

English Translation of Financial Statements Originally Issued in Chinese

KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2022	%	December 31, 2021	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$12,816,115	17	\$8,649,932	12
Contract assets-current	4, 6(16), 6(17), 7	153,753	-	178,880	-
Notes receivable, net	4, 6(3), 6(17)	7,218	-	7,706	-
Accounts receivable, net	4, 6(4), 6(17)	5,382,077	8	5,765,273	8
Accounts receivable from related parties, net	4, 6(4), 6(17), 7	1,753,148	2	2,151,913	3
Other receivables		408,138	1	326,299	1
Other receivables from related parties	4, 7	28,582	-	4,825	-
Current tax assets		-	-	315	-
Inventories, net	4, 6(5)	1,368,626	2	1,371,473	2
Prepayments	6(6)	366,144	-	325,437	-
Other current assets		55,126	-	67,160	-
Other financial assets-current	8	4	-	3	-
Total current assets		22,338,931	30	18,849,216	26
Non-current assets					
Financial assets at fair value through other comprehensive income-non-current	4, 6(2)	4,794,451	7	6,546,477	10
Investments accounted for using the equity method	4, 6(7)	91,048	-	79,126	-
Property, plant and equipment	4, 6(8), 7, 8	45,991,445	62	45,576,661	63
Right-of-use asset	4, 6(18)	651,296	1	677,896	1
Intangible assets	4, 6(9)	39,235	-	73,599	-
Deferred tax assets	4, 6(21), 6(22)	296,256	-	261,675	-
Other financial assets-non-current	8	146,462	-	105,972	-
Other non-current assets		9,859	-	49,561	-
Total non-current assets		52,020,052	70	53,370,967	74
Total assets		\$74,358,983	100	\$72,220,183	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, 2022 and 2021
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2022	%	December 31, 2021	%
Current liabilities					
Short-term loans	4, 6(10), 9	\$1,023,149	1	\$566,856	1
Contract liabilities-current	4, 6(16), 7	156,639	-	157,024	-
Notes payable		11,446	-	10,066	-
Accounts payable		1,008,049	1	1,119,144	2
Accounts payable to related parties	7	6,215	-	21,414	-
Other payables		3,738,122	5	3,731,749	5
Other payables to related parties	7	94,707	-	98,930	-
Payables on equipment		1,054,070	2	1,778,300	3
Current tax liabilities	4, 6(22)	1,165,435	2	666,596	1
Lease liabilities-current	4, 6(18)	29,342	-	92,050	-
Current portion of long-term loans	4, 6(12), 8, 9	805,353	1	2,017,322	3
Other current liabilities	6(11)	1,151,849	2	884,648	1
Total current liabilities		<u>10,244,376</u>	<u>14</u>	<u>11,144,099</u>	<u>16</u>
Non-current liabilities					
Long-term loans	4, 6(12), 8, 9	24,464,983	32	23,517,245	32
Deferred tax liabilities	4, 6(21), 6(22)	1,504,657	2	1,527,445	2
Lease liabilities-non-current	4, 6(18)	465,796	1	492,615	1
Long-term deferred income		42,820	-	16,538	-
Net defined benefit liabilities	4, 6(13)	657,844	1	610,222	1
Guarantee deposits		33,090	-	33,851	-
Total non-current liabilities		<u>27,169,190</u>	<u>36</u>	<u>26,197,916</u>	<u>36</u>
Total liabilities		<u>37,413,566</u>	<u>50</u>	<u>37,342,015</u>	<u>52</u>
Equity attributable to owners of the parent company					
Share capital	4, 6(14)				
Common stock		12,227,451	16	12,227,451	17
Capital surplus	4, 6(14), 6(15), 6(24)	4,953,859	7	4,885,134	7
Retained earnings	4, 6(2), 6(14)				
Legal reserve		3,499,434	5	3,019,879	4
Special reserve		201,416	-	201,416	-
Undistributed earnings		13,213,921	18	10,580,312	15
Total retained earnings		<u>16,914,771</u>	<u>23</u>	<u>13,801,607</u>	<u>19</u>
Other equity	4, 6(14)	1,993,897	3	3,270,083	4
Equity attributable to owners of the parent company		<u>36,089,978</u>	<u>49</u>	<u>34,184,275</u>	<u>47</u>
Non-controlling interests	4, 6(14), 6(24)	855,439	1	693,893	1
Total equity		<u>36,945,417</u>	<u>50</u>	<u>34,878,168</u>	<u>48</u>
Total liabilities and equities		<u>\$74,358,983</u>	<u>100</u>	<u>\$72,220,183</u>	<u>100</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 COMPREHENSIVE INCOME
For the years ended December 31, 2022 and 2021
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	2022	%	2021	%
Net sales	4, 6(16), 6(18), 7	\$36,781,996	100	\$33,759,389	100
Operating costs	4, 6(5), 6(8), 6(9), 6(13), 6(18), 6(19), 7	(23,709,003)	(64)	(23,407,322)	(69)
Gross profit		13,072,993	36	10,352,067	31
Operating expenses	4, 6(8), 6(9), 6(13), 6(17), 6(18), 6(19), 7				
Selling expenses		(377,820)	(1)	(363,529)	(1)
Administrative expenses		(2,259,835)	(6)	(2,178,521)	(6)
Research and development expenses		(1,267,045)	(4)	(1,202,856)	(4)
Expected credit losses		(3,463)	-	(645)	-
Total operating expenses		(3,908,163)	(11)	(3,745,551)	(11)
Operating income		9,164,830	25	6,606,516	20
Non-operating income and expenses	4, 6(2), 6(7), 6(8), 6(20), 7				
Interest income		53,940	-	22,692	-
Other income		345,106	1	320,231	1
Other gains and losses		(67,736)	-	227,074	-
Finance costs		(555,026)	(2)	(343,526)	(1)
Share of profit of associates accounted for using the equity method		24,912	-	22,260	-
Total non-operating income and expenses		(198,804)	(1)	248,731	-
Net income before income tax		8,966,026	24	6,855,247	20
Income tax expense	4, 6(22)	(1,983,936)	(5)	(1,621,005)	(5)
Net income		6,982,090	19	5,234,242	15
Other comprehensive income	4, 6(13), 6(21)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of the defined benefit plan		(55,210)	-	(53,368)	-
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income		(1,752,026)	(5)	2,101,279	6
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		369,890	1	(419,982)	(1)
Items that will be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations		142,897	-	(41,254)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(26,487)	-	8,448	-
Other comprehensive income, net of tax		(1,320,936)	(4)	1,595,123	5
Total comprehensive income		\$5,661,154	15	\$6,829,365	20
Net income attributable to :					
Owners of the parent company		\$6,836,609	19	\$5,175,046	15
Non-controlling interests		145,481	-	59,196	-
		\$6,982,090	19	\$5,234,242	15
Total comprehensive income attributable to :					
Owners of the parent company		\$5,505,213	15	\$6,769,183	20
Non-controlling interests		155,941	-	60,182	-
		\$5,661,154	15	\$6,829,365	20
Earning per share(NT\$)	4, 6(23)				
Basic Earnings Per Share		5.59		\$4.23	
Diluted Earnings Per Share		5.49		\$4.18	

