Gold Circuit Electronics Ltd.

Parent Company only Financial Statements for the years ended December 31,2021 and 2020 and Independent Audit's Report

Address: No. 113, Xiyuan Road., Zhongli Industrial Park, Zhongli District, Taoyuan City 320, Taiwan (R.O.C.)

Telephone: (03)4612541

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Audit Report

To Gold Circuit Electronics Ltd.,

Audit opinions

We have audited the Parent Company-only Balance Sheet prepared for Gold Circuit Electronics Ltd. as of December 31, 2021 and 2020, and the Parent Company-Only Statement of Income, Parent Company-only Statement of Changes in Equity, Parent Company-only Statement of Cash Flows, and Notes to the Parent Company-only Financial Reports, including summaries of major accounting policies from January 1 to December 31, 2021 and 2020.

In our opinion, the major issues of said financial reports prove to have been duly worked out in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, presenting fairly the financial position of Gold Circuit Electronics Ltd. on December 31, 2021 and 2020 and the financial performance and cash flows for the periods starting from January 1 till December 31, 2021 and 2020.

Bases for the Audit Opinions

We conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of parent company-only financial reports. The personnel of the CPA Firm subject to the independence requirement have acted independently of Gold Circuit Electronics Ltd. in accordance with the Code of Ethics and with other responsibilities of the Code of Ethics performed. We believed 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 determined by us as the CPAs based on our professionalism to be the most important in the audit of the 2021 parent company-only financial reports of Gold Circuit Electronics Ltd. Such matters were addressed throughout the audit of the parent company-only financial reports and during the formation of audit opinions. We do not express separate opinions regarding these matters.

The key audit matters for the 2021 parent company-only financial reports of Gold Circuit Electronics Ltd. are described as follows:

Recognition of Income

When the subsidiary in Mainland China actually ships goods, the inventory control is transferred and the income from the triangle trade of Gold Circuit Electronics Ltd. is recognized. Therefore, it is possible that improper recognition of income exists despite the absence of actual shipment. Therefore, we believe that there might be risk over whether such type of income occurs. Given this, it is classified as a key audit matter. The income recognition policy is disclosed in Note IV herein.

The audit procedure that we performed on the above-mentioned key matters primarily covers the following:

1. Understand and test the design and effectiveness of execution of the major internal control for recognition of income of the Company.
2. Samples were selected from the income statement of the triangle trade to verify how original purchase orders from customers were approved and to verify the shipping receipts and supporting documents from the subsidiary in Mainland China for confirmation over whether the transaction really occurred or not.

Responsibilities of Management and Governance Unit for Parent Company-only Financial Reports

The responsibility of the management is to have the parent company only financial reports prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms International Accounting Standards, Interpretations, and also maintain the necessary internal controls related to the parent company only financial reports to ensure that the parent company only financial reports are free of any material misstatement arising from fraud or errors.

While compiling consolidated financial reports, the management is also responsible for evaluating the ability of Gold Circuit Electronics Ltd. to continue with operation, disclosing related matters, and adopting the bases for continued operation and accounting unless the management intends to liquidate Gold Circuit Electronics Ltd. or cease business operation, or no other practically feasible solutions are available except for liquidation or suspension.

The governance unit (including the Audit Committee) of Gold Circuit Electronics Ltd. is responsible for supervising the financial reporting process.

CPA's Responsibilities in Auditing Parent Company-only Financial Reports

We audit the parent company-only financial reports in order to be reasonably convinced as to whether the parent company-only financial reports as a whole contain material misstatements due to frauds or errors and to issue the audit report. Reasonably convinced is highly convinced. There is no guarantee, however, that existence of material misstatements in the parent company-only financial reports will be detected according to generally accepted auditing standards. Misstatements might have been caused by frauds or errors. If respective values or an overview of misstatements can be reasonably expected to affect economic decisions made by users of the parent company-only financial reports, they are considered material.

We, as the CPAs, apply our professional judgment and keep our professional doubts while performing the audit according to generally accepted auditing standards. We also perform the following tasks:

1. Identify and assess the risks of material misstatements in parent company-only financial reports, whether due to fraud or error, design, and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. Due to the fact that frauds might involve collusion, forging, intentional omission, misstatement, or non-compliance with internal control, the risk associated undetected material misstatements caused by frauds is higher than that caused by errors.
2. Obtain the necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstances, but the purpose is not to express an opinion on the effectiveness of the internal control of Gold Circuit Electronics Ltd.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Reach a conclusion with regard to the adequacy of the accounting basis adopted by the management to continue with operation and whether significant uncertainties of events or conditions that might result in significant concerns about the ability of Gold Circuit Electronics Ltd. to continue with operation exist or not according to the evidence obtained from the audit. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial reports or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may render Gold Circuit Electronics Ltd. no longer capable of continuing with operation.
5. Evaluate the overall presentation, structure, and contents of the parent company-only reports, including the disclosures, whether the parent company only statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of Gold Circuit Electronics Ltd. in order to express an opinion on the parent company only financial reports. We as the CPAs are responsible for guiding, supervising, and implementing the audit of Gold Circuit Electronics Ltd. as well as forming an opinion on the audit.

Matters that we communicated with the governance unit included the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we had identified during our audit).

We as the CPAs also provided the governance unit with the declaration on compliance of the staff in the accounting firm that we belong with moral regulations in honor of the profession of CPA and communicated with the governance unit on all relationships and other matters considered to be likely undermining the independence of CPAs (including related safeguard measures).

We decided the key audit matters for the 2021 parent company-only financial reports of Gold Circuit Electronics Ltd. from matters communicated on with the governance unit. We describe these matters in our auditor's 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 communications.

Deloitte & Touche

CPA Chao-Ling Chen

CPA Jui-Nan Chang

Financial Supervisory Commission's
Written Approval No.
JIN-Guan-Zheng-Liu-Zi No. 0930160267

Securities and Futures Commission's
written approval No:
Tai-Cai-Zheng-Liu-Zi No. 0920123784

March 22, 2022

Parent Company-only Balance Sheet of
Gold Circuit Electronics Ltd.

December 31, 2021 and 2020

Unit: NTD thousand

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes IV and VI)	$ 1,489,964	7	$ 2,289,674	13
1110	Financial assets measured at fair value through gains or losses – current (Notes IV and VII)	9,196	-	-	-
1150	Notes receivable (Notes IV and VIII)	-	-	83	-
1180	Accounts receivable – related party (Notes IV, V, VIII and XXVIII)	102,402	1	4,519	-
1170	Accounts receivable – non-related party (Notes IV, V and VIII)	8,630,350	38	6,213,750	35
1210	Other accounts receivable – related parties (Notes IV. VIII and XXVIII)	667,758	3	1,000,265	6
1200	Other accounts receivable – non-related parties (Note IV and VIII)	76,068	-	138,195	1
1220	Income tax assets for the current period (Note XXIII)	-	-	15,670	-
130X	Inventories (Notes IV and IX)	3,193,992	14	2,028,023	11
1410	Prepayments	82,356	-	69,726	-
1470	Other current assets (Note XV)	12,076	-	10,728	-
11XX	Total current assets	14,264,162	63	11,770,633	66
	non-current assets				
1550	Investment under equity method (Notes IV, X, and XXV)	4,873,407	22	2,627,936	15
1600	Property, Plant, and Equipment (Notes IV, XI and XXIX)	2,460,514	11	2,476,950	14
1755	Right-of-use assets (Notes IV and XII)	39,592	-	38,667	-
1760	Investment property (Notes IV and XIII)	577,900	3	577,000	3
1780	Other intangible assets (Notes IV and XIV)	16,394	-	9,238	-
1840	Deferred income tax assets (Notes IV and XXIII)	240,331	1	441,132	2
1900	Other non-current assets (Note XV)	1,415	-	1,415	-
15XX	Total non-current assets	8,209,553	37	6,172,338	34
1XXX	Total assets	$ 22,473,715	100	$ 17,942,971	100
Code	Liabilities and shareholders' equity				
	Current liabilities				
2100	Short-term loan (Notes IV and XVI)	$ 363,524	2	$ 14,486	-
2120	Financial liabilities at fair value through gains or losses – current (Notes IV and VII)	-	-	13,804	-
2170	Accounts payable – non-related parties (Note XVII)	1,444,020	7	874,382	5
2180	Accounts payable – related parties (Notes XVII and XXVIII)	4,990,415	22	3,547,183	20
2280	Lease liabilities – current (Notes IV and XII)	13,224	-	12,563	-
2219	Other accounts payable (Note XVIII)	1,352,124	6	1,111,803	6
2230	Income tax liability of current term (Note XXIII)	228,301	1	94,939	-
2250	Provision for liabilities-current (Notes IV and XIX)	167,544	1	137,009	1
2320	Long-term borrowings due within one year (Notes IV and XVI)	53,846	-	687,692	4
2399	Other current liabilities (Note XVIII)	77,032	-	40,663	-
21XX	Total current liabilities	8,690,030	39	6,534,524	36
	Non-current liabilities				
2540	Long-term borrowings (Notes IV and XVI)	826,924	4	1,772,308	10
2542	Long-term notes and bills payable (Note XVI)	1,250,000	5	-	-
2570	Deferred income tax liabilities (Notes IV and XXIII)	90,918	-	84,514	-
2580	Lease liabilities – Non-current (Notes IV and XII)	12,190	-	15,950	-
2640	Net defined benefit liabilities- non-current (Notes IV and XX)	200,680	1	269,180	2
2670	Other non-current liabilities (Note XVIII)	859	-	859	-
25XX	Total non-current liabilities	2,381,571	10	2,142,811	12
2XXX	Total liabilities	11,071,601	49	8,677,335	48
	Equity (Note XXI)				
	Capital stock				
3110	Common shares	5,464,879	24	5,464,879	31
3200	Additional paid-in capital	1,206,574	6	1,471,233	8
	Retained earnings				
3310	Legal reserve	167,997	1	-	-
3320	Special reserve	475,522	2	475,522	3
3350	Undistributed earnings	3,927,668	17	1,679,970	9
3300	Total retained earnings	4,571,187	20	2,155,492	12
3400	Other equity items	257,951	1	272,509	2
3500	Treasury stocks	(98,477)	-	(98,477)	(1)
3XXX	Total equity	11,402,114	51	9,265,636	52
	Total liabilities and equities	$ 22,473,715	100	$ 17,942,971	100

Notes to the parent company only financial reports constitute a part of these financial reports.

Parent Company-only Comprehensive Income Statement of
Gold Circuit Electronics Ltd.

January 1 to December 31, 2021 and 2020

Unit: NTD thousand, except for EPS (NT$)

		2021		2020	
Code		Amount	%	Amount	%
	Operating income (Note IV and XXVIII)				
4100	Sales income	$ 25,550,218	100	$ 21,865,903	100
	Operating cost (Notes IX, XX, XXII and XXVIII)				
5110	Sales cost	23,246,187	91	19,912,518	91
5900	Gross profit	2,304,031	9	1,953,385	9
	Operating expenditure (Notes XX, XXII and XXVIII)				
6100	Promotional expenditure	551,272	2	549,209	3
6200	Administration expenditure	371,015	1	314,719	2
6300	R&D expenditure	273,032	1	249,459	1
6450	Expected credit impairment loss (gain)	(47,866)	-	63,939	-
6000	Total operating expenditure	1,147,453	4	1,177,326	6
6510	Net amount of other profits and losses (Note XXII)	(2,846)	-	(41,297)	-
6900	Net operating profit	1,153,732	5	734,762	3
	Non-operating income and expenditure (Notes IV , XXII and XXVIII)				
7100	Interest income	26,915	-	62,324	-
7010	Other income	40,898	-	49,796	-
7020	Other gain or loss	(43,534)	-	(122,855)	-
7050	Financial cost	(29,141)	-	(53,799)	-
7070	Amount of profit and/or loss of subsidiaries, affiliates, and joint ventures adopting the equity method	2,251,444	9	1,688,586	8
7000	Total non-operating income and expenditure	2,246,582	9	1,624,052	8
7900	Net profit before tax from continuing operation	$ 3,400,314	14	$ 2,358,814	11
7950	Income tax expenses (Notes IV and XXIII)	473,460	2	292,202	1
8000	Continuing operation net profit for the year	2,926,854	12	2,066,612	10

(To be continued)

(Continued)

Code		2021 Amount	%	2020 Amount	%
	Other combined gains or losses				
8310	Not reclassified to profit and loss:				
8311	Defined benefit plan re-measurement amount (Note XX)	44,161	-	(11,985)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other combined gains or losses	-	-	(10,000)	-
8349	Incomes tax related to titles not subject to reclassification	(8,832)	-	2,397	-
8360	Items that may be reclassified under gains or losses later:				
8361	Exchange differences from conversion of financial reports of overseas operating entities	(14,558)	-	52,642	-
8300	Other combined gains or losses of current term (after-tax net value)	20,771	-	33,054	-
8500	Total combined gains or losses of the year	$ 2,947,625	12	$ 2,099,666	10
	EPS (Note XXIV)				
	From continuing operations				
9710	Basic	$ 5.41		$ 3.82	
9810	dilution	$ 5.38		$ 3.80	

Notes to the parent company only financial reports constitute a part of these financial reports.

Parent Company-only Statement of Changes in Equity of
Gold Circuit Electronics Ltd.

January 1 to December 31, 2021 and 2020

Unit: NTD thousand

				Retained earnings			Other equity items				
Code		Capital stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from conversion of financial reports of overseas operating entities	Unrealized gains or losses from financial assets measured at fair value through other combined gains or losses	Property upward revaluation	Treasury stocks	Total equities
A1	Balance as of January 1, 2020	$ 5,464,879	$ 1,471,233	$ -	$ 475,522	($ 377,054)	($ 65,344)	($ 570)	$ 295,781	($ 98,477)	$ 7,165,970
D1	2020 Net profit	-	-	-	-	2,066,612	-	-	-	-	2,066,612
D3	Other combined gains or losses after tax of 2020	-	-	-	-	(9,588)	52,642	(10,000)	-	-	33,054
D5	Total combined gains or losses of 2020	-	-	-	-	2,057,024	52,642	(10,000)	-	-	2,099,666
Z1	Balance as of December 31, 2020	5,464,879	1,471,233	-	475,522	1,679,970	(12,702)	(10,570)	295,781	(98,477)	9,265,636
	Appropriation and distribution of earnings from 2020										
B1	Legal reserve	-	-	167,997	-	(167,997)	-	-	-	-	-
B5	The Company's shareholder dividend in cash	-	-	-	-	(546,488)	-	-	-	-	(546,488)
	Change in other additional paid-in capital										
C15	Cash dividend assigned with capital reserve	-	(273,244)	-	-	-	-	-	-	-	(273,244)
C17	Capital reserve – transaction of treasury stocks	-	8,585	-	-	-	-	-	-	-	8,585
D1	Net profits of 2021	-	-	-	-	2,926,854	-	-	-	-	2,926,854
D3	Other combined gains or losses after tax of 2021	-	-	-	-	35,329	(14,558)	-	-	-	20,771
D5	Total combined gains or losses of 2021	-	-	-	-	2,962,183	(14,558)	-	-	-	2,947,625
Z1	Balance as of December 31, 2021	$ 5,464,879	$ 1,206,574	$ 167,997	$ 475,522	$ 3,927,668	($ 27,260)	($ 10,570)	$ 295,781	($ 98,477)	$11,402,114

Notes to the parent company only financial reports constitute a part of these financial reports.

Parent Company-only Statement of Cash Flows of
Gold Circuit Electronics Ltd.

January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Code		2021	2020
	Cash flow from operating activities		
A10000	Net profit before tax for the year	$ 3,400,314	$ 2,358,814
A20010	Income charges (credits):		
A20300	Expected credit impairment loss (gain on recovery of impairment)	(47,866)	63,939
A20100	Depreciation expenditure	289,395	282,458
A20200	Amortization expenditure	9,354	10,650
A20900	Financial cost	29,141	53,799
A29900	Provision for liabilities	31,444	25,542
A22400	Amount of profit and/or loss of subsidiaries, affiliates, and joint ventures adopting the equity method	(2,251,444)	(1,688,586)
A21200	Interest income	(26,915)	(62,324)
A23700	Inventory valuation and obsolescence losses	-	17,315
A23800	Gain on price recovery from inventory devaluation and obsolescence	(16,027)	-
A23100	Net gain from the disposal of financial assets	-	(423)
A22500	Loss on disposal of real estate properties, plants, and equipment	8,829	10,937
A20400	Net loss (gain) from financial assets measured at fair value through gains or losses	(9,196)	25,477
A20400	Net (gains) losses from financial liabilities measured at fair value through gains or losses	(13,804)	13,804
A24100	Net loss of exchange in foreign currencies	1,953	52,996
A24600	Gain from fair value adjustment of Investment property	(900)	(2,600)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	83	(83)
A31150	Accounts receivable	(2,495,549)	(180,669)
A31180	Other receivables	376,608	659,860
A31200	Inventories	(1,149,942)	(332,175)
A31230	Prepayments	(12,630)	8,249
A31240	Other current assets	(1,348)	(1,824)
A32130	Notes payable	-	(1,565)
A32150	Accounts payable	2,034,806	(87,876)
A32180	Other payables	230,043	491,741
A32230	Other current liabilities	36,369	12,508
A32240	Net defined benefit liabilities	(24,339)	(23,650)
A33000	Cash yielded in business operation	398,379	1,706,314

(To be continued)

(Continued)

Code		2021	2020
A33200	Interest collected	$ 35,298	$ 73,512
A33500	Income tax paid	(126,055)	(51,326)
AAAA	Net cash inflow from operating activities	307,622	1,728,500
	Cash flow from investing activities		
B00010	Financial assets measured at fair value through other combined gains or losses	-	(10,000)
B00100	Acquisition of financial assets at fair value through gains or losses	-	(29,000)
B00200	Disposal of financial assets at fair value through gains or losses	-	39,423
B02700	Procurement of real estate properties, plants, and equipment	(245,651)	(335,992)
B04500	Procurement of intangible assets	(16,510)	(8,697)
B02800	Proceeds from disposal of real estate properties, plants, and equipment	2,409	16,129
B03800	Decrease in refundable deposit	-	863
B02200	Net cash outflow from acquisition of subsidiaries	-	(147,450)
BBBB	Net cash outflow from investing activities	(259,752)	(474,724)
	Cash flow from financing activities		
C00100	Increase in short-term loan	424,640	407,574
C00200	Decrease in short-term loan	(75,340)	(615,396)
C00600	Decrease in short-term notes and bills payable	-	(100,000)
C01600	Application for long-term borrowings	7,635,374	4,160,000
C01700	Repayment of long-term borrowings	(9,214,604)	(4,318,333)
C01800	Increase in Long-term notes and bills payable	1,250,000	-
C03000	Collection of guarantee deposits received	-	20
C04020	Repayment of lease liability principal	(16,758)	(14,953)
C05600	Interest paid	(31,112)	(54,525)
C04500	Dividends in cash paid	(819,732)	-
CCCC	Net cash outflow from financing activities	(847,532)	(535,613)
DDDD	Impact of change in exchange rate on cash and cash equivalents	(48)	(5)
EEEE	Increase (decrease) in cash and cash equivalents	(799,710)	718,158
E00100	Balance of cash and cash equivalents-beginning of year	2,289,674	1,571,516
E00200	Balance of cash and cash equivalents-end of year	$ 1,489,964	$ 2,289,674

Notes to the parent company only financial reports constitute a part of these financial reports.

