

King Slide[®]

King Slide Works Co., Ltd.

Handbook for
the
2022 Annual Meeting of Shareholders
(Translation)

MEETING TIME: June 29, 2022

PLACE: No. 6, Luke 9th Rd., Kaohsiung Science Park, Luzhu District,
Kaohsiung City, Taiwan R.O.C. (Floor B1 of the office building)

This English version is a translation based on the original Chinese version. Where any discrepancy arises between the two versions, the Chinese version shall prevail.

King Slide Works Co., Ltd.
Handbook for the 2022 Annual Meeting of Shareholders
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King Slide Works Co., Ltd.
Procedures for the 2022 Annual Meeting of Shareholders

I. Call the Meeting to Order

II. Chairman Remarks

III. Management Presentation

IV. Proposals

V. A.O.B

VI. Adjournment

King Slide Works Co., Ltd.
Agenda of Annual Meeting of Shareholders

Time: 9 a.m. June 29, 2022

Place: Floor B1 of the office building at No. 6, Luke 9th Rd., Kaohsiung Science Park, Luzhu District, Kaohsiung City

I. Call the Meeting to Order

II. Chairman Remarks

III. Management Presentation

i. 2021 Business Report

ii. 2021 Audit Committee's Review Report

iii. 2021 Employees' compensation, Directors' and Supervisors' remuneration distribution

iv. Others

IV. Proposals

i. 2021 Business Report and Financial Statements

ii. 2021 Distribution of Earnings

V. A.O.B

VI. Adjournment

I. Management Presentation

Report No. 1

2021 Business Report is presented for approval.

Explanation:

For Business Report, please refer to Annex 1 (Page 7-9 of the Agenda Handbook).

Report No. 2

2021 Audit Committee's Review Report is presented for approval.

Explanation:

For Audit Committee's Review Report, please refer to Annex 2 (Page 10 of the Agenda Handbook)

Report No. 3

2021 Distribution of Compensation to Employees, Directors, and Supervisors

Explanation:

- (I) The adoption is made according to Article 25 of the Articles of Incorporation.
- (II) Compensation to employees is NT\$85,849,000 and remuneration to directors and supervisors is NT\$6,500,000. Both are to be distributed in cash.

Report No. 4

Other reporting items

Explanation: The proposals made by the shareholders in the current shareholders meeting are handled as follows:

- (I) It is processed in accordance with Article 172-1 of the Company Act.
- (II) A shareholder holding 1% or more of the total number of issued shares may submit a written proposal to the Company for discussion at the book closure date of the Annual Meeting of Shareholders.
- (III) A proposing shareholder is limited to one proposal only, and each content included in the meeting agenda shall be no more than 300 words (including text and punctuation). The proposing shareholder shall attend the meeting in person or by proxy to participate in the discussion of the proposal.
- (IV) The Company shall receive shareholder proposals during the period of April 15 - April 25, 2022, which should be announced on the Market Observation Post System.
- (V) The Company did not receive any proposal from shareholders.

II. Proposals

Item 1 Proposed by the Board of Directors

2021 Business Report and Financial Statements are presented for approval.

Explanation:

- (I) King Slide's 2021 Parent Company Only and Consolidated Financial Statements were audited by CPA Chen-Li Chen and CPA Chia-Ling Chiang of Deloitte & Touche Taiwan. Independent Auditor's Reports were issued with unmodified opinion for the Parent Company Only Statements, and unmodified opinion with emphasis of matter paragraph for the Consolidated Statements. Independent Auditor's Reports and the Business Report were reviewed by the Audit Committee with the written Audit Committee's report issued.
- (II) The aforementioned statements (please refer to Page 11-28 of the Agenda Handbook) and the Business Report are enclosed (please refer to Page 7-9 of the Agenda Handbook).

Resolutions:

Item 2 Proposed by the Board of Directors

2021 Distribution of Earnings is presented for approval.

Explanation:

- (I) The amount available for distribution in the current period is NT\$9,211,182,574. This is calculated by adding Net profit of 2021, NT\$2,072,519,746, to the undistributed earnings of NT\$7,352,273,128 from the previous period, less the defined benefit plan re-measurement amount with a balance of NT\$6,972,700 recognized as retained earnings, and appropriating a legal reserve of NT\$206,554,705 and a special reserve of NT\$82,895.
- (II) Earnings distribution is planned in accordance with Article 26 of the Articles of Incorporation as follows:
Cash dividends: NT\$10.88 per share is planned, totaled NT\$1,036,832,143.
The Board of Directors is to be authorized after the Annual shareholders' Meeting to schedule the ex-dividend date and distribution date.
- (III) The amount of unappropriated retained earnings this year, NT\$8,174,350,431, will be carried forward to the following year.
- (IV) The distribution of a cash dividend is calculated to an integral amount (rounded up to the next whole NT\$) proportionally to the shares held by the shareholders. The total amount of the odd lot for less than NT\$1 is combined in the non-operating income of the company.
- (V) Profit Distribution Table is enclosed (please refer to Annex 4, page 29)

Resolutions:

III. A.O.B

IV. adjournment

The 2021 Business Report

The consolidated revenue and net operating profit in 2021 have increased by 32.09% and 38.65% from 2020, respectively. Due to currency appreciation, the Company incurred a foreign exchange loss of NT\$178,697 thousand in the current year, resulting in after-tax EPS NT\$21.75. Taking a closer look at the operating performance in 2021, our revenue and profit did not decline due to the impacts of unfavorable factors including the appreciation of the New Taiwan Dollar and the continuous sharp increase in the price of raw materials; instead, we managed to achieve both top-line and bottom-line growth, with the growth rate of operating net profit exceeding that of revenue. The record-breaking performance was mainly thanks to the positive effects on sales and profitability generated from the launch of new products. The long-planned intelligent plant and production line are now expected to be officially put into mass production in July 2022. With the continuous introduction of new products, we believe the future growth prospect is promising and we expect to bring a better operational performance to shareholders in the near future. The 2021 business performance is explained as follows:

