

Stock symbol: 2449



京元電子股份有限公司
The Testing Industry Benchmark

2025 Annual General Meeting Handbook

May 27, 2025

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King Yuan Electronics Co., Ltd.
2025 Annual General Meeting Procedure

- I. Call the Meeting to Order**
- II. Chairperson Remarks**
- III. Reporting Items**
- IV. Ratification Items**
- V. Discussion Items**
- VI. Extraordinary Motions**
- VII. Meeting Adjourned**

King Yuan Electronics Co., Ltd.

2025 Annual General Meeting Agenda

- I. Time: 9 a.m. on Tuesday, May 27, 2025
- II. Place: 2F, No. 6, Yule St., Toufen City, Miaoli County (Conference Room 205, Grand Royal Hotel)
- III. Convention Method: Physical Convention of Annual General Meeting
- IV. Chair: Chairperson Chin-Kung Lee
- V. Chairperson Remarks
- VI. Reporting Items
 - 1. The Company's 2024 Business Overview.
 - 2. The Audit Committee's Review of the Company's 2024 Financial Reports.
 - 3. The Company's 2024 Distribution of Employee and Director Remuneration.
- VII. Ratification Items
 - 1. The Company's 2024 Business Report and Financial Statements.
 - 2. The Company's 2024 Earnings Distribution.
- VIII. Discussion Items
 - 1. Request for review of the motion for amendment of Articles of Incorporation.
- IX. Extraordinary Motions
- X. Meeting Adjourned

Reporting Items

Report No. 1

Proposed by the Board of Directors

Motion: The Company's 2024 Business Overview.

Description: For the 2024 business report, please refer to page 11 (Annex 1).

Motion: The Audit Committee's Review of the Company's 2024 Financial Reports.

Description:

1. The Company's 2024 financial reports have been reviewed and certified by accountants and the Audit Committee. A review report and audit report have been issued.
2. For the audit report prepared by the Audit Committee, please refer to Annex 2 on page 17.
3. For the review report prepared by the CPA, please refer to Annex 5 on page 21.

Motion: The Company's 2024 Distribution of Employee and Director
Remuneration.

Description:

1. According to Article 19, Paragraph 1 of the Company's Articles of Incorporation: "Where there is a profit in the current year, the Company shall allocate 8–10 percent of the profit as the remuneration to employees, and no more than 1 percent thereof as directors' remuneration. However, profits must first be taken to offset against cumulative losses if any."
2. The Company's profit in 2024 totaled NT\$10,627,642,591 (i.e., earnings before tax less remuneration to employees and directors), 8% or NT\$850,211,408 of which was allocated as remuneration to employees in cash and 0.8% or NT\$85,021,141 as directors' remuneration.

Ratification Items

Ratification No. 1

Proposed by the Board of Directors

Motion: The Company's 2024 Business Report and Financial Statements.

Description:

1. The Company's 2024 Business Report and Financial Statements have been approved in the 18th meeting of the 15th-term Board of Directors and were audited by the Audit Committee, and a written report of such audit has been issued.
2. For the aforementioned Business Report and Financial Statements, please refer to Annex 1 on page 11 and Annex 5 on page 21.

Resolution:

Motion: The Company's 2024 Earnings Distribution.

Description:

1. The Company's 2024 distribution of earnings report has been approved in the 18th meeting of the 15th-term Board of Directors and audited by the Audit Committee, and a written report of such audit has been issued.
2. For the distribution of earnings report that was prepared in accordance with the provisions of the Company Act and the Company's Articles of Incorporation, please refer to Annex 3 on page 18.
3. If the Company made substantial investment using the undistributed earnings after the distribution of the 2024 earnings, the Company shall apply for reduction of the amounts of undistributed earnings or refund of excess payment under the preferential taxation provisions stipulated in Article 23-3 of the Statute for Industrial Innovation.

Resolution:

Discussion Items

Discussion No. 1

Proposed by the Board of Directors

Motion: Request for review of the motion for amendment of Articles of Incorporation.

Description:

- I. Following the Legislative Yuan's amendment to Article 14, Paragraphs 6 and 7, of the Securities and Exchange Act in 2024 which was promulgated on August 7, 2024 per Presidential Order, the Financial Supervisory Commission (FSC) issued Jin-Guan-Zheng-Fa-Zi No. 1130385442 and the relevant Q&As on November 8 of the same year to stipulate related matters, the key points of which are as follows:
 1. TWSE/TPEX listed companies shall specify in their Articles of Incorporation that a certain percentage of annual earnings shall be allocated for salary adjustments or compensation distributions for their non-executive employees. The amount of salary adjustments or compensation distributions under the preceding paragraph is deductible from the amount of their corporate income tax income for the current fiscal year.
 2. The term non-executive employees are defined as individuals who are not managers and whose salary level is below a specified threshold. The "specified threshold" in the preceding paragraph may be determined by companies based on their operational conditions and industry characteristics, provided it does not fall below the salary level defined for non-executive employees under the Regulations Governing Salary Cost Additions and Deductions on Wage Increases for Employees in Small and Medium-Sized Enterprises (SMEs). The scope of

non-executive employees shall be submitted to the board for resolution and periodically assessed for need of adjustment, and incorporated it as part of internal control procedures. The scope of the aforementioned managers is stipulated in FSC's Jin-Guan-Zheng-Fa-Zi No. 1120384295 issued on October 4, 2023.

3. By the 2025 shareholders' meeting, companies must amend their Articles of Incorporation in compliance with Article 14, Paragraph 6, of the Securities and Exchange Act.
 4. The Securities and Exchange Act allows TWSE/TPEX listed companies to share their business profits with non-executive employees by way of either "employee compensation" or "salary adjustment." Companies may choose to do so by either one of the methods or both combined.
 5. If a company chooses to distribute profit as remuneration to employees, the company shall explicitly stipulate in its Articles of Incorporation a certain ratio to be distributed to non-executive employees. This ratio may fall within the range of employee remuneration currently specified in Article 235-1, Paragraph 1, of the Company Act.
- II. Accordingly the Company intends to amend Articles 19 and 22 of its Articles of Incorporation. For a comparison table of the articles before and after amendment, please refer to Annex 4 on page 19.

Resolution:

Extraordinary Motions

Meeting Adjourned

(Annex 1)

King Yuan Electronics Co., Ltd. Business Report

Business Plan Implementation Results

In 2024, the Company's consolidated operating revenue, excluding that of King Long Technology (Suzhou) Ltd., was NT\$26.856 billion, an increase of 11.94% from NT\$23.991 billion in 2023. Gross profit margin was 34.79%, an increase of 1.75% from 33.04% in 2023. The Company's consolidated earnings per share, including that of King Long Technology (Suzhou) Ltd., was NT\$6.36, up by 33.05% from NT\$4.78 in the previous year. Our business performance was favorable as a whole.

Last year, the semiconductor industry recovered as expected, albeit slowly. Most companies were in the midst of adjusting their inventory and anticipating the market outlook. Sales in the consumer product market were generally stagnant, while the sales of automobile and industrial products fell below expectation. For many years, the Company has been serving its customers with the utmost dedication. The substantial increase in demand for AI high-performance computing (HPC) chips has contributed to the growth of our revenues and profits, offsetting the sluggish demand in the manufacturing of non-AI wafer products and reducing customer inventory to a relatively healthy level.

The Company has over the past year committed to the planning and implementation of myriad matters. Given the Company's growth strategy for future business expansion and in order to make more effective use of its financial resources in the long term, the Company sold all of its holdings in King Long Technology (Suzhou) Ltd., recovering company resources for investment in the field of high-end semiconductor product testing to generate greater revenues and profits. In December 2024, AI and HPC products accounted for approximately 25% of the company's revenues, while advanced process products accounted for 33% of the total revenue. Since our AI customers have the need to rapidly and significantly expand their production capacity, during the second half of the year, the Company has been proactive in making new plans to expand the production capacity of its Chunghwa Factory and Tongluo Factory. It has not been an easy feat to set up a factory, which includes works to relocate equipment, install new machines, recruit and train staff, and set up information systems, etc. At the end of November, we made an emergency plan to build a new factory in Toufen, and this was completed within the deadline.

In terms of business management, we created a preventive mechanism based on a systematic management framework; expedited the adoption of smart manufacturing practices, processes and procedures in factories; examined how idle inventory is handled, spare parts are managed, and the utilization rate of each testing platform; developed sophisticated cost control models and forecasting capability; made employees more aware of the importance of cost and risk management; enhanced ESG-related measures to prevent losses from natural disaster and

achieve energy conservation and carbon reduction in light of increases in electricity prices; trained managerial officers to develop multi-objective management skills and critical thinking skills; and adopted AI training models, tools and analysis to train business personnel on the gathering and in-depth understanding of market intelligence, and attempted to predict probable streams of revenue for the company over the next few quarters in order to foster a resilient company capable of responding to rapid changes in the external environment.