Gold Circuit Electronics Ltd.

Notes to Parent Company Only Financial Statements

January 1 to December 31, 2021 and 2020

(Expressed in Thousand New Taiwan Dollars, unless specified otherwise)

I. Company History

Gold Circuit Electronics Ltd. (GCE) was established in Jhongli Dist., Taoyuan City in September 1981, primarily engaged in manufacturing, processing and trading printed circuit boards.

The Company's stocks have been traded on TWSE since March 1998.

The parent company only financial reports were expressed in New Taiwan Dollars, the functional currency adopted by the Company.

II. Dates and Procedures for Approving Financial Statements

The parent company-only financial reports were approved by the Board of Directors on March 21, 2022.

III. Applicability of newly promulgated and amended standard rules and interpretations

(I) The first-time adoption of the IFRS, IAS, IFRIC, and SIC and effective upon promulgation by the Financial Supervisory Commission ("FSC") (hereinafter referred to as the "IFRSs" collectively).

Except for the instructions below, the application of the amended IFRSs that are approved and released to take effect by the FSC would not cause significant changes to the accounting policies of the Company:

1. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Stage 2"

The Company chooses to apply the amended practically suitable approaches while processing changes to the basics for deciding contract cash flows of financial assets, financial liabilities, and lease liabilities caused by interest rate benchmark reforms. The above-said changes, if required for the direct outcome of interest rate benchmark reforms and the new basics are equivalent to those prior to changes economically, they shall be considered as effective interest rate changes while the changes to basics are being decided.

For the hedging relationship impacted by interest rate benchmark reforms, the Company adopts the following temporary exceptions:

(1) Modify the hedging relationship as required to reflect the interest rate benchmark reform and consider such modification as an extension of the exiting hedging relationship.

(2) Designate new benchmark interest rates reasonably expected to be changed as separate components in the identification of risks within 24 months to be the items to be hedged as part of underlying components of risks not specified in the contract.

(3) Recognize the amount already accumulated as part of the cash flow hedging instrument gains or losses to be based on the revised new benchmark interest rate after the cash flow hedging relationship is revised.

(4) Divide the items to be hedged in a set of items subject to impacts from the interest rate benchmark reform into two sub-groups, that is, contracts that have been changed to be linked to another benchmark interest rate and those yet to be changed and assign the benchmark interest rate risk to be circumvented to for each sub-group.

(II) Applicable IFRSs approved by the FSC in 2022.

Newly released/amended/revised standards and their interpretations	The effective date released by IASB
"IFRS Annual improvements 2018- 2020"	Saturday, January 1, 2022 (Note 1)
Amendment to IFRS 3 "Reference to the Conceptual Framework"	Saturday, January 1, 2022 (Note 2)
Amendment to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"	Saturday, January 1, 2022 (Note 3)
Amendment to IAS 37: "Onerous Contracts – Cost of Fulfilling a Contract	Saturday, January 1, 2022 (Note 4)

Note 1: The amendment to IFRS 9 is applicable to the swaps of financial liabilities or revisions to provisions that occur during annual reporting periods on January 1, 2022 and thereafter. The amendment to IAS 41 "Agriculture" is applicable to fair value measurements for the annual reporting periods on January 1, 2022 and thereafter. The amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" is applicable to annual reporting periods on January 1, 2022 and thereafter.

Note 2: The amendment is applicable to mergers of businesses whose date of acquisition begins during an annual reporting period after January 1, 2022.

Note 3: The amendment is applicable to plants, real estate properties, and equipment in required locations and status meeting the operational approach expected by the management on January 1, 2021 (the start date of the earliest prior period) and thereafter.

Note 4: The amendment is applicable to contracts where not all obligations were fulfilled on January 1, 2022 and thereafter.

Except for the impacts mentioned above, as of the date the consolidated financial reports were approved and released, the Company had evaluated and determined that the amendments made to other standards and their interpretations will not significantly impact the financial standing and financial performance.

1. IFRS Annual improvements in 2018-2020

Several of the IFRSs were improved and amended in 2018-2020. The amendments to IFRS 9 "Financial Instruments," in particular, are meant to evaluate if there are material changes to the swaps of financial liabilities or revisions to provisions and to compare if a difference of 10% exists in the discounted cash flow between new and old contracts (including the net amount of payments made or collected from signing or revising a contract). The payments made or collected as mentioned in the foregoing shall only include those between the borrower and the lender.

2. Amendment to IFRS 3 "Reference to the Conceptual Framework"

The amendment was to update the reference to the conceptual framework and include requirement that new acquisitions shall be applicable under IFRIC 21 "Levies" in order to decide if obligations over levies to pay for liabilities exist on the date of acquisition.

3. Amendment to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"

The amendment stipulates that proceeds incurred in order for real estate properties, plants, and equipment to reach the required locations and states of the operating approach expected by the management shall not be adopted as the less item for the cost of the specific asset. The output items as mentioned above shall be weighed according to IAS 2 "Inventories" and proceeds from sales and the cost shall be recognized under gains or losses in compliance with the applicable standards.

The amendment is applicable to plants, real estate properties, and equipment in required locations and status meeting the operational approach expected by the management on January 1, 2021 onwards. When the Company applies the amendment for the first time, information during the period of comparison shall be reorganized.

4. Amendment to IAS 37: "Onerous Contracts – Cost of Fulfilling a Contract"

The amendment stipulates that while evaluating if a contract is onerous, the "cost of fulfilling a contract" shall include the additional cost for fulfilling the cost (such as direct manpower and raw materials) and amortization of other costs directly related to the fulfilling of the contract (such as depreciation expenditure of properties, plants, and equipment used for fulfilling the contract).

As of the date this Financial Statement was approved and released, the Company had evaluated and determined that the amendments made to other standards and their interpretations will not significantly impact the financial standing and financial performance.

(III) IFRSs already released by the IASB but not yet recognized and announced to take effect by the FSC.

Newly released/amended/revised standards and their interpretations	The effective date promulgated by IASB (Note 1)
IFRS 10 and IAS 28 amendment "Assets sales or contribution between the investor and the affiliated company or joint venture."	To be determined
IFRS 17 "Insurance Contracts"	Sunday, January 1, 2023
Amendment to IFRS 17	Sunday, January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	Sunday, January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	Sunday, January 1, 2023

Newly released/amended/revised standards and their interpretations	The effective date promulgated by IASB (Note 1)
Amendment to IAS 1: "Disclosure of Accounting Policies"	Sunday, January 1, 2023 (Note 2)
Amendment to IAS 8: "Definition of Accounting Estimate"	Sunday, January 1, 2023 (Note 3)
Amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	Sunday, January 1, 2023 (Note 4)

Note 1: Unless otherwise expressly remarked, the aforementioned new / Amendment / Amended Rules or Interpretation come into effect in the fiscal year starting from the respective specified effective dates.

Note 2: The amendment is applicable to delays during the annual reporting period that begins after January 1, 2023.

Note 3: The amendment is applicable to delays during the annual reporting period that begins after January 1, 2023.

Note 4: Except for the deferred income tax recognized of the temporary differences of lease and decommissioning obligation on January 1, 2022, the said amendment applies to transactions that occurred after January 1, 2022.

1. Amendments to IFRS 10 and IAS 28 "Assets sales or contribution between the investor and the affiliated company or joint venture."

   The amendment provides that if the Company sells or devotes assets to affiliates (or joint ventures), or the Company loses control over a subsidiary but retains significant influence on (or joint control over) the subsidiary, and if the aforementioned assets or subsidiary meets the definition of a business under IFRS 3 "Business Combinations," the Company is to recognize the gains or losses of the transactions fully.

   In addition, if the Company sells or devotes assets to affiliates (or joint ventures), or the Company loses the control over a subsidiary but retains significant influence on the subsidiaries (or joint control) during transactions with affiliates (or joint ventures), while the aforementioned assets or subsidiary does not meet the definition of IFRS 3 "Business," the Company is to recognize the gains or losses of the transactions only within the equity scope of the said affiliates (or joint ventures) irrelevant to the investors, in other words, the gains or losses attributable to the Company should be offset.

2. Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent"

   The Amendment clarifies that in order to determine whether a liability should be classified as non-current, it is necessary to evaluate whether the Company has the right to defer settlement of the liability for at least 12 months after the reporting period, at the end of the reporting period. If the Company has such right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period, the liability should be classified as noncurrent, irrelevant with whether the Company is expected to exercise the right or not. The Amendment also clarifies that if the Company may retain the right to defer settlement of a liability only upon compliance with specific terms, it must comply with such specific terms at the end of the reporting period, even if the lender will not test its compliance until a later date.

The amendment stipulates that for the purpose of liability categorization, the above-mentioned pay-off means the transfer of cash, other economic resources, or the equity tools of the Company to the counterparty to result in disappearance of liabilities. Notwithstanding, where, according to the terms and conditions of liabilities, the liabilities might be paid off at the discretion of the trading counterpart through the transfer of the Company's equity instruments and said discretion is stated into equity separately under IAS 32 "Financial Instruments: Presentation," the classification of liabilities would remain unaffected by said terms and conditions.

3. Amendment to IAS 1: "Disclosure of Accounting Policies"

The amendment specifies that the Company shall follow the definition of "material" while deciding material accounting policy information that should be disclosed. If the accounting policy information can be reasonably expected to likely affect decisions made by main users of general-purpose financial statements based on the financial statements, such information is considered "material." The amendment also clarifies that:

- The accounting policy information concerning non-material transactions, other matters, or conditions are considered non-material; the Company does not need to disclose the said information.
- The Company may determine if relevant accounting policy information is considered material based on the nature of the transactions, other matters, or conditions, even if the value involved is non-material.
- Not all accounting policy information relevant to material transactions, other matters, or conditions are considered material.

In addition, the amendment explains through examples that accounting policy information may be considered material if it is relevant to material transactions, other matters, or conditions:

(1) The Company changed its accounting policies during the reporting period and the said changes resulted in material changes of information provided in financial statements.

(2) The Company chooses its applicable accounting policies from options allowed under the Standard.

(3) The accounting policies are established by the Company in compliance with IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors" due to the lack of requirements of specific standards.

(4) The Company discloses applicable accounting policies that are decided to require utilization of material judgment or assumptions; or

(5) Complicated accounting processing requirements are involved and users of the Financial Statement rely on such information in order to know the said material transactions, other matters, or conditions.

4. Amendment to IAS 8: "Definition of Accounting Estimate"

The amendment specifies that accounting estimate refers to amount in currencies impacted by measurement uncertainties in financial statements. While applying accounting policies, it may be necessary for the Company to measure items to be included in the financial statements with the amount in currencies that cannot be directly observed and hence needs to be estimated. As such, it is required to fulfill this purpose by creating accounting estimates taking advantage of the measurement technique and the input value. If impacts of changes in the measurement technique and the input value on accounting estimates are not corrections of preceding errors, such changes are considered changes in accounting estimates.

5. Amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendment clarifies that transactions of the same value generated and subject to taxation and for which temporary differences may be eliminated when initially recognized are not applicable under the waiver requirement initially recognized in IAS 12. The Company would recognize deferred income tax assets (if its taxable income is likely to be available for lessing temporary differences) and deferred income tax liabilities of all temporary differences relevant to leases and decommissioning obligations that may be eliminated and are subject to taxation on January 1, 2022 and adjust the cumulative effects to be recognized as initial balance of retained earnings on that date. Transactions other than leases and decommissioning obligations, on the other hand, would be deferred in applying the said amendment on January 1, 2022 onwards.

In addition to the impact referred to above, the Company still continued to assess the impact of the other standards and interpretation on the financial position and financial performance up to the date the parent company only financial reports approved and published; also, the relevant influences would be disclosed upon the completion of assessment.

IV. Summary of Significant Accounting Policies

(I) Compliance Statement

The present standalone Financial Report has been duly worked out in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Compilation Basis

Except for the financial instruments measured at fair value, investment properties, and the net defined benefit liabilities recognized at fair value after the project assets are deducted from the current value of defined benefit obligations, this parent company only financial statement has been duly prepared on the grounds of historical costs.

The evaluation of fair value could be classified into Degree 1 to Degree 3 by the observable intensity and importance of the related input value:

1. Degree 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment)
2. Degree 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Degree 3 input value: the unobservable input value of asset or liability.

The Company applied the equity method to its invested subsidiaries, affiliated companies or joint ventures when preparing the parent company only financial report. In order to make the current income, other combined gains or losses and equity in the parent company only financial report identical with the current income, other combined gains or losses and equity attributed to the owner of the Company in the Company's consolidated financial reports, the certain accounting treatment differences between standalone basis and consolidated basis were handled by adjusting the "share of gains or losses of subsidiaries, affiliates & joint ventures accounted for using equity method," and related equities.

(III) Criteria for differentiating assets and liabilities between current and non-current

Current assets include:

1. Assets held primarily for trading purpose;
2. Assets anticipated to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted for exchanging or liquidating liabilities over 12 months after the balance sheet date).

non-current liabilities include:

1. Liabilities held primarily for trading purpose;
2. The liabilities to be liquidated upon due within 12 months after the balance sheet date (those with long-term refinancing or payment term rearrangement completed from the balance sheet date to the financial reports approved and published date are also classified as current liabilities), and
3. Liabilities that cannot be with the liquidation date deferred unconditionally for at least 12 months after the balance sheet date; Where the liabilities might be paid off at the discretion of the other party through the tools of the issuance equity, the classification would remain unaffected.

Those not as aforementioned current assets or current liabilities are classified into non- current assets or non-current liabilities.

(IV) Foreign currency

Upon preparation of the financial reports, transactions done in a currency (foreign currency) other than the functional currency of the Company are to be documented in the functional currency converted to on the date of transaction.

Foreign currency monetary items are converted according to the closing exchange rate on each balance sheet date. Exchange differences incurred from the delivery of monetary items or conversion of monetary items are recognized under gains or losses for the term of occurrence.

Foreign currency non-monetary items measured at fair value are converted at the exchange rate on the date when the fair values is determined. The resultant exchange differences are recognized under gains or losses for the current term. In the event that change in fair value is recognized under other combined gains or losses, however, the resultant exchange differences are recognized under other combined gains or losses.

The foreign currency non-monetary items measured at historical cost are converted at the exchange rate on the date of transaction and will not be converted again.

Upon preparation of the parent company only financial reports, the assets and liabilities of overseas operating entities (including the subsidiaries in the countries of business operation or those using currencies different from the Company's) were converted to New Taiwan Dollars based on the exchange rate quoted on every balance sheet date. The gain, fee and loss items were converted based on the exchange rates averaged for the current term. The resultant exchange differences are recognized under other combined gains or losses.

If the Company disposes of all equities of its foreign operating sites or disposes of some of the equities of the subsidiaries of its foreign operating sites and loses control or the retained equities following such disposal are financial assets handled according to the accounting policy for financial instruments, all accumulated differences of conversion that are relevant to the said foreign operating sites shall be recategorized as gains or losses.

If partial disposal of the subsidiaries of foreign operating sites does not lead to loss of control, accumulated differences of conversion will be calculated as part of the equity transactions proportionally yet they are not recognized as gains or losses. Under other circumstances where overseas operating entities are partially disposed of, the cumulative exchange differences, on the other hand, are recategorized to gains or losses in proportion to the disposal.

(V) Inventories

Inventories include raw materials, supplies, finished goods and in-process items. Inventory is measured at the lower of cost and net realizable value. While the cost and net realizable value are compared, except for inventories in the same category, the comparison is based on individual items. The term "net realizable value" as set forth herein denotes the balance of the selling price estimated under normal conditions deducted with the cost which is estimated to be invested till completion of manufacture and completion of sales. The cost of inventory is calculated in weighted average method.

(VI) Invested subsidiaries

The Company processed the investment in subsidiaries using the equity method.

The subsidiaries refer to the entities controlled by the Company (including structured entities).

With the equity method, investments were originally recognized according to their cost. The obtained future book value, on the other hand, increases or decreases according to the income and the share of other comprehensive income from the subsidiaries and distribution of profits that the Company is entitled to. Additionally, the change in other equity of subsidiaries attributed to the Company was recognized pro rata to the shareholding percentages.

When the change in the ownership equity on a subsidiary of the Company does not result in a loss of control, it should be treated as an equity transaction. The difference between the book value of the investment and fair value of paid or collected consideration was directly recognized as equity.

In the event that the Company's shares of loss in subsidiaries equal to or exceed its equity in the subsidiaries (including the book amount of investment in the subsidiaries in equity method and other long-term equity of the Company in the investment composition of the subsidiaries), the Company continued recognition of the further losses.

The portion obtained whose cost in excess of the share of recognizable net fair values of assets and liabilities in subsidiaries that the Company is entitled to on the day of acquisition will be listed as goodwill. Such goodwill is included as part of the book value of the specific investment and may not be amortized. When the share of recognizable net fair values of assets and liabilities in subsidiaries that the Company is entitled to on the day of acquisition exceeds the acquisition cost, on the other hand, the portion will be listed as income for the specific term.

When evaluating the impairment loss, the Company considered the units that yielded cash thoroughly based on the financial report and compared the recoverable amount and book value thereof. If the recoverable value of assets increases in the future, the impairment loss is reversed to be recognized as profit. The book value of the asset after reversal of impairment loss, however, may not exceed the book value after amortization that should be listed is subtracted without recognizing the impairment loss. Such loss in impairment should not be recovered in the subsequent period.

The Company, on the date on which it forfeited the control over subsidiaries, measured its remaining investment in the subsidiaries at fair value. The difference between the fair value of the remaining investment and the book amount of the investment on the date on which it forfeited the control as the current income. Meanwhile, the amount relevant to the subsidiaries recognized under other combined gains or losses were managed on the accounting grounds same as the grounds which it should comply with if the Company directly disposed of the relevant assets or liabilities.

The unrealized gains (losses) from downstream transactions between the Company and subsidiaries were written off in the parent company only financial report. For the gains or losses incurred in upstream and side-stream transactions between the Company and subsidiaries, the Company only recognized those within the scope irrelevant to the subsidiaries in the parent company-only financial reports.

(VII) Real estate properties, plants, and equipment

Property, Plant, and Equipment are recognized at cost and later measured at the value after cumulative depreciation and cumulative impairment losses are subtracted from the cost.

Property, Plant, and Equipment under construction are recognized at the value after the cumulative impairment losses are subtracted from the cost. Cost includes fees incurred for professional services and the cost of borrowings meeting the criteria for capitalization. For the said assets, depreciation started to be recognized when they are completed and reach the expected use condition and are classified into the appropriate categories under Property, Plant, and Equipment.