I. Business plan implementation results:

Unit: NT\$ Thousand

Item	2021	2020	Increase or decrease in amount	Change in ratio (%)
Operating revenue	6,341,989	4,801,405	1,540,584	32.09
Profit from operations	2,719,682	1,961,609	758,073	38.65
Net profit	2,072,520	1,164,589	907,931	77.96

II. Implementation of budget: The 2021 financial forecast was not disclosed, so there is no budget achievement.

III. Financial revenue and expense and profitability analysis

Item		2021	2020
Financial structure (%)	Ratio of liabilities to assets	18.33	16.85
	Ratio of long term funding to property, plants, and equipment	562.33	635.66
Solvency (%)	Current ratio	723.46	799.32
	Quick ratio	666.72	762.98
	Times interest earned ratio	266.06	136.66
Profitability	Ratio of return on total assets	14.44	8.99

Item		2021	2020
(%)	Ratio of return on shareholders' equity	17.47	10.66
	Ratio of profit before income tax to paid-in capital	272.38	161.82
	Profit ratio	32.67	24.25
	Earnings per share (NT\$)	21.75	12.22

IV. Research development status:

The company's R&D expenditure in 2021 was NT234,628 thousand; the main development status is as follows:

- (1) In response to the planning of the new generation products, R&D continues to develop new slide rail kit products to be applied in standard and open rack cabinets, or other special cabinets. R&D studies all aspects of the product and considers all users in each stage, from early design to the end-users, then consolidates and evaluates product functionality, convenience, and safety. The goal is to create more diversified and efficient products under the restriction of limited spaces, this applies to slide rail kits, cable management and other products. This is also a direction for future product development in order to develop products that match the market needs.
- (2) Regarding the channel market, high-end slide rails, and hinges, since a series of products have already been developed, the Company is currently gathering more application insights for the existing standard products in order to build a more comprehensive product line to meet the demands of the new modern styles. Meanwhile, the Company actively use the insights collected to develop products with functional features of convenience and safety that appeal to users. This will also enhance the Company's competitiveness and value in the markets for high-end kitchen, office cabinets, toolbox, medical care, and smart home. In response to higher production needs, we have actively developed and introduced more advanced automated and intelligent manufacturing equipment to achieve smart production, thereby enabling the Company to achieve a low-cost, high-efficiency, and high-quality production conditions for all its products.

V. Management strategy:

In line with the continuous recruitment and training of management, marketing, and R&D talents as the long-term business policy, the Company is committed to strengthening the management team and talents to become the most important assets. Other important principles are as follows:

1. The complete R&D and industrial layout of the RAIL KIT product line developed in line with cloud computing requirements;
2. The complete R&D and industrial layout of the kitchen Rail Kit product line for household consumption needs;
3. The complete R&D and industrial layout of the consumer product line for personal consumption needs;
4. The introduction of intelligent production technology to improve business management performance;
5. The establishment of global flexible production bases to meet the needs of customers in different markets;

Since its establishment, the Company has continuously strengthened its competitiveness by actively innovating and pursuing transformation. When facing the treacherous and ever-changing environment, the company still handles it with a more cautious and conservative attitude. In addition to strictly implementing the cost-saving and expense cutting strategy, the Company has invested more capital and resources to expand our markets in different industries, increase the popularity of the “King Slide” brand, and expand distribution channels globally. Besides, in response to the geopolitical risks, the Company actively seek to establish production bases or collaborative partnership in different areas and put sustainable development goals into practice by the solid implementation of ESG strategy in order to achieve better business performance in the future.

Chairman: Lin Tsung-Chi President: Lin Shu-Chen Chief Accountant: Chen Yi-Nian

King Slide Works Co., Ltd.
Audit Committee's Review Report

The Company's Board of Directors prepared and presented the 2021 individual financial statements, consolidated financial statements, business report, and earnings distribution proposal. The 2021 financial statements and consolidated financial statements were audited by CPA Chen-Li Chen and CPA Chia-Ling Chiang of Deloitte & Touche Taiwan with unmodified opinion for the parent and unmodified opinion with emphasis of matter paragraph for the consolidated issued in the independent auditor's report. The aforementioned accounting statements were reviewed and verified by the Audit Committee in accordance with the provisions of the Securities and Exchange Act and the Company Act.

To

The Company's 2022 Annual Meeting of Shareholders

King Slide Works Co., Ltd.

Audit Committee: Hsu Fang-Yih

February 25, 2022

Annex 3 (Independent Auditor's Report –Financial Statements)

INDEPENDENT AUDITORS' REPORT

King Slide Works Co., Ltd.

Opinion

We have audited the accompanying financial statements of King Slide Works Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2021 is as follows:

Recoverability of accounts receivable

As of December 31, 2021, the net amount of accounts receivable of the Company was NT\$384,773 thousand, representing 3% of the Company's total assets. Management estimated the recoverability of accounts receivable based on the IFRS. Therefore, we deemed the recoverability of accounts receivable as a key audit matter.

In addition to obtaining an understanding of the internal controls relevant to the recognition of accounts receivable, we performed the following audit procedures:

1. We verified the existence of the accounts receivable by examination of samples of confirmation letters, collection records after the balance sheet date, and delivery receipts signed by customers or shipping records.
2. We tested the aging schedule prepared by the Company against the supporting documents on a sample basis, individually assessed the recoverability of overdue accounts or doubtful accounts, and also reviewed the reasonableness of the impairment loss based on the historical experience in collection and other available information.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the Company's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 Company's internal control.
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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are

responsible for the direction, supervision and performance of the Corporation 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 the financial statements for the year ended December 31, 2021 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.

The engagement partners on the audits resulting in this independent auditors' report are Chen-Li Chen and Chia-Ling Chiang .