Financial income and profit analysis

With respect to financial and profit status in 2024, the Company's debt to total assets ratio was 48.44%, up slightly by 2.59% from previous year, and long-term capital to fixed assets ratio was 129.95%, which is down by 11.93% compared with last year but still within a favorable range. These figures indicate that the company has a sound financial structure. Current ratio was 198.61%, a decrease of 85.87% from the previous year; quick ratio was 183.66%, down by 80.49% from the previous year. The changes in both ratios were mainly due to the substantial production capacity required by AI customers in the fourth quarter of last year, which led to an increase in payables on equipment and in accrued expenses, but the overall short-term liquidity was still controllable. In terms of profitability, under the effect of demands for AI HPC chip testing despite the slow recovery of the semiconductor industry, the company's return on assets (ROA) was 10.64%, an increase of 1.78% from the previous year; return on equity (ROE) was 19.11%, an increase of 3.47% from the previous year; net profit margin was 22.00%, an increase of 3.79% from the previous year; and earnings per share (EPS) was NT\$6.36, up NT\$1.58 from the previous year. Our financial incomes and profits are on par with industry standards.

R&D status

The Company's R&D center provides technical support for customers' and our factories' testing services. Throughout a customer's process of product development from adoption to mass production of new products, the center offers a comprehensive range of testing solutions - for technical engineering problems and problems associated with the testing environment, testing equipment, and spare parts, or for the equipment and development of a smart and automated factory. With a focus on services, customers, and R&D, the center continues to develop unparalleled testing service capabilities. In addition to carrying out research projects as described in the blueprint, the R&D center is also committed to evaluating the effectiveness of its R&D efforts, to reducing the cost of production equipment and parts, and to staying ahead of the game in the development of testing technologies for new packaging products in the market.

Last year, the R&D center successfully produced customers' products in time for their market launch, thus satisfying customer demands in terms of specification, performance, output efficiency, and quantity in relation to logic IC testing machines, image sensors, driver IC

machines, microelectromechanical (MEMS) machines, and burn-in ovens. Favorable output has been reported for our other focuses, including testing adapters, PCB designing/manufacturing/simulation technology, the designing and manufacturing of testing accessories, probe cards, and burn-in oven substrate boards, as well as the integration of relevant testing systems.

In the development of testing compatibility software, our creation of automatic testing programs and conversion systems coupled with the adoption of AI tools facilitated an improved production efficiency and user convenience. In the face of rapid global technological advancements, the R&D center continues to maintain the Company's unique competitive edge in the field of semiconductor manufacturing and testing, particularly with respect to its capacity to develop new testing technologies such as high-performance computing, high-frequency, high-power, heterogeneous and advanced packaging, and silicon photonics.

Current business plan overview

In 2025, the semiconductor industry was expected to recover during the second half of the year. Given the massive surge in demand for AI/HPC chips throughout the year, the Company is likely to see a significant increase in revenue. As regards this year's business plan, the Company aims to take the following actions: Develop our business operations by further strengthening customer management and promoting performance growth; stay in line with market and technological development trends, placing emphasis on improving the returns of our equipment investment; keep abreast of customers' new product plans and create a momentum for future expansion, while improving customer services by taking the lead in customer satisfaction evaluations; implement risk control by performing internal auditing of big data analysis; enforce quality and disciplinary policies for personnel, while improving production and manufacturing processes by fine-tuning the integration of automation and smart manufacturing and reducing labor costs; strengthen our organizational structure so that our production capability can be increased quickly without compromising production quality; streamline processes to eliminate ineffective operations; ramp up efforts to develop our technical capabilities, while diversifying our procurement channels to achieve effective cost control; achieve reasonable procurement costs; strictly control expenditures on materials and accessories, while placing focus on research and innovation, specifically the integration of production resources and improvements to system environment, and process optimization for better efficiency and quality; develop core equipment and technologies in greater depth, mastering the development and application of key components; consolidate and protect core R&D technologies and deploy key innovation patents, while focusing on the retention of high-performing employees as a means of preserving our human resources; ramp up recruitment efforts; build a pool of management associates who show potential; and foster professional competencies across different disciplines.

Future development strategy

Looking back at the deglobalization of the United States seven or eight years ago coupled with its containment of China's technology and semiconductor industries in recent years, the global semiconductor manufacturing industry has become a polarized ecosystem, wherein advanced process products are concentrated in Taiwan and mature process products are predominant in China. The Company has sold its Chinese subsidiary in alignment with its future development strategy, turning the focus of our long-term development toward high-end products in Taiwan. The growing complexity of advanced process products, the price increase per unit of testing and prolongation of testing time, the increase in equipment utilization, and the unique status of customer markets, are all factors beneficial to revenue and profit growth. Our future development strategy gives priority to customers and to satisfying their needs. It directs company resources to addressing changes in the customer market, increasing company revenue, controlling cost, and improving the competitiveness of the company. Meanwhile, our focus is shifted from factory manufacturing to service marketing, aimed at incorporating the applications of our test platforms into customer product testing. Our strategy also aims to improve the efficiency of the company's sophisticated operating systems used in the ever-changing complex manufacturing processes. This allows for quick order delivery in support of customers' market opportunities, thereby fulfilling the core value of the manufacturing supply chain to grow and prosper together with customers as their trusted partner.

While we continue to expand the business of our fabless semiconductor design company overseas, we will also forge relations with potential customers, and increase the proportion of IDM outsourcing orders to not only strengthen our profitability but also facilitate the establishment of production bases (T+1) outside of Taiwan, thus dispersing our supply chain locations in response to global trends and customer expectations. We will carefully evaluate opportunities for strategic cooperation with upstream and downstream semiconductor companies and peers, and invest in global semiconductor-related industries to further expand the company's global presence.

The effect of external competition, the legal environment, and the overall economic environment

According to Gartner, a research and consulting firm, worldwide semiconductor revenue increased by 16.8% in 2024 to US\$624 billion compared with 2023, and is projected to increase by 13.8% in 2025 to US\$716.7 billion. In general, the semiconductor industry has reached a low IC inventory level at the end of 2024. Opportunities await the semiconductor industry in 2025, considering the recovery of the economy in the second half of the year, the rebuilding of IC production chain inventory, and the significant increase in demand for AI HPC chips.

Regarding global economic growth, the IMF forecasts global growth of 3.2% in 2024, marginally below the 3.3% registered in 2023. The global growth for 2025 is projected to be unchanged from the projection for 2024, with the growth of emerging market economies in Asia being higher. Although global inflation is easing and entering a cycle of interest rate cuts, continued monitoring of economic recovery remains necessary in the second half of the year, due to the downside risks caused by uncertainties from a mixture of factors such as high costs, high debts, the rise of trade protectionism and nationalism around the world, the internal and external political/economic policies of countries and the persistence of geopolitical conflicts, as well as fluctuations of interest rates, exchange rates, oil prices, and commodity prices.

In terms of external competition, the global domination of the semiconductor industry has taken shape in recent years, attributable to the rapid development of advanced semiconductor processes in which advanced packaging overcame the limits of Moore's Law, making integrated circuits shorter, lighter, thinner and more efficient. Only a handful of companies and brands are involved in IC designing, wafer manufacturing, chip packaging, chip testing, end product assembly, consumer product markets. The upstream and downstream supply chains of the semiconductor industry are centralized into an oligopolistic industrial structure in which they become interdependent of one another. The ability of OEM's operating systems to deliver output becomes a key factor of competitiveness. In other words, production capacity, technology, experience, quality, service, technical support, production efficiency, OEM price, information systems, workforce quality, financial capability, corporate culture, and commitment, among other aspects must be closely integrated to meet customers' supply chain requirements.

In terms of laws and the general business environment, the U.S. Department of Commerce has been enforcing new laws to restrict the sale of semiconductor technologies to China in an effort to delay China's semiconductor development and limit the country's development of mature process products. However, overcapacity in China's semiconductor industry will cause the mature-node product OEM prices, quoted and final, to exert a considerable impact on the global semiconductor industry.

Last year, the innovation of technology products failed to effectively stimulate consumers' replacement of electronic products. Due to the global economic recession and uncertainties from political elections in Europe, the United States, Japan, and South Korea, consumers have been conservative about spending, and when consumer confidence will recover awaits to be seen. The general economic environment in 2025 is still filled with many challenges and opportunities.