Except own land, for which no depreciation would be provided, the other real estate properties, plants, and equipment were depreciated and for each and every major part individually, on a straight-line basis within the useful years. The Company, at least at the end of each fiscal year, has the estimated durable life, residual value, and depreciation method reviewed, and also defers the effects of changes in applying accounting estimates.

When the real estate properties, plants, and equipment were written off, the difference between the net proceeds from disposal and the book value of the asset is recognized under gains or losses.

(VIII) Investment property

Investment property are those held in order to earn the rent or for capital appreciation or both. The investment-oriented real estate properties also include the land held for which the future purpose of use has not been resolved.

Self-owned investment-oriented real estate properties are initially measured at cost (including the cost of transaction) and later at fair value; the change in fair value is recognized under gains or losses for the term of occurrence.

When investment-oriented real estate properties are written off, the difference between the net proceeds from disposal and the book value of the asset is recognized under gains or losses.

(IX) Intangible assets

1. Individually acquired

Intangible assets that are acquired alone with limited durability are initially recognized by their cost and later by the value with their cost less cumulative depreciation and cumulative impairment loss. Intangible assets within the durability period are amortized on the straight-line basis The Company reviews at least on the end date of each year the estimated durability period, residual value, and depreciation method and postpones impacts where changes in accounting estimates apply. Intangible assets with indefinite durability are recognized with the cost less cumulative impairment loss.

2. Derecognition

When intangible assets are written off, the difference between the net proceeds from disposal and the book value of the asset is recognized in the profit and loss.

(X) Impairment of Property, Plant, and Equipment, right-of-use assets, and intangible assets-related assets

The Company evaluates on the date shown on each balance sheet whether there are any signs showing that real estate, plants, and equipment, right-of-use assets, and intangible assets might have been impaired. With presence of any sign of impairment, the recoverable amount of such assets is estimated. In the event that the recoverable amount of individual assets could not be estimated, the Company estimated the recoverable amount of the units that yielded cash belonging to the assets. Shared assets are amortized to the respective cash generating units on a reasonable and consistent basis.

The intangible asset with indefinite durability and not yet available for use should be tested for impairment at least annually or should be tested when there is an indication of impairment.

Recoverable value is the higher of the fair value less the selling price and its use value. If the recoverable value of the individual asset or cash generating unit is below the book value, the said book value of the individual asset or cash generating unit is adjusted down to the recoverable value and impairment loss is recognized under gains or losses.

(XI) Financial instruments

The financial assets and financial liabilities were recognized onto the parent company only balance sheet when the Company became a party to the contract of the financial instruments.

Upon initial recognition of financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through gains or losses, they are measured at fair value plus the cost of transaction that may be directly attributed to the acquisition or issuance of the financial assets or financial liabilities. The transaction cost of financial assets or financial liabilities that may be directly attributed to the acquisition or issuance of the financial assets or financial liabilities, on the other hand, is recognized immediately under gains or losses.

1. Financial assets

Regular transactions of financial assets are recognized or derecognized applying trade date accounting.

(1) Type of measure

The financial assets held by the Company include financial assets measured at fair value through gains or losses, financial assets measured at amortized cost, and investment in equity instruments measured at fair value through other combined gains or losses.

A. Financial assets measured at fair value through gains or losses.

Financial assets measured at fair value through gains or losses refer to those measured at fair value through gains or losses compulsorily. Financial assets measured at fair value through gains or losses compulsorily include investments in equity instruments not designated to be measured at fair value through other combined gains or losses and investments in bond instruments not eligible to be categorized as those measured at amortized cost or at fair value through other combined gains or losses.

Financial assets measured at fair value through gains or losses are measured at fair value, and the gains or losses so incurred are recognized under other gains and losses. Please refer to Note XXVII for the determination of fair value.

B. Financial assets measured at amortized cost

Shall the financial assets invested by the Company meet the following two conditions on the same time, they are classified as financial assets carried at amortized cost:

a. Held under a certain business model that aims to hold financial assets in order to benefit from contractual cash flows; and

b. The contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount.

Upon the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost, other accounts receivable, and refundable deposit) were measured at the amortized cost after the total book value decided using the effective interest method less any impairment loss. Any foreign currency exchange income was recognized as gains or losses.

Except for the following two circumstances, the interest income is calculated at the effective interest rate multiplied by the total book value of financial assets:

a. For purchased or initiated credit-impaired financial assets, the interest income is the credit-adjusted effective interest rate multiplied by the post-amortized cost of financial assets.

b. For those other than purchased or initiated credit-impaired financial assets that later become credit-impaired ones, the interest income is calculated at the effective interest rate multiplied by their amortized cost as of the next reporting period after credit impairment.

Credit-impaired financial assets mean that issuers or debtors already suffered major financial difficulties or contract violations or it is very likely that the debtor will file for bankruptcy or other financial restructures or the active market for financial assets disappears as a result of financial difficulties.

Cash equivalents include time deposits that are within 3 months from the date of acquisition, highly liquid, could be converted into a specific amount of cash at any time, and are at quite minimal risk of change in value; they are used to fulfill short-term cash commitment.

C. Investments in equity instruments at fair value through other combined gains or losses

However, the Consolidated Company may choose at the time of initial recognition to make irrevocable investments in equity instruments not held for trading purpose and not recognized or considered as part of corporate M&A and designate them to be measured at fair value through other combined gains or losses.

Investments in equity instruments measured at fair value through other combined gains or losses are measured at fair value, and the subsequent change in fair value is recognized under other combined gains or losses, and accumulated under other equities. In the disposal of investments, cumulative gains/losses are transferred directly to be the retained earnings and are not re-categorized as part of gains or losses.

Dividends from investments in equity instruments measured at fair value through other combined gains or losses are recognized under gains/losses when the Consolidated Company’s rights of receiving payments are confirmed, unless such dividends.

(2) Impairment of Financial Assets and Assets

At each date of balance sheet, the Company evaluates the impairment loss on financial assets (including accounts receivable) and contract assets based on the expected credit loss.

For accounts receivables, the allowance losses are recognized according to the lifetime expected credit loss. For other financial assets, whether the credit risk has significantly increased since initial recognition or not is evaluated first; if not, the allowance loss is recognized based on the expected credit loss over a period of 12 months and if yes, on the other hand, it is recognized according to the lifetime expected credit loss.

Expected credit loss is the weighted average of credit loss with the default risk as the weighting. 12-month expected credit loss is the expected credit loss resulting from possible defaults within 12 months after the reporting date of a financial instrument and lifetime expected credit loss is the expected credit loss resulting from all possible defaults throughout the lifetime of the financial instrument.

For the impairment loss of all financial assets, the book value is reduced through the allowance account.

(3) Derecognition of financial assets

The Company only de-recognizes financial assets when the rights coming from the contract over cash flows of such assets are expired or financial assets are transfered and nearly all risks and rewards associated with the ownership of such assets have been transferred to another enterprise.

When financial assets measured at amortized cost are derecognized end masse, the difference between the book value and collected consideration are recognized under gains or losses. When investments in equity instruments measured at fair value through other combined gains or losses are derecognized end masse, the cumulative gains/losses are transferred directly to be retained earnings and not re-classified under gains or losses.

2. Equity instruments

The liabilities and equity instruments issued by the Company were categorized as financial liabilities or equity based on the substance of the contract agreement and the definition of financial liabilities and equity instruments.

The equity instruments issued by the Company were recognized based on the acquisition price less direct issuing cost.

The Company’s own equity instruments re-acquired were derecognized and deducted under the equity title. Acquisition, sale, issuance or cancellation of the Company’s own equity instruments would not be recognized as income.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost applying the effective interest rate except for the following circumstances:

<u>Financial liabilities measured at fair value through gains or losses</u>

Financial liabilities measured at fair value through gains or losses are financial liabilities held for trading.

Financial liabilities held for trading are measured at fair value, the interest so incurred is recognized under financial cost, and the other gains or losses so incurred from re-measurement are recognized under other gains or losses.

Please refer to Note XXVII for the determination of fair value.

(2) Derecognition of financial liabilities

In the derecognition of financial liabilities, the difference between their book value and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized under gains or losses.

4. Derivative financial instruments

Derivative financial instruments that the Company enters into are forward foreign exchange contracts and are meant to manage the foreign exchange rate risk that the Consolidated Company is exposed to.

Derivative financial instruments, at the time the contract is signed, are recognized at fair value and later measured again at fair value on the balance sheet date. The resultant gains or losses are recognized under gains or losses directly. For designated derivatives and those that are effective hedging instruments, however, when they are recognized under gains or losses will depend on the nature of the hedging relationship. When the fair value of a derivative is positive, it is listed as a financial asset and when it is negative, it is financial liability.

If the derivatives are embedded into the master contracts for assets falling in the scope under IFRS 9 "Financial Instruments," the financial assets shall be classified based on the entire contract. Embedded derivatives other than those embedded into master contracts for assets falling in the scope under IFRS 9 (e.g. those embedded into the master contracts for financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the master contracts, and the contracts are not measured at fair value through gains or losses.

(XII) Provision for liabilities

The amount recognized under liability reserve is the best estimate that needs to be spent to fulfill the pay-off obligation on the balance sheet date having taken into consideration the risk and uncertainty associated with the obligation.

(XIII) Recognition of income

Upon identification of the performance obligation in the contract with customers, the Company amortized the transaction price to the performance obligations in the contract and recognized income upon fulfilling performance obligation of the contract.

If the Company signs multiple contracts with the same customer (or the customer's related party) almost at the same time, the Company would treat them as one single contract, as the commitment about commodity or labor service under the contracts should be identified as single performance obligation.

For contracts whose time interval between the transfer of commodities or labor services and collection of consideration is within a year, the transaction price is not adjusted for their major financial components.

<u>Sales income</u>

The sales income is from the sale of electronic equipment and products such as printed circuit boards. Upon arrival of products to the destination designated by customers, the customers have already owned the right to set the price and use the same and taken the responsibility for re-sale and borne the obsolescence risk; therefore, the Company recognized the revenue and accounts receivable at that moment.

As the ownership of processed products is not transferred upon processing with supplied materials, income is not recognized at the time of material supply.

(XIV) Lease

The Company evaluates if a contract is, or includes a lease on the date when the contract is established.

1. The Company was the Lessor.

In the event that one of the lease terms stipulates the transfer of nearly all risks and rewards associated with ownership over assets to the lessee, it is classified as a financing-oriented lease. All other categories of leases are classified as operating leases.

Under operating leases, the rent less lease incentives is recognized under income based on the straight-line method within the related lease period. The initial direct cost arising from acquiring operating leases is added to the book value of the underlying asset and recognized under expenditure on the straight-line method within the lease period.

2. The Company was the Lessee.

Except for the lease payments applicable to recognized waived low-valued underlying asset leases and short-term leases that are recognized as expenditure on the straight-line basis within the lease period, for all the other leases, the right-of-use assets and lease liabilities are recognized from the start date of lease.

The right-of-use assets are initially measured at cost (including the initial measured amount of lease liabilities) and later at the amount after the cost less cumulative depreciation and cumulative impairment loss, with lease liabilities remeasured adjusted. The right-of-use assets were individually expressed in the parent company only balance sheets.

The right-of-use assets on the straight-line basis are recognized under depreciation from the start date of lease to expiration of durability or expiration of the lease period, whichever occurs first. If the ownership of underlying assets will be acquired upon expiration of the lease period, or the cost of right-of-use assets reflects the exercise of the right of first refusal, on the other hand, the assets should be recognized under depreciation from the start date of lease to expiration of durability of underlying assets.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments and variable lease payments depending on any index or rates). If the implied interest rate of a lease can be determined easily, the lease payment is discounted applying the said rate. Otherwise, the interest rate for the lessee upon increase in borrowings is to be applied.

Later, lease liabilities are measured at amortized cost using the effective interest method. The interest expenditure is amortized within the lease period. If the change in the lease period or any index or rate adopted to help decide lease payments leads to any change in lease payments in the future, the Company remeasures lease liabilities and adjusts the right-of-use assets correspondingly. If the book value of right-of-use assets already drops to zero, however, the remaining remeasured amount is recognized under gains or losses. The lease liabilities are individually expressed in the parent company only balance sheets.

(XV) Borrowing Cost

The cost of borrowings that may be attributed directly to the acquisition, construction, or production of conforming assets is part of the cost of the said assets up to when nearly all necessary activities for the said assets to reach the expected use or sale state are completed.

Specific borrowings are to be deducted from the cost of borrowings meeting capitalization criteria if they are meant for temporary investments that give rise to earned investment income prior to occurrence of capital expenditure meeting the criteria.

Except for the foregoing, the cost of all the other borrowings is recognized under gains or losses for the term of occurrence.

(XVI) Government Subsidies

The government subsidies would be recognized only if that it is strongly believed on reasonable grounds that the Company would comply with the conditions imposed on the government subsidies and such subsidies may be received affirmatively.

Government subsidies concerning gains are recognized systematically as other income during the period where related costs they are meant to offset are recognized by the Company as expenses. Government subsidies on the condition that the Company shall acquire non-current assets by purchasing or building them or in any other way mean that the less items for the book value of the said non-current assets are recognized and the subsidies are recognized under gains or losses within the durable period of the said assets by reducing the cost of depreciation or amortization for non-current assets.

If government subsidies are meant to compensate for incurred expenses or losses or for providing the Company with immediate financial support and are not associated with costs in the future, they are recognized as gains or losses during the collectible period.

(XVII) Employee Welfare

1. Short-term employee benefits

Short-term employee benefits-related liabilities are measured at the non-discounted amount prepaid in exchange for employee services.

2. Benefits after severance/retirement

For pension under the defined contribution retirement plan, the amounts of pension to be contributed during the period when employees provide service are recognized as expenditure.

The defined benefit cost under the defined benefit retirement plan (including the service cost, net interest, and re-measurement amount) are based on the actuary of projected unit credit method. The service cost (including current service cost), and net interest on the net defined benefit liabilities (assets) are recognized under employee benefit expenditure at the time of occurrence. The re-measurement amount (including actuarial gains or losses and projected

ROA net of applicable interest) is recognized under other combined gains or losses and included as part of retained earnings at the time of occurrence and is not re-categorized under gains or losses later.

The net defined benefit liabilities (assets) refer to the amount short (surplus) in the contribution under the defined benefit retirement plan. The net defined benefit assets should not exceed the refund of the contributed fund or decrease the present value of the fund to be contributed in the future.

3. Resignation benefits

The Company had resignation benefit liabilities recognized when the resignation benefit contract cannot be revoked or when recognizing the related reorganization cost (whichever is sooner).

(XVIII) Income tax

The income tax expenditure denotes the total of the income tax payable for the current term and the deferred income tax.

1. Income tax for the year

The income tax imposed on undistributed earnings calculated as required by the Income Tax of the Republic of China is recognized for the year according to the resolution reached in the shareholders' meeting.

The adjustment made to the income tax paid in the preceding year is included as part of the current income tax.

2. Deferred income tax

Deferred income tax is computed in accordance with the temporary differences between the book value of the assets and liabilities and the tax base for calculating the taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets, on the other hand, are recognized when it is very likely that income from taxation is available for use in deductible temporary differences.

All taxable temporary differences relevant to the investment in subsidiaries were recognized as deferred income tax liabilities, unless the Company could control the time point of recovery of the control over the temporary difference, or said temporary difference would be very likely not recoverable in the foreseeable future. Deductible temporary differences relevant to such investments are only recognized under deferred income tax assets when they are very likely to bring about sufficient income from taxation and to be recovered in the foreseeable future.

The book value of the deferred income tax assets is reviewed again on each balance sheet date and is adjusted down when it is no longer very likely to have sufficient income from taxation for recycling all or part of the assets. Those not initially recognized as deferred income tax assets are also reviewed again on each balance sheet date and the book value is adjusted up when it is very likely to have income from taxation for recycling all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate for the specific term when liabilities are expected to be paid off or assets are expected to be realized. The said tax rate is based on the tax rate that is included in legislation or practically included in legislation and the tax law on the balance sheet date. The deferred income tax liabilities and assets were measured to reflect the Company for the taxation consequences of taxation for the book amounts of the assets and liabilities anticipated to be recovered or reimbursed as of the balance sheet date. Where the investment-oriented real estate properties measured at fair value are non-depreciating assets or the economic model held does not deplete nearly all economic benefits of the said assets with time, the Company collects their book value by selling them hypothetically.

3. Current and deferred income tax

Current and deferred income tax is recognized under gains or losses. That relevant to items recognized under other combined gains or losses or directly under equities, however, is recognized separately under other combined gains or losses or directly under equities.

Where the current income tax or deferred income tax is generated from acquisition of any subsidiary, the income tax effects should be included under investments in subsidiaries.

V. Major Sources of Major Accounting Judgments, Estimates and Uncertainties of Hypotheses

Where the Company adopted accounting policies, where the relevant information was found hardly available from other sources, the management must come to relevant judgments, estimates, and hypotheses based on historical experiences and other relevant factors. Actual consequences might differ from estimates.

The Company included the recent developments of the COVID-19 pandemic in our country and its possible impacts on the economic setting while considering related major accounting estimates such as cash flows, growth rate, discount rate, and profitability. The management will continue to review the estimates and basic hypotheses. If the modifications made to estimates only affect the current term, they are recognized for the current term. If the modifications made to accounting estimates affect both the current term and future periods, on the other hand, they are recognized for both the current term and the future periods.

Major sources of estimates and uncertainties of hypotheses

Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Company's hypotheses about the default rate and defaults loss rate. The Company took into consideration the historical experience, existing market conditions and forward-looking estimates to make the assumptions and select the inputs to the impairment calculation. For details of the key assumptions and inputs used, please refer to Note XXVII. If the actual cash flows in the future are less than the Company's expectations, material impairment loss may occur.

VI. Cash and Cash Equivalents

	December 31, 2021	December 31, 2020
Cash on hand and working capital	$ 865	$ 1,179
Bank's notes and current deposits	1,476,067	2,277,552

	December 31, 2021	December 31, 2020
Cash equivalents (investment due within three (3) months in the date of initial maturity).		
Bank time deposit	13,032	10,943
	$ 1,489,964	$ 2,289,674

VII. Financial instruments at fair value through gains or losses

	December 31, 2021	December 31, 2020
Financial assets-current		
Measured at fair value through gains or losses compulsorily		
Derivative financial instruments (not designated for hedging purpose)		
– Forward foreign exchange contracts (1)	$ 3,024	$ -
– FX swap contracts (2)	6,172	-
Subtotal	$ 9,196	$ -
Financial liabilities – Current		
Measured at fair value through gains or losses compulsorily		
Derivative financial instruments (not designated for hedging purpose)		
– Forward foreign exchange contracts (1)	$ -	$ 9,220
– FX swap contracts (2)	-	4,584
	$ -	$ 13,804

(I) Outstanding forward foreign exchange contracts not applicable under hedge accounting on the balance sheet date are provided below:

	Currency	Maturity date	Contract amount (NTD Thousand)
December 31, 2021			
Sold forward foreign exchange contracts	USD versus NTD	01/03/2022 – 02/15/2022	USD 24,000/NTD 667,344
December 31, 2020			
Sold forward foreign exchange contracts	USD versus NTD	01/04/2021– 04/06/2021	USD 44,000/NTD 1,243,900

(II) Outstanding FX swaps contracts not applicable under hedge accounting and yet to mature are provided below:

	Currency	Maturity date	Contract amount (NTD Thousand)
December 31, 2021			
Sold FX swaps	USD versus NTD	01/28/2022 – 02/25/2022	USD 62,000／NTD 1,722,332
December 31, 2020			
Sold FX swaps	USD versus NTD	01/29/2021 – 02/26/2021	USD 62,000／NTD 1,761,176

The Company entered into forward foreign exchanges and FX swaps primarily in order to hedge against the risk arising from foreign currency assets and liabilities due to fluctuations in foreign exchange rate.

