Gold Circuit Electronics Ltd. and Subsidiaries

Consolidated Financial Statements for the years ended December 31, 2021 and 2020 Independent Auditor's Report

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Declaration on Consolidated Reports of Affiliates

Companies that should be included in the compiled consolidated financial reports of affiliates for 2021 (from January 1, 2021 to December 31, 2021) in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are identical to those that should be compiled in the consolidated reports of the parent company and its subsidiaries as per International Financial Reporting Standard 10 and all the information that should be disclosed in the consolidated financial reports of affiliates has been disclosed in the consolidated reports of the parent company and its subsidiaries. Therefore, the consolidated financial reports of affiliates is not prepared separately.

Declared by:

Company: Gold Circuit Electronics Ltd.

Responsible Person: Cheng-Tse Yang

March 22, 2022

Audit Report

To Gold Circuit Electronics Ltd.

Audit opinions

We have audited the Consolidated Balance Sheet of Gold Circuit Electronics Ltd. and the subsidiaries (Gold Circuit Electronics Group) on December 31, 2021 and 2020 and the Consolidated Comprehensive Income Statement, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Consolidated 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, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and International Financial Reporting Standards Interpretations Committee's Interpretations (IFRSIC) and Standing Interpretation Committee's Interpretative Announcement (SIC) recognized and issued into effect by the Financial Supervisory Commission, Executive Yuan (FSC), presenting fairly the consolidated financial position of Gold Circuit Electronics Group on December 31, 2021 and 2020 and the consolidated results of financial performance and consolidated cash flow for the periods starting from January 1 till December 31, 2021 and 2020.

Bases for the Audit Opinions

We conducted our 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 consolidated financial reports. The personnel of the CPA Firm subject to the independence requirement have acted independently of the Gold Circuit Electronics Group 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 consolidated financial reports of the Gold Circuit Electronics Group. These matters were addressed in the content of our audit of the consolidated financial reports as a whole, and in forming our opinion thereon, and we do not provide opinions on those matters separately.

The key audit matters for the 2021 consolidated financial reports of the Gold Circuit Electronics Group are described as follows:

<u>Recognition of Income</u>

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.

Other Matters

Gold Circuit Electronics Ltd. has duly worked out the 2021 and 2020 parent company-only financial reports for which we, as the CPAs, have issued the Audit Report containing unqualified opinions, with records on file, for your reference.

Responsibilities of Management and Governance Unit for Consolidated Financial Reports

The management is responsible for preparing adequately expressed stated financial reports in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and international financial reporting standards, international accounting standards, interpretations, and interpretation announcements approved and released to take effect by the Financial Supervisory Commission and maintaining necessary internal control relevant to the compilation of the consolidated financial reports in order to ensure that no material misstatements caused by frauds or errors exist in consolidated financial reports.

While compiling consolidated financial reports, the management is also responsible for evaluating the ability of Gold Circuit Electronics Group to continue with operation, disclosing related matters, and adopting the bases for continued operation and accounting unless the management intends to liquidate the Gold Circuit Electronics Group 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 the Gold Circuit Electronics Group is responsible for supervising the financial reporting process.

CPA's Responsibilities in Auditing Consolidated Financial Reports

We audit the consolidated financial reports in order to be reasonably convinced as to whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 the Gold Circuit Electronics Group.
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 the Gold Circuit Electronics Group 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 consolidated financial reports or, if such disclosure is 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 the Gold Circuit Electronics Group no longer capable of continuing with operation.
5. Evaluate the overall presentation, structure, and content of the consolidated statements, including the disclosures, whether the consolidated 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 the Group in order to express opinions about the consolidated financial reports. We as the CPAs are responsible for guiding, supervising, and implementing the audit of the Group as well as forming an opinion on the audit of the Group.

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 consolidated financial reports of the Gold Circuit Electronics Group 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. FSC SFB IV No. 0930160267	Securities and Futures Commission's written approval No: Tai-Cai-Zheng-Liu-Zi No. 0920123784

