,729	82,154	Cash dividends	(1,650,706)	(2,198,300)
Contract liabilities	(61,873)	85,963	Acquisition of ownership interests in subsidiaries	(37,070)	-
Notes payable	(48,523)	38,341	Interest paid	(264,581)	(201,192)
Accounts payable	(128,802)	(11,431)	Net cash provided by (used in) financing activities	2,014,212	(201,899)
Accounts payable to related parties	18,322	5,155	Effect of changes in exchange rate on cash and cash equivalents	(90,580)	(31,174)
Other payables	673,593	(204,160)	Net increase (decrease) in cash and cash equivalents	1,379,379	(608,403)
Other payables to related parties	13,937	48,768	Cash and cash equivalents at the beginning of the year	4,786,626	5,395,029
Other current liabilities	24,255	9,025	Cash and cash equivalents at the end of the year	\$6,166,005	\$4,786,626
Accrued pension liabilities	(10,926)	(6,842)			
Cash generated from operating activities	11,141,960	9,077,696			
Interest received	17,209	23,704			
Income tax paid	(325,677)	(673,570)			
Net cash provided by operating activities	10,833,492	8,427,830			

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