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, 2022 and 2021
(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, 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	<u>\$12,227,451</u>	<u>\$4,885,134</u>	<u>\$3,019,879</u>	<u>\$201,416</u>	<u>\$10,580,312</u>	<u>\$(390,828)</u>	<u>\$3,660,911</u>	<u>\$34,184,275</u>	<u>\$693,893</u>	<u>\$34,878,168</u>
Balance as of January 1, 2022	\$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
Appropriation and distribution of 2021 earnings:										
Legal reserve	-	-	479,555	-	(479,555)	-	-	-	-	-
Cash dividends	-	-	-	-	(3,668,235)	-	-	(3,668,235)	-	(3,668,235)
Profit for the year ended December 31, 2022	-	-	-	-	6,836,609	-	-	6,836,609	145,481	6,982,090
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	(55,210)	105,950	(1,382,136)	(1,331,396)	10,460	(1,320,936)
Total comprehensive income	-	-	-	-	6,781,399	105,950	(1,382,136)	5,505,213	155,941	5,661,154
Changes in ownership interests in subsidiaries	-	68,725	-	-	-	-	-	68,725	5,605	74,330
Balance as of December 31, 2022	<u>\$12,227,451</u>	<u>\$4,953,859</u>	<u>\$3,499,434</u>	<u>\$201,416</u>	<u>\$13,213,921</u>	<u>\$(284,878)</u>	<u>\$2,278,775</u>	<u>\$36,089,978</u>	<u>\$855,439</u>	<u>\$36,945,417</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 CASH FLOWS