The themes of the U.S. Consumer Electronics Show (CES) in the past two years mostly involved digital solutions that make people's lives more convenient, such as smart health care, smart medical care, smart home, smart city, smart factory, smart car, and smart robot solutions, etc. To realize an ideal ecosystem in which terminal AI application products can be vigorously developed, cloud data centers must be constructed and high-speed/high-frequency transmission

equipment and specifications must be established first. AI will create a multitude of business innovation opportunities, leading to increased silicon demand for semiconductor products and unleashing more development opportunities for the semiconductor manufacturing industry.

Looking ahead to the new year, advanced CoWoS packaging capacity will increase exponentially this year, in view of the strong demands that customers of advanced process capacity have for upstream semiconductor wafer manufacturing plants. Large-scale investments in high-computing server hardware and software for cloud AI will be made in advance to prepare for the launch of AI end application products. The economy has gradually recovered in the first half of the year, but the first-quarter expansion of production capacity for AI chips has made mass production possible, with results fast approaching. The Company will exercise fiscal discipline, develop technologies in greater depth, seize market opportunities, and pursue sustainable growth, taking one step at a time to deliver excellent performance in the areas of quality, delivery, technology, services, and customer satisfaction, and embrace a new year of strong growth.

Chairman:

Manager:

Accounting Supervisor:

(Annex 2)

**King Yuan Electronics Co., Ltd.
Audit Committee's audit report**

With regard to the Company's 2024 business report, consolidated financial statement (including financial statements of individual entities), and distribution of earnings resolutions prepared and submitted by the Board, the consolidated financial statement (including financial statements of individual entities) has been audited by Ernst & Young, which has submitted an audit report. The foregoing business report, consolidated financial statement (including financial statements of individual entities), and distribution of earnings resolution has been reviewed by the Audit Committee, which found no discrepancies. The foregoing report has been made pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, please check.

King Yuan Electronics Co., Ltd.

Chairperson of the Audit Committee: Semi Wang

February 21, 2025

(Annex 3)

King Yuan Electronics Co., Ltd.
2024 Earnings Distribution Statement

Unit: NT\$

Item	Amount		Projected dividend
Unallocated earnings – beginning		9,618,382,213	
Add: Net profit after tax	7,779,427,260		
Add: Confirmed actuarial gain/loss of welfare	17,172,111		
The amount of net profit after tax for the period and the amount adjusted to the current year's undistributed earnings		7,796,599,371	
Less: Provision of 10% legal reserve		(779,659,937)	
Allocable earnings		16,635,321,647	
Scope of allocation			
Dividends to shareholders – cash		4,890,980,260	NT\$4.0 per share
Total allocation		4,890,980,260	
Unallocated earnings – ending		11,744,341,387	
Note: <ol style="list-style-type: none">1. According to the Company's distribution policy, the allocable earnings for 2024 shall be allocated as the first priority. The deficit, if any, shall be allocated from the allocable earnings accumulated for the previous year according to the last-in first-out policy in the order of the years in which the earnings were generated chronically.2. The distribution yield is calculated based on the outstanding common stock totaling 1,222,745,065 shares when the board of directors' meeting was held.3. The cash dividend shall be rounded to the whole dollar amount according to the allocation rate. The total of the odd lots less than NT\$1 included in the distribution shall be transferred to the employees' welfare committee.4. Should the Company encounter a change of share capital that changes the number of outstanding shares on a later date, the board of directors shall be fully authorized to make the necessary adjustments to the percentage of cash dividends allocated to shareholders.5. The base date for allocation of cash dividends and matters thereto shall be set by the board of directors with authorization upon resolution by the general shareholders' meeting.			

Chairman:

Manager:

Accounting Supervisor:

King Yuan Electronics Co., Ltd.
The comparison table before and after the amendment of the Articles of
Incorporation

Provision	Provision After Amendment	Provisions Before Amendment	Reason for Amendment
Article 19	<p>Where there is a profit in the current year, the Company shall allocate 8–10 percent of the profit as the remuneration to employees, and no more than 1 percent thereof as directors’ remuneration. However, if the Company has cumulative losses, an amount sufficient to make up losses shall be retained.</p> <p><u>The employee remuneration amount referred to in the preceding paragraph shall include no less than 2% of the remuneration for non-executive employees.</u> Employees’ remuneration is distributed in the form of shares or in cash; those receiving such remuneration must include employees of subordinate companies meeting certain criteria. <u>The criteria and method of distribution shall be determined by the Board of Directors which is authorized to do so.</u></p> <p>“Profit in the current year” as referred to in the first paragraph means benefits before the distribution of employee remuneration and directors remuneration is deducted from current pre-tax benefits.</p> <p>The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable</p>	<p>Where there is a profit in the current year, the Company shall allocate 8–10 percent of the profit as the remuneration to employees, and no more than 1 percent thereof as directors’ remuneration. However, if the Company has cumulative losses, an amount sufficient to make up losses shall be retained.</p> <p>Employees’ remuneration is distributed in the form of shares or in cash; those receiving such remuneration must include employees of subordinate companies meeting certain criteria.</p> <p>“Profit in the current year” as referred to in the first paragraph means benefits before the distribution of employee remuneration and directors remuneration is deducted from current pre-tax benefits.</p> <p>The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees’ remuneration and directors’ remuneration, and in addition thereto, a report of such</p>	Amended in accordance with the Securities and Exchange Act.

Provision	Provision After Amendment	Provisions Before Amendment	Reason for Amendment
	as employees' remuneration and directors' remuneration, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.	distribution shall be submitted to the shareholders' meeting.	
Article 22	<p>These Articles of Incorporation were established on May 2, 1987. 1st amendment was made on May 20, 1987. 2nd amendment was made on October X, 1988.</p> <p>.....</p> <p>37th amendment was made on May 31, 2024. <u>38th amendment was made on May 27, 2025.</u></p>	<p>These Articles of Incorporation were established on May 2, 1987. 1st amendment was made on May 20, 1987. 2nd amendment was made on October X, 1988.</p> <p>.....</p> <p>37th amendment was made on May 31, 2024.</p>	Amendment date was added.



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Independent Auditors' Report

English Translation of A Report Originally Issued in Chinese

To King Yuan Electronics Co., Ltd.

Opinion

We have audited the accompany parent company only balance sheets of King Yuan Electronics Co., Ltd. as of December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and notes to the parent company only financial statements, including the summary of material accounting policies (together “the financial statements”).

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of King Yuan Electronics Co., Ltd. as of December 31, 2024 and 2023, and its financial performance and cash flows for the years ended December 31, 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of King Yuan Electronics Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

King Yuan Electronics Co., Ltd. recognized net sales of NT\$26,895,990 thousand for the year ended December 31, 2024. Its main activities are providing testing and assembly services and rental of testing machineries that represented 94%, or NT\$25,302,775 thousand in the amount, of the net operating revenue.

The primary activities of King Yuan Electronics Co., Ltd. are providing testing and assembly services, and the services comprise various wafers/integrated circuits testing and assembly processing and rental of machinery, due to the different customers' demand and nature of revenue that increase the complexity of the revenue recognition. Therefore, we determined the matter to be a key audit matter.

Our audit procedures include (but are not limited to) assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal control relating to the timing of revenue recognition, analyzing the reasonableness of gross profit margin by products, performing cutoff testing for a period before and after the balance sheet date on a sampling basis, performing test of details on selected samples, reviewing the significant terms of sales agreements and examining relevant delivery documents, and reviewing the selected samples of the quantity, specification, period and relevant documents of machinery services for the rental of testing machineries.