March 22, 2022

Consolidated Balance Sheet of
Gold Circuit Electronics Ltd. and Subsidiaries

December 31, 2021 and 2020

Unit: NTD thousand

		December 31, 2021		December 31, 2020	
Code	Assets	Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes IV and VI)	$ 3,817,107	15	$ 4,384,959	20
1110	Financial assets measured at fair value through gains or losses – current (Notes IV and VII)	25,691	-	7,423	-
1150	Notes receivable (Notes IV and IX)	17,628	-	63,145	1
1170	Accounts receivable (Notes IV, V and IX)	9,105,664	37	6,710,245	31
1200	Other accounts receivable (Notes IV and IX)	91,204	1	179,264	1
1220	Income tax assets for the current period (Note XXIV)	-	-	15,670	-
130X	Inventories (Notes IV and X)	4,821,750	19	3,078,980	14
1410	Prepayments	267,134	1	270,877	1
1470	Other current assets (Note XVI)	15,899	-	15,844	-
11XX	Total current assets	18,162,077	73	14,726,407	68
	non-current assets				
1535	Financial assets measured at amortized cost – non-current (Note IV and VIII)	31,700	-	23,400	-
1600	Property, Plant, and Equipment (Notes VI, XII and XXX)	5,679,186	23	5,586,368	26
1755	Right-of-use assets (Notes IV, XIII and XXX)	189,143	1	213,119	1
1760	Investment property (Notes IV and XIV)	577,900	2	577,000	3
1780	Other intangible assets (Notes IV and XV)	26,550	-	18,500	-
1840	Deferred income tax assets (Notes IV and XXIV)	298,232	1	488,732	2
1900	Other non-current assets (Note XVI)	15,497	-	15,970	-
15XX	Total non-current assets	6,818,208	27	6,923,089	32
1XXX	Total assets	$ 24,980,285	100	$ 21,649,496	100
Code	Liabilities and shareholders' equity				
	Current liabilities				
2100	Short-term borrowings (Notes IV and XVII)	$ 1,341,206	5	$ 2,204,686	10
2120	Financial liabilities measured at fair value through gains or losses – current (Notes IV and VII)	-	-	13,804	-
2170	Accounts payable (Note XVIII)	5,502,050	22	3,841,374	18
2200	Other accounts payable (Note XIX)	2,469,318	10	1,961,369	9
2230	Income tax liability for the year (Note XXIV)	402,785	2	172,865	1
2250	Provision for liabilities-current (Notes IV and XX)	179,552	1	156,064	1
2280	Lease liabilities – current (Notes IV and XIII)	17,246	-	20,477	-
2320	Long-term borrowings due within a year (Notes IV and XVII)	253,142	1	687,692	3
2399	Other current liabilities (Note XIX)	108,933	-	75,300	-
21XX	Total current liabilities	10,274,232	41	9,133,631	42
	Non-current liabilities				
2540	Long-term borrowings (Notes IV and XVII)	1,624,108	6	2,797,588	13
2542	Long-term bills payable (Note IV and XVII)	1,250,000	5	-	-
2570	Deferred income tax liabilities (Notes IV and XXIV)	135,795	1	84,806	1
2580	Lease liabilities – non-current (Notes IV and XIII)	15,300	-	23,121	-
2640	Net defined benefit liabilities- non-current (Notes IV and XXI)	200,680	1	269,180	1
2670	Other non-current liabilities (Note XIX)	78,056	-	75,534	-
25XX	Total non-current liabilities	3,303,939	13	3,250,229	15
2XXX	Total liabilities	13,578,171	54	12,383,860	57
	Equity attributable to owners of the Company (Note XXII)				
	Capital stock				
3110	Common shares	5,464,879	22	5,464,879	25
3200	Additional paid-in capital	1,206,574	5	1,471,233	7
	Retained earnings				
3310	Legal reserve	167,997	-	-	-
3320	Special reserve	475,522	2	475,522	2
3350	Undistributed earnings	3,927,668	16	1,679,970	8
3300	Total retained earnings	4,571,187	18	2,155,492	10
3490	Other equity items	257,951	1	272,509	1
3500	Treasury stocks	(98,477)	-	(98,477)	-
31XX	Total equity attributable to owners of the Company	11,402,114	46	9,265,636	43
3XXX	Total equity	11,402,114	46	9,265,636	43
	Total liabilities and equities	$ 24,980,285	100	$ 21,649,496	100

The notes enclosed are part of the consolidated financial reports.

Consolidated Comprehensive Income Statement of
Gold Circuit Electronics Ltd. and Subsidiaries

January 1 to December 31, 2021 and 2020

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

		2021		2020	
Code		Amount	%	Amount	%
	Operating income				
4100	Sales income (Note IV)	$ 26,607,474	100	$ 23,398,323	100
	Operating cost (Notes X, XXI and XXIII)				
5110	Sales cost	20,236,434	76	18,107,743	78
5900	Gross profit	6,371,040	24	5,290,580	22
	Operating expenditure (Notes XXI and XXIII)				
6100	Promotional expenditure	840,157	3	789,095	4
6200	Operating expenditure	832,429	3	785,493	3
6300	R&D expenditure	623,220	3	533,478	2
6450	Expected credit impairment loss (gain)	(50,106)	-	64,220	-
6000	Total operating expenditure	2,245,700	9	2,172,286	9
6500	Other gains, expenses and losses – net (Note XXIII)	(2,819)	-	(44,376)	-
6900	Net operating profit	4,122,521	15	3,073,918	13
	Non-operating income and expenditure (Notes IV and XXIII)				
7100	Interest income	16,385	-	21,362	-
7010	Other income	95,820	-	96,063	1
7020	Other gain or loss	(118,744)	-	(325,493)	(1)
7050	Financial cost	(67,464)	-	(167,968)	(1)
7000	Total non-operating income and expenditure	(74,003)	-	(376,036)	(1)