For the years ended December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

Description	2022	2021	Description	2022	2021
Cash flows from operating activities :			Cash flows from investing activities :		
Profit before tax from continuing operations	\$8,966,026	\$6,855,247	Proceeds from disposal of financial assets at fair value through other comprehensive income	\$-	\$1,365
Adjustments for :			Acquisition of property, plant and equipment	(10,391,637)	(13,963,127)
The profit or loss items which did not affect cash flows:			Proceeds from disposal of property, plant and equipment	398,363	341,578
Depreciation	9,178,388	9,162,765	Decrease in refundable deposits	39,748	32,109
Amortization	43,316	49,593	Acquisition of intangible assets	(8,875)	(36,793)
Expected credit losses	3,463	645	Acquisition of right-of-use assets	(76,557)	-
Interest expenses	555,026	343,526	Increase in other financial assets	(40,491)	-
Interest income	(53,940)	(22,692)	Decrease in other financial assets	-	9,698
Dividend income	(96,288)	(85,016)	Dividend received	109,278	98,006
Share-based payment expenses	74,414	20,452	Net cash used in investing activities	(9,970,171)	(13,517,164)
Investment gain accounted for using the equity method	(24,912)	(22,260)			
Gain on disposal of property, plant and equipment	(58,161)	(164,810)			
Impairment of non-financial assets	-	59,461			
Unrealized foreign exchange loss (gain)	755,197	(164,411)			
Changes in operating assets and liabilities :			Cash flows from financing activities :		
Contract assets	25,127	24,092	Increase in short-term loans	1,597,599	598,369
Notes receivable	488	(4,657)	Decrease in short-term loans	(1,149,115)	(131,812)
Accounts receivable	379,969	(1,600,926)	Borrowing in long-term loans	20,058,327	16,299,865
Accounts receivable from related parties	398,765	(426,962)	Repayments of long-term loans	(21,094,189)	(14,433,360)
Other receivables	(72,175)	(228,799)	Increase in deposits received	-	31,096
Other receivables from related parties	(22,491)	22,977	Decrease in deposits received	(761)	-
Inventories	2,847	(390,504)	Cash payments for the principal portion of the lease liabilities	(91,698)	(310,374)
Prepayments	(19,702)	149,415	Cash dividends	(3,668,235)	(2,445,490)
Other current assets	12,034	(15,317)	Interest paid	(501,253)	(329,548)
Contract liabilities	(385)	(72,579)	Change in non-controlling interests	-	1,147,767
Notes payable	1,380	5,631	Net cash (used in) provided by financing activities	(4,849,325)	426,513
Accounts payable	(111,095)	1,189			
Accounts payable to related parties	(15,199)	1,927			
Other payables	(22,052)	820,074			
Other payables to related parties	(1,984)	18,225			
Other current liabilities	267,201	303,792			
Accrued pension liabilities	(7,588)	(9,602)			
Other operating liabilities	26,282	16,538			
Cash generated from operating activities	20,183,951	14,647,014	Effect of changes in exchange rate on cash and cash equivalents	(44,753)	8,999
Interest received	45,229	24,861	Net increase in cash and cash equivalents	4,166,183	641,402
Income tax paid	(1,198,748)	(948,821)	Cash and cash equivalents at the beginning of the year	8,649,932	8,008,530
Net cash provided by operating activities	19,030,432	13,723,054	Cash and cash equivalents at the end of the year	\$12,816,115	\$8,649,932

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