VIII. Notes receivable, accounts receivable and other accounts receivables

	December 31, 2021	December 31, 2020
Notes receivable		
Generated from operations	$ -	$ 83
Accounts receivable		
Measured at amortized cost		
Total book value	$ 8,774,866	$ 6,308,249
Less: Allowance losses	(42,114)	(89,980)
	$ 8,732,752	$ 6,218,269
Other receivables		
Business tax refund receivable	$ 38,375	$ 26,076
Receivables from sale of scraps	22,255	13,870
Others	683,196	1,098,514
	$ 743,826	$ 1,138,460

Notes receivable and accounts receivable

The Company's average credit period for sale of commodities was 180 days. The notes and accounts receivable were collected without interest. Considering that the Company's trading counterparts were primarily domestic/foreign renowned companies/entities with fair goodwill, no material credit risk was expected to arising therefor. Upon determination of the recoverability of notes and accounts receivable, the Company took into account and all changes in the quality of credit of the notes and accounts receivable during the period starting from the initial granting of the loan until the balance sheet date. Historical experiences have shown optimal recovery of notes and accounts receivable in most cases.

In order to mitigate the credit risk, on the balance sheet date, the Company would recheck on a case-by-case basis the recoverable amount of notes and accounts receivable to assure that for the notes and accounts receivable which were not recoverable, appropriate impairment loss has been duly amortized. Accordingly, the Company's management held that the Company's credit risks had been significantly reduced.

The Company recognized the allowance losses on notes and accounts receivable based on the lifetime expected credit loss. Lifetime expected credit loss is calculated applying the provision matrix and takes into consideration prior violations of the customer and current financial and industrial/economic conditions as well as the recoverable amount. As the Company's credit loss history showed that there was no significant difference among the loss patterns of different customer bases, the reserve matrix didn't further divide the customer bases, but only established the expected credit losses based on the number of days for which the notes and accounts receivable became overdue.

Where any evidence showed that the trading counterparts had severe financial difficulties, and it was impossible for the Company to reasonably expect the recoverable amount, e.g. the counterparts were under liquidation, the Company would write off the related notes and accounts receivables. However, the pursuit of recovery would be continued, and the amount recovered from such pursuit would be recognized as gains or losses.

The allowance loss on notes and accounts receivable measured by the Company based on the reserve matrix is stated as following:

December 31, 2021

Accounts receivable

	Not past due	1–60 days past due	61–90 days past due	91–120 days past due	Past due for more than 120 days	Total
Expected credit loss (ECL) rate	0.10%	24.84%	80.84%	91.60%	99.82%	-
Total book value	$ 8,667,930	$ 96,207	$ 4,868	$ 655	$ 5,206	$ 8,774,866
Allowance losses (lifetime expected credit loss)	(8,487)	(23,896)	(3,935)	(600)	(5,196)	(42,114)
Amortized cost	$ 8,659,443	$ 72,311	$ 933	$ 55	$ 10	$ 8,732,752

December 31, 2020

Accounts receivable

	Not past due	1–60 days past due	61–90 days past due	91–120 days past due	Past due for more than 120 days	Total
Expected credit loss (ECL) rate	0.18%	57.60%	100%	100%	100%	-
Total book value	$ 6,182,220	$ 112,107	$ 6,118	$ 1,651	$ 6,153	$ 6,308,249
Allowance losses (lifetime expected credit loss)	(11,486)	(64,572)	(6,118)	(1,651)	(6,153)	(89,980)
Amortized cost	$ 6,170,734	$ 47,535	$ -	$ -	$ -	$ 6,218,269

The information about changes in allowance losses on accounts receivables is stated as following:

	2021	2020
Balance – beginning of year	$ 89,980	$ 26,041
Add: Impairment loss provided in the current year	-	63,939
Less: Reversal of impairment loss in the current year	(47,866)	-
Balance – end of year	$ 42,114	$ 89,980

Compared to the balance in the beginning of the year, the total book value of accounts receivable that were more than 1–60 days past due on December 31, 2021 decreased by NTD 15,900 thousand and it resulted in a net reduction in allowance losses by NTD 40,676 thousand; the total book value of accounts receivable that were more than 90 days past due on December 31, 2020 increased by NTD 741 thousand and it resulted in a net increase in allowance losses by NTD 741 thousand.

IX. Inventories

	December 31, 2021	December 31, 2020
Finished goods	$ 1,950,653	$ 1,373,777
In-process items	760,761	400,408
Raw materials & supplies	267,220	161,087
Inventories in transit	215,358	92,751
	$ 3,193,992	$ 2,028,023

Sales cost is defined as follows:

	2021	2020
Cost of inventory already sold	$ 23,468,373	$ 20,003,937
Loss from inventory falling in price (gain on recovery)	(16,027)	17,315
Income from the sale of scraps and waste materials	(206,159)	(127,813)
Others	-	19,079
	$ 23,246,187	$ 19,912,518

X. Investment under equity method

Invested subsidiaries	December 31, 2021	December 31, 2020
Non-public/non-OTC companies		
King Hsiang Investment Co.	$ 31,357	$ 25,934
Goldex Holding Limited	4,842,050	2,602,002
	$ 4,873,407	$ 2,627,936

	Percentage of equity and voting right	
	December 31, 2021	December 31, 2020
King Hsiang Investment Co.	99.97%	99.997%
Goldex Holding Limited	100.000%	100.000%

For the details about the invested subsidiaries held by the Company indirectly, please refer to Attachment VI.

XI. Property, Plant, and Equipment

Self-use

	Own land	Building	Machinery & equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost								
Balance as of January 1, 2021	$ 701,186	$ 2,296,387	$ 4,567,036	$ 30,754	$ 61,259	$ 948,979	$ 27,536	$ 8,633,137
Addition	-	-	-	-	-	-	287,971	287,971
Disposal	-	-	(173,316)	(3,467)	(6,245)	(300,035)	-	(483,063)
Re-categorization	-	5,720	132,825	7,670	10,015	68,895	(241,634)	(16,509)
Balance as of December 31, 2021	$ 701,186	$ 2,302,107	$ 4,526,545	$ 34,957	$ 65,029	$ 717,839	$ 73,873	$ 8,421,536
Cumulative depreciation and impairment								
Balance as of January 1, 2021	$ -	$ 1,812,637	$ 3,457,879	$ 16,201	$ 45,440	$ 824,030	$ -	$ 6,156,187
Disposal	-	-	(162,460)	(3,274)	(6,191)	(299,901)	-	(471,826)
Depreciation expenditure	-	27,733	180,410	3,839	4,131	60,548	-	276,661
Balance as of December 31, 2021	$ -	$ 1,840,370	$ 3,475,829	$ 16,766	$ 43,380	$ 584,677	$ -	$ 5,961,022
Net value as of December 31, 2021	$ 701,186	$ 461,737	$ 1,050,716	$ 18,191	$ 21,649	$ 133,162	$ 73,873	$ 2,460,514
Cost								
Balance as of January 1, 2020	$ 701,186	$ 2,291,422	$ 4,588,671	$ 25,099	$ 55,763	$ 897,315	$ 11,056	$ 8,570,512
Addition	-	-	-	-	-	-	402,039	402,039
Disposal	-	-	(322,987)	(4,630)	(449)	(2,651)	-	(330,717)
Reclassification	-	4,965	301,352	10,285	5,945	54,315	(385,559)	(8,697)
Balance as of December 31, 2020	$ 701,186	$ 2,296,387	$ 4,567,036	$ 30,754	$ 61,259	$ 948,979	$ 27,536	$ 8,633,137
Cumulative depreciation and impairment								
Balance as of January 1, 2020	$ -	$ 1,784,004	$ 3,580,964	$ 18,417	$ 42,837	$ 765,049	$ -	$ 6,191,271
Disposal	-	-	(296,206)	(4,362)	(439)	(2,644)	-	(303,651)
Depreciation expenditure	-	28,633	173,121	2,146	3,042	61,625	-	268,567
Balance as of December 31, 2020	$ -	$ 1,812,637	$ 3,457,879	$ 16,201	$ 45,440	$ 824,030	$ -	$ 6,156,187
Net amount as of December 31, 2020	$ 701,186	$ 483,750	$ 1,109,157	$ 14,553	$ 15,819	$ 124,949	$ 27,536	$ 2,476,950

There was no sign for impairment in 2021. Therefore, the Company didn't recognize or reverse impairment loss.

Depreciation expenditure is appropriated on the straight-line basis according to the durability shown below:

Building	
Main building of plants	11–55 years
Electromechanical & power equipment	5–11 years
Engineering system	3–25 years
Others	5–15 years
Machinery & equipment	2–14 years
Transportation equipment	3–9 years
Office equipment	3–11 years
Other equipment	1 year –13 years

Please refer to Note XXIX for the self-use property, plant and equipment offered as collateral of loans.

XII. Lease Agreement

(I) Right-of-use assets

Item	Machinery & equipment	Total
Cost		
Balance as of January 1, 2021	$ 128,458	$ 128,458
Addition	13,659	13,659
Balance as of December 31, 2021	$ 142,117	$ 142,117
Cumulative depreciation and impairment		
Balance as of January 1, 2021	$ 89,791	$ 89,791
Depreciation expenditure	12,734	12,734
Balance as of December 31, 2021	$ 102,525	$ 102,525
Net value as of December 31, 2021	$ 39,592	$ 39,592
Cost		
Balance as of January 1, 2020	$ 125,808	$ 125,808
Addition	2,650	2,650
Balance as of December 31, 2020	$ 128,458	$ 128,458
Cumulative depreciation and impairment		
Balance as of January 1, 2020	$ 75,900	$ 75,900
Depreciation expenditure	13,891	13,891
Balance as of December 31, 2020	$ 89,791	$ 89,791
Net amount as of December 31, 2020	$ 38,667	$ 38,667

(II) Lease liabilities

	December 31, 2021	December 31, 2020
Book value of lease liabilities		
Current	$ 13,224	$ 12,563
Noncurrent	$ 12,190	$ 15,950

The range of discount rates for the lease liabilities is stated as following:

	December 31, 2021	December 31, 2020
Machinery & equipment	1.38%~2.68%	1.38%~2.68%

(III) Major lessee activities and terms and conditions

The Company rented certain energy-conservation equipment and water quality monitoring systems. The lease periods were 10 years and 3 years, respectively. Upon expiration of the lease period, the lease objects would be transferred to the Company unconditionally. Among the other things, the energy-conservation equipment lease contract provided that the lease payment should vary depending on the specific percentage of the energy-conservation amount on a monthly basis.

(IV) Other information about the lease

	2021	2020
Short-term lease expenditure	$ 364	$ 1,129
Low-value asset lease expenditure	$ 6,437	$ 5,408
Total amount of cash (outflow) from lease	($ 23,559)	($ 21,490)

XIII. Investment property

	Finished investment-oriented real estate properties
Balance as of January 1, 2020	$ 574,400
Profit from changes in fair value	2,600
Balance as of December 31, 2020	577,000
Profit from changes in fair value	900
Balance as of December 31, 2021	$ 577,900

Investment property are measured at fair value on a recurring basis. The evaluation basis for the fair value thereof is given below:

	December 31, 2021	December 31, 2020
External appraisal service	$ 577,900	$ 577,000

The fair values of any investment-oriented real estate property amounting to more than NT$300 million on December 31, 2021 and 2020 was appraised by qualified Appraiser Hsiang-Ling Chiu and Appraiser Tien-Ching Hsieh from CCSI Real Estate Joint Appraisers Firm on December 31, 2021 and 2020.

Except undeveloped land, the fair value of investment-oriented real estate properties is determined adopting the income approach. Important hypotheses are given below. When the projected future net cash inflow increases or the discount rate drops, the fair value would climb.

	December 31, 2021	December 31, 2020
Projected future net cash inflow	$ 851,900	$ 845,200
Projected future net cash outflow	274,000	268,200
Projected future net cash inflow	$ 577,900	$ 577,000
Discount rate	1.72%	1.72%

The rent prevailing in the area where the investment property was located was about NTD 0.497 thousand per ping, while that for any comparable object on the market was about NTD 0.483 thousand – NTD 0.641 thousand per ping (1 ping = 3.305785 m^2).

The projected future cash inflow from investment-oriented real estate properties includes rent income and deposit interest income less loss from idle assets. The rent income is evaluated based on the rent prevailing locally or that for any comparable object on the market, with any overestimated or underestimated comparable objects excluded, and also based on the growth rate of the future rent. The income analysis period is estimated to be five years. The deposit interest income is estimated based on one-year time deposit interest rate. The loss from idle assets is estimated based on 1.5-month rent income plus deposit interest income. The projected future cash outflow from investment-oriented real estate properties includes expenditures such as land value tax, house tax, insurance premium, management expense, maintenance expense, replacement appropriation fee, depreciation allowance, disposal expenditure and estimated land value increment tax. Such expenditures are estimated based on the current expenditure level and take into consideration the adjustment on the current land value announced in the future, and tax rate specified in house tax regulations.

The discount rate is decided based on the two-year time deposit interest rate published by Chunghwa Post Co., Ltd. plus 0.875%.

XIV. Other intangible assets

	December 31, 2021	December 31, 2020
Computer software	$ 16,394	$ 9,238

Amortization expense was appropriated on a straight-line basis within 1–5 useful years.

Summarization of amortization expenditure by function:

	2021	2020
Operating cost	$ 9,177	$ 10,460
Administration expenditure	88	120
R&D expense	89	70
	$ 9,354	$ 10,650

XV. Other assets

	December 31, 2021	December 31, 2020
Current		
Others	$ 12,076	$ 10,728
Noncurrent		
Refundable deposit	$ 1,415	$ 1,415

XVI. Loan

(I) Short-term borrowings

	December 31, 2021	December 31, 2020
Secured loans (Note XXIX)		
Borrowings from banks	$ 13,524	$ 14,486
Unsecured borrowings		
Line of credit-based borrowings	350,000	-
	$ 363,524	$ 14,486

The interest rate of revolving borrowings from banks was 0.782%–1.152% and 1.12%–1.427% on December 31, 2021 and 2020, respectively.

(II) Long-term borrowings

	December 31, 2021	December 31, 2020
Secured loans (Note XXIX)		
Mega International Commercial Bank (1)	$ 430,770	$ 700,000
KGI Bank (2)	250,000	250,000
Subtotal	680,770	950,000
Unsecured borrowings		
Syndicated banks including E. Sun Bank (3)	-	1,450,000
Agricultural Bank of Taiwan (4)	-	60,000
CTBC (5)	200,000	-
Subtotal	200,000	1,510,000
Less: current portion	53,846	687,692
Long-term borrowings	$ 826,924	$ 1,772,308

1. Land and buildings are set as the collaterals for secured borrowings. The total value of NTD 700,000 thousand has been drawn down in full. The borrowing period began on September 6, 2019 and ended on September 6, 2024, with interests paid on a monthly basis. From the date of the first draw-down, the first term was up to the end of the first 24 months and each term thereafter consists of 3 months. The borrowings are to be paid in installments over a total of 13 terms. As of December 31, 2021 and 2020, the effective annual interest rates were 1.2% and 1.4%, respectively.

2. Land and buildings are set as the collaterals for secured borrowings. The total value of NTD 350,000 thousand has been drawn down in full. The borrowing period was from April 30, 2017 to April 30, 2020. Prior to expiration, the borrowing period had been extended to April 29, 2024. The line of credit was reduced by NTD 50,000 thousand at the end of 12 months and 18 months, respectively, from the initial date of utilization. It has been drawn down cyclically within 3 years since April 30, 2017, with interests paid on a monthly basis, and will be paid off at once upon maturity. As of December 31, 2021 and 2020, the effective annual interest rates were 1.288% and 1.387%, respectively. Quarterly consolidated financial ratios on the said borrowings during the borrowing period are subject to the following restrictions: The ratio of the sum

of cash and cash equivalents and EBITDA (net income, income tax expenditure, financial costs (interest expenditure), depreciation expenditure and amortization expenditure) to long-term borrowings due within a year remain at 120% and above.

3. Syndicated borrowings, endorsed and guaranteed by the Company, totaling USD 1,450,000 thousand, have been drawn down in full; the borrowing period was January 1, 2019 through January 7, 2022. The principal is repayable by 20%, 20% and 60% at the end of 24, 30, and 36 months, respectively, from the date of the first draw-down, with interests paid on a monthly basis. It was paid off only in February 2021. As of December 31, 2020, the effective annual interest rate was 1.895%. Annual consolidated financial ratios on the said borrowings during the borrowing period are subject to the following restrictions: The current ratio remains at least 100%. The ratio of financial liabilities (less cash and cash equivalents) to the net value of tangible assets as defined in the borrowing contract remains below 110%. The interest coverage ratio (Earnings before interest, tax, and amortization of depreciation) remains at least 2.5 times. The net value of tangible assets remains at least NTD 6,200,000 thousand.

4. Credit-based borrowings, totaling NTD 60,000 thousand, have been drawn down in full; the borrowing period was from April 30, 2019 to April 30, 2022. Since the date of borrowing, interests had been paid on a monthly basis and paid off early in September 2021 according to the balance of borrowings and at the interest rate agreed upon for loans. As of December 31, 2020, the effective annual interest rate was 1.45%. The restrictions imposed on the financial ratios thereof were as same as those applied to the loans from syndicated banks including E.SUN Bank (3).

5. For the credit-based borrowings, totaling NTD 225,000 thousand, NTD 200,000 thousand have been drawn down; the borrowing period was from November 23, 2021 to November 23, 2023. Since the date of borrowing, interests had been paid on a monthly basis according to the balance of borrowings and at the interest rate agreed upon for loans and the principal is to be paid off at once upon maturity. As of December 31, 2021, the effective annual interest rate was 1.10%.