(To be continued)

(Continued)

Code		2021 Amount	2021 %	2020 Amount	2020 %
7900	Net profit before tax from continuing operation	$ 4,048,518	15	$ 2,697,882	12
7950	Income tax expenditure (Notes IV and XXIV)	1,121,664	4	631,270	3
8000	Continuing operation net profit for the year	2,926,854	11	2,066,612	9
	Other combined gains or losses				
8310	Not reclassified to profit and loss:				
8311	Defined benefit plan re-measurement amount (Note XXI)	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 (net amount after tax) of the year	20,771	-	33,054	-
8500	Total combined gains or losses of the year	$ 2,947,625	11	$ 2,099,666	9
	The net earnings belong to:				
8610	Owners of the Company	$ 2,926,854	11	$ 2,066,612	9
	The total combined gains or losses belong to:				
8710	Owners of the Company	$ 2,947,625	11	$ 2,099,666	9
	EPS (Note XXV)				
	From continuing operations				
9710	Basic	$ 5.41		$ 3.82	
9810	dilution	$ 5.38		$ 3.80	

The notes enclosed are part of the consolidated financial reports.

Consolidated Statement of Changes in Equity of
Gold Circuit Electronics Ltd. and Subsidiaries

January 1 to December 31, 2021 and 2020

Unit: NTD thousand

		Equity attributable to owners of the Company									
				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	Real estate properties revaluation surplus	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

The notes enclosed are part of the consolidated financial reports.

Gold Circuit Electronics Ltd. and Subsidiaries

Consolidated Statement of Cash Flow

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	$ 4,048,518	$ 2,697,882
A20010	Income charges (credits):		
A20300	Expected credit impairment loss (gain on recovery of impairment)	(50,106)	64,220
A20100	Depreciation expenditure	762,815	716,824
A20200	Amortization expenditure	12,901	13,623
A20900	Financial cost	67,464	167,968
A29900	Provision (reversal) for liabilities	23,540	(1,046)
A21200	Interest income	(16,385)	(21,362)
A21300	Dividend income	(54)	-
A23800	Gain on price recovery from inventory devaluation and obsolescence	(9,916)	(11,812)
A22500	Loss on disposal of real estate properties, plants, and equipment	44,197	68,271
A23100	Net gain from the disposal of financial assets	-	(466)
A20400	Net loss (gain) from financial assets measured at fair value through gains or losses	(18,268)	19,469
A20400	Net (gains) losses from financial liabilities measured at fair value through gains or losses	(13,804)	13,804
A24100	Net (gains) losses from foreign currency exchange	(8,237)	4,379
A24600	Gain from fair value adjustment of Investment property	(900)	(2,600)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	45,517	(32,456)
A31150	Accounts receivable	(2,344,994)	31,244
A31180	Other receivables	88,045	(118,700)
A31200	Inventories	(1,732,708)	(324,315)
A31230	Prepayments	3,743	2,149
A31240	Other current assets	(55)	4,260
A32130	Notes payable	-	(1,565)
A32150	Accounts payable	1,660,676	(543,064)
A32180	Other payables	440,886	589,990
A32230	Other current liabilities	33,633	18,395
A32240	Net defined benefit liabilities	(24,339)	(23,650)
A33000	Cash yielded in business operation	3,012,169	3,331,442
A33200	Interest collected	16,400	21,348
A33500	Income tax paid	(639,068)	(364,148)
AAAA	Net cash inflow from operating activities	2,389,501	2,988,642

(To be continued)

(Continued)

Code		2021	2020
	Cash flow from investing activities		
B00010	Financial assets measured at fair value through other combined gains or losses	$ -	($ 10,000)
B00050	Disposal of financial assets measured at amortized cost	-	43
B00100	Acquisition of financial assets at fair value through gains or losses	-	(29,000)
B00200	Sale of financial assets at fair value through gains or losses	-	39,423
B07600	Dividends collected	54	-
B02700	Procurement of real estate properties, plants, and equipment	(825,948)	(688,435)
B04500	Procurement of intangible assets	(20,999)	(11,603)
B02800	Proceeds from disposal of real estate properties, plants, and equipment	15,333	26,461
B06000	Reduction in financing lease receivable	-	3,585
B03800	Decrease in refundable deposit	74	2,665
B06700	Decrease in other non-current assets	399	9,449
BBBB	Net cash outflow from investing activities	(831,087)	(657,412)
	Cash flow from financing activities		
C00500	Increase in short-term notes and bills payable	-	200,000
C00600	Decrease in short-term notes and bills payable	-	(300,000)
C00100	Increase in short-term loan	2,868,571	7,812,162
C00200	Decrease in short-term loan	(3,776,689)	(9,184,070)
C01600	Application for long-term borrowings	7,635,374	5,185,280
C01700	Repayment of long-term borrowings	(9,214,604)	(5,138,557)
C01800	Increase in Long-term notes and bills payable	1,250,000	-
C04020	Repayment of lease liability principal	(21,831)	(30,117)
C03000	Collection of guarantee deposits received	2,522	13,053
C05600	Interest paid	(72,512)	(182,216)
C04500	Dividends in cash paid	(819,732)	-
CCCC	Net cash outflow from financing activities	(2,148,901)	(1,624,465)
DDDD	Impact of change in exchange rate on cash and cash equivalents	22,635	(104,935)
EEEE	Increase (decrease) in cash and cash equivalents	(567,852)	601,830
E00100	Balance of cash and cash equivalents-beginning of year	4,384,959	3,783,129
E00200	Balance of cash and cash equivalents-end of year	$ 3,817,107	$ 4,384,959