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2022

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

KING SLIDE WORKS CO., LTD.**DECEMBER 31, 2021 AND 2020****(In Thousands of New Taiwan Dollars)**

	December 31, 2021		December 31, 2020	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,175,284	16	\$ 2,492,360	21
Financial assets at amortized cost - current (Note 7)	636,594	5	-	-
Notes receivable (Notes 4 and 8)	56,177	-	47,658	-
Notes receivable - related parties (Notes 8 and 23)	140,150	1	79,445	1
Accounts receivable, net (Notes 4, 5 and 8)	384,773	3	265,493	2
Accounts receivable - related parties (Notes 8 and 23)	76,606	1	48,107	1
Other receivables	7,369	-	1,597	-
Other receivables - related parties (Note 23)	3,301	-	1,077	-
Inventories (Notes 4 and 9)	330,094	3	168,376	2
Other current assets	<u>22,581</u>	<u>-</u>	<u>15,310</u>	<u>-</u>
Total current assets	<u>3,832,929</u>	<u>29</u>	<u>3,119,423</u>	<u>27</u>
NONCURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 10)	9,018,001	68	8,145,485	69
Property, plant and equipment (Notes 4, 11 and 24)	450,262	3	422,567	4
Software (Note 4)	895	-	2,046	-
Deferred tax assets (Notes 4 and 19)	39,077	-	45,496	-
Prepayments for equipment	9,500	-	-	-
Refundable deposits	<u>231</u>	<u>-</u>	<u>281</u>	<u>-</u>
Total noncurrent assets	<u>9,517,966</u>	<u>71</u>	<u>8,615,875</u>	<u>73</u>
TOTAL	<u><u>\$ 13,350,895</u></u>	<u><u>100</u></u>	<u><u>\$ 11,735,298</u></u>	<u><u>100</u></u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable (Note 12)	\$ 146,049	1	\$ 106,532	1
Notes payable - related parties (Notes 12 and 23)	42,588	1	22,518	-
Accounts payable (Note 12)	37,844	-	33,568	-
Accounts payable - related parties (Notes 12 and 23)	24,551	-	20,493	-
Other payables (Note 13)	299,135	2	247,803	2
Other payable - related parties (Note 23)	-	-	260	-
Current tax liabilities (Notes 4 and 19)	103,129	1	94,573	1
Refund liability - current (Note 14)	3,411	-	3,393	-
Other current liabilities	<u>9,939</u>	<u>-</u>	<u>6,075</u>	<u>-</u>
Total current liabilities	<u>666,646</u>	<u>5</u>	<u>535,215</u>	<u>4</u>
NONCURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 19)	47,090	1	47,090	1
Net defined benefit liabilities (Notes 4 and 15)	<u>33,872</u>	<u>-</u>	<u>31,952</u>	<u>-</u>
Total noncurrent liabilities	<u>80,962</u>	<u>1</u>	<u>79,042</u>	<u>1</u>
Total liabilities	<u>747,608</u>	<u>6</u>	<u>614,257</u>	<u>5</u>
EQUITY (Note 16)				
Ordinary shares	<u>952,971</u>	<u>7</u>	<u>952,971</u>	<u>8</u>
Capital surplus	<u>796,691</u>	<u>6</u>	<u>796,691</u>	<u>7</u>
Retained earnings				
Legal reserve	1,435,887	11	1,319,444	11
Special reserve	9,219	-	7,670	-
Unappropriated earnings	<u>9,417,821</u>	<u>70</u>	<u>8,053,484</u>	<u>69</u>
Total retained earnings	<u>10,862,927</u>	<u>81</u>	<u>9,380,598</u>	<u>80</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	<u>(9,302)</u>	<u>-</u>	<u>(9,219)</u>	<u>-</u>
Total equity	<u>12,603,287</u>	<u>94</u>	<u>11,121,041</u>	<u>95</u>
TOTAL	<u><u>\$ 13,350,895</u></u>	<u><u>100</u></u>	<u><u>\$ 11,735,298</u></u>	<u><u>100</u></u>

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

Annex 3 (Statements of Comprehensive Income)
KING SLIDE WORKS CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 14, 17 and 23)	\$ 2,475,665	100	\$ 1,835,129	100
OPERATING COSTS (Notes 9, 18 and 23)	<u>1,723,865</u>	<u>70</u>	<u>1,192,362</u>	<u>65</u>
GROSS PROFIT	751,800	30	642,767	35
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(3,478)	-	(2,613)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>2,613</u>	<u>-</u>	<u>1,513</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>750,935</u>	<u>30</u>	<u>641,667</u>	<u>35</u>
OPERATING EXPENSES (Notes 8, 18 and 23)				
Selling and marketing	84,380	3	75,007	4
General and administrative	104,003	4	88,001	5
Research and development	112,497	5	102,584	6
Expected credit loss recognized (reversed)	<u>1,922</u>	<u>-</u>	<u>(578)</u>	<u>-</u>
Total operating expenses	<u>265,014</u>	<u>15</u>	<u>295,352</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>302,802</u>	<u>12</u>	<u>265,014</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES (Notes 18 and 23)				
Other gains and losses	(20,720)	(1)	(115,120)	(6)
Interest income	5,334	-	20,782	1
Share of profit of subsidiaries	<u>1,743,135</u>	<u>71</u>	<u>968,578</u>	<u>53</u>
Total non-operating income and expenses	<u>1,727,749</u>	<u>70</u>	<u>874,240</u>	<u>48</u>
PROFIT BEFORE INCOME TAX	2,175,882	88	1,250,893	68
INCOME TAX EXPENSE (Notes 4 and 19)	<u>103,362</u>	<u>4</u>	<u>86,304</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>2,072,520</u>	<u>84</u>	<u>1,164,589</u>	<u>63</u>

(Continued)

KING SLIDE WORKS CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 15 and 19)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (8,716)	(1)	\$ (199)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>1,743</u>	<u>-</u>	<u>40</u>	<u>-</u>
	<u>(6,973)</u>	<u>(1)</u>	<u>(159)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(104)	-	(1,937)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>21</u>	<u>-</u>	<u>388</u>	<u>-</u>
	<u>(83)</u>	<u>-</u>	<u>(1,549)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(7,056)</u>	<u>(1)</u>	<u>(1,708)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,065,464</u>	<u>83</u>	<u>\$ 1,162,881</u>	<u>63</u>
EARNINGS PER SHARE (Note 19)				
Basic	<u>\$ 21.75</u>		<u>\$ 12.22</u>	
Diluted	<u>\$ 21.55</u>		<u>\$ 12.14</u>	

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

(Concluded)

Annex 3 (Statements of Changes In Equity)