(III) Long-term notes and bills payable

	December 31, 2021	December 31, 2020
E-Sun Syndicated Loan – Guaranteed Issuance of Promissory Notes	$ 1,250,000	$ -
Less: Unamortized discount (stated as prepayments)	(3,378)	-
	$ 1,246,622	$ -

The Consolidated Company signed the joint loan contract with syndicated banks such as E-Sun Bank on January 18, 2021. The line of credit for Item A of the said syndicated loan was NTD 625,000 thousand and that for Items B and C totaled no more than NTD 1,250,000 thousand. The loan had to be drawn down within three months after the date the contract was signed. Failure to do so, the date of the first draw-down will be the end of the three months after the contract was signed. The loan given out under Item A, in particular, could be drawn down cyclically within three years after the date of the first draw-down. The end of 24 months after the date if the first draw-down was the first term. Thereafter, every six months made a term and the line of credit was reduced gradually over three terms; it was reduced by 20% for Term 1 and Term 2, respectively, and 60% for Term 3. Meanwhile, the principal was paid off at once upon expiration of the borrowing period. The loan given out under Item B could be drawn down cyclically within three years after the date of the first draw-down and the principal was paid off at once upon expiration of the borrowing period. The guaranteed line of credit for Item C could be used cyclically within three years after the date of the first draw-down. The Consolidated Company was to issue the promissory notes (stated as long-term notes and bills payable) and various payment obligations were to be fulfilled for the value shown on each note by the given maturity date. The financial ratio restrictions for the syndicated loan were the same as those applied to borrowings from the syndicated banks including E. Sun Bank (3).

E-Sun syndicated loan – guaranteed issuance of promissory notes were issued under Item C of the syndicated loan, with a contract underwriting period of 5 years; the loan period, however, may not be exceeded. As of December 31, 2021, the effective rate was 1.134%.

XVII. Accounts Payable

	December 31, 2021	December 31, 2020
Accounts payable		
Generated from operations	$ 6,434,435	$ 4,421,565

XVIII. Other liabilities

	December 31, 2021	December 31, 2020
Current		
Other payables		
Salary and bonus payable	$ 606,137	$ 423,402
Repairs and maintenance payable	159,055	109,115
Consumables payable	24,420	19,457
Pension fund payable	11,251	5,274
Equipment accounts payable	129,248	103,436
Processing fees payable	33,827	11,450
Commission payable	96,512	93,661
Interest payable	341	2,312
Damages payable	164,844	215,992
Others	126,489	127,704
	$ 1,352,124	$ 1,111,803
Other liabilities		
Others	$ 77,032	$ 40,663
Noncurrent		
Other liabilities		
Guarantee deposit received	$ 859	$ 859

XIX. Liability reserve

	December 31, 2021	December 31, 2020
Current		
Returns and allowances	$ 167,544	$ 137,009

The liability reserve for returns and allowances is meant for the returns and allowances of products that may occur according to historical experience, the management's judgment, and as estimated according to other known reasons.

XX. Post-retirement Benefit Plans

(I) Defined contribution plans

The pension fund system under the Labor Pension Act applicable to the Company is the defined appropriation retirement plan managed by the government. It is set aside from the monthly salary of each employee, that is, 6%, to the personal account under the Labor Insurance Bureau.

(II) Defined benefit plan

The pension system implemented by the Company based on the "Labor Standards Act" is a defined benefit plan managed by the government. The pension benefits a participant receives were determined based on an employee's number of years of service and average compensation for the six-month period prior to retirement. The Company sets aside the retirement fund at 2% of the total value of the monthly salary for each employee. It is given to the Labor Pension Fund Reserve Supervisory Committee and deposited in the account with the Bank of Taiwan in the name of the said Committee. Before a year ends, if the estimated balance in the dedicated account is insufficient to pay workers that are expected to fulfill the retirement criteria within a year, the difference will be appropriated in a lump sum by the end of March of the coming year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for management. The Company exercises no influence on the right of the Bureau in its investment management strategy.

The amount of defined benefit plan recognized in the parent company only balance sheet is shown below:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 417,249	$ 466,631
Fair value of the planned assets	(216,569)	(197,451)
Shortfall in contribution	200,680	269,180
Limit of assets	-	-
Net defined benefit liabilities	$ 200,680	$ 269,180

The net defined benefit liabilities show the following changes:

	Present value of the defined benefit obligations	Fair value of the planned assets	Net defined benefit liabilities
Balance as of January 1, 2020	$ 457,133	($ 176,288)	$ 280,845
Service cost			
Service cost in current period	1,165	-	1,165
Interest expenditure (income)	2,907	(1,416)	1,491
Recognized under gains or losses	4,072	(1,416)	2,656
Re-measurement amount			
ROE on planned assets (except the amount of net interest)	-	(5,714)	(5,714)
Actuarial losses			
– change in the assumption of the census	542	-	542
– changes in financial assumptions	11,399	-	11,399
– adjustment through experience	5,758	-	5,758
Recognized under other combined gains or losses	17,699	(5,714)	11,985
Contributed by employer	-	(26,306)	(26,306)
Benefits paid	(12,273)	12,273	-
Balance as of December 31, 2020	$ 466,631	($ 197,451)	$ 269,180

(To be continued)

(Continued)

	Present value of the defined benefit obligations	Fair value of the planned assets	Net defined benefit liabilities
Balance as of January 1, 2021	$ 466,631	($ 197,451)	$ 269,180
Service cost			
Service cost in current period	971	-	971
Interest expenditure (income)	1,986	(1,048)	938
Recognized under gains or losses	2,957	(1,048)	1,909
Re-measurement amount			
ROE on planned assets (except the amount of net interest)	-	(2,402)	(2,402)
Actuarial losses			
– change in the assumption of the census	9,975	-	9,975
– changes in financial assumptions	-	-	-
– adjustment through experience	(51,734)	-	(51,734)
Recognized under other combined gains or losses	(41,759)	(2,402)	(44,161)
Contributed by employer	-	(26,248)	(26,248)
Benefits paid	(10,580)	10,580	-
Balance as of December 31, 2021	$ 417,249	($ 216,569)	$ 200,680

The recognized loss of defined benefit plans by function is summarized below:

	2021	2020
Summarization by function		
Operating cost	$ 1,359	$ 1,910
Promotional expenditure	105	136
Administration expenditure	168	232
R&D expense	277	378
	$ 1,909	$ 2,656

Through the retirement system under the "Labor Standards Law," the Company was exposed to the following risks:

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor Affairs uses the labor pension fund for investment in domestic and foreign equity securities and debt securities, and as bank deposits through proprietary trade or

commissioned third parties. However, the amount attributable to the Company's planned asset of the business combination shall not fall below the interest rate offered by the banks in the regions or countries of investment for 2-year time deposit as return.

2. Interest rate risk: The decrease of the interest rate of government bonds will cause the present value of the defined benefit obligations to go up; however, the return on the debt of the plan assets will go up too; therefore, they will mutually offset the impact on the net defined benefit liabilities.

3. Salary risk: The calculation of the present value of defined benefit obligation is based on the salaries of the members in the plan of the future. As such, an increase of the salaries of the members of the plan is bound to increase the present value of defined benefit obligation.

The present value of the defined benefit obligation is calculated by qualified actuaries, and the material assumptions on the measurement date are as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.5%	0.5%
Anticipated increase in salaries	2.000%	2.000%

In case of reasonable and possible change in the major actuarial assumptions, and other assumptions remained unchanged, the amount of increase (decrease) in the present value of defined benefit obligation will be:

	December 31, 2021	December 31, 2020
Discount rate		
Increase 0.25%	($ 11,434)	($ 11,401)
Decrease 0.25%	$ 11,901	$ 11,883
Anticipated increase in salaries		
Increase 0.25%	$ 11,515	$ 11,499
Decrease 0.25%	($ 11,123)	($ 11,094)

Actuarial assumptions may be inter-related. The possibility of change in specific assumption is not high. Said sensitivity analysis may not be able to reflect the actual change in the present value of defined benefit obligation.

	December 31, 2021	December 31, 2020
Amount projected for appropriation in 1 year	$ 26,032	$ 24,389
Average maturity of defined benefit obligation	11.1 years	11.6 years

XXI. Equity

(I) Capital Stock

Common shares

	December 31, 2021	December 31, 2020
Authorized shares (thousand)	750,000	750,000
Authorized capital	$ 7,500,000	$ 7,500,000

	December 31, 2021	December 31, 2020
The number of issued and outstanding shares with paid-in capital (thousand shares)	546,488	546,488
Issued and outstanding share capital	$ 5,464,879	$ 5,464,879

The stocks retained for employee stock warrants from the authorized capital stocks totaled 40,000 thousand shares.

(II) Capital Reserve

	December 31, 2021	December 31, 2020
It can be applied for making losses, cash distribution, or capitalization (1)		
Premium in stock issuance	$ 968,615	$ 1,241,859
Transaction of treasury stocks	84,814	76,229
Corporate bond conversion premium	141,359	141,359
Coupon rate for release of corporate bond	11,715	11,715
Donated assets	71	71
	$ 1,206,574	$ 1,471,233

(1) Such additional paid-in capital can be used to make up for losses, and, when the Company suffers no loss, can be applied for cash distribution or capitalization. However, it is limited to a certain percentage of the annual paid-in capital for the purpose of capitalization.

(III) Retained Earnings and Dividend Policy

According to the earnings distribution policy under the Articles of Incorporation, if there is a surplus after account settlement of the fiscal year, the Company shall pay applicable taxes and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve, and appropriate special reserve or reverse special reserve. If there is still a balance, it will be pooled up with the undistributed earnings carried forward from previous years for distribution as shareholder dividend under a motion proposed by the Board subject to the final approval of a general shareholders' meeting. Please refer to Note XXII (VIII) "Remuneration to Employees and Directors" for the policy for distribution of remuneration to the employees and directors under the Articles of Incorporation.

The Company's dividend policy takes long-term business growth and investment projects into consideration, and also attends to a robust financial structure. The Board of Directors is required to propose a motion for allocation of earnings. The dividends will be distributed in the form of stock dividend or cash dividend adequate subject to the future funding needs and level of dilution of capital stocks. Among the other things, the cash dividend shall be no less than 10% of the total distribution for the current year.

Legal reserve should be contributed until its balance reaches the Company's total paid-in capital stock. Legal reserve may be used to cover deficits. Without deficits, for the legal reserve in excess of the paid-in capital stock by 25%, besides being used to increase the capital stock, it may be distributed in cash as well.

The Company sets aside and reverses special reserve in accordance with the Jin-Guan-Zheng-Fa-Zi No. 1010012865 Letter, Jin-Guan-Zheng-Fa-Zi No. 1010047490 Letter, Jin-Guan-Zheng-Fa-Zi No. 1030006415 and "Appropriation of Special Reserve Q&A after the Adoption of International Financial Reporting Standards (IFRSs)."

The Company held the Board of Directors Meeting on March 22, 2021 where the proposal on distribution of 2020 earnings was approved and the General Shareholders' Meeting on June 6, 2020 where it was approved to offset deficits with undistributed earnings from 2019.

	2020
Legal reserve	$ 167,997
Cash dividend	$ 546,488
Cash assigned with capital reserve	$ 273,244
Cash dividend per share (NTD)	$ 1.5

The cash dividends mentioned above were approved through the Board of Directors meeting on March 22, 2021 to be distributed and the distribution of the earnins was also approved through the General Shareholders' Meeting held on July 20, 2021.

(IV) Other equities

1. Exchange diferences from conversion of financial reports of overseas operating entities

	2021	2020
Balance at start of term	($ 12,702)	($ 65,344)
Incurred for the current term		
Conversion differences of overseas operating entities	(14,558)	52,642
Other comprehensive profits or losses of current term	(14,558)	52,642
Balance at end of term	($ 27,260)	($ 12,702)

2. Unrealized gains or losses from financial assets measured at fair value through oter combined gains or losses

	2021	2020
Balance at start of term	($ 10,570)	($ 570)
Unrealized gains or losses		
Equity Instrument	-	(10,000)

	2021	2020
Other comprehensive profits or losses of current term	-	(10,000)
Balance at end of term	($ 10,570)	($ 10,570)

3. Realestate properties revaluation surplus

	2021	2020
Balance at start of term	$ 295,781	$ 295,781
Balance at end of term	$ 295,781	$ 295,781

(V) Treasury tock

Causes of Redemption	The stocks of parent company held by the subsidiaries (thousand shares)	Total (thousand shares)
Number of shares as of January 1, 2020	5,724	5,724
Number of shares as of December 31, 2020	5,724	5,724
Number of shares as of January 1, 2021	5,724	5,724
Number of shares as of December 31, 2021	5,724	5,724

Information on shares of the Company held by the subsidiaries as of the balance shet date is provided as follows:

Name of subsidiary	Shares (thousand)	Book value	Market price
December 31, 2021			
King Hsiang Investment Co.	5,724	$ 435,005	$ 435,005
December 31, 2020			
King Hsiang Investment Co.	5,724	$ 289,049	$ 289,049

The Comany's treasury stocks may not be pledged in accordance with the Security and Exchange Law, and no privilege of dividend and voting right may be vested in them. The shares of the Company held by the subsidiaries are treated as tresury stock shares and entitled to the rights vested in shareholders except for the privilege of cash capitalization and voting right.

XX. Net profit from continued operating units

(I) Net miscellaneous income (or expenses/losses)

	2021	2020
Other gains	$ 78,828	$ 286,679
Other expenses and losses	(81,674)	(327,976)
	($ 2,846)	($ 41,297)

(II) Interest income

	2021	2020
Bank deposit	$ 5,075	$ 12,802
Other (Note XXVIII)	21,840	49,522
	$ 26,915	$ 62,324

(III) Other income

	2021	2020
Lease income	$ 2,610	$ 2,543
Others	38,288	47,253
	$ 40,898	$ 49,796

(IV) Other gains (or losses)

	2021	2020
Gains from the disposal of financial assets		
Financial assets measured at fair value through gains or losses compulsorily	$ -	$ 423
Gains from financial assets and financial liabilities		
Financial assets measured at fair value through gains or losses compulsorily	55,081	72,447
Net loss from foreign currency exchange	(90,576)	(180,798)
Loss on disposal of real estate properties, plants, and equipment	(8,829)	(10,937)
Gain from fair value adjustment of Investment property	900	2,600
Others	(110)	(6,590)
	($ 43,534)	($ 122,855)

(V) Financial cost

	2021	2020
Interest for borrowings from banks	$ 25,614	$ 53,651
Interest of lease liabilities	420	565
Other interest expenditure	3,561	4
Less: The amount of the cost of assets meeting requirements	(454)	(421)
	$ 29,141	$ 53,799

The information related to capitalization of interest is stated as following:

	2021	2020
Amount of capitalization of interest	$ 454	$ 421
Interest rate of capitalization of interest	1.29%	1.99%

(VI) Depreciation and amortization

	2021	2020
Summarization of the depreciation expenses by functions		
Operating cost	$ 270,761	$ 265,742
Operating expenditure	18,634	16,716
	$ 289,395	$ 282,458
Summarization of the amortization expenses by functions		
Operating cost	$ 9,177	$ 10,460
Operating expenditure	177	190
	$ 9,354	$ 10,650

(VII) Employee welfare expenditure

	2021	2020
Post-severance benefits (Note XX)		
Defined contribution plan	$ 70,091	$ 69,344
Defined benefit plan	1,909	2,656
	72,000	72,000
Resignation benefits	23	1,121
Other employee benefits	2,241,117	2,007,445
Total of employee benefit expenditure	$ 2,313,140	$ 2,080,566
Summarization by function		
Operating cost	$ 1,691,814	$ 1,552,607
Operating expenditure	621,326	527,959
	$ 2,313,140	$ 2,080,566

(VIII) Remuneration to employees and that to directors

According to the Articles of Incorporation, no less than 5%–10% and no more than 1% of the net profit before tax before deduction of the remuneration to employees and directors for the current year should be distributed to employees and directors, respectively. The decisions made by the Board of Directors on March 21, 2022 and March 22, 2021, respectively, regarding the remuneration to employees and that to directors for 2021 and 2020, respectively, are given below:

Estimated ratio

	2021	2020
Remuneration to employees	6.53%	6.81%
Remuneration to directors	0.95%	0.97%

Amount

	2021	2020
Remuneration to employees	$ 240,000	$ 146,315
Remuneration to directors	$ 35,000	$ 20,902

If there is still change to the value after the date when the annual individual financial statement is approved and released, it is handled as changes in accounting estimates and will be adjusted and booked in the following year.

For information on the remunerations to employees and that to directors decided by the Board of Directors, please visit the Market Observation Post System of Taiwan Stock Exchange.

(IX) Gains (Losses) from foreign currency exchange

	2021	2020
Total gains from foreign currency exchange	$ 270,197	$ 364,062
Total losses from foreign currency exchange	(360,773)	(544,860)
Net loss	($ 90,576)	($ 180,798)

XXIII. Income tax for continuing operations

(I) Income tax recognized under gains or losses

Main components of income tax expenditure are as follows:

	2021	2020
Income tax for the year		
Those incurred for the current year	$ 255,190	$ 129,932
Undistributed earnings levied	38,089	-
Adjustment of previous year(s)	(23,278)	17,703
Others	5,086	9,545
	275,087	157,180

(To be continued)

(Continued)

	2021	2020
Deferred income tax		
Those incurred for the current year	198,373	135,022
Income tax expenditure recognized under gains or losses	$ 473,460	$ 292,202

Adjustments made to accounting income and income tax expenditure are given below:

	2021	2020
Net profit before tax from continuing operation	$ 3,400,314	$ 2,358,814
Income tax expenditure for net profit before tax calculated at the statutory tax rate	$ 680,063	$ 471,763
Expenses and losses which could not be reduced from tax	131	1,330
Income exempted from income tax	$ 461	($ 697)
Undistributed earnings levied	38,089	-
Land value increment tax of investment property	(1,092)	558
Deductible temporary differences not recognized	(226,000)	(208,000)
Income tax expenditure of previous year(s) adjusted in the present year	(23,278)	17,703
Others	5,086	9,545
Income tax expenditure recognized under gains or losses	$ 473,460	$ 292,202

(II) Income tax recognized under other combined gains or losses

	2021	2020
Deferred income tax		
Incurred for the current year		
– Defined benefit plan re-measurement amount	$ 8,832	($ 2,397)
Income tax recognized under other combined gains or losses	$ 8,832	($ 2,397)

(III) Income tax for the year assets and liabilities

	December 31, 2021	December 31, 2020
Income tax assets for the current period		
Tax refund receivable	$ -	$ 15,670
Income tax liabilities for the current term		
Income tax payable	$ 228,301	$ 94,939

(IV) Deferred income tax assets and liabilities

The deferred income tax assets and liabilities show the following changes:

2021

Deferred income tax assets	Balance – beginning of year	Recognized under gains or losses	Recognized under other combined gains or losses	Balance – end of year
Temporary difference				
Portions of gains or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	$ 348,362	($ 224,921)	$ -	$ 123,441
Loss on inventory devaluation	16,417	(3,206)	-	13,211
Exchange gains or losses	4,633	(3,567)	-	1,066
Provision for liabilities	$ 4,324	$ 28,650	$ -	$ 32,974
Defined benefit retirement plan	36,831	-	(8,832)	27,999
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference on idle capacity	2,037	(1,939)	-	98

(To be continued)

(Continued)

	Balance – beginning of year	Recognized under gains or losses	Recognized under other combined gains or losses	Balance – end of year
Provision of compensation loss	15,057	19,704	-	34,761
Expected credit impairment loss	5,379	(5,379)	-	-
Others	3,592	(1,311)	-	2,281
	$ 441,132	($ 191,969)	($ 8,832)	$ 240,331
Deferred income tax liabilities				
Temporary difference				
Investment property	$ 84,514	($ 1,092)	$ -	$ 83,422
Financial assets measured at fair value through gains or losses	-	1,839	-	1,839
Others	-	5,657	-	5,657
	$ 84,514	$ 6,404	$ -	$ 90,918

2020

	Balance – beginning of year	Recognized under gains or losses	Recognized under other combined gains or losses	Balance – end of year
Deferred income tax assets				
Temporary difference				
Portions of gains or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	$ 477,912	($ 129,550)	$ -	$ 348,362
Loss on inventory devaluation	12,954	3,463	-	16,417
Exchange gains or losses	20,735	(16,102)	-	4,633
Provision for liabilities	28,508	(24,184)	-	4,324
Defined benefit retirement plan	34,434	-	2,397	36,831
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference on idle capacity	455	1,582	-	2,037
Provision of compensation loss	3,422	11,635	-	15,057
Expected credit impairment loss	-	5,379	-	5,379
Others	6,289	(2,697)	-	3,592
	$ 589,209	($ 150,474)	$ 2,397	$ 441,132
Deferred income tax liabilities				
Temporary difference				
Investment property	$ 83,956	$ 558	$ -	$ 84,514
Others	5,095	(5,095)	-	-
	$ 89,051	($ 4,537)	$ -	$ 84,514

(V) The deductible temporary differences and unused loss credit of the deferred income tax assets that are not recognized in the parent company only balance sheet

	December 31, 2021	December 31, 2020
Deductible temporary differences not recognized – overseas subsidiaries	$ 1,260,000	$ 2,390,000

(VI) Authorization of income tax

Business income tax filed by the Company as of 2019 has been finalized by the tax authority.