The notes enclosed are part of the consolidated financial reports.

Gold Circuit Electronics Ltd. and Subsidiaries

Notes to Consolidated 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 functional currencies adopted by the Company and its subsidiaries are NTD, CNY and USD respectively. Considering that the Company is a listed company based in Taiwan, in order to improve the comparability and consistency of financial reports, the consolidated financial reports are denominated in NTD.

II. Dates and Procedures for Approving Financial Statements

The consolidated 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 clarifications, the applicability 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 Consolidated Company:

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

The Consolidated 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, 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 Consolidated 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 existing 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 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 Consolidated 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 Consolidated 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
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 Consolidated Company sells or devotes assets to affiliates (or joint ventures), or the Consolidated 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 Consolidated Company is to recognize the gains or losses of the transactions fully.

In addition, if the Consolidated Company sells or contributes assets to affiliates (or joint ventures), or the Consolidated Company loses the control over a subsidiary in transactions with affiliates (or joint ventures) but retains significant influence on (or joint control over) the subsidiary, and if the aforementioned assets or subsidiary does not meet the definition of IFRS 3 "Business," the Consolidated Company is to recognize the gains or losses of the transactions only within the equity scope of the affiliates (or joint ventures) irrelevant to the investors, in other words, the gains or losses attributable to the Consolidated 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 Consolidated 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 Consolidated Company has such right at the end of the reporting period to defer settlement of the liability after the reporting period, the liability should be classified as non-current, irrelevant with whether the Consolidated Company is expected to exercise the right or not. The Amendment also clarifies that if the Consolidated 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 requires that for the purpose of classification of liabilities, said settlement refers to the discharge from liability through the transfer to the trading counterpart of cash, other economic resources, or the Consolidated Company’s equity instruments. 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 Consolidated 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 Consolidated 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 Consolidated Company does not need to disclose the said information.
- The Consolidated 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 Consolidated 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 Consolidated Company chooses its applicable accounting policies from options allowed under the Standard.

(3) The accounting policies are established by the Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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.

Besides the impacts mentioned above, as of the date the consolidated financial reports were approved and released, the Consolidated Company had been evaluating the impacts that the revisions made to other standards and their interpretations have on the financial standing and financial performance and related impacts will be disclosed once the evaluation is completed.

IV. Summary of Significant Accounting Policies

(I) Compliance Statement

The consolidated financial reports are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and released to take effect by the FSC.

(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 present value of defined benefit obligations, the consolidated financial reports have 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.

(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) Grounds of consolidation

The consolidated financial reports are those of the Company and entities under the control of the Company (the subsidiaries). The Consolidated Comprehensive Income Statement already includes the operating gains or losses of the subsidiaries acquired or disposed of for the current term, from the date of acquisition to the date of disposal. The financial reports of the subsidiaries have been duly adjusted so that their accounting policies would be consistent with the accounting policies of the Consolidated Company. Upon preparation of the consolidated financial reports, the transactions among entities, balances, gains, expenses and losses on account had been completely written off. The total combined gains or losses of the subsidiaries belong to the owners the Company and are non-controlling interests even if non-controlling interests become the remainder of gains or losses.

When the change in the ownership equity on a subsidiary of the Consolidated Company does not result in a loss of control, it is processed as an equity transaction. The book value of the Consolidated Company and the non-controlling equity has been adjusted to reflect the change in the relative equity on the subsidiary. The difference between the adjusted amount of the non-controlling equity and the considerations paid or collected is directly recognized as equity and attributable to the Company's shareholders.

When the Consolidated Company loses control of a subsidiary, the disposal of gains or losses is the difference between the following two: (1) the sum of the fair value of the consideration collected and the remainder of the investment in the foregoing subsidiary according to the fair value on the date the control was lost and (2) the sum of assets (including good will) and liabilities and non-controlling interests of the said subsidiary according to the book value on the date the control was lost. Meanwhile, the amount relevant to the said subsidiary recognized in other combined gains or losses were managed on the same accounting grounds as those that it should comply with if the Consolidated Company directly disposes of the relevant assets or liabilities.