KING SLIDE WORKS CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2020	\$ 952,971	\$ 796,691	\$ 1,163,619	\$ 6,221	\$ 7,808,705	\$ (7,670)	\$ 10,720,537
Appropriation of 2019 earnings (Note 16)							
Legal reserve	-	-	155,825	-	(155,825)	-	-
Special reserve				1,449	(1,449)		
Cash dividends distributed by the Company	-	-	-	-	(762,377)	-	(762,377)
	-	-	155,825	1,449	(919,651)	-	(762,377)
Net profit for the year ended December 31, 2020	-	-	-	-	1,164,589	-	1,164,589
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(159)	(1,549)	(1,708)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,164,430	(1,549)	1,162,881
BALANCE AT DECEMBER 31, 2020	952,971	796,691	1,319,444	7,670	8,053,484	(9,219)	11,121,041
Appropriation of 2020 earnings (Note 16)							
Legal reserve	-	-	116,443	-	(116,443)	-	-
Special reserve	-	-	-	1,549	(1,549)	-	-
Cash dividends distributed by the Company	-	-	-	-	(583,218)	-	(583,218)
	-	-	116,443	1,549	(701,210)	-	(583,218)
Net profit for the year ended December 31, 2021	-	-	-	-	2,072,520	-	2,072,520
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(6,973)	(83)	(7,056)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,065,547	(83)	2,065,464
BALANCE AT DECEMBER 31, 2021	\$ 952,971	\$ 796,691	\$ 1,435,887	\$ 9,219	\$ 9,417,821	\$ (9,302)	\$ 12,603,287

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

KING SLIDE WORKS CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,175,882	\$ 1,250,893
Adjustments for:		
Depreciation expenses	38,101	35,333
Amortization expenses	1,421	1,288
Expected credit loss recognized (reversed)	1,922	(578)
Recognition of refund liabilities	18	301
Gain on disposal of property, plant and equipment, net	(4,232)	(797)
Interest income	(5,334)	(20,782)
Share of profit of subsidiaries	(1,743,135)	(968,578)
Write-downs (reversal) of inventories	3,666	(2,603)
Unrealized gain on transactions with subsidiaries	3,478	2,613
Realized gain on transactions with subsidiaries	(2,613)	(1,513)
Net loss on foreign currency exchange	(27,212)	57,870
Changes in operating assets and liabilities		
Notes receivable	(8,519)	(7,181)
Notes receivable - related parties	(60,705)	13,082
Accounts receivable	(121,202)	(26,706)
Accounts receivable - related parties	(28,499)	7,510
Other receivables	(5,642)	632
Other receivables - related parties	(2,224)	2,202
Inventories	(165,384)	(1,454)
Other current assets	(7,271)	4,761
Notes payable	28,970	5,136
Notes payable - related parties	20,070	(3,764)
Accounts payable	4,276	560
Accounts payable - related parties	4,058	(3,788)
Other payables	48,818	(19,320)
Other payables - related parties	(260)	246
Other current liabilities	3,864	(4,594)
Net defined benefit liabilities	(4,640)	(4,285)
Cash generated from operations	147,672	316,484
Interest received	5,204	23,466
Dividend income	869,650	200,000
Income tax paid	(86,623)	(81,942)
Net cash generated from operating activities	<u>935,903</u>	<u>458,008</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment accounted for using the equity method	(636,594)	-
Payments for property, plant and equipment	(64,631)	(39,716)
Proceeds from disposal of property, plant and equipment	4,472	898
Decrease in refundable deposits	50	-
Payments for intangible assets	(270)	(680)
Net cash used in investing activities	<u>(696,973)</u>	<u>(39,498)</u>

(Continued)

KING SLIDE WORKS CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS USED IN FINANCING ACTIVITIES		
Cash dividends	<u>\$ (583,218)</u>	<u>\$ (762,377)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>27,212</u>	<u>(57,870)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(317,076)	(401,737)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,492,360</u>	<u>2,894,097</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,175,284</u>	<u>\$ 2,492,360</u>

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

(Concluded)

Annex 3 (Independent Auditor's Report - Consolidated Financial Statements)
INDEPENDENT AUDITORS' REPORT
King Slide Works Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of King Slide Works Co., Ltd. (the "Company") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 the Company and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the consolidated financial statements for the year ended December 31, 2021. 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.

The key audit matter identified in the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2021 is as follows:

Recoverability of Accounts Receivable

As of December 31, 2021, the net amount of accounts receivable of the Company and its subsidiaries was NT\$1,665,934 thousand, representing 11% of the Company and its subsidiaries' total assets. Management estimated the recoverability of accounts receivable based on the IFRS. Therefore, we deemed the recoverability of accounts receivable as a key audit matter.

In addition to obtaining an understanding of the internal controls relevant to the recognition of accounts receivable, we performed the following audit procedures:

1. We verified the existence of the accounts receivable by examination of samples of confirmation letters, collection records after the balance sheet date, and delivery receipts signed by customers or shipping records.
2. We tested the aging schedule prepared by the Company and its subsidiaries against the supporting

documents on a sample basis, individually assessed the recoverability of overdue accounts or doubtful accounts, and also reviewed the reasonableness of the impairment loss based on the historical experience in collection and other available information.

Other Matter

We have also audited the parent company only financial statements of King Slide Works Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC, and for such internal control as management determines is necessary to enable the preparation of 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 Company and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries' or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Company and its subsidiaries' financial reporting process.

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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 Company and its subsidiaries' internal control.
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 Company and its subsidiaries' ability to continue as

a going concern. 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 the Company 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 disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company 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 the consolidated financial statements for the year ended December 31, 2021 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.