XXIV. Earnings Per Share

Unit: NTD per share

	2021	2020
Basic EPS	$ 5.41	$ 3.82
Diluted earnings per share	$ 5.38	$ 3.80

The earnings and weighted average number of common stock shares used to calculate the earnings per share (EPS) are given below:

Net profit of the year

	2021	2020
Net profit	$ 2,926,855	$ 2,066,612
Net profit used to calculate the basic and diluted earnings per share	$ 2,926,855	$ 2,066,612

Share(s)

Unit: 1,000 shares

	2021	2020
Weighted average number of common shares used to calculate basic earnings per share (EPS)	540,764	540,764
Impacts of potential common stock with diluting effects:		
Remuneration to employees	3,521	3,311
Weighted average number of common stock shares used to calculate the diluted earnings per share (EPS)	544,285	544,075

If the Company can choose to issue employee remunerations in the form of shares or cash, in the calculation of diluted earnings per share, it is assumed that issuance of shares will be adopted for employee remunerations and the weighted average circulating shares are included in the calculation when the said common stock exercises the diluting effect in order to calculate the diluted earnings per share. When diluted earnings per share

are calculated prior to issuance of shares as employee remunerations as determined in the following year, the diluting effect from the said potential common stock shall continue to be taken into consideration, too.

XXV. Disposal of investments in subsidiaries – loss of control

The Company decided to liquidate Silver Industrial Limited through its Board of Directors' meeting on August 10, 2020. Silver Industrial Limited deals with trading of printed circuit boards. The Company completed the liquidation procedure on October 22, 2020 and lost control over the said subsidiary. For information on the disposal of Silver Industrial Limited, refer to Note XXVI to the 2021 consolidated financial reports of the Company.

XXVI. Capital risk management

The Company managed their capitals to assure that, insofar as various entities within the Group continued operations, the returns to shareholders could be maximized through optimal balances in liabilities and equity.

The Company's structure consisted of its net debts (that is, borrowings less cash and cash equivalents) and equity (namely the capital stock, additional paid-in capital, retained earnings and other equity less treasury stocks).

It was not necessary for the Company to comply with any other external capital requirements.

XXVII. Financial instruments

(I) Fair value – financial instruments that are not measured at fair value

The management of the Company believes that the book value of the financial assets and financial liabilities not measured at fair value is close to their fair value. As of December 31, 2021 and 2020, no significant differences were found between the book value and the fair value.

(II) Information on fair value – financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2021

	Degree 1	Degree 2	Total
Financial assets measured at fair value through gains or losses			
Derivative financial instruments	$ -	$ 9,196	$ 9,196

December 31, 2020

	Degree 1	Degree 2	Total
Financial liabilities measured at fair value through gains or losses			
Derivative financial instruments	$ -	$ 13,804	$ 13,804

No transfer of derivatives measured at fair value between Degrees 1 and 2 was found in 2021 and 2020.

2. Appraisal techniques and input values measured at Degree 2 fair value

Categories of financial instruments	Appraisal techniques and input values
Derivative financial instruments – Forward foreign exchange contracts & FX swaps contracts	Discounted cash flow approach: Future cash flows are estimated based on observable forward exchange rates and contractual forward exchange rates, discounted at a rate that reflects the credit risk of various trading counterparts.
Non-TWSE/TPEx-listed stocks	Market approach: Evaluated based on other comparable asset liabilities and critical information.

(III) Categories of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Measured at fair value through gains or losses		
Measured at fair value through gains or losses compulsorily	$ 9,196	$ -
Financial liabilities measured at amortized cost (Note 1)	10,967,957	9,647,901
Financial liabilities		
Measured at fair value through gains or losses		
Held for transactions	-	13,804
Measured at post-amortization cost (Note 2)	10,281,712	8,078,206

Note 1: The balances included the financial assets at amortized costs, such as cash & cash equivalents, notes receivable, accounts receivable, other receivables and refundable deposits.

Note 2: The balances included the financial liabilities at amortized costs, such as short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, long-term borrowings (including those due within a year), and guarantee deposits received.

(IV) Financial Risk Management Purpose and Policy

The Company manages the foreign currency exchange rate risk, interest rate risk, and the price risk, credit risk, and liquidity risk of equity instruments in order to minimize the potential undesirable impacts of uncertainties on the market on the financial performance of the Company. Important financial planning of the Company is subject to review by the Audit Committee and/or the Board of Directors according to applicable regulations and the internal control system. When implementing a financial plan, the Company strictly follows applicable financial standards for the management of financial risk and division of responsibilities.

The Company hedges against risk exposure through derivatives in order to mitigate impacts from such risks. Utilization of derivatives is governed by policies approved by the Company's Board of Directors as they are the written principles for the exchange rate risk, interest rate risk, credit risk, utilization of derivatives and non-derivatives, and investment with remaining current funds. Internal auditors continue to review compliance with policies and risk exposure. The Company is not engaged in the trading of financial instruments (including derivatives) for speculative purpose.

1. Market risk

The major financial risks incurred by operating activities to be borne by the Company include the risk of change in the foreign exchange rate (see (1) below) and risk of change in the interest rate (see (2) below). The Company deals with various derivatives in order to manage the foreign exchange rate and interest rate risks it undertakes, including the hedge against the exchange rate risk arising from export sales with forward foreign exchange and FX swaps contracts.

The Company's exposure to the market risk over related financial instruments and its management and measurement methods with regards to the said risk remain unchanged.

(1) Exchange rate risk

The Company deals with sales and purchases valued in foreign currencies and hence is exposed to the exchange rate variation rate. About 99.42% of the Company's sales are not denominated in the functional currency and about 97.32% of the cost is not denominated in the functional currency. Insofar as it is permitted by policies, the Company manages the exposure to the foreign exchange risk and manages the risk through forward foreign exchange contracts.

For the book value of the Company's monetary assets and monetary liabilities not denominated in the functional currency on the balance sheet date and that of derivatives exposed to the exchange rate risk, refer to Note XXXI.

Sensitivity Analysis

The Company is primarily exposed to the fluctuation in foreign exchange rates versus USD.

The following table details the Company's sensitivity analysis when the exchange rate of NTD (functional currency) versus each concerning foreign currency increases or decreases by 2%. 2% means the sensitivity ratio applied by the Company when it reported the foreign exchange rate risk to the management, and also the management's evaluation on reasonable changes of the foreign exchange rate. The sensitivity analysis only covers outstanding foreign currency monetary items and forward foreign exchange contracts designated to hedge against cash flows, and their conversions at the end of the year are adjusted by the change in exchange rate of 2%. The positive figures in the following table indicate the amount decreased for the net profit before tax when NTD appreciates by 2% versus respective related currencies; when NTD depreciates by 2% versus respective foreign currencies, the impacts on the net profit before tax will be the negative of the same amount.

	Effect of USD	
	2021	2020
Exchange gains or losses	($ 70,512) (i)	($ 78,836) (i)

(i) Primarily as a result the Company's receivables, payables and borrowings which were denominated in USD and still outstanding on the balance sheet date, without hedging against cash flows.

The Company's sensitivity to exchange rates declined this year, primarily as a result of the decrease in the funds denominated in USD that were lent to its subsidiaries, which led to the decrease in the balance of other accounts receivable denominated in USD.

(2) Interest rate risk

Exposure to the interest rate risk is the result of the Company borrowing funds both at fixed and floating interest rates. The Company manages the interest rate risk by maintaining a suitable combination of fixed and floating interest rates.

The book values of the Company's financial assets and financial liabilities with exposure to interest rates on the balance sheet date are stated as following:

	December 31, 2021	December 31, 2020
With fair value interest rate risk		
– Financial liabilities	$ 25,414	$ 28,513
With cash flow interest rate risk		
– Financial assets	1,489,964	2,289,674
– Financial liabilities	2,494,294	2,474,486

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposure of derivatives and non-derivatives on the balance sheet dates. For liabilities at floating rate, the analysis is performed assuming that the amount of outstanding liabilities on the balance sheet date had been outstanding during the reporting period. 50 base points mean the interest rate change ratio applied by the Company when it reported interest rates to the management, and also the management's evaluation on reasonable changes of the interest rate.

If the interest rate increases/decreases by 50 base points and all the other variables remain unchanged, the Company's net profit before tax would decrease/increase by NTD 3,108 thousand and NTD 4,058 thousand, respectively, for 2021 and 2020 primarily as a result of the Company's exposure to the risk of change in interest rates for demand deposits and borrowings.

2. Credit risk

The credit risk denotes the risk that the Company might incur a loss when the trading counterparts default the obligations under the contracts. As of the balance sheet date, the top credit risk the Company might incur in financial losses due to failure by the counterparts in failure in performance of the obligations and the Company provision of financial guarantees primarily come from notes the book amount of notes and accounts receivable recognized in the parent company only balance sheet.

Operation-related credit risk

The outstanding accounts receivable of the Company mainly come from customer bases around the world and no collaterals or credit guarantee is provided for most accounts receivable. Despite the related procedures defined by the Company to help supervise, manage, and reduce the credit risk of accounts receivable, there is no guarantee that such procedures can fully prevent against losses caused by credit risk. With economic conditions getting worse, such credit risk will increase. As of December 31, 2021 and 2020, the ratios of the balance of accounts receivable from Top 10 customers to the balance of accounts receivable of the Company had been 75% while the credit risk of the other accounts receivable was relatively insignificant.

In order to mitigate the credit risk, on the balance sheet date, the Consolidated Company evaluates one by one the amount collectible for notes and accounts receivable in order to make sure that suitable impairment losses for unrecoverable notes and accounts receivable have been recognized. Therefore, the Company's management holds that the Consolidated Company's credit risks had been significantly mitigated.

3. Liquidity risk

The Company has based on management and maintaining sufficient cash and cash equivalent to support the Group's business operation and minimize the impact of changes in cash flow. The Company's management closely watches the usage of the financing credit lines in banks and ensures compliance with terms and conditions set forth in borrowings contracts.

To the Company, borrowings from banks are a key source of liquidity. Please refer to the information provided in (2) Financing Ratio below for the financial ratio yet to be drawn down by the Company.

(1) Liquidity and interest rate risks of non-derivative financial liabilities

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the earliest payment date expected of the Company and the undiscounted cash flows (including principal and estimated interest) of financial liabilities. Therefore, borrowings from banks that the Company may be asked to pay back immediately are listed within the earliest duration shown in the table below and chances for banks to exercise the said right immediately are not considered. The other non-derivative financial liabilities maturity analysis is prepared in accordance with the agreed repayment date.

The undiscounted interest for the cash flows of interests payable at floating interest rate is inferred according to the yield curve on the balance sheet date.

December 31, 2021

	Repayment on demand or less than 1 month	1 month–3 months	3 months–1 year	1 year–5 years	Over 5 years
Liabilities without interest	$ 157,457	$ 959,410	$ 649,544	$ 410,088	$ -
Lease liabilities	1,095	2,194	9,935	12,190	-
Floating interest rate instruments	200,000	156,328	7,196	-	-
Fixed interest rate instruments	-	-	-	2,130,770	-
	$ 358,552	$ 1,117,932	$ 666,675	$ 2,553,048	$ -

Further information about lease liabilities maturity analysis is given below:

	Less than 1 year	1 year–5 years	5 years–10 years	10 years–15 years	15 years–20 years	Over 20 years
Lease liabilities	$ 13,224	$ 12,190	$ -	$ -	$ -	$ -

December 31, 2020

	Repayment on demand or less than 1 month	1 month–3 months	3 months–1 year	1 year–5 years	Over 5 years
Liabilities without interest	$ 121,657	$ 619,103	$ 349,862	$ 464,383	$ -
Lease liabilities	1,040	2,084	9,438	15,950	-
Floating interest rate instruments	-	2,164	12,322	-	-
Fixed interest rate instruments	-	-	-	2,460,000	-
	$ 122,697	$ 623,351	$ 371,622	$ 2,940,333	$ -

Further information about lease liabilities maturity analysis is given below:

	Less than 1 year	1 year–5 years	5 years–10 years	10 years–15 years	15 years–20 years	Over 20 years
Lease liabilities	$ 12,563	$ 15,950	$ -	$ -	$ -	$ -

(2) Financing ratio

	December 31, 2021	December 31, 2020
Unsecured bank overdraft (to be reviewed annually)		
– Already drawn down	$ 1,800,000	$ 1,510,000

	December 31, 2021	December 31, 2020
– Not yet drawn down	3,417,880	2,143,352
	$ 5,217,880	$ 3,653,352
Secured bank overdraft		
– Already drawn down	$ 694,294	$ 964,486
– Not yet drawn down	756,476	605,514
	$ 1,450,770	$ 1,570,000

XXVIII. Transactions-related party

The transactions between the Company and other related parties are as follows, except those already disclosed in the Notes:

(I) Related party name and affiliation

Related parties' names	Relationship with the Company
King Hsiang Investment Co.	Subsidiary
Goldex Holding Limited	Subsidiary
Gold Circuit International Ltd.	Subsidiary indirectly held
Gold Circuit Enterprise Limited	Subsidiary indirectly held
Suzhou Gold Circuit Electronics Ltd.	Subsidiary indirectly held
Changshu Gold Circuit Electronics Ltd.	Subsidiary indirectly held
Changshu Gold Circuit Technology Co., Ltd.	Subsidiary indirectly held

(II) Operating income

Related parties' names	2021	2020
Suzhou Gold Circuit Electronics Ltd.	$ 112,884	$ 19,446
Changshu Gold Circuit Technology Co., Ltd.	12,517	3,027
Changshu Gold Circuit Electronics Ltd.	12,168	4,463
	$ 137,569	$ 26,936

(III) Purchases

Related parties' names	2021	2020
Suzhou Gold Circuit Electronics Ltd.	$ 8,256,206	$ 6,752,094
Changshu Gold Circuit Electronics Ltd.	5,961,781	4,545,702
Changshu Gold Circuit Technology Co., Ltd.	2,184,846	2,104,660
	$ 16,402,833	$ 13,402,456

(IV) Receivables from related parties (excluding loans to related parties)

Related parties' names	December 31, 2021	December 31, 2020
Accounts receivable		
Suzhou Gold Circuit Electronics Ltd.	$ 88,347	$ 3,105
Changshu Gold Circuit Technology Co., Ltd.	9,336	1,320
Changshu Gold Circuit Electronics Ltd.	4,719	94
	$ 102,402	$ 4,519
Other receivables		
Changshu Gold Circuit Technology Co., Ltd.	$ 50,517	$ 14,205
Suzhou Gold Circuit Electronics Ltd.	32,887	16,399
Changshu Gold Circuit Electronics Ltd.	10,302	3,845
	$ 93,706	$ 34,449

No guarantee was collected for outstanding receivables from related parties. For receivables from related parties in 2021 and 2020, no allowance losses were set aside.

(V) Payables to related parties

Related parties' names	December 31, 2021	December 31, 2020
Accounts payable		
Suzhou Gold Circuit Electronics Ltd.	$ 2,933,445	$ 1,921,379
Changshu Gold Circuit Electronics Ltd.	1,681,662	1,215,828
Changshu Gold Circuit Technology Co., Ltd.	375,308	409,976
	$ 4,990,415	$ 3,547,183

No collaterals were provided for balances of outstanding payables to related parties.

(VI) Loans to related parties (including interest receivable)

Type of related party	December 31, 2021	December 31, 2020
Accounts receivable – related party		
Changshu Gold Circuit Technology Co., Ltd.	$ 290,440	$ 437,995
Suzhou Gold Circuit Electronics Ltd.	276,800	512,640
	$ 567,240	$ 950,635
Interest receivable		
Changshu Gold Circuit Technology Co., Ltd.	$ 4,275	$ 5,222
Suzhou Gold Circuit Electronics Ltd.	2,537	9,959
	$ 6,812	$ 15,181

Type of related party	2021	2020
Interest income		
Changshu Gold Circuit Technology Co., Ltd.	$ 12,010	$ 24,255
Suzhou Gold Circuit Electronics Ltd.	9,741	24,909
	$ 21,751	$ 49,164

The loans to subsidiaries were all unsecured ones.

(VII) Endorsement and guarantee

Type of related party	December 31, 2021	December 31, 2020
Goldex Holding Limited	USD 65,000	USD 65,000
Suzhou Gold Circuit Electronics Ltd.	USD 23,200	USD 30,700
Changshu Gold Circuit Electronics Ltd.	USD 22,000	USD 24,000
Gold Circuit Enterprise Limited	USD 20,000	USD 20,000
Gold Circuit International Ltd.	USD 8,000	USD 8,000
Changshu Gold Circuit Technology Co., Ltd.	USD -	USD 5,000
Goldex Holding Limited	EUR 5,000	EUR 5,000
Changshu Gold Circuit Electronics Ltd.	CNY -	CNY 30,000

(VIII) Other

Type of related party	2021	2020
Other income		
Suzhou Gold Circuit Electronics Ltd.	$ 147	$ 11
King Hsiang Investment Co.	24	24
	$ 171	$ 35

(IX) Remuneration to the primary management

	2021	2020
Short-term employee benefits	$ 77,476	$ 60,177
Benefits after severance/retirement	1,485	1,404
	$ 78,961	$ 61,581

The salaries and remunerations to directors and other key management are determined by the Compensation and Remuneration Committee in accordance with the personal performances and trends on the market.