Please refer to Note XI and Attachment VI for the information, shareholding ratio, and business operation of the subsidiary.

(V) Foreign currency

Upon preparation of the consolidated financial reports, transactions done in a currency (foreign currency) other than the functional currency of the specific entity 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 consolidated financial reports, the assets and liabilities of overseas operating entities (including 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 Consolidated 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 cumulative exchange differences that are relevant to the said foreign operating sites shall be recategorized as gains or losses.

If partial disposal of the subsidiaries of overseas operating entities does not lead to loss of control, cumulative exchange differences will be calculated as part of the non-controlling interests that re-belong to the said subsidiaries and 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.

(VI) Inventory

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.

(VII) Property, plant, 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, plant and equipment were depreciated and for each and every major part individually, on a straight-line basis within the useful years. The Consolidated Company, at least at the end of each fiscal year, has the estimated useful years, residual value, and depreciation method reviewed, and also delayed 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 Consolidated 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 Consolidated Company evaluates on the date shown on each balance sheet whether there are any signs showing that real estate properties, plants, and equipment, right-of-use assets, of investment-oriented real estate properties and intangible assets might have been impaired. With presence of any sign of impairment, the recoverable amount of such assets is estimated. If it is still impossible to estimate the recoverable value of individual assets, the Consolidated Company estimates the recoverable value of the cash generating unit of such asset. 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

Financial assets and financial liabilities are recognized onto the Consolidated Balance Sheet when the Consolidated Company becomes 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 Consolidated Company include financial assets measured at fair value through gains or losses, financial assets measured at amortized cost, and investments 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 XXVIII for the determination of fair value.

B. Financial assets measured at amortized cost

If the financial assets invested in by the Consolidated Company meet the following two criteria at the same time, they are classified as financial assets measured 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.

Following initial recognition, financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost, other receivables, time deposits with initial maturity date in more than three months, and refundable deposits) are measured at amortized cost after the total book value decided using the effective interest method less any impairment loss. Any foreign currency exchange gains or losses, on the other hand, are recognized under 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 obviously represent the recovery of part of the investment cost.

(2) Impairment of Financial Assets and Assets

On each balance sheet date, the Consolidated Company evaluates the impairment loss on financial assets (including accounts receivable), financing lease payments receivable, and impairment loss of contract assets based on 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 Consolidated Company only derecognizes financial assets when contractual rights from cash flows of financial assets become invalid or financial assets are transferred and nearly all risks and rewards associated with ownership of the said 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

Liability and equity instruments issued by the Consolidated Company are categorized as financial liabilities or equities based on the nature of the contract agreement and the definition of financial liability and equity instruments.

Equity instruments issued by the Consolidated Company are recognized with the value after the direct issuance cost is subtracted from the collected price.

Consolidated Company's own equity instruments re-acquired are recognized and deducted under equities. Acquisition, sale, issuance or cancellation of the Consolidated Company' own equity instruments are not recognized under gains or losses.

3. Financial liabilities

(1) Subsequent measurement

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

Financial liabilities measured at fair value through gains or losses

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 XXVIII 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 Consolidated 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

Once the contract performance obligation is identified in the contract with a customer, the Consolidated Company spreads the transaction price among respective performance obligations and recognizes it as the income upon fulfillment of each performance obligation.

If the Consolidated Company signs multiple contracts with the same customer (or the customer’s related party) almost at the same time, as the commodities or labor services promised through the said contracts are considered as one performance obligation, they are treated as a single contract by the Consolidated Company.

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 at the location designated by a customer, the customer is entitled to set the price and use the products and is primarily responsible for their re-sale and undertakes the obsolescence risk; this is when income and accounts receivable are recognized by the Consolidated Company.

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 Consolidated Company evaluates if a contract is (or includes) a lease on the date when the contract is established.

1. Consolidated Company as 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. Consolidated 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 are individually expressed in the Consolidated Balance Sheet.

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 Consolidated Company re-measures 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. Lease liabilities are individually expressed in the Consolidated Balance Sheet.

(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

Government subsidies are recognized only when it is reasonably believed that the Consolidated Company will follow the conditions added to government subsidies and will be able to receive the said subsidies.

Government subsidies concerning gains are recognized systematically under other income during the period where related costs they are meant to offset are recognized by the Consolidated Company as expenditure. Government subsidies on the condition that the Consolidated 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 expenditure or losses or for providing the Consolidated Company with immediate financial support and are not associated with costs in the future, they are recognized under 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 Consolidated Company recognizes the severance benefit obligation in the offer where severance benefits may not be recalled or in the recognition of related restructuring costs (whichever occurs first).

(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 Consolidated Company decides gains (losses) for the current term according to the laws and regulations defined in the jurisdiction where income tax is filed and calculates the payable (recoverable) income tax accordingly.