We also considered the appropriateness of the disclosures of operating revenue. Please refer to Note 4 and Note 6 in notes to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of King Yuan Electronics Co., Ltd. disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate King Yuan Electronics Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of King Yuan Electronics Co., Ltd.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of King Yuan Electronics Co., Ltd.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of King Yuan Electronics Co., Ltd. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause King Yuan Electronics Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within King Yuan Electronics Co., Ltd. to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2024 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chiu, Wan-Ju

Hsu, Hsin-Min

Ernst & Young, Taiwan
February 21, 2025

Notice to Readers

- The accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.
- Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

KING YUAN ELECTRONICS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2024 and 2023

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2024	%	December 31, 2023	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$10,200,733	13	\$8,882,025	14
Contract assets-current	4, 6(13), 6(14)	90,414	-	414,846	1
Accounts receivable, net	4, 6(3), 6(14)	4,050,713	5	3,312,182	5
Accounts receivable from related parties, net	4, 6(3), 6(14), 7	2,016,478	3	1,890,418	3
Other receivables	4, 6(14)	764,217	1	133,265	-
Other receivables from related parties	4, 7	613,539	1	118,170	-
Inventories, net	4, 6(4)	848,115	1	893,393	1
Prepayments	6(5)	216,484	-	111,898	-
Other current assets		228,526	-	62,568	-
Total current assets		19,029,219	24	15,818,765	24
Non-current assets					
Financial assets at fair value through other comprehensive income-non-current	4, 6(2)	6,369,337	8	6,541,681	10
Investments accounted for using the equity method	4, 6(6)	16,280,256	21	12,146,191	19
Property, plant and equipment	4, 6(7), 7, 8	34,932,185	45	30,253,819	46
Right-of-use asset	4, 6(15)	1,033,884	2	438,829	1
Intangible assets	4, 6(8)	7,503	-	11,732	-
Deferred tax assets	4, 6(18), 6(19)	164,988	-	302,946	-
Other financial assets-non-current	8	148,916	-	147,333	-
Other non-current assets		29,153	-	5,300	-
Total non-current assets		58,966,222	76	49,847,831	76
Total assets		\$77,995,441	100	\$65,666,596	100

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

(continued)

English Translation of Financial Statements Originally Issued in Chinese

KING YUAN ELECTRONICS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2024 and 2023

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY		Notes	December 31, 2024	%	December 31, 2023	%
Current liabilities						
Notes payable			\$8,115	-	\$858	-
Accounts payable			918,828	1	492,018	1
Accounts payable to related parties		7	15,446	-	7,187	-
Other payables			4,493,494	6	2,978,167	5
Other payables to related parties		7	127,150	-	304,955	-
Payables on equipment			1,749,768	2	512,108	1
Current tax liabilities		4, 6(19)	745,448	1	301,938	-
Lease liabilities-current		4, 6(15)	141,123	-	24,065	-
Other current liabilities		4, 6(9)	1,412,176	2	1,096,223	2
Total current liabilities			9,611,548	12	5,717,519	9
Non-current liabilities						
Long-term loans		4, 6(10), 8, 9	20,580,713	26	17,704,154	27
Deferred tax liabilities		4, 6(18), 6(19)	2,952,476	4	2,232,287	3
Lease liabilities-non-current		4, 6(15)	921,167	1	430,499	1
Net defined benefit liabilities		4, 6(11)	626,948	1	645,076	1
Guarantee deposits			6,316	-	34,052	-
Total non-current liabilities			25,087,620	32	21,046,068	32
Total liabilities			34,699,168	44	26,763,587	41
Equity						
Share capital		4, 6(12)				
Common stock			12,227,451	16	12,227,451	19
Capital surplus		4, 6(6), 6(12)	5,077,764	7	4,955,581	7
Retained earnings		4, 6(2), 6(12)				
Legal reserve			4,763,685	6	4,177,574	6
Special reserve			201,416	-	201,416	-
Undistributed earnings			17,431,161	22	14,133,456	22
Total retained earnings			22,396,262	28	18,512,446	28
Other equity		4, 6(2), 6(12)	3,594,796	5	3,207,531	5
Total equity			43,296,273	56	38,903,009	59
Total liabilities and equity			\$77,995,441	100	\$65,666,596	100

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

KING YUAN ELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2024 and 2023

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	2024	%	2023	%
Net sales	4, 6(13), 6(14), 7	\$26,895,990	100	\$24,005,557	100
Operating costs	4, 6(4), 6(8), 6(11), 6(15), 6(16), 7	(17,515,552)	(65)	(16,076,305)	(67)
Gross profit		9,380,438	35	7,929,252	33
Operating expenses	4, 6(8), 6(11), 6(15), 6(16), 7				
Selling expenses		(429,692)	(2)	(400,767)	(2)
Administrative expenses		(1,591,315)	(6)	(1,475,031)	(6)
Research and development expenses		(855,470)	(3)	(811,514)	(3)
Total operating expenses		(2,876,477)	(11)	(2,687,312)	(11)
Operating income		6,503,961	24	5,241,940	22
Non-operating income and expenses	4, 6(2), 6(6), 6(7), 6(17), 7				
Interest income		80,440	-	64,519	-
Other income		238,850	1	263,493	1
Other gains and losses		(60,009)	-	195,477	1
Finance costs		(437,810)	(2)	(515,953)	(2)
Share of profit of associates accounted for using the equity method		3,398,900	13	1,918,303	8
Total non-operating income and expenses		3,220,371	12	1,925,839	8
Net income before income tax		9,724,332	36	7,167,779	30
Income tax expense	4, 6(19)	(1,944,904)	(7)	(1,327,414)	(6)
Net income		7,779,428	29	5,840,365	24
Other comprehensive income	4, 6(18), 6(19)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of the defined benefit plan		17,172	-	20,738	-
Unrealized gains and losses from equity instrument investments measured at fair value through other comprehensive income		(172,344)	(1)	1,747,230	7
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		34,470	-	(346,210)	(1)
Items that will be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations		656,425	2	(214,008)	(1)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(131,286)	-	42,802	-
Other comprehensive income, net of tax		404,437	1	1,250,552	5
Total comprehensive income		\$8,183,865	30	\$7,090,917	29
Earnings per share (NT\$)	4, 6(20)				
Basic Earnings Per Share		\$6.36		\$4.78	
Diluted Earnings Per Share		\$6.32		\$4.74	

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

English Translation of Financial Statements Originally Issued in Chinese

KING YUAN ELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2024 and 2023

(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Other equity		Total Equity
			Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	
Balance as of January 1, 2023	\$12,227,451	\$4,953,859	\$3,499,434	\$201,416	\$13,213,921	\$(284,878)	\$2,278,775	\$36,089,978
Appropriation and distribution of 2022 earnings :								
Legal reserve	-	-	678,140	-	(678,140)	-	-	-
Cash dividends	-	-	-	-	(4,279,608)	-	-	(4,279,608)
Profit for the year ended December 31, 2023	-	-	-	-	5,840,365	-	-	5,840,365
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	20,738	(171,206)	1,401,020	1,250,552
Total comprehensive income	-	-	-	-	5,861,103	(171,206)	1,401,020	7,090,917
Changes in ownership interests in subsidiaries	-	1,722	-	-	-	-	-	1,722
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	16,180	-	(16,180)	-
Balance as of December 31, 2023	\$12,227,451	\$4,955,581	\$4,177,574	\$201,416	\$14,133,456	\$(456,084)	\$3,663,615	\$38,903,009
Balance as of January 1, 2024	\$12,227,451	\$4,955,581	\$4,177,574	\$201,416	\$14,133,456	\$(456,084)	\$3,663,615	\$38,903,009
Appropriation and distribution of 2023 earnings :								
Legal reserve	-	-	586,111	-	(586,111)	-	-	-
Cash dividends	-	-	-	-	(3,912,784)	-	-	(3,912,784)
Profit for the year ended December 31, 2024	-	-	-	-	7,779,428	-	-	7,779,428
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	17,172	525,139	(137,874)	404,437
Total comprehensive income	-	-	-	-	7,796,600	525,139	(137,874)	8,183,865
Changes in ownership interests in subsidiaries	-	122,183	-	-	-	-	-	122,183
Balance as of December 31, 2024	\$12,227,451	\$5,077,764	\$4,763,685	\$201,416	\$17,431,161	\$69,055	\$3,525,741	\$43,296,273

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

English Translation of Financial Statements Originally Issued in Chinese

KING YUAN ELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2024 and 2023

(Amounts in thousands of New Taiwan Dollars)