XXIX. Pledged assets

The following assets are provided as collaterals for financing and for the tariffs of imported raw materials and supplies:

	December 31, 2021	December 31, 2020
Land	$ 648,300	$ 648,300
Building – net	372,458	391,553
	$ 1,020,758	$ 1,039,853

XXX. Important matters, if any

The amount of unused letters of credit issued by the Company for procurement of raw materials and machinery & equipment are enumerated as following (expressed in NTD thousand):

Currency	December 31, 2021	December 31, 2020
JPY	$ 13,460	$ 4,830
USD	131	135
EUR	802	-

XXXI. Information about financial assets and liabilities in foreign currencies with significant influence:

The following information was summarized according to the foreign currencies other than the functional currencies of the Company. The exchange rates disclosed was used to translate the foreign currencies into the functional currency. Foreign currency assets and liabilities with significant influence are given below:

December 31, 2021

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 367,934	27.680 (USD: NTD)	$ 10,184,413
CNY	39,064	4.341 (CNY: NTD)	169,596
EUR	900	31.320 (EUR: NTD)	28,188
			$ 10,382,197
Foreign currency liabilities			
Monetary items			
USD	240,564	27.680 (USD: NTD)	$ 6,658,812
EUR	1,149	31.320 (EUR: NTD)	35,987
JPY	13,190	0.2405 (JPY: NTD)	3,172
			$ 6,697,971

December 31, 2020

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 303,902	28.480 (USD: NTD)	$ 8,655,129
CNY	38,703	4.3770 (CNY: NTD)	169,403
EUR	696	35.020 (EUR: NTD)	24,374
JPY	10,300	0.2763 (EUR: NTD)	2,846
			$ 8,851,752
Foreign currency liabilities			
Monetary items			
USD	165,496	28.480 (USD: NTD)	$ 4,713,326
EUR	803	35.020 (EUR: NTD)	28,121
JPY	40,910	0.2763 (JPY: NTD)	11,303
			$ 4,752,750

XXXII. Important Post-term Matters

To adjust its capital outcome and to improve the return on shareholder equity, the Company decided through its Board of Directors on March 21, 2022 to embark on capital decrease in cash with share amount returned to shareholders; it is expected that the capital decrease will involve NTD 546,488 thousand, that is, 546,488 thousand shares to be removed, with a capital decrease ratio of around 10%. The record date for capital reduction and the record date for capital reduction and stock conversion are to be determined through the shareholders' meeting scheduled for June 8, 2022.

XXXIII. Notes to Disclosures

(I) Related Information on major transactions and (II) reinvested businesses:

1. Fund loaned to others: Attachments 1 and 7.
2. Endorsement and guarantee made for others: Attachment 2.
3. Marketable securities held – end of year: Attachments 3 and 8.
4. Cumulative amount of the same marketable security purchased or sold reaching NTD 300 million or 20% of the paid-in capital and above: N/A.
5. Amount of real estate properties acquired reaching NTD 300 million or 20% of the paid-in capital and above: N/A.
6. Amount from disposal of real estate properties reaching NTD 300 million or 20% of the paid-in capital and above: N/A.
7. Amount of purchases/sales with related parties reaching NT$100 million or 20% of the paid-in capital and above: Attachments 4 and 9.
8. Receivables from related parties reaching NTD 100 million or 20% of the paid-in capital and above: Attachments 5 and 10.
9. Engagement in trading of derivatives: Note VIII.

10. Information on reinvested businesses: Attachment 6.

(III) Information about investment in Mainland China

1. The name of the investee in Mainland China, main items involved in the scope of operation, paid-in capital size, investment method, capital importation/exportation, holding ratio, investment profits and losses, book value of investments at end of term, repatriated investment profits or losses, and investment ceiling value for Mainland China: Attachment 11.
2. Major transactions and their values, payment terms, unrealized profits or losses that have incurred directly or indirectly through a third region with the investee in Mainland China: Attachment 12.
3. Direct, or indirect through a third region endorsement, guarantee or provision of collateral made with the investee in the Mainland China: Attachment 2.
4. Direct, or indirect through a third region financing with the investee in the Mainland China: Attachment 7.
5. Other transactions that produce material effects to the income or financial condition in the current period: N/A.

(IV) Information of major shareholders: Names and shareholding quantities and ratios of shareholders that hold at least 5% of the equity: Attachment 13.

Gold Circuit Electronics Ltd.

Fund loaned to others

January 1 through December 31, 2021

Attachment 1

Unit: NTD thousand, USD thousand, and CNY thousand

No. (Note 1)	Lending company	Borrower	Accounting title	A related party or not	Maximum balance for current term	Balance at end of term	Amount actually disbursed	Interest rate range	Nature of loan (Note 2)	Amount of current business (Note 4)	Reasons for short-term financing	Allowance for bad debt	Collateral		Limit of funds lent to each borrower (Note 3)	Total limits of funds lent (Note 3)
													Title	Value		
0	Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Other receivables	Y	$ 513,630 (USD 18,000)	$ 498,240 (USD 18,000)	$ 276,800 (USD 10,000)	1.5%~3%	(1)	$ 8,256,206	—	$ -	—	$ -	$ 4,201,204	$ 4,201,204
		Changshu Gold Circuit Technology Co., Ltd.	Other receivables	Y	419,400 (USD 15,000)	138,400 (USD 5,000)	138,400 (USD 5,000)	1.5%~2.5%	(1)	2,184,846	—	-	—	-	2,184,846	4,201,204
				Y	153,440 (CNY 35,000)	152,040 (CNY 35,000)	152,040 (CNY 35,000)	3.7%~4.35%	(1)	2,184,846	—	-	—	-	2,184,846	4,201,204

Note 1: For the No. field, instructions are given below:

(1) "0" for the issuer.

(2) Investees are numbered from number 1 and so on.

Note 2: Fund loaned to others can be one of the following two types by nature:

(1) Business association

(2) Short-term financing needed

Note 3: The total funds lent by the Company to others may not exceed 40% of the Company's net value in the most recent financial statements audited or certified by the CPAs (for Q3 of 2021).

The limit of funds lent to each borrower, by the purpose of borrowing, is set as follows:

(1) For the borrower trading with the Company, the limit of funds lent shall be no more than the amount of purchases or that of sales between the Company and the borrower over the past year or for the current year up to lending of the funds, whichever is higher.

(2) Where short-term financing is needed, the limit of funds lent may not exceed 40% of the Company's net value in the most recent financial statements audited or certified by the CPA (for Q3 of 2021).

Note 4: The amount refers to the amount of purchases or that of sales between the Company and Suzhou Gold Circuit Electronics Ltd. and Changshu Gold Circuit Technology Ltd. over the past year, whichever is higher.

Gold Circuit Electronics Ltd.

Endorsement and Guarantee Made for Others

January 1 through December 31, 2021

Attachment 2

Unit: NTD thousand, USD thousand, CNY thousand, EUR thousand

No.	Endorsed / guaranteed by	Counterpart		Limit of endorsement / guarantee on particular enterprise (Note 1)	Maximum balance of endorsement / guarantee made during the current period	Balance of endorsement / guarantee at end of the period	Amount actually disbursed	Amount of endorsement / guarantee secured by properties	Accumulated ratio of the value of endorsement and guarantee in the net worth of financial statements of the most recent term (%)	Maximum limit of endorsement / guarantee (Note 2)	As the parent company's endorsements / guarantees toward subsidiary(ies) (Note 3)	As a subsidiary's endorsements / guarantees toward its parent company (Note 3)	As the endorsements / guarantees toward the Mainland China area.(Note 3)
		Name	Affiliation										
0	Gold Circuit Electronics Ltd.	Goldex Holding Limited	Sub-subsidiary wholly invested in directly by the Company	$ 7,877,258	$ 1,854,775 (USD 65,000)	$ 1,799,200 (USD 65,000)	$ 996,480 (USD 36,000)	$ -	17.13	$ 15,754,515	Y	N	N
				7,877,258	171,850 (EUR 5,000)	156,600 (EUR 5,000)	- (EUR -)	-	1.49	15,754,515	Y	N	N
		Gold Circuit International Limited	Company wholly invested in via a subsidiary indirectly	7,877,258	228,280 (USD 8,000)	221,440 (USD 8,000)	- (USD -)	-	2.11	15,754,515	Y	N	N
		Gold Circuit Enterprise Limited	Company wholly invested in via a subsidiary indirectly	7,877,258	570,700 (USD 20,000)	553,600 (USD 20,000)	- (USD -)	-	5.27	15,754,515	Y	N	N
		Suzhou Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	7,877,258	818,955 (USD 28,700)	642,176 (USD 23,200)	415,200 (USD 15,000)	-	6.11	15,754,515	Y	N	Y
		Changshu Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	7,877,258	891,520 (USD 32,000)	608,960 (USD 22,000)	- (USD -)	-	5.8	15,754,515	Y	N	Y
				7,877,258	131,520 (CNY 30,000)	- (CNY -)	- (CNY -)	-	-	15,754,515	Y	N	Y
		Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested in via a subsidiary indirectly	7,877,258	142,675 (USD 5,000)	- (USD -)	- (USD -)	-	-	15,754,515	Y	N	Y

Note 1: The amount of endorsement/guarantee made by the Company for a single enterprise may not exceed 75% of the net value for the current term. The maximum of endorsement/guarantee on December 31, 2021 is obtained with 75% of the net value of the Company for the current term. The net value is based on that shown in the most recent financial statements audited and certified or reviewed by the CPA (for Q3 of 2021).

Note 2: The total amount of endorsements/guarantees made by the Company externally may not exceed 150% of the net value for the current term. The maximum of endorsement/guarantee on December 31, 2021 is obtained with 150% of the net value of the Company for the current term. The net value is based on that shown in the most recent financial statements audited and certified or reviewed by the CPA (for Q3 of 2021).

Note 3: Enter Y only in the case of the parent company's endorsements/guarantees toward subsidiary(ies), a subsidiary's endorsements/guarantees toward its parent company, and the endorsements/guarantees toward the Mainland China area.

Gold Circuit Electronics Ltd.

Marketable securities held – end of year

December 31, 2021

Attachment 3

Unit: NTD thousand

Holder	Type and name	Affiliation to the issuer	Account title	End of period				Remarks
				Share(s)	Book value	Equity (%)	Fair value	
Gold Circuit Electronics Ltd.	Stock							
"	AMB Technology Co., Ltd	—	Financial assets measured at fair value through other combined gains or losses – non-current	267,857	$ -	1.984	$ -	
"	Ultra Precision Technology Company	—	Financial assets measured at fair value through other combined gains or losses – non-current	1,000,000	-	10.290	-	
					$ -		$ -	
"	King Hsiang Investment Co.	Subsidiary	Long-term equity investment under equity method	19,999,400	$ 31,357	99.997	$ 31,357	
"	Goldex Holding Limited	Subsidiary	Long-term equity investment under equity method	196,910,000	4,842,050	100.000	4,842,050	
					$ 4,873,407		$ 4,873,407	

Gold Circuit Electronics Ltd.

Purchase/sale amount of transactions with related parties reaching NT$100 million or more than 20% of the paid-in capital

January 1 through December 31, 2021

Attachment 4

Unit: NTD thousand

Supplier (customer)	Trading counterpart	Affiliation	Status				Distinctive terms and conditions of trade and the reasons		Notes/accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount %	Duration	Unit price	Duration	Balance	Percentage in total accounts/notes receivable (payable) %	
Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	Purchase	$ 8,256,206	38	O/A 3 months	-	—	($ 2,933,445)	(46)	
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	Purchase	5,961,781	28	O/A 4 months	-	—	(1,681,662)	(26)	
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested in via a subsidiary indirectly	Purchase	2,184,846	10	O/A 3 months	-	—	(375,308)	(6)	

Gold Circuit Electronics Ltd.

Receivables from related parties worth NTD 100 million or 20% of the paid-in capital and above

December 31, 2021

Attachment 5

Unit: NTD thousand

Companies stated into accounts receivable	Trading counterpart	Affiliation	Balance of accounts receivable – related party	Turnover (Note 1)	Overdue accounts receivable – related party		Amounts received in subsequent period – related party	Allowance loss
					Amount	Accounting treatment		
Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	Accounts receivable $ 88,347	2.47	$ -	—	$ 16,879	$ -
Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	Other receivables 312,224	—	-	—	291,472	-
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested in via a subsidiary indirectly	Accounts receivable 9,336	2.35	-	—	-	-
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested in via a subsidiary indirectly	Other receivables 345,232	—	-	—	50,482	-

Note 1: The cycle days are not calculated for other receivables from related parties.

Gold Circuit Electronics Ltd.

Information related to the reinvested companies… such as names and locations, etc.

January 1 through December 31, 2021

Table 6

Unit: NTD thousand

Investor	Investee	Location	Principal business	Original investment cost		Holdings at end of year			Investment gain (loss) of the investee	Investment gain (loss) recognized for the current period (Note 1)	Remarks
				End of the current period	End of the previous period	Share(s)	Percentage (%)	Book value			
Gold Circuit Electronics Ltd.	King Hsiang Investment Co.	No. 149-1, Zhong Zeng Rd., Tamsui Dist., New Taipei City	General investment business	$ 199,994	$ 199,994	19,999,400	99.997	$ 31,357	$ 151,379	($ 3,162)	(Note 2)
"	Goldex Holding Limited	Trust Net Chambers Lotemau Centre, P.O. Box 1225, Apia, Samoa	"	6,271,398	6,271,398	196,910,000	100.000	4,842,050	2,309,154	2,254,606	
Goldex Holding Limited	Gold Circuit International Limited	P.O. Box 362, Road Town, Tortola, Virgin islands, British	"	3,239,310	3,239,310	98,000,000	100.000	2,789,730	1,441,976	1,415,691	
"	Gold Circuit Enterprise Limited	Turst Net Chambers Lotemau Centre, P.O.Box 1225, Apia, Samoa	"	2,670,554	2,670,554	93,010,000	100.000	2,027,875	876,347	848,084	
Gold Circuit International Limited	Suzhou Gold Circuit Electronics Ltd.	No. 238, Jinfeng Road, New District, Suzhou City, Jiangsu Province	Design, produce and sell multi-layer printed circuit boards	3,239,310	3,239,310	98,000,000	100.000	2,933,004	1,444,373	1,418,088	
Gold Circuit Enterprise Limited	Changshu Gold Circuit Electronics Ltd.	No. 9, Jiulong Rd., Changshu Southeast Economic Development Zone, Jiangsu Province	"	959,724	959,724	30,010,000	100.000	2,820,499	586,445	585,983	
"	Changshu Gold Circuit Technology Co., Ltd.	No. 816, Southeast Avenue, Changshu Hi-Tech Industrial Development Zone, Jiangsu Province	"	980,105	980,105	33,000,000	100.000	(706,856)	291,299	263,498	

Note 1: The investment gain (loss) recognized for the current period has taken into consideration the effects of unrealized (realized) gross losses on sales among reinvested companies.

Note 2: The investment loss of King Hsiang Investment Co. recognized for the current term, NTD 3,162 thousand, includes the investment gain recognized adopting the equity method, NTD 151,374 thousand, and reversal of the financial asset appraisal gain, NTD 145,951 thousand for King Hsiang Investment Co. from holding the Company's shares under the "Accounting Principles for Management of Treasury Stocks" and receipt of the income from dividends issued by the Company worth NTD 8,585 thousand.

Gold Circuit Electronics Ltd.
Funds lent by the reinvested company to others
January 1 through December 31, 2021

Attachment 7

Unit: NTD thousand, USD thousand, and CNY thousand

No.	Lending company	Borrower	Contents	Maximum balance for current term	Balance at end of term	Amount actually disbursed – end of period	Interest rate range (%)	Nature of lending (Note 1)	Amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Limit of funds lent to each borrower (Note 2)	Total limits of funds lent (Note 2)
												Title	Value		
1	Goldex Holding Limited	Changshu Gold Circuit Technology Co., Ltd.	Other receivables	$ 599,235 (USD 21,000)	$ 581,280 (USD 21,000)	$ 581,280 (USD 21,000)	1.1854%~1.7224%	(2)	$ -	Working capital	$ -	—	$ -	$ 14,367,492	$ 14,367,492
		Changshu Gold Circuit Electronics Ltd.	Other receivables	256,815 (USD 9,000)	249,120 (USD 9,000)	249,120 (USD 9,000)	1.1551%~1.7178%	(2)	-	Working capital	-	—	-	14,367,492	14,367,492
		Suzhou Gold Circuit Electronics Ltd.	Other receivables	285,350 (USD 10,000)	138,400 (USD 5,000)	138,400 (USD 5,000)	1.1285%~1.4756%	(2)	-	Working capital	-	—	-	14,367,492	14,367,492
		Gold Circuit International Limited	Other receivables	148,188 (USD 5,300)	146,704 (USD 5,300)	146,704 (USD 5,300)	1.4236%~1.7193%	(2)	-	Working capital	-	—	-	14,367,492	14,367,492
		Gold Circuit Enterprise Limited	Other receivables	89,472 (USD 3,200)	88,576 (USD 3,200)	88,576 (USD 3,200)	1.4214%~1.7193%	(2)	-	Working capital	-	—	-	14,367,492	14,367,492
2	Changshu Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Other receivables	876,800 (CNY 200,000)	868,800 (CNY 200,000)	851,070 (CNY 195,919)	0.8%~4.35%	(2)	31,046	Working capital	-	—	-	3,324,864	3,324,864

Note 1: Fund loaned to others can be one of the following two types by nature:
(1) Business association
(2) Short-term financing needed

Note 2: The amount of funds lent to a single borrower and the total amount of funds lent to others by a reinvestee (except Goldex Holding Limited and Gold Circuit Enterprise Limited) shall not exceed 150% of the reinvestee's net value in its most recent financial statements audited or certified by the CPA (for Q3 of 2021). The amount of funds lent to a single borrower and the total amount of funds lent to others by Goldex Holding Limited and Gold Circuit Enterprise Limited shall not exceed 300% of their net value in their most recent financial statements audited or certified by the CPA (for Q3 of 2021).

The limit of funds lent to a single borrower and the total amount of funds lent to others by a subsidiary in Mainland China shall not exceed 150% of the reinvestee's net value in its most recent financial statements audited or certified by the CPA (for Q3 of 2021).