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 investments in subsidiaries are recognized as deferred income tax liabilities, unless the Consolidated Company could control the time point of recovery of the control over temporary differences, or the said temporary differences are 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. Deferred income tax liabilities and assets are measured to reflect the Consolidated Company's taxation consequences for the book value of the assets expected to be collected or liabilities expected to be paid off on 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 Consolidated 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

While the Consolidated Company adopts accounting policies, for relevant information that cannot be easily obtained from other sources, the management must make relevant judgments, estimates and hypotheses based on historical experiences and other relevant factors. Actual consequences might differ from estimates.

The Consolidated Company included the recent developments of the COVID-19 pandemic in our country and its possible impacts on the economy 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 Consolidated Company's hypotheses about the default rate and defaults loss rate. The Consolidated Company takes into consideration the historical experiences, existing market conditions, and forward-looking information and renders hypotheses accordingly and selects estimated input values for the impairment. For important hypotheses and input values adopted, refer to Note XXVIII. If the actual cash flows in the future are less than expected, material impairment loss may occur.

VI. Cash and Cash Equivalents

	December 31, 2021	December 31, 2020
Cash on hand and working capital	$ 1,263	$ 1,780
Bank's notes and current deposits	3,136,536	3,941,004
Cash equivalents (investment due within three (3) months in the date of initial maturity).		
Bank time deposit	679,308	442,175
	$ 3,817,107	$ 4,384,959

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)	$ 15,279	$ 5,205
– FX swap contracts (2)	6,172	-
Non-derivative financial assets		
– TWSE / TPEx-listed stocks	4,240	2,218
	$ 25,691	$ 7,423
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
Sold forward foreign exchange contracts	USD versus CNY	01/12/2022 – 02/28/2022	USD 40,000 /CNY 256,706
Sold forward foreign exchange contracts	USD versus CNY	01/28/2022 – 04/28/2022	USD 35,000 /CNY 224,294
December 31, 2020			
Sold forward foreign exchange contracts	USD versus NTD	01/04/2021– 04/06/2021	USD 44,000 /NTD 1,243,900
Sold forward foreign exchange contracts	USD versus CNY	01/27/2021– 02/26/2021	USD 37,000 /CNY 242,979

(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 Consolidated Company is engaged in forward foreign exchange and FX swap transactions primarily to hedge against risks arising from fluctuating exchange rates for foreign currency assets and liabilities.

VIII. Financial Assets Measured at Amortized Cost

	December 31, 2021	December 31, 2020
Current		
Domestic investment		
Time deposit whose original maturity date exceeds 3 months	$ 31,700	$ 23,400

As of December 31, 2021 and 2020, the range of interest rates for time deposits with an initial maturity date exceeding 3 months was an annual rate of 0.36%–0.49% and 0.63%–0.77%, respectively.

IX. Notes receivable, accounts receivable and other accounts receivables

	December 31, 2021	December 31, 2020
Notes receivable		
Measured at amortized cost		
Total book value	$ 17,628	$ 63,145
Less: Allowance losses	-	-
Generated from operations	$ 17,628	$ 63,145
Accounts receivable		
Measured at amortized cost		
Total book value	$ 9,180,804	$ 6,891,097
Less: Allowance losses	(75,140)	(180,852)
Generated from operations	$ 9,105,664	$ 6,710,245
Other receivables		
Business tax refund receivable	$ 38,375	$ 26,076
Receivables from sale of scraps	31,496	41,765
Others	21,333	111,423
	$ 91,204	$ 179,264

Notes receivable and accounts receivable

The Consolidated Company's average credit period for sale of commodities is 180 days. The notes receivable and accounts receivable are collected without interest. The Consolidated Company trades mainly with domestic and international well-known companies and organizes with sound credit ratings and hence no major credit risk is expected. While deciding the recoverability of notes receivable and accounts receivable, the Consolidated Company takes into consideration any change in the quality of credit to notes and accounts receivable from the initial credit date to 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 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. Accordingly, the Consolidated Company's management holds that the Consolidated Company's credit risk is significantly mitigated.

The Consolidated Company recognizes 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 Consolidated Company's credit loss history shows no significant difference in the loss patterns of different customer bases, the provision matrix does not further divide the customer bases; the expected credit loss is defined only according to the number of days past due for notes and accounts receivable.

If evidence shows financial difficulties facing counterparts and it is impossible for the Consolidated Company to reasonably anticipate the recoverable amount, such as when the counterpart is engaged in restructuring and liquidation, the Consolidated Company will write off related notes and accounts receivable directly. Recourse, however, will be continued and the amount collected as such is recognized under gains or losses.