The engagement partners on the audits resulting in this independent auditors' report are Chen-Li Chen and Chia-Ling Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, consolidated financial performance and consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS**
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 7,926,374	51	\$ 9,050,089	68
Financial assets at amortized cost - current (Note 7)	1,494,612	10	-	-
Notes receivable (Notes 4 and 8)	66,868	1	57,123	-
Accounts receivable, net (Notes 4, 5 and 8)	1,665,934	11	1,021,874	8
Other receivables	41,110	-	30,003	-
Inventories (Notes 4 and 9)	925,619	6	464,089	4
Other current assets	30,881	-	21,048	-
Total current assets	12,151,398	79	10,644,226	80
NONCURRENT ASSETS				
Property, plant and equipment (Notes 4, 11 and 26)	2,445,722	16	1,894,661	14
Right-of-use assets (Notes 4 and 12)	624,881	4	662,028	5
Software (Note 4)	3,405	-	2,810	-
Deferred tax assets (Notes 4 and 21)	143,991	1	138,712	1
Prepayments for equipment	61,546	-	31,925	-
Refundable deposits	1,925	-	914	-
Total noncurrent assets	3,281,470	21	2,731,050	20
TOTAL	\$ 15,432,868	100	\$ 13,375,276	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable (Note 14)	\$ 443,983	3	\$ 339,531	3
Accounts payable (Note 14)	122,577	1	92,619	1
Other payables (Note 15)	656,952	4	554,890	4
Current tax liabilities (Notes 4 and 21)	385,127	3	277,986	2
Lease liabilities - current (Notes 4 and 12)	33,298	-	32,766	-
Refund liability - current (Note 16)	20,718	-	16,444	-
Other current liabilities	16,963	-	17,409	-
Total current liabilities	1,679,618	11	1,331,645	10
NONCURRENT LIABILITIES				
Long-term borrowings (Note 13)	452,357	3	199,496	2
Deferred tax liabilities (Notes 4 and 21)	47,090	-	47,090	-
Lease liabilities - noncurrent (Notes 4 and 12)	606,048	4	639,346	5
Net defined benefit liabilities (Notes 4 and 17)	33,872	-	31,952	-
Deferred revenue - noncurrent (Notes 4 and 13)	10,596	-	4,706	-
Total noncurrent liabilities	1,149,963	7	922,590	7
Total liabilities	2,829,581	18	2,254,235	17
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)				
Ordinary shares	952,971	6	952,971	7
Capital surplus	796,691	5	796,691	6
Retained earnings				
Legal reserve	1,435,887	10	1,319,444	10
Special reserve	9,219	-	7,670	-
Unappropriated earnings	9,417,821	61	8,053,484	60
Total retained earnings	10,862,927	71	9,380,598	70
Other equity				
Exchange differences on translating the financial statements of foreign operations	(9,302)	-	(9,219)	-
Total equity	12,603,287	82	11,121,041	83
TOTAL	\$ 15,432,868	100	\$ 13,375,276	100

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

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020****(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 16 and 19)	\$ 6,341,989	100	\$ 4,801,405	100
OPERATING COSTS (Notes 9 and 20)	<u>2,987,157</u>	<u>47</u>	<u>2,286,593</u>	<u>48</u>
GROSS PROFIT	<u>3,354,832</u>	<u>53</u>	<u>2,514,812</u>	<u>52</u>
OPERATING EXPENSES (Notes 8 and 20)				
Selling and marketing	178,711	3	163,306	3
General and administrative	206,841	3	182,854	4
Research and development	234,628	4	208,825	4
Expected credit loss (reversed)	<u>14,970</u>	<u>-</u>	<u>(1,782)</u>	<u>-</u>
Total operating expenses	<u>635,150</u>	<u>10</u>	<u>553,203</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>2,719,682</u>	<u>43</u>	<u>1,961,609</u>	<u>41</u>
NON-OPERATING INCOME AND EXPENSES (Note 20)				
Interest income	20,066	-	73,078	1
Other gains and losses	(134,173)	(2)	(481,175)	(10)
Finance costs	<u>(9,793)</u>	<u>-</u>	<u>(11,367)</u>	<u>-</u>
Total non-operating income and expenses	<u>(123,900)</u>	<u>(2)</u>	<u>(419,464)</u>	<u>(9)</u>
PROFIT BEFORE INCOME TAX	2,595,782	41	1,542,145	32
INCOME TAX (Notes 4 and 21)	<u>523,262</u>	<u>8</u>	<u>377,556</u>	<u>8</u>
NET PROFIT FOR THE YEAR	<u>2,072,520</u>	<u>33</u>	<u>1,164,589</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 17 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(8,716)	-	(199)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>1,743</u>	<u>-</u>	<u>40</u>	<u>-</u>
	<u>(6,973)</u>	<u>-</u>	<u>(159)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(104)	-	(1,937)	-

(Continued)

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Income tax relating to items that may be reclassified subsequently to profit or loss	\$ <u>21</u> <u>(83)</u>	<u>-</u> <u>-</u>	\$ <u>388</u> <u>(1,549)</u>	<u>-</u> <u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(7,056)</u>	<u>-</u>	<u>(1,708)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,065,464</u>	<u>33</u>	<u>\$ 1,162,881</u>	<u>24</u>
NET PROFIT ATTRIBUTABLE TO: Owners of the Company	<u>\$ 2,072,520</u>	<u>33</u>	<u>\$ 1,164,589</u>	<u>24</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: Owners of the Company	<u>\$ 2,065,464</u>	<u>33</u>	<u>\$ 1,162,881</u>	<u>24</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 21.75</u>		<u>\$ 12.22</u>	
Diluted	<u>\$ 21.55</u>		<u>\$ 12.14</u>	

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

(Concluded)

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

			Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2020	\$ 952,971	\$ 796,691	\$ 1,163,619	\$ 6,221	\$ 7,808,705	\$ (7,670)	\$ 10,720,537
Appropriation of 2019 earnings (Note 18)							
Legal reserve	-	-	155,825	-	(155,825)	-	-
Special reserve	-	-	-	1,449	(1,449)	-	-
Cash dividends distributed by the Company	-	-	-	-	(762,377)	-	(762,377)
	-	-	155,825	1,449	(919,651)	-	(762,377)
Net profit for the year ended December 31, 2020	-	-	-	-	1,164,589	-	1,164,589
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(159)	(1,549)	(1,708)
BALANCE AT DECEMBER 31, 2020	952,971	796,691	1,319,444	7,670	8,053,484	(9,219)	11,121,041
Appropriation of 2020 earnings (Note 18)							
Legal reserve	-	-	116,443	-	(116,443)	-	-
Special reserve	-	-	-	1,549	(1,549)	-	-
Cash dividends distributed by the Company	-	-	-	-	(583,218)	-	(583,218)
	-	-	116,443	1,549	(701,210)	-	(583,218)
Net profit for the year ended December 31, 2021	-	-	-	-	2,072,520	-	2,072,520
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(6,973)	(83)	(7,056)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,065,547	(83)	2,065,464
BALANCE AT DECEMBER 31, 2021	\$ 952,971	\$ 796,691	\$ 1,435,887	\$ 9,219	\$ 9,417,821	\$ (9,302)	\$ 12,603,287