Note 3: The interest rate range for funds lent in 2021

Gold Circuit Electronics Ltd.
Marketable securities held by reinvested companies - end of period
December 31, 2021

Table 8

Unit: NTD thousand

Holder	Type and name	Affiliation to the issuer	Account title	End of period				Remarks
				Share(s)	Book value	Equity (%)	Fair value	
King Hsiang Investment Co.	Stock							
"	Lee Chi Enterprise Co., Ltd.	—	Financial assets measured at fair value through gains or losses – current	155,595	$ 4,240	0.068	$ 4,240	
"	Gold Circuit Electronics Ltd.	The parent company in which King Hsiang Investment Co. holds 99.997% of the shares	Financial assets measured at fair value through gains or losses – current	5,723,750	435,005	1.058	435,005	
					$ 439,245		$ 439,245	

Gold Circuit Electronics Ltd.
Purchase/sale amount of transactions of reinvested companies with related parties reaching NT$100 million or more than 20% of the paid-in capital
January 1 through December 31, 2021

Attachment 9

Unit: NTD thousand

Supplier (customer)	Trading counterpart	Affiliation	Status				Distinctive terms and conditions of trade and the reasons		Notes/accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount %	Duration	Unit price	Duration	Balance	Percentage in total accounts/notes receivable (payable) %	
Suzhou Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	($ 8,256,206)	(91)	O/A 3 months	-	—	$ 2,933,445	89	
Changshu Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(5,961,781)	(93)	O/A 4 months	-	—	1,681,662	89	
Changshu Gold Circuit Technology Co., Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(2,184,846)	(94)	O/A 3 months	-	—	375,308	79	
Changshu Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Associate	Sales	(117,210)	(2)	O/A 4 months	-	—	67,302	4	
Suzhou Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Purchase	112,884	2	O/A 4 months	-	—	(88,347)	(4)	

Gold Circuit Electronics Ltd.

Reaching NTD 100 Million or 20% of Paid-in Capital and Above

December 31, 2021

Attachment 10

Unit: NTD thousand

Companies stated into accounts receivable	Trading counterpart	Affiliation	Balance of accounts receivable – related party	Turnover ratio (Note 1)	Overdue accounts receivable – related party		Amounts received in subsequent period – related party	Allowance loss
					Amount	Accounting treatment		
Suzhou Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Accounts receivable $ 2,933,445	3.40	$ -	—	$ 637,679	$ -
Changshu Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Accounts receivable 1,681,662	4.12	-	—	1,085,741	-
Changshu Gold Circuit Technology Co., Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Accounts receivable 375,308	5.56	-	—	376,117	-
Goldex Holding Limited	Suzhou Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	Other receivables 138,599	—	-	—	-	-
Goldex Holding Limited	Changshu Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	Other receivables 249,667	—	-	—	-	-
Goldex Holding Limited	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested in via a subsidiary indirectly	Other receivables 582,940	—	-	—	-	-
Goldex Holding Limited	Gold Circuit Enterprise	Company wholly invested in via a subsidiary indirectly	Other receivables 146,949	—	-	—	-	-
Changshu Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Affiliated enterprise	Other receivables 870,647	—	-	—	793	-

Note 1: The cycle days are not calculated for other receivables from related parties.

Gold Circuit Electronics Ltd.

Information about Investment in Mainland China

January 1 through December 31, 2021

Attachment 11

Unit: NTD thousand/USD thousand

Name of invested company in China	Principal business	Paid-in capital	Mode of investment (Note 1)	Cumulative investment amount outward remitted from Taiwan – beginning of the period	Amount of investment made or collected for the current term		Cumulative investment amount outward remitted from Taiwan – end of the period	Net income of investee	Shareholdings of the Company's direct or indirect investment (%)	Investment gains or losses recognized for the current period (Note 2)	Book value of investment at ending	Investment income repatriated to Taiwan as of the end of the period
					Outward remitted	Repatriated						
Suzhou Gold Circuit Electronics Ltd.	Design, produce and sell multi-layer printed circuit boards	$ 3,239,310	2	$ 3,239,310	$ -	$ -	$ 3,239,310	$ 1,444,373	100	2.(2) $ 1,418,088	$ 2,933,004	$ -
Changshu Gold Circuit Electronics Ltd.	Design, produce and sell multi-layer printed circuit boards	959,724	2	959,724	-	-	959,724	586,445	100	2.(2) 585,983	2,820,499	-
Changshu Gold Circuit Technology Co., Ltd.	Design, produce and sell multi-layer printed circuit boards	980,105	3	980,105	-	-	980,105	291,299	100	2.(2) 263,498	(706,856)	-

Cumulative value remitted for investing in Mainland China at the end of current term	Investment amount approved by Investment Commission, MOEA	Limit of investment amount required by Investment Commission, MOEA (Note 4)
$ 5,179,139 (USD 161,010)	$ 4,456,757 (USD 161,010)	$ -

Note 1: The modes of investment are classified into the following four types:

1. To invest in Mainland China companies through remittance from a third area.
2. To invest in Mainland China companies through a company invested in and established in a third area.
3. To invest in Mainland China companies through reinvesting in an existing company in a third area.
4. Other ways, ex: discretionary investment contract

Note 2: For the field of investment gain/loss recognized for the current term:

1. Specify so if no investment gains or losses are yet available as preparations are ongoing.
2. Specify one of the following three types for the basis for recognizing investment gains/losses.
   (1) Financial statements reviewed and approved by an international CPA firm in a collaborative relationship with a CPA firm of the ROC.
   (2) Financial statements audited by the CPAs of the parent company in Taiwan.
   (3) Others.

Note 3: The related figures herein should be expressed in NTD.

Note 4: The Company already received supporting documents answering to the scope of operation of the headquarters issued by the Industrial Development Bureau, MOEA on September 9, 2019. Therefore, the Company is not bound by the limit of investment in Mainland China specified by the Investment Commission, MOEA.

Gold Circuit Electronics Ltd.

Any significant transactions with investees in Mainland China, either directly or indirectly through a third area

January 1 through December 31, 2021

Attachment 12

Unit: NTD thousand

Related parties' names	Affiliation of the Company with related party	Type of transaction	Amount	Trading conditions			Notes/accounts receivable (payable)		(Realized) unrealized gain (loss)
				Price	Payment terms	Comparison with the general transactions	Balance	Percentage (%)	
Suzhou Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	Purchase	$ 8,256,206	$ 8,256,206	General	Similar	($ 2,933,445)	89	($ 26,285)
"	"	Sales	112,884	112,884	General	Similar	88,347		
"	"	Surrogate shopping of consumables	58,553	58,553	General	Similar	32,887		
Changshu Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	Purchase	5,961,781	5,961,781	General	Similar	(1,681,662)	89	(462)
"	"	Sales	12,168	12,168	General	Similar	4,719		
"	"	Surrogate shopping of consumables	22,902	22,902	General	Similar	10,302		
Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested in via a subsidiary indirectly	Purchase	2,184,846	2,184,846	General	Similar	(375,308)	79	(27,801)
"	"	Sales	12,517	12,517	General	Similar	9,336		
"	"	Surrogate shopping of consumables	13,507	13,507	General	Similar	50,517		

Gold Circuit Electronics Ltd.

Information of Major Shareholders

December 31, 2021

Attachment 13

Name of Major Shareholder	Shares	
	Number of shares held (share)	Shareholding ratio
Chang-Chi Yang	107,258,019	19.64%
First Fiduciary Nomura Investment Account for 2020 of New Labor Pension Fund	47,174,162	8.63%
Jui-Ching Li	30,724,300	5.62%

§ Statement of important accounting titles §

Gold Circuit Electronics Ltd.

Statement of Cash and Cash Equivalents

December 31, 2021

Statement 1 | Unit: NTD thousand

Item	Summary	Amount
Cash		
Cash on hand and working capital		$ 865
Bank deposit		
Check and NTD current deposit		475,594
Foreign currency current deposit	USD 36,115 thousand, @27.68	999,670
	CNY 175 thousand, @4.344	761
	EUR 1,000 thousand, @31.32	42
Cash equivalents		
Foreign currency time deposit	CNY 3,000 thousand, @4.344, Period: December 29, 2021–March 1, 2022, Interest rate: 2.22%.	13,032
		$ 1,489,964

Gold Circuit Electronics Ltd.
Statement of Accounts Receivable
December 31, 2021

Statement 2 Unit: NTD thousand

Customer	Summary	Amount
Non-related party		
R-01	Loans	$ 1,775,492
R-02	"	1,765,136
R-03	"	966,286
R-04	"	844,350
Others (Note)	"	3,321,200
Subtotal		8,672,464
Related party		
Suzhou Gold Circuit Electronics Ltd.	"	88,347
Changshu Gold Circuit Technology Co., Ltd.	"	9,336
Changshu Gold Circuit Electronics Ltd.		4,719
Subtotal		102,402
Less: Allowance for bad debt		(42,114)
		$ 8,732,752

Note: None of the account balance is with an amount exceeding 5% of the total amount.

Gold Circuit Electronics Ltd.
Statement of Other Receivables
December 31, 2021

Statement 3 | Unit: NTD thousand

Item	Summary	Amount
Related parties		
Suzhou Gold Circuit Electronics Ltd.	Funds lent and interest receivable	$ 279,337
Suzhou Gold Circuit Electronics Ltd.	Sale of equipment and consumables	32,887
Changshu Gold Circuit Technology Co., Ltd.	Funds lent and interest receivable	294,715
Changshu Gold Circuit Technology Co., Ltd.	Sale of equipment and consumables	50,517
Changshu Gold Circuit Electronics Ltd.	Sale of equipment and consumables	10,302
		667,758
Non-related party		
Others (Note)		76,068
		$ 743,826

Note: None of the account balance is with an amount exceeding 5% of the total amount.

Gold Circuit Electronics Ltd.
Statement of Inventory
December 31, 2021

Statement 4 Unit: NTD thousand

Item	Summary	Amount: Cost	Amount: Net realized value
Finished goods	Double-layer and multi-layer boards	$ 1,988,170	$ 1,950,653
In-process items	“	780,315	760,761
Raw materials & supplies	Copper foil substrate, film, chemical agent, drill pen, adhesive tape, overcoat, rivets	276,206	267,220
Inventories in transit	Double-layer and multi-layer boards	215,358	215,358
		3,260,049	$ 3,193,992
Less: Allowance losses on inventory devaluation and obsolescence (Note)		66,057	
		$ 3,193,992	

Note: The losses provided due to devaluation and obsolescence of finished goods, in-process items, and raw materials & supplies.

Gold Circuit Electronics Ltd.
Statement of Accounts Payable
December 31, 2021

Statement 5 Unit: NTD thousand

Customer	Summary	Amount
Non-related party		
P-01	Loans	$ 117,258
P-02	“	159,559
P-03	“	276,878
P-04	“	161,353
P-05		122,956
Others (Note)	“	606,016
		1,444,020
Related parties		
Suzhou Gold Circuit Electronics Ltd.	Loans	2,933,445
Changshu Gold Circuit Electronics Ltd.	“	1,681,662
Changshu Gold Circuit Technology Co., Ltd.	“	375,308
		4,990,415
		$ 6,434,435

Note: None of the account balance is with an amount exceeding 5% of the total amount.

Gold Circuit Electronics Ltd.
Statement of Lease liabilities
December 31, 2021

Statement 6

Unit: NTD thousand

Item	Summary	Lease Period	Discount rate	Balance at end of term	Note
Machinery & equipment		March 2013 – February 2023	1.38%~2.68%	$ 25,414	

Gold Circuit Electronics Ltd.
Statement of Long-term Borrowings
December 31, 2021

Statement 7

Unit: NTD thousand

Creditor bank or guarantee institution	Summary	Amount (Note) Current portion	Amount (Note) Matured upon expiration of one year	Amount (Note) Total	Borrowing period	Interest rate interval %	Mortgage or collateral
Mega International Commercial Bank	Mortgage loan	$ 53,846	$ 376,924	$ 430,770	9/6/2024	1.375	Land and building
KGI Bank	Mortgage	-	250,000	250,000	4/29/2024	1.288	Land and building
CTBC	Credit-based borrowings	-	200,000	200,000	11/23/2023	1.10	None
		$ 53,846	$ 826,924	$ 880,770			

Note: Please refer to Note XVI of the financial statement for the repayment method.

Gold Circuit Electronics Ltd.
Statement of Operating Income
January 1 through December 31, 2021

Statement 8 | Unit: NTD thousand

Item	Summary	Amount
Sales income		$ 26,230,454
Less: Sales return		(315,063)
Sales allowance		(365,173)
		$ 25,550,218

Gold Circuit Electronics Ltd.
Statement of Operating Cost

January 1 through December 31, 2021

Statement 9 Unit: NTD thousand

Item	Amount
Direct raw materials	
Raw materials – beginning of year	$ 174,080
Add: Materials received for the current term	5,068,141
Less: Raw materials, end of period	(273,508)
Consumption of direct raw materials	4,968,713
Direct labor	1,091,161
Manufacturing expenses	1,958,195
Manufacturing costs	8,018,069
Add: In-process items at start of term	413,761
Less: In-process items at end of term	(780,315)
Costs of finished goods	7,651,515
Add: Finished goods, beginning of year	1,427,705
Procured externally for the current term	16,388,763
Less: Finished goods, end of year	(1,988,170)
Sale of scraps and waste materials	(206,159)
Gain on recovery of inventory	(16,027)
Transferred to be sample charges	(10,316)
Transferred to be other expenses	(903)
Transferred to be R&D expenditure	(221)
	$ 23,246,187

Gold Circuit Electronics Ltd.
Statement of Manufacturing Expenditure
January 1 through December 31, 2021

Statement 10 Unit: NTD thousand

Item	Summary	Amount
Indirect materials		$ 148,135
Salary expense		376,223
Rent expenses		1,520
Stationery and supplies		2,816
Traveling expenses		897
Freight		172
Postage and phone bill		2,658
Repairs and maintenance expenses		205,541
Water & electricity charges		402,102
Insurance premium		136,729
Tax		7,490
Depreciation		270,761
Amortizations		9,177
Meal expenses		7,643
Employee benefits		30,167
Miscellaneous purchase		12,601
Consumable materials		66,476
Packaging materials		4,703
Processing fees		68,141
Other expenses		204,243
		$ 1,958,195

Gold Circuit Electronics Ltd.
Statement of Promotional Expenditure
January 1 through December 31, 2021

Statement 11 Unit: NTD thousand

Item	Summary	Amount
Salary expense		$ 88,413
Rent expenses		2,691
Stationery and supplies		33
Traveling expenses		3,248
Freight		2,781
Postage and phone bill		777
Repairs and maintenance expenses		108
Utility bill		340
Insurance premium		5,916
Entertainment expense		7,912
Depreciation		1,345
Meal expenses		2,891
Employee benefits		2,692
Commission expenses		383,161
Import/export expenses		20,113
Training expenses		43
Other expenses		28,808
		$ 551,272

Gold Circuit Electronics Ltd.
Statement of Administration Expenditure
January 1 through December 31, 2021

Statement 12 Unit: NTD thousand

Item	Summary	Amount
Salary expense		$ 245,597
Rent expenses		2,501
Stationery and supplies		864
Traveling expenses		1,663
Freight		69
Postage and phone bill		394
Repairs and maintenance expenses		11,772
Utility bill		3,466
Advertisement expense		172
Insurance premium		12,072
Entertainment expense		3,993
Donation		3,740
Tax		1,028
Depreciation		15,692
Amortizations		88
Meal expenses		530
Employee benefits		1,248
Training cost		2,905
Other expenses		63,221
		$ 371,015

Gold Circuit Electronics Ltd.
Statement of R&D Expenditure

January 1 through December 31, 2021

Statement 13 Unit: NTD thousand

Item	Summary	Amount
Salary expense		$ 239,082
Rent expenses		89
Stationery and supplies		76
Traveling expenses		575
Freight		22
Postage and phone bill		112
Repairs and maintenance expenses		2,685
Utility bill		774
Insurance premium		17,974
Depreciation		1,597
Amortizations		89
Meal expenses		1,053
Employee benefits		4,448
Training expenses		264
Other expenses		4,192
		$ 273,032

Gold Circuit Electronics Ltd.

Summary of Employee Welfare, Depreciation, Depletion and Amortization Expenditures for the Current Term

From January 1 to December 31, 2021 and 2020

Statement 14

Unit: NTD thousand

	2021			2020		
	Classified as operating cost	Classified as operating expense	Total	Classified as operating cost	Classified as operating expense	Total
Employee fringe benefit expenses						
Salary	$ 1,416,088	$ 513,175	$ 1,929,263	$ 1,294,063	$ 437,824	$ 1,731,887
Expenses for labor and health insurance	129,995	31,850	161,845	117,364	29,407	146,771
Pension expense	51,273	20,727	72,000	51,772	20,228	72,000
Remuneration to directors	-	39,188	39,188	-	24,502	24,502
Other employee benefit expenses	94,458	16,386	110,844	89,408	15,998	105,406
Depreciation expenditure	270,761	18,634	289,395	265,742	16,716	282,458
Amortization expenditure	9,177	177	9,354	10,460	190	10,650

Note:

1. The number of employees for the current year and the previous year is 2,280 and 2,259 respectively. The number of directors who are not also employees is consistently 5.
2. A company whose stocks are already listed on TWSE or trade in TPEx shall also disclose the following information:
   (1) The average employee benefit expenditure for the current year is NTD 1,000 thousand (“Total employee benefit expenditure - Total remuneration to directors for the current year” / “Number of employees - Number of employees not serving as director concurrently for the current year”.

   The average employee benefit expenditure for the previous year was NTD 913 thousand (“Total employee benefit expenditure - Total remuneration to directors for the previous year” / “Number of employees - Number of employees not serving as director concurrently for the previous year”).

   (2) The average employee salary expenditure for the current year is NTD 848 thousand (Total salary expenditure for the current year / “Number of employees - Number of employees not serving as director concurrently for the current year”).

   The average employee salary expenditure for the previous year was NTD 769 thousand (Total salary expenditure for the previous year” / “Number of employees - Number of employees not serving as director concurrently for the previous year”).

   (3) Variance in the average employee salary expenditure adjusted is 10.37% (“Average employee salary expenditure for the current year - Average employee salary expenditure for the previous year” / Average employee salary expenditure for the previous year).

   (4) There are no supervisors in the Company, so information on the disclosure of remuneration to supervisors is not provided.

   (5) The compensation and remuneration policies of the Company (including directors, managers, and employees).

   A. Director

   a. Fixed: The board meeting is authorized to determine the remuneration to each director according to the standards of the industry; NT$30 thousand is allocated each month for each director now.

   b. Variable: No more than 1% of the annual profit is allocated as director’s remuneration as required by the Articles of Incorporation.

   B. The remuneration to managers is based on the requirements set forth in Article 29 of the Company Act.

   C. The employees are paid according to the applicable requirements of the Company for practitioners and with reference to the salary criteria on the market. 5% to 10% of the annual profit is allocated as employees’ remuneration as required by the Articles of Incorporation.

   D. The remuneration to directors and that to managers need to be periodically evaluated by the Company’s Remuneration Committee and the latter will define the compensation and remuneration.

Remarks:

1. The calculation basis applied to the information about the number of employees referred to herein should be consistent with that applied to employee benefit expenditure and employee salary expenditure, and subject to the average number of employees.
2. According to IAS 19, employees, including directors and other management officers, might provide services, on a full-time basis, on a part-time basis, permanently, from time to time, or temporarily. Therefore, the “employees” referred to herein include directors, managers, general employees and workers by contract, but exclude supervisors, temporary workers, labor service suppliers, or business contractors.
3. The “remuneration to directors” means the remuneration, pension, compensation to directors, and income from professional practicing received by all directors, but salary, labor/national health insurance premium, pension and other welfare expenses received by any of them who serves as employee concurrently are excluded.
4. The “remuneration to supervisors” means the rewards, compensation, and income from performing duties at work.