Allowance losses on notes and accounts receivable measured by the Consolidated Company based on the provision matrix are are given below:

December 31, 2021

Accounts receivable

	Not past due	1–60 days past due	61–90 days past due	91–120 days past due	Overdue for more than 120 days	Total
Expected Credit Loss (ECL) Rate	0%~0.1%	0%~24.84%	0%~80.84%	91.60%	99.82%~100%	
Total book value	$ 9,027,689	$ 109,341	$ 4,888	$ 655	$ 38,231	$ 9,180,804
Allowance losses (lifetime expected credit loss)	(8,487)	(23,896)	(3,935)	(600)	(38,222)	(75,140)
Amortized cost	$ 9,019,202	$ 85,445	$ 953	$ 55	$ 9	$ 9,105,664

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%~0.49%	57.51%	100%	100%	100%	
Total book value	$ 6,676,191	$ 112,289	$ 6,118	$ 1,651	$ 94,848	$ 6,891,097
Allowance losses (lifetime expected credit loss)	(13,663)	(64,572)	(6,118)	(1,651)	(94,848)	(180,852)
Amortized cost	$ 6,662,528	$ 47,717	$ -	$ -	$ -	$ 6,710,245

The information about changes in allowance losses on notes and accounts receivable is provided below:

Accounts receivable

	2021	2020
Balance at start of term	$ 180,852	$ 115,236
Add: Impairment loss recognized for the current term (1)		64,220
Less: Reversal of impairment loss for the current term	(50,106)	-
Less: Actual offset for the current year (2)	(55,287)	-
Foreign currency exchange difference	(319)	1,396
Balance at end of term	$ 75,140	$ 180,852

(1) Compared to the balance in the beginning of the year, the total book value of accounts receivable that were more than 90 days past due on December 31, 2021 decreased by NTD 57,613 thousand and it resulted in a net reduction in allowance losses by NTD 57,677 thousand; the total book value of accounts receivable that were more than 90 days past due on December 31, 2020 increased by NTD 1,952 thousand and it resulted in a net increase in allowance losses by NTD 1,952 thousand.

(2) In 2021, due to the fact that some customers were engaged in liquidation, related accounts receivable were offset and it resulted in allowance losses of NTD 55,287 thousand.

X. Inventory

	December 31, 2021	December 31, 2020
Finished goods	$ 2,025,179	$ 1,523,270
In-process items	1,787,105	1,076,557
Raw materials & supplies	794,108	386,402
Inventories in transit	215,358	92,751
	$ 4,821,750	$ 3,078,980

Sales cost is defined as follows:

	2021	2020
Cost of inventory already sold	$ 21,264,401	$ 18,530,556
Gain from price recovery of inventory devaluation	(9,916)	(11,812)
Income from the sale of scraps and waste materials	(1,069,989)	(638,453)
Others	51,938	227,452
	$ 20,236,434	$ 18,107,743

XI. Subsidiary

Subsidiaries included in consolidated financial reports

The consolidated financial reports are prepared consisting primarily of the following entities:

			Shareholding ratio		
Investor	Name of subsidiary	Nature of operation	December 31, 2021	December 31, 2020	Description
Gold Circuit Electronics Ltd.	Gold Circuit Investment Co., Ltd. (hereinafter referred to as Gold Circuit Investment Company)	General investment business	99.997	99.997	
Gold Circuit Electronics Ltd.	Goldex Holding Limited	General investment and international trade business	100.00	100.00	
Goldex Holding Limited	Silver Industrial Limited	General investment and international trade business	-	-	(1)
Goldex Holding Limited	Gold Circuit International Limited (hereinafter referred to as Gold Circuit International Company)	General investment and international trade business	100.00	100.00	
Goldex Holding Limited	Gold Circuit Enterprise Limited (hereinafter referred to as Gold Circuit Enterprise)	General investment and international trade business	100.00	100.00	
Gold Circuit International	Suzhou Gold Circuit Electronics Ltd. (hereinafter referred to as Suzhou Gold Circuit Electronics)	Design, produce and sell multi-layer printed circuit boards	100.00	100.00	
Gold Circuit Enterprise	Changshu Gold Circuit Electronics Ltd. (hereinafter referred to as Changshu Gold Circuit Electronics)	Design, produce and sell multi-layer printed circuit boards	100.00	100.00	
Gold Circuit Enterprise	Changshu Gold Circuit Technology Co., Ltd. (hereinafter referred to as Changshu Gold Circuit Technology)	Design, produce and sell multi-layer printed circuit boards	100.00	100.00	

(1) Disposal of subsidiaries occurred in October 2020. Refer to Note XXVI.