Description	2024	2023	Description	2024	2023
Cash flows from operating activities :			Cash flows from investing activities :		
Profit before tax from continuing operations	\$9,724,332	\$7,167,779	Proceeds from disposal of investments accounted for using the equity method	-	68,954
Adjustments for:			Acquisition of property, plant and equipment	(10,416,178)	(4,805,836)
The profit or loss items which did not affect cash flows:			Proceeds from disposal of property, plant and equipment	357,822	752,538
Depreciation	6,407,841	6,610,001	Increase in refundable deposits	(23,853)	-
Amortization	10,561	27,284	Decrease in refundable deposits	-	95
Interest expenses	437,810	515,953	Acquisition of intangible assets	(4,540)	(3,184)
Interest income	(80,440)	(64,519)	Increase in other financial assets	(1,583)	(871)
Dividend income	(98,364)	(99,233)	Dividend received	112,064	114,053
Investment gain accounted for using the equity method	(3,398,900)	(1,918,303)	Net cash used in investing activities	(9,976,268)	(3,874,251)
Gain on disposal of property, plant and equipment	(184,077)	(114,436)			
Loss on disposal of other asset	-	19			
Impairment of non-financial assets	123,029	-			
Unrealized foreign exchange losses (gains)	217,923	(327,775)	Cash flows from financing activities :		
Changes in operating assets and liabilities :			Borrowing in long-term loans	32,072,621	12,247,742
Contract assets	324,432	(271,136)	Repayments of long-term loans	(29,423,575)	(14,715,957)
Notes receivable	-	7,218	Increase in deposits received	-	962
Accounts receivable	(738,531)	179,656	Decrease in deposits received	(27,736)	-
Accounts receivable from related parties	(126,060)	(107,929)	Cash payments for the principal portion of the lease liabilities	(22,450)	(22,883)
Other receivables	(624,958)	259,988	Cash dividends	(3,912,784)	(4,279,608)
Other receivables from related parties	(375,966)	(81,352)	Interest paid	(427,316)	(530,086)
Inventories	45,278	226,490	Net cash used in financing activities	(1,741,240)	(7,299,830)
Prepayments	(103,812)	(4,544)			
Other current assets	(165,958)	(7,638)			
Notes payable	7,257	(10,588)			
Accounts payable	426,810	45,484			
Accounts payable to related parties	8,259	972			
Other payables	1,514,423	(308,831)			
Other payables to related parties	35,947	(2,269)			
Other current liabilities	315,953	(55,225)			
Accrued pension liabilities	(956)	7,970			
Cash generated from operating activities	13,701,833	11,675,036			
Interest received	74,446	64,837	Net increase (decrease) in cash and cash equivalents	1,318,708	(1,124,722)
Income tax paid	(740,063)	(1,690,514)	Cash and cash equivalents at the beginning of the year	8,882,025	10,006,747
Net cash provided by operating activities	13,036,216	10,049,359	Cash and cash equivalents at the end of the year	\$10,200,733	\$8,882,025

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

Independent Auditors' Report

English Translation of A Report Originally Issued in Chinese

To King Yuan Electronics Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of King Yuan Electronics Co., Ltd. and its subsidiaries as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of King Yuan Electronics Co., Ltd. and its subsidiaries as of December 31, 2024 and 2023, and their consolidated financial performance and cash flows for the years ended December 31, 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effectively by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of King Yuan Electronics Co., Ltd. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

King Yuan Electronics Co., Ltd. and its subsidiaries recognized net sales of NT\$26,856,031 thousand for the years ended December 31, 2024. Its main activities are providing testing and assembly services and rental of testing machineries that represented 94%, or NT\$25,302,775 thousand in the amount, of the net operating revenue.

The primary activities of King Yuan Electronics Co., Ltd. and its subsidiaries are providing testing and assembly services, and the services comprise various wafers/integrated circuits testing and assembly processing and rental of machinery, due to the different customers' demand and nature of revenue that increase the complexity of the revenue recognition. Therefore, we determined the matter to be a key audit matter.

Our audit procedures include (but are not limited to) assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal control relating to the timing of revenue recognition, analyzing the reasonableness of gross profit margin by products, performing cutoff testing for a period before and after the balance sheet date on a sampling basis, performing test of details on selected samples, reviewing the significant terms of sales agreements and examining relevant delivery documents, and reviewing the selected samples of the quantity, specification, period and relevant documents of machinery services for the rental of testing machineries.

We also considered the appropriateness of the disclosures of operating revenue. Please refer to Note 4 and Note 6 in notes to the consolidated financial statements.

Reclassification of the disposal group held for sale and the profit from discontinued operations

On April 26, 2024, the Board of Directors resolved to sell its entire 92.16% ownership interest in King Long Technology (Suzhou) Ltd., with the price of RMB\$9.67 per registered capital unit which was previously owned by KYEC Microelectronics Co., Ltd., and the registered capital will transfer to Suzhou Industrial Park Industrial Investment Fund (L.P.) and other companies with the total transaction amount of RMB\$ 4,884,582 thousand. The disposal group held for sale and liabilities directly associated with disposal group held for sale of NT\$25,387,003 thousand and NT\$7,253,301 thousand, constituting 29% and 17% of the consolidated total assets and total liabilities as of December 31, 2024, respectively; and total profit from of discontinued operations of NT\$3,334,485 thousand, constituting 39% of the consolidated total comprehensive income for the year ended December 31, 2024. The accuracy and reasonableness of the equity transaction and the reclassification of accounts have a material effect on the financial statements. Therefore, we determined the matter to be a key audit matter.

Our audit procedures include (but are not limited to) obtaining the minutes of the Board of Directors' resolution executing the equity transaction and the share purchase agreement as well as assessing the authenticity of the equity transaction; analyzing the reasonableness of the reclassification of the disposal group held for sale and the profit from of discontinued operations, considering criteria of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations.", we also performed control and/or substantive audit procedures to test the components of disposal group held for sale and liabilities directly associated with disposal group held for sale, and profit from discontinued operations, including confirmations, tests of details, analytical procedures and cut off testing, to verify the accuracy of the carrying values. Furthermore, we reviewed the share purchase agreement to assess the reasonableness of the transaction amount. Up and through the balance sheet date.

We also considered the appropriateness of the disclosures of reclassification of the disposal group held for sale and income (loss) from discontinued operations. Please refer to Note 4, Note 6, Note 7 and Note 8 in notes to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of King Yuan Electronics Co., Ltd. and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate King Yuan Electronics Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of King Yuan Electronics Co., Ltd. and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of King Yuan Electronics Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of King Yuan Electronics Co., Ltd. and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause King Yuan Electronics Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within King Yuan Electronics Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2024 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of King Yuan Electronics Co., Ltd. as of and for the years ended December 31, 2024 and 2023.

Chiu, Wan-Ju

Hsu, Hsin-Min

Ernst & Young, Taiwan

February 21, 2025

Notice to Readers

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- Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

KING YUAN ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2024 and 2023

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2024	%	December 31, 2023	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$10,329,331	12	\$12,262,554	17
Contract assets-current	4, 6(16), 6(17), 7	90,414	-	414,883	1
Accounts receivable, net	4, 6(3), 6(17)	4,050,713	5	5,498,025	7
Accounts receivable from related parties, net	4, 6(3), 6(17), 7	1,980,803	3	1,972,960	3
Other receivables		764,228	1	154,025	-
Other receivables from related parties	4, 7	17,915	-	100,977	-
Inventories, net	4, 6(4)	848,115	1	1,072,751	1
Prepayments	6(5)	219,398	-	502,046	1
Disposal group held for sale	4, 6(6), 8	25,387,003	29	-	-
Other current assets		230,068	-	62,831	-
Other financial assets-current	8	-	-	4	-
Total current assets		43,917,988	51	22,041,056	30
Non-current assets					
Financial assets at fair value through other comprehensive income-non-current	4, 6(2)	6,369,337	8	6,541,681	9
Investments accounted for using the equity method	4, 6(7)	99,727	-	93,982	-
Property, plant and equipment	4, 6(8), 7, 8	34,923,771	40	44,140,466	60
Right-of-use asset	4, 6(18), 8	1,045,372	1	620,991	1
Intangible assets	4, 6(9)	7,503	-	13,171	-
Deferred tax assets	4, 6(21), 6(22)	167,443	-	302,946	-
Other financial assets-non-current	8	148,916	-	147,333	-
Other non-current assets		30,729	-	9,607	-
Total non-current assets		42,792,798	49	51,870,177	70
Total assets		\$86,710,786	100	\$73,911,233	100

The accompanying notes are an integral part of the consolidated 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, 2024 and 2023