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

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,595,782	\$ 1,542,145
Adjustments for:		
Depreciation expenses	212,418	194,414
Amortization expenses	1,995	1,590
Expected credit loss (reversed)	14,970	(1,782)
Finance costs	9,793	11,367
Recognition of refund liabilities	4,274	-
Gain on disposal of property, plant and equipment, net	(4,578)	(804)
Interest income	(20,066)	(73,078)
Write-downs (reversal) of inventories	3,240	(1,105)
Net loss on foreign currency exchange	21,556	370,256
Changes in operating assets and liabilities		
Notes receivable	(9,745)	(9,380)
Accounts receivable	(659,030)	59,633
Other receivables	(10,735)	(11,677)
Inventories	(464,770)	1,700
Other current assets	(9,833)	5,766
Notes payable	107,052	(5,148)
Accounts payable	29,958	(7,394)
Other payables	112,749	(20,214)
Refund liabilities	-	(1,457)
Other current liabilities	(446)	(2,652)
Net defined benefit liabilities	(4,640)	(4,285)
Cash generated from operations	1,929,944	2,047,895
Interest received	19,694	81,682
Interest paid	(11,761)	(11,394)
Income tax paid	(419,636)	(525,139)
Net cash generated from operating activities	<u>1,518,241</u>	<u>1,593,044</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment accounted for using the equity method	(1,494,612)	-
Payments for property, plant and equipment	(767,674)	(368,888)
Proceeds from disposal of property, plant and equipment	5,016	921
Increase in refundable deposits	(1,011)	(518)
Payments for intangible assets	(2,590)	(1,310)
Net cash used in investing activities	<u>(2,260,871)</u>	<u>(369,795)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	256,900	204,000
Repayment of the principal portion of lease liabilities	(32,766)	(32,244)
Cash dividends	(583,218)	(762,377)

(Continued)

KING SLIDE WORKS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Net cash used in financing activities	<u>(359,084)</u>	<u>(590,621)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	\$ <u>(22,001)</u>	\$ <u>(371,746)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,123,715)	260,882
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>9,050,089</u>	<u>8,789,207</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,926,374</u>	<u>\$ 9,050,089</u>

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

Annex 4 (Earnings Distribution Statement)

King Slide Works Co., Ltd.

Profit Distribution Table

January 1 – December 31, 2021

Unit: NTD

Item	Amount
Beginning retained earnings	7,352,273,128
Defined benefit plan re-measurement amount recognized in the retained earnings	(6,972,700)
Adjusted beginning retained earnings	7,345,300,428
Add: Net income after tax	2,072,519,746
Less: legal reserve	206,554,705
Less: special reserve	82,895
Distributable earnings	9,211,182,574
Planned earnings distribution	
Less: Dividend to shareholders (cash dividend NT\$10.88 per share)	1,036,832,143
Unappropriated retained earnings	8,174,350,431

Note: 1. The Company's profit distribution is based on the most recent annual earnings.

2. The ex-dividend date and the issuance date of the cash dividend are to be scheduled separately by the Board of Directors with the resolution of the shareholders meeting.

Chairman: Lin Tsung-Chi President: Lin Shu-Chen Chief Accountant: Chen Yi-Nian

Appendix 1 (Articles of Incorporation)

Articles of Incorporation of King Slide Works Co., Ltd.

Chapter 1 General Provisions

- Article 1 The Company is named “King Slide Works Co.,Ltd” organized under the Company Act.
- Article 2 The Company’s scope of business is as follows:
- I. CA02990 Other fabricated metal products manufacturing not elsewhere classified
 - II. CB01010 Mechanical and equipment manufacturing
 - III. CC01080 Electronic parts and components manufacturing
 - IV. CC01110 Computers and computing peripheral equipments manufacturing
 - V. CC01990 Electrical machinery, supplies manufacturing
 - VI. F106010 Wholesale of ironware
 - VII. F401010 International trade
 - VIII. ZZ99999 -All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company may provide endorsement or guarantee and act as a guarantor.
- Article 4 The Company has a head office in Kaohsiung City, and may establish branches domestically or internationally as necessary by the resolution of the Board of Directors.
- Article 5 The Company’s investment in other businesses is not subject to the restriction of “investment not exceeding 40% of the Company’s paid-in capital” as stipulated in the Company Act.

Chapter 2 Shares

- Article 6 The Company’s authorized capital amount is NT\$1.38 billion, divided into 138 million shares at NT\$10 par and issued in installments.
- The Board of Directors is authorized to have the unissued shares issued according to actual needs. For the total capital as stated in the preceding paragraph, an amount of NT\$25 million is available for the issuance of employee stock options, totaling 2.5 million shares at NT\$10 par. The Board of Directors is authorized to resolve and issue stock shares according to actual needs.
- Article 7 The Company’s stocks shall all be in registered form, affixed with the signatures or personal seals of more than three directors, and sequentially numbered. They are also certified by the competent authority or its approved issuing and registration agency before issuance.
- Article 8 The new shares issued by the Company may be printed into a consolidated share certificate with the total amount and may be exempted from printing any share certificate for the shares issued.
- The shares issuance as stated in the preceding paragraph shall be registered by or be placed under the custody of the centralized securities depository enterprise, and may be replaced with the security with large par value at the request of the centralized securities depository enterprise.
- Article 9 Shareholders of the Company shall, in the course of handling share transfer, pledge of rights, registration for loss, succession, gifts, loss of seal, amendment of seal or change of address, and exercise all their rights, unless specified otherwise by law and securities regulations, comply with the “Regulations Governing the Administration of Shareholder Services of Public Companies”.