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2024	%	December 31, 2023	%
Current liabilities					
Short-term loans	4, 6(10), 9	\$-	-	\$220,133	-
Contract liabilities-current	4, 6(16), 7	-	-	9,365	-
Notes payable		8,115	-	858	-
Accounts payable		918,828	1	1,154,413	2
Accounts payable to related parties	7	15,446	-	7,154	-
Other payables		4,543,127	5	3,424,447	5
Other payables to related parties	7	110,592	-	69,979	-
Payables on equipment		1,749,768	2	752,648	1
Current tax liabilities	4, 6(22)	746,284	1	406,759	-
Liabilities directly associated with disposal group held for sale	4, 6(6), 8	7,253,301	8	-	-
Lease liabilities-current	4, 6(18)	148,609	-	30,876	-
Current portion of long-term loans	4, 6(12), 8, 9	-	-	574,528	1
Other current liabilities	6(11)	1,412,558	2	1,096,832	1
Total current liabilities		16,906,628	19	7,747,992	10
Non-current liabilities					
Long-term loans	4, 6(12), 8, 9	20,580,713	24	22,601,096	31
Deferred tax liabilities	4, 6(21), 6(22)	2,952,476	3	2,345,260	3
Lease liabilities-non-current	4, 6(18)	926,222	1	441,190	1
Long-term deferred income		-	-	70,017	-
Net defined benefit liabilities	4, 6(13)	626,948	1	645,076	1
Guarantee deposits		6,316	-	34,052	-
Total non-current liabilities		25,092,675	29	26,136,691	36
Total liabilities		41,999,303	48	33,884,683	46
Equity attributable to owners of the parent company					
Share capital	4, 6(14)				
Common stock		12,227,451	14	12,227,451	16
Capital surplus	4, 6(14), 6(15), 6(24)	5,077,764	6	4,955,581	7
Retained earnings	4, 6(2), 6(14)				
Legal reserve		4,763,685	6	4,177,574	6
Special reserve		201,416	-	201,416	-
Undistributed earnings		17,431,161	20	14,133,456	19
Total retained earnings		22,396,262	26	18,512,446	25
Other equity	4, 6(2), 6(14)	3,594,796	4	3,207,531	4
Equity attributable to owners of the parent company		43,296,273	50	38,903,009	52
Non-controlling interests	4, 6(14), 6(24)	1,415,210	2	1,123,541	2
Total equity		44,711,483	52	40,026,550	54
Total liabilities and equity		<u>\$86,710,786</u>	<u>100</u>	<u>\$73,911,233</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, 2024 and 2023
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	2024	%	2023	%
Net sales	4, 6(16), 6(18), 7	\$26,856,031	100	\$23,991,580	100
Operating costs	4, 6(4), 6(9), 6(13), 6(18), 6(19), 7	(17,512,212)	(65)	(16,064,707)	(67)
Gross profit		9,343,819	35	7,926,873	33
Operating expenses	4, 6(9), 6(13), 6(17), 6(18), 6(19), 7				
Selling expenses		(399,149)	(2)	(362,633)	(2)
Administrative expenses		(1,916,934)	(7)	(1,492,490)	(6)
Research and development expenses		(855,470)	(3)	(811,514)	(3)
Expected credit losses		-	-	(8,481)	-
Total operating expenses		(3,171,553)	(12)	(2,675,118)	(11)
Operating income		6,172,266	23	5,251,755	22
Non-operating income and expenses	4, 6(2), 6(7), 6(20), 7				
Interest income		75,629	-	65,449	-
Other income		238,903	1	264,065	1
Other gains and losses		(96,729)	-	157,656	1
Finance costs		(437,967)	(2)	(516,155)	(2)
Share of profit of associates accounted for using the equity method		19,445	-	17,754	-
Total non-operating income and expenses		(200,719)	(1)	(11,231)	-
Net income before income tax		5,971,547	22	5,240,524	22
Income tax expense	4, 6(22)	(1,210,746)	(4)	(955,071)	(4)
Net income from continuing operation		4,760,801	18	4,285,453	18
Total profit from discontinued operations	4, 6(6)	3,334,485	12	1,730,917	7
Net income		8,095,286	30	6,016,370	25
Other comprehensive income	4, 6(13), 6(21), 6(22)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of the defined benefit plan		17,172	-	20,738	-
Unrealized gains and losses from equity instrument investments measured at fair value through other comprehensive income		(172,344)	(1)	1,747,230	7
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		34,470	-	(346,210)	(1)
Items that will be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations		977,406	4	(231,435)	(1)
Equity directly associated with disposal group held for sale		(262,947)	(1)	-	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(131,286)	-	42,802	-
Other comprehensive income, net of tax		462,471	2	1,233,125	5
Total comprehensive income		\$8,557,757	32	\$7,249,495	30
Net income attributable to :					
Owners of the parent company		\$7,779,428	29	\$5,840,365	24
Non-controlling interests		315,858	1	176,005	1
		\$8,095,286	30	\$6,016,370	25
Total comprehensive income attributable to :					
Owners of the parent company		\$8,183,865	31	\$7,090,917	29
Non-controlling interests		373,892	1	158,578	1
		\$8,557,757	32	\$7,249,495	30
Earnings per share (NT\$)					
From continuing and discontinued operations					
Basic Earnings Per Share	4, 6(23)	\$6.36		\$4.78	
Diluted Earnings Per Share		\$6.32		\$4.74	
From continuing operations					
Basic Earnings Per Share		\$3.95		\$3.54	
Diluted Earnings Per Share		\$3.93		\$3.51	

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, 2024 and 2023

(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						
			Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	Equity directly associated with disposal group held for sale			Equity attributable to owners of the parent company	
2023 Appropriation and distribution of 2022 earnings: Legal reserve Cash dividends Profit for the year ended December 31, 2023 Other comprehensive income for the year ended December 31, 2023 Total comprehensive income Changes in ownership interests in subsidiaries Disposal of equity instruments measured at fair value through other comprehensive income Balance as of December 31, 2023 Balance as of January 1, 2024 Appropriation and distribution of 2023 earnings: Legal reserve Cash dividends Profit for the year ended December 31, 2024 Other comprehensive income for the year ended December 31, 2024 Total comprehensive income Changes in ownership interests in subsidiaries Balance as of December 31, 2024	\$12,227,451	\$4,953,859	\$3,499,434	\$201,416	\$13,213,921	\$(284,878)	\$2,278,775	\$-	\$36,089,978	\$855,439	\$36,945,417	
	-	-	678,140	-	(678,140)	-	-	-	-	-	-	
	-	-	-	-	(4,279,608)	-	-	-	-	(4,279,608)	-	
	-	-	-	-	5,840,365	-	-	-	-	5,840,365	176,005	6,016,370
	-	-	-	-	20,738	(171,206)	1,401,020	-	-	1,250,552	(17,427)	1,233,125
	-	-	-	-	5,861,103	(171,206)	1,401,020	-	-	7,090,917	158,578	7,249,495
	-	1,722	-	-	-	-	-	-	-	1,722	109,524	111,246
	-	-	-	-	16,180	-	-	(16,180)	-	-	-	-
	\$12,227,451	\$4,955,581	\$4,177,574	\$201,416	\$14,133,456	\$(456,084)	\$3,663,615	\$-	\$-	\$38,903,009	\$1,123,541	\$40,026,550
	\$12,227,451	\$4,955,581	\$4,177,574	\$201,416	\$14,133,456	\$(456,084)	\$3,663,615	\$-	\$-	\$38,903,009	\$1,123,541	\$40,026,550
	-	-	586,111	-	(586,111)	-	-	-	-	-	-	-
	-	-	-	-	(3,912,784)	-	-	-	-	(3,912,784)	-	(3,912,784)
	-	-	-	-	7,779,428	-	-	-	-	7,779,428	315,858	8,095,286
	-	-	-	-	17,172	921,977	(137,874)	(396,838)	(396,838)	404,437	58,034	462,471
	-	-	-	-	7,796,600	921,977	(137,874)	(396,838)	(396,838)	8,183,865	373,892	8,557,757
	-	122,183	-	-	-	-	-	-	-	122,183	(82,223)	39,960
	\$12,227,451	\$5,077,764	\$4,763,685	\$201,416	\$17,431,161	\$465,893	\$3,525,741	\$(396,838)	\$43,296,273	\$1,415,210	\$44,711,483	

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, 2024 and 2023
(Amounts in thousands of New Taiwan Dollars)

Description	2024	2023	Description	2024	2023
Cash flows from operating activities :			Cash flows from investing activities :		
Profit before tax from continuing operations	\$5,971,547	\$5,240,524	Acquisition of property, plant and equipment	(14,856,945)	(7,726,307)
Profit before tax from discontinued operations	4,373,140	2,243,395	Proceeds from disposal of property, plant and equipment	420,431	345,278
Profit before tax	10,344,687	\$7,483,919	Increase in refundable deposits	(24,682)	-
Adjustments for :			Decrease in refundable deposits	-	252
The profit or loss items which did not affect cash flows:			Acquisition of intangible assets	(4,540)	(3,184)
Depreciation	7,312,965	9,105,051	Acquisition of right-of-use assets	-	(2,400)
Amortization	10,859	29,223	Increase in other financial assets	(1,583)	(871)
Expected credit losses	173	9,295	Dividend received	112,064	114,053
Interest expenses	561,054	689,750	Net cash used in investing activities	(14,355,255)	(7,273,179)
Interest income	(142,542)	(134,498)			
Dividend income	(98,364)	(99,233)			
Share-based payment expenses	60,450	86,529			
Investment gain accounted for using the equity method	(19,445)	(17,754)			
Gain on disposal of property, plant and equipment	(156,697)	(78,514)			
Loss on disposal of other assets	-	19			
Impairment of non-financial assets	123,029	-			
Unrealized foreign exchange losses (gains)	511,024	(405,089)	Cash flows from financing activities :		
Changes in operating assets and liabilities :			Increase in short-term loans	-	221,830
Contract assets	322,663	(261,130)	Decrease in short-term loans	(231,577)	(1,023,479)
Notes receivable	-	7,218	Borrowing in long-term loans	32,340,303	13,974,312
Accounts receivable	(1,141,129)	(125,226)	Repayments of long-term loans	(30,348,239)	(15,677,089)
Accounts receivable from related parties	(88,444)	(219,812)	Increase in deposits received	-	962
Other receivables	(633,185)	260,711	Decrease in deposits received	(27,736)	-
Other receivables from related parties	83,062	(74,727)	Cash payments for the principal portion of the lease liabilities	(29,576)	(29,663)
Inventories	54,603	295,875	Cash dividends	(3,912,784)	(4,279,608)
Prepayments	(387,697)	(386,298)	Interest paid	(550,856)	(706,544)
Other current assets	(167,237)	(7,705)	Change in non-controlling interests	(20,608)	24,258
Contract liabilities	(1,333)	(147,274)	Net cash used in financing activities	(2,781,073)	(7,495,021)
Notes payable	7,257	(10,588)			
Accounts payable	845,310	146,364			
Accounts payable to related parties	8,292	939	Effect of changes in exchange rate on cash and cash equivalents	935	(45,692)
Other payables	1,658,135	(285,484)	Net increase (decrease) in cash and cash equivalents	1,340,067	(553,561)
Other payables to related parties	38,847	(11,718)	Cash and cash equivalents at the beginning of the period	12,262,554	12,816,115
Other current liabilities	318,121	(55,017)	Cash and cash equivalents at the end of the period	13,602,621	12,262,554
Accrued pension liabilities	(956)	7,970			
Other operating liabilities	(11,860)	27,197	Reconciliation of the amounts in the consolidated statements of		
Cash generated from operating activities	19,411,642	15,829,993	cash flows with cash and cash equivalent items reported :		
Interest received	130,270	126,058	Cash and cash equivalents in the consolidated balance sheets	\$10,329,331	\$12,262,554
Income tax paid	(1,066,452)	(1,695,720)	Cash and cash equivalents in disposal group held for sale	3,273,290	-
Net cash provided by operating activities	18,475,460	14,260,331	Cash and cash equivalents in the consolidated statements of cash flows	\$13,602,621	\$12,262,554

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

(Appendix 1)

King Yuan Electronics Co., Ltd.

Rules of Procedure for Shareholders' Meetings

- Article 1: The rules of procedures for the Company's shareholders' meeting shall be as provided in these Rules.
- Article 2: Shareholders (or representatives) shall wear an attendance card when attending the meeting and submit a signature card as proof of attendance. The number of shares is calculated based on the number of shares shown on the signed card.
- Article 3: The Chair calls for the meeting to begin when the total number of shares represented reaches the authorized amount. If the authorized amount is not reached at the meeting time, the Chair may postpone the meeting twice (first postponement: 20 minutes; second postponement: 10 minutes). If the number of shareholders present does not constitute the quorum, but those present represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present in accordance with Article 175 of the Company Act. Prior to conducting a tentative resolution of the preceding paragraph, if the total number of shares of the shareholders present reaches the authorized amount, the meeting will officially be called to start, and the tentative resolution will be submitted to the meeting.
- Article 4: A shareholder wishing to speak in a shareholders' meeting shall first fill out a slip, specifying number of attendance and his/her name, and the Chair shall determine his/her order of giving a speech.
- Article 5: Shareholders' meetings shall be conducted according to the procedures stipulated in the agenda and its agenda shall be formulated based on the following:
1. Annual General Meeting: formulated by the board of directors.
 2. Special shareholders' meetings: formulated by the convener.
- The Chair shall not adjourn a meeting without resolution adopted by shareholders if the motions (including extraordinary motions) covered in the proceedings so arranged in the above two paragraphs have not been resolved. After the close of the said meeting, shareholders shall not elect another Chair to hold another meeting at the same place or at any other place.
- Article 6: A shareholder shall not speak more than two times in one motion, unless he/she has obtained the prior consent from the Chair, and each speech shall not exceed 5 minutes. A corporate shareholder being entrusted to attend a shareholders' meeting may designate only one representative to represent it in the meeting. If a corporate shareholder designates two or more representatives to represent it at the shareholders' meeting, only one of the representatives may speak on any one motion.
- Article 7: Except for the motions included in the agenda, other motions such as the motion of amendments or motions of alternatives proposed by shareholders shall be agreed upon by other shareholders, and the number of shares held by the

shareholders who propose the motion, along with a representative among those who agree, shall reach 1 percent of the total number of issued common stocks.

Article 8: If not a motion, it will not be discussed or resolved. When discussing a motion, it shall be discussed according to orders in the agenda. If a violation of procedures is found or the topic is not within the motion, the Chair may immediately stop the speaker. The Chair may announce the end of discussion at an appropriate time, and if necessary, may end the discussion.

Article 9: For the discussion topics that have been terminated or stopped, the Chair shall immediately submit a voting. The voting rights of each shareholder shall be calculated in accordance with the Company's Articles of Incorporation.

Article 10: Unless otherwise specifically provided for in the Company Act, resolutions shall be adopted by a majority vote at a meeting attended by the shareholders. Those who express no objection when the Chair requires will be deemed to be approved, which serves the same effect as voting. Where there are any objections, the Chair may use a roll-call against the resolution which will be calculated based on the number of shares held by the shareholders who have expressed an objection or waived his/her voting power. After the calculation, if the number of shares does not impact the approval of the motion, the motion is deemed to have passed, which serves the same effect as voting.

Article 11: Where a representative is appointed by the shareholder to attend the shareholders' meeting, except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3 percent of the total number of voting shares of the company; otherwise, the portion of excessive voting power shall not be counted.

Article 12: As the meeting is being processed, the Chair may announce a break at his/her discretion.

Article 13: Matters for which these Rules make no provision shall be handled in accordance with the Articles of Incorporation, Company Act, and other applicable laws and regulations.

Article 14: These Rules, and any amendments hereto, shall be implemented after approval by a shareholders' meeting.

Article 15: These Rules were established on August 20, 1997.
First amendment was made on May 7, 2002.

(Appendix 2)

King Yuan Electronics Co., Ltd.
The Articles of Incorporation

Chapter 1. General Rules

- Article 1: The Company is organized by regulations of the Company Act and named King Yuan Electronics Co., Ltd. (KYEC)
- Article 2: The Company's business matters shall include:
- I. Designing, manufacturing, testing, accessories, processing, packaging, trading of various integrated circuits (IC).
 - II. Different types of burn in equipment, and manufacturing, processing, and trading of its components.
 - III. As well as import/export trade of said products.
 - IV. We also act as an agent for the quotation, bidding and distribution of different products for Taiwanese and foreign manufacturers.
 - V. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1: When the Company becomes a shareholder of limited liability in other companies, the total amount of its investments is not subject to Article 13 of the Company Act which states that the total amount of its investments in such other companies shall not exceed forty percent of the amount of its own paid-up capital.
- Article 2-2: The Company may provide guarantees to external parties for business needs.
- Article 3: The Company shall have its head office in Hsinchu City, and when it is determined to be necessary, upon the resolution of the board of directors, branch offices may be established domestically or overseas.
- Article 4: Deleted.

Chapter 2. Shares

- Article 5: The total capital of the Company shall be NT\$15 billion, divided into 1.5 billion shares (including 30 million shares for employee stock option certificates) at a par value of NT\$10 per share, and issued at discrete times. The board of directors has been authorized to issue the shares in installment according to business needs.
- Article 5-1: Where the price of employee stock option certificates of the Company is lower than the Company's common share price closed on the date of issuance, the issuance of such employee stock option certificates shall only be made with the consent of attending shareholders representing more than two-thirds of the total voting rights in a shareholders' meeting attended by shareholders representing a majority of the total issued shares.

To transfer shares to employees at less than the average actual share repurchase price, the Company must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders' meeting attended by shareholders representing a majority of total issued shares before the transfer of shares.

Article 6: Deleted.

Article 7: The share certificates of the Company shall be in registered form and shall be numbered, and shall be affixed with the signatures or personal seals of the director representing the company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof.

The shares issued by the Company are exempted from printing any share certificate for the shares issued and the issued shares shall be registered with a centralized securities depository enterprise.

Article 8: Any change and transfer registration of shares shall be prohibited within sixty days prior to the ordinary shareholders' meeting, thirty days prior to the extraordinary shareholders' meeting, or five days prior to the record date for the distribution of dividends and bonuses or other interests by the Company.

Chapter 3. Shareholders meeting

Article 9: The shareholders' meeting is classified into two types, the ordinary shareholders' meeting and the extraordinary shareholders' meeting. The ordinary shareholders' meeting shall be convened once per year, and shall be convened by the board of directors according to the law within six months after the close of each fiscal year. The extraordinary shareholders' meeting shall be convened whenever necessary according to the law.