- Article 10 The transfer of shares shall be suspended within 60 days before the annual shareholders' meeting, within 30 days before the special shareholders' meeting, or within 5 days before the date fixed by the company for distribution of dividends, bonus or other benefits.

Chapter 3 Shareholders' Meeting

- Article 11 Shareholders meetings include annual meetings and special meetings. The annual shareholders' meeting shall be held once a year and convened within 6 months after the end of each fiscal year, and all shareholders shall be informed by a notice 30 days prior to the scheduled meeting date. The special shareholders' meetings shall be convened when necessary, and all shareholders shall be informed by a notice 15 days prior to the scheduled date.

The aforementioned notice shall be with the date, place, and the purpose of the meeting clearly stated. A shareholders' meeting, unless otherwise provided by the Company Act, is convened by the Board of Directors.

- Article 12 When a shareholder is unable to attend the shareholders' meeting for any reason, he/she may appoint a proxy with a power of attorney published by the Company, stated the scope of authority, to attend the meeting. When one person is concurrently appointed as the proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

With regard to the process of Shareholders attending the meeting by a proxy, unless otherwise provided by the Company Act, should be handled in accordance with the provisions of the "Regulations Governing the use of Proxies for Attendance at the Shareholder Meetings of Public Companies" announced by the competent authorities.

- Article 13 A shareholders' meeting, unless otherwise provided by the Company Act, is to be chaired by the Chairman. When the Chairman is on leave or unable to exercise the powers of the Chairman for any reason, the Chairman shall appoint one of the directors to act as the Chairman. Where the Chairman does not make such a designation, the directors shall elect from among themselves one person to serve as the Chairman. The shareholders' meeting shall be handled in accordance with the Company's "Rules of Procedure for Shareholders' Meetings".

- Article 14 The resolutions of the shareholders' meeting, unless otherwise provided by the Company Act, shall be reached with the attendance of the shareholders who have had the majority of the shares issued, and with the consent of the attending shareholders who have had the majority of the voting rights. The shareholders of the Company have one vote per share, but those who have had events as stipulated in Article 179 of the Company Act have no voting rights.

- Article 15 The resolutions of the shareholders' meeting shall be recorded in the minutes of the meeting, which shall be signed or sealed by the Chairman, and the minutes of the meeting shall be distributed to the shareholders within 20 days after the meeting.

The distribution of the minutes of the meeting as stated in the preceding paragraph shall be handled in accordance with the provisions of the Company Act.

The minutes of the meeting shall be prepared with the information of the year, month, day, place of the

meeting, the name of the Chairman, the method of resolution, the essentials of the proceedings, and the results of the meeting. The minutes shall be kept persistently throughout the existence of the Company.

The attendance registry and the powers of attorney of the proxies of the shareholders' meeting shall be retained for at least one year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the records shall be retained until the conclusion of the litigation.

Chapter 4 Directors

Article 16 The Company has seven directors in which two to four independent directors who are elected according to the candidate nomination system for a 3-year term and can be re-elected. The qualifications of the independent directors and related matters shall be handled in accordance with the relevant law and regulations.

For the remuneration of all directors, the Board of Directors is authorized to determine it by referring to the standards of the industry.

The total number of the Company's registered shares held by all of the directors is determined according to the "Rules and Review Procedures for the Director and Supervisor Share Ownership Ratio at Public Companies" announced by the competent security authorities.

Article 17 The Board of Directors shall be organized by the directors. The directors shall elect among themselves one person to serve as Chairman for managing the business operation and representing the company externally. Also, a Vice Chairman can be elected depending on the actual needs of the business operation.

Article 18 A board meeting is to be convened by the Chairman. A board meeting is chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Chairman shall appoint one of the directors to act as Chairman. Where the Chairman does not make such a designation, the directors shall elect from among themselves one person to serve as Chairman. In case a meeting of the board of directors is proceeded via visual communication network, then directors attend such a visual communication meeting are deemed to be present in person.

If a director is unable to attend the board meeting for any reason, he/she may appoint another director to act in his/her behalf by proxy with the scope of authorization stated, but the director shall act as the proxy of one other director only.

Article 19 The resolutions of the Board of Directors, unless otherwise provided by the Company Act, shall be reached with the attendance of the majority of directors, and with the consent of the majority of the attending directors.

Article 20 The Company has established an audit committee which are composed of the entire number of independent directors. The exercise by the audit committee and its independent director members of the powers and matters related thereto shall be in accordance with the Securities and Exchange Act and the relating regulations.

Article 21 The board meeting notice should be prepared with the purpose of convening the meeting stated and it can be issued in writing or by fax or E-mail.

Chapter 5 Insurance

- Article 22 The Company may purchase liability insurance for the directors during their office term according to the liability resulting from exercising their duties.

Chapter 6 Managers

- Article 23 The Company may have managers appointed with their appointment, dismissal, and remuneration handled in accordance with the provisions of Article 29 of the Company Act.

Chapter 7 Accounting

- Article 24 The Company's fiscal year is from January 1 to December 31 of each year. At the end of each fiscal year, the Board of Directors shall prepare the following statements and submit to the shareholders' meeting for acceptance.

1. Business report
2. Financial statements
3. Surplus earning distribution or loss off-setting proposals.

- Article 25 If the Company makes a profit in the year, no less than 0.1% of the earnings shall be set aside as compensation to employees. The Board of Directors decides the distribution of stock dividend or cash dividend, and the employees of the subordinate companies who have met certain conditions are also entitled to the said compensation. The Company's Board of Directors may resolve to appropriate no more than 5% of the aforementioned earnings as compensation to directors. The compensation to employee and to directors shall be reported in the shareholders' meeting. However, if the company still has accumulated losses, it should retain a sufficient amount to offset the loss before appropriating compensation to employees and directors according to the ratio stated in the preceding paragraph.

- Article 26 The Company's earnings, if any, should be applied for distribution as follows:

1. Pay taxes and dues by law
2. Offset the accumulated losses,
3. Set aside 10% of said profits as legal reserve. However, when the legal reserve is equivalent to the paid-in capital of the Company, the appropriation of legal reserve could be ceased.
4. The special reserve shall be appropriated or reversed according to law and regulations.
5. The remaining amount, if any, plus the accumulated undistributed earnings shall be available for distribution according to the proposal of the Board of Directors. The distribution of dividends to the shareholders should be presented in the shareholders meeting for resolutions.