Article 10: Where a shareholder for any reason cannot attend the shareholders' meeting in person, he/she/it may appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.

Article 11: The Company's shareholders shall have one vote for each share, except for where the shares have no voting rights under Article 179 of the Company Act and where directors have made pledges under Article 197-1, Paragraph 2 of the Company Act.

Article 12: Unless otherwise specified in the Company Act, any resolution at a shareholders' meeting shall be adopted by a majority of the shareholders present, who are representing more than half of the total number of the Company's outstanding shares, and shall be executed based on the majority of

the voting rights of attending shareholders.

Article 12-1: The agenda of the Company's shareholders' meetings, except as otherwise provided by law, regulations, or the Articles of Incorporation, shall be as provided in the Shareholders' Meeting Rules of Procedure.

Chapter 4. Directors and Audit Committee

Article 13: The Company shall appoint 7 to 11 directors who shall serve a 3-year term. The candidate nomination system is adopted and directors shall be selected from a candidate list by the shareholders' meeting and may be reelected to further terms. The Company may take out liability insurance for the directors with respect to liabilities resulting from the performance of duties during their terms of office.

Among the number of directors of the preceding paragraph, there shall be at least 3 independent directors, and the number of independent directors shall not be less than one-third of all directors. All independent directors may not serve more than three consecutive terms. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be in compliance with the relevant regulations set out by the securities competent authorities.

Article 13-1: The Company shall establish an Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of the entire number of independent directors.

The Audit Committee's members, term of office, powers and authorities, rules of procedure, and resources provided by the Company to facilitate its exercise of powers shall be in accordance with the regulations stipulated in the Audit Committee Charter.

Article 14: The board of directors shall be formed by directors. A Chairman shall be elected from among the directors during a board meeting attended by more than two-thirds of directors and with the consent of more than half of all attending directors. In addition, a Vice-Chairman may be elected from among the directors through the same method described above. The Chairman of the board of directors shall internally preside over the shareholders' meeting and the meeting of the board of directors, and shall externally represent the Company.

Article 15: In cases where the Chairman is on leave or absent or cannot exercise his powers and authority for any cause, the proxy thereof shall be handled according to the provisions of Article 208 of the Company Act and the Company's Rules and Procedures for Board of Directors Meetings.

Article 15-1: Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting by presenting a power of attorney in order to act as a proxy for attending the meeting on his/her/its behalf. The proxy described in the preceding paragraph shall be limited to accepting the appointment of one director only.

Article 15-2: The authorities of the board of directors are as follows:

1. Review of management policies and mid- to long-term development plans.
2. Review and ensure implementation of annual business plans.
3. Review of budget and final accounts.
4. Review of plans for capital increase or decrease.
5. Review of proposals for earnings distribution or making up loss.
6. Review of important external contracts.
7. Review of articles of incorporation or amendments thereof.
8. Review of the Company's organizational rules and important business rules.
9. Agreement on establishment, reorganization or cancellation of branches.
10. Review of major capital expenditure plans.
11. Appointment and discharge of managerial officers.
12. Implementation of the resolutions made in shareholders' meetings.
13. Review of matters proposed by managers.
14. Convention of shareholders' meeting and business report.
15. Other operations that shall be handled in compliance with the law.

Article 16: For the remuneration of all directors, the board of directors is authorized to reach a resolution on such remuneration based on their participation level and value of contribution to the operation of the Company along with the consideration of the common standard adopted in the same industry.

Chapter 5. Managers

Article 17: The Company may appoint managers. The appointment, discharge and remuneration of the managerial officers shall comply with the provisions of Article 29 of the Company Act and relevant laws and regulations.

Chapter 6. Accounting

Article 18: At the end of each fiscal year of the Company, the board of directors shall prepare the reports and statements of 1. Business report, 2. Financial statements and 3. Proposal for distribution of surplus earnings or covering losses, for submission to the ordinary shareholder's meeting according to the law in order to request approval thereof.

Article 19: Where there is a profit in the current year, the Company shall allocate 8–10 percent of the profit as the remuneration to employees, and no more than 1 percent thereof as directors’ remuneration. However, if the Company has cumulative losses, an amount sufficient to make up losses shall be retained. Employees’ remuneration is distributed in the form of shares or in cash; those receiving such remuneration must include employees of subordinate companies meeting certain criteria.

“Profit in the current year” as referred to in the first paragraph means benefits before the distribution of employee remuneration and directors remuneration is deducted from current pre-tax benefits.

The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees’ remuneration and directors’ remuneration, and in addition thereto, a report of such distribution shall be submitted to the shareholders’ meeting.

Article 20: If the Company’s final statement for the year shows earnings, funds shall first be set aside for tax payments and to make up past losses, and another 10% shall be then be set aside as a statutory reserve; Furthermore, depending on the Company’s operating needs and the requirements of laws and regulations, the Company may set aside or reverse a special reserve; if there are still earnings and undistributed earnings at the beginning of the period, the board may draft a proposed earnings distribution plan, which shall be presented to the shareholders meeting for resolution.

The Company’s dividend policy shall be conditioned by the investment environment, capital needs, domestic and international competition, and capital budgeting of the Company at the present moment and in the future. Shareholders’ interest, balance of dividend payment and long-term financial planning of the Company shall also be taken into consideration by the board of directors when the board proposes the motion for allocation of stock dividends annually as required by law and presents the same before the general meeting of shareholders for ratification. The Company is currently in the growth stage of its life cycle and is still in need of capital for expansion and investment in the future. The cash dividend allocated to shareholders in the current year shall be no less than 20% of the total dividends to the shareholders for the year.

Chapter 7. Supplemental Provisions

Article 21: Any matter not specified in these Articles of Incorporation of the Company shall be handled in accordance with the regulations of the Company Act.

Article 21-1: The Company's various rules and procedures shall be further established separately.

Article 22: These Articles were established on May 2, 1987
1st amendment was made on May 20, 1987
2nd amendment was made on November 22, 1988
3rd amendment was made on December 12, 1988
4th amendment was made on February 5, 1990
5th amendment was made on May 3, 1990
6th amendment was made on June 7, 1992
7th amendment was made on April 28, 1994
8th amendment was made on December 28, 1994
9th amendment was made on July 21, 1995
10th amendment was made on September 13, 1995
11th amendment was made on August 2, 1996
12th amendment was made on September 25, 1996
13th amendment was made on March 14, 1997
14th amendment was made on August 20, 1997
15th amendment was made on April 30, 1998
16th amendment was made on April 20, 1999
17th amendment was made on April 10, 2000
18th amendment was made on March 12, 2001
19th amendment was made on May 7, 2002
20th amendment was made on December 19, 2002
21st amendment was made on June 9, 2003
22nd amendment was made on June 1, 2004
23rd amendment was made on June 1, 2004
24th amendment was made on June 13, 2005
25th amendment was made on June 13, 2005
26th amendment was made on June 12, 2006
27th amendment was made on June 12, 2006
28th amendment was made on June 13, 2007
29th amendment was made on June 13, 2008
30th amendment was made on June 10, 2009
31st amendment was made on June 15, 2010
32nd amendment was made on June 15, 2011
33rd amendment was made on June 15, 2012
34th amendment was made on June 12, 2014

35th amendment was made on June 8, 2016

36th amendment was made on August 3, 2021

37th amendment was made on May 31, 2024.

(Appendix 3)

King Yuan Electronics Co., Ltd.
Number of Shares Held by All Shareholders and Minimum Number of Shares to Be Held

- I. The number of common stocks of the Company: 1,222,745,065 shares
- II. The minimum number of authorized shares that all directors shall hold: 32,000,000 shares
- III. As of the book closure date of the shareholders' meeting (March 29, 2025), the number of shares held by all directors is as follows:

Title	Name	Shares held	Shareholding ratio (%)
Chairman	Chin-Kung Lee	34,100,941	2.79
Vice-Chairman	Chi-Chun Hsieh	5,552,037	0.45
Director	Gauss Chang	3,198,275	0.26
Director	Kao-Yu Liu	4,808,267	0.39
Director	Kuan-Hua Chen	3,073,574	0.25
Director	Yann Yuan Investment Co., Ltd. Representative: Ping-Kun Hung	52,600,000	4.30
Independent director	Semi Wang	10,000	0
Independent director	Dar-Yeh Hwang	0	0
Independent director	Shi-Jer Sheen	0	0
Number and percentage of shares held by all directors (excluding independent directors)		103,333,094	8.45

Note: Statutory shareholding requirement for supervisors does not apply to the Company since the Company has established an Audit Committee.



京元電子股份有限公司
The Testing Industry Benchmark

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