The Company engages in an innovative industry with products widely used in various industries, such as cloud servers, network communication, kitchen ware, and consumer electronics. The environment is changing, the business development is growing, and the dividend policy is in line with current and future development plans. Considering the investment environment, capital demand, and domestic and international competition, and taking into account the interests of shareholders, part of the earnings should be retained for the company's operational needs. The remaining amount of the earnings can be distributed in cash or stock, where the cash dividend is not less than 10% of the total dividend.

- Article 27 The matters not covered in the Articles of Incorporation will be handled in accordance with the provisions of the Company Act.
- Article 28 The Articles of Incorporation were enacted on September 2, 1986.
- The 1st amendment was made on December 29, 1986.
- The 2nd amendment was made on May 22, 1994.
- The 3rd amendment was made on September 18, 1995.
- The 4th amendment was made on March 14, 1998.
- The 5th amendment was made on June 13, 1999.
- The 6th amendment was made on November 5, 1999.
- The 7th amendment was made on June 15, 2000.
- The 8th amendment was made on June 20, 2001.
- The 9th amendment was made on June 29, 2002.
- The 10th amendment was made on June 29, 2003.
- The 11th amendment was made on April 30, 2004.
- The 12th amendment was made on March 16, 2005.
- The 13th amendment was made on June 28, 2005.
- The 14th amendment was made on June 16, 2006.
- The 15th amendment was made on June 28, 2007.
- The 16th amendment was made on May 16, 2008.
- The 17th amendment was made on June 24, 2010.
- The 18th amendment was made on June 27, 2012.
- The 19th amendment was made on June 23, 2016.
- The 20th amendment was made on July 30, 2021.

King Slide Works Co., Ltd.

Chairman: Lin Tsung-Chi

Appendix 2 (Rules of Procedure for Shareholders Meetings)

King Slide Works Co., Ltd.

Rules of Procedure for Shareholders' Meeting

It was resolved in the regular shareholders' meeting on June 16, 2006 for implementation.

- I. Unless otherwise stipulated by laws and regulations, the shareholders' meeting of the Company shall be held in accordance with these Rules.
- II. The shareholders meeting shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.
- III. Attendance and voting at a shareholders' meeting shall be calculated based on the number of shares.
- IV. The venue for a shareholders meeting shall be where the Company is located, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- V. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the board. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Vice Chairman shall act in place of the Chairman. If there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise the powers of the Vice Chairman, the Chairman shall appoint one of the managing directors to act as Chairman. If there is no managing directors in service, a director should be appointed to act in place of the Chairman. Where the Chairman does not make such a designation, the managing directors or the directors shall elect from among themselves one person to serve as Chairman.

If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting.
- VI. The Company may appoint its attorneys, certified public accountants, or related persons to attend a shareholders' meeting.

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
- VII. The process of the shareholders' meeting should be recorded with video or audio uninterruptedly and the video or audio recording shall be retained for at least 1 year.
- VIII. The Chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1 of Article 175 of the Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent more than half of the total

number of issued shares, the Chairman may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

- IX. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

The Chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting.

After the meeting is adjourned, the shareholders may not elect another Chairman to continue the meeting at the original site or another place. However, if the Chairman declares the meeting adjourned in violation of the rules of procedure, the other board directors shall promptly assist the attending shareholders in electing a new Chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

- X. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chairman.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When a shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chairman and the shareholder that has the floor. The Chairman shall stop any violation.

- XI. Except with the consent of the Chairman, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the Chairman may stop such act or terminate the speech discretionally.

- XII. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

- XIII. After an attending shareholder has spoken, the Chairman may respond in person or direct relevant personnel to respond.

- XIV. When the Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed and call for a vote.

- XV. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chairman,

provided that all monitoring personnel shall be shareholders of the Company.

The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

- XVI. When a meeting is in progress, the Chairman may announce a break based on time considerations.
- XVII. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of voting, if the Chairman has consulted the attending shareholders without any objection raised, it shall be deemed as passed and its validity shall be the same as the voting.

- XVIII. When there is an amendment or an alternative to a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.
- XIX. The Chairman may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor".
- XX. The matters not specified in the Rules shall be handled in accordance with the provisions of the Company Act, the Articles of Incorporation of the Company, and other relevant law and regulations.
- XXI. These Rules and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Appendix 3 (Shareholdings of Directors)

**King Slide Works Co., Ltd.
Shareholdings of Directors**

Base date: May 01, 2022

Title	Name	Election date	Shareholding at the time of election			Current shareholding		
			Types	Shares	Percentage of the current issuance (%)	Types	Shares	Percentage of the current issuance (%)
Chairman	Lin Tsung-Chi	2021.07.30	Common stocks	8,260,121	8.67%	Common stocks	8,260,121	8.67%
Director	Representative of Long Shen Investment Inc.: Lin Tsung Lung	2021.07.30	Common stocks	6,232,767	6.54%	Common stocks	6,232,767	6.54%
Director	Wang Chun Chiang	2021.07.30	Common stocks	1,112,000	1.17%	Common stocks	1,316,000	1.38%
Independent Director	Hsu Fang-Yih	2021.07.30	Common stocks	—	—	Common stocks	—	—
Independent Director	Cai Wen-Zhi	2021.07.30	Common stocks	—	—	Common stocks	—	—
Independent Director	Wu Hsiu	2021.07.30	Common stocks	—	—	Common stocks	—	—
Independent Director	Yang Fu-Hsuan	2021.07.30	Common stocks	1,000	0.00%	Common stocks	1,000	0.00%
Total				15,605,888			15,809,888	

Total number of shares issued on July 30, 2021: 95,297,072 shares

Total number of shares issued on May 01, 2022: 95,297,072 shares

Note 1: The number of shares that all directors of the Company should hold: 7,623,765 shares; shareholding as of May 01, 2022: 15,808,888 shares.

Note 2: The shareholding of independent directors is not included in the number of shares held by the directors.