XII. 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	$ 4,363,671	$ 13,027,578	$ 59,020	$ 138,055	$ 2,586,214	$ 82,027	$ 20,957,751
Addition	-	-	-	-	-	-	918,333	918,333
Disposal	-	-	(503,421)	(4,258)	(14,477)	(313,869)	-	(836,025)
Re-categorization	-	5,720	526,944	9,662	18,710	200,522	(781,874)	(20,316)
Net exchange difference	-	(11,044)	(45,423)	(152)	(413)	(8,754)	(291)	(66,077)
Balance as of December 31, 2021	$ 701,186	$ 4,358,347	$ 13,005,678	$ 64,272	$ 141,875	$ 2,464,113	$ 218,195	$ 20,953,666
Cumulative depreciation and impairment								
Balance as of January 1, 2021	$ -	$ 3,162,895	$ 9,934,478	$ 38,198	$ 101,838	$ 2,133,974	$ -	$ 15,371,383
Disposal	-	-	(445,994)	(3,996)	(13,964)	(312,492)	-	(776,446)
Depreciation expenditure	-	126,085	445,877	5,500	9,977	141,568	-	729,007
Net exchange difference	-	(7,218)	(34,820)	(117)	(302)	(7,007)	-	(49,464)
Balance as of December 31, 2021	$ -	$ 3,281,762	$ 9,899,541	$ 39,585	$ 97,549	$ 1,956,043	$ -	$ 15,274,480
Net value as of December 31, 2021	$ 701,186	$ 1,076,585	$ 3,106,137	$ 24,687	$ 44,326	$ 508,070	$ 218,195	$ 5,679,186
Cost								
Balance as of January 1, 2020	$ 701,186	$ 4,324,896	$ 13,468,545	$ 53,105	$ 130,755	$ 2,475,941	$ 119,171	$ 21,273,599
Addition	-	-	-	-	-	-	742,483	742,483
Disposal	-	-	(1,198,385)	(7,424)	(7,058)	(34,357)	-	(1,247,224)
Re-categorization	-	6,907	617,605	12,900	13,183	119,891	(781,324)	(10,838)
Net exchange difference	-	31,868	139,813	439	1,175	24,739	1,697	199,731
Balance as of December 31, 2020	$ 701,186	$ 4,363,671	$ 13,027,578	$ 59,020	$ 138,055	$ 2,586,214	$ 82,027	$ 20,957,751
Cumulative depreciation and impairment								
Balance as of January 1, 2020	$ -	$ 3,015,973	$ 10,512,292	$ 41,142	$ 99,494	$ 2,009,620	$ -	$ 15,678,521
Disposal	-	-	(1,106,708)	(7,005)	(6,600)	(30,699)	-	(1,151,012)
Depreciation expenditure	-	125,775	415,287	3,677	7,964	134,153	-	686,856
Net exchange difference	-	21,147	113,607	384	980	20,900	-	157,018
Balance as of December 31, 2020	$ -	$ 3,162,895	$ 9,934,478	$ 38,198	$ 101,838	$ 2,133,974	$ -	$ 15,371,383
Net amount as of December 31, 2020	$ 701,186	$ 1,200,776	$ 3,093,100	$ 20,822	$ 36,217	$ 452,240	$ 82,027	$ 5,586,368

There was no sign for impairment in 2021. Therefore, the Consolidated 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	5–20 years
Engineering system	3–25 years
Others	5–15 years
Machinery & equipment	1 year – 14 years
Transportation equipment	2–11 years
Office equipment	2–11 years
Other equipment	1 year – 15 years

For self-use real estate properties, plants, and equipment set to be the collaterals for borrowings, refer to Note XXX.

XIII. Lease Agreement

(I) Right-of-use assets

	December 31, 2021	December 31, 2020
Book value of right-of-use assets		
Land	$ 139,385	$ 144,473
Machinery & equipment	49,758	68,646
	$ 189,143	$ 213,119

	2021	2020
Depreciation expenditure of right-of-use assets		
Land	$ 4,316	$ 4,259
Machinery & equipment	29,492	25,709
	$ 33,808	$ 29,968

Except for the additions and recognition of depreciation expenditure as listed above, no major sublets and impairment of the right-of-use assets of the Consolidated Company occurred between January 1 and December 31, 2021 and 2020.

For the amount of right-of-use assets set to be the collaterals for borrowings, refer to Note XXX.

(II) Lease liabilities

	December 31, 2021	December 31, 2020
Book value of lease liabilities		
Current	$ 17,246	$ 20,477
Noncurrent	$ 15,300	$ 23,121

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

	December 31, 2021	December 31, 2020
Machinery & equipment	1.38%~3.5%	1.38%~3.5%

(III) Major lessee activities and terms and conditions

The Consolidated 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 Consolidated 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 lease agreements

	2021	2020
Short-term lease expenditure	$ 3,035	$ 5,733
Low-value asset lease expenditure	$ 11,856	$ 9,772
Total amount of cash (outflow) from lease	($ 36,722)	($ 45,622)

XIV. 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 m2).

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%.

XV. Other intangible assets

	December 31, 2021	December 31, 2020
Computer software	$ 26,550	$ 18,500

Except for the amortization expenditure that was recognized, no major additions, disposals, or impairment of other intangible assets of the Consolidated Company occurred between January 1 and December 31, 2021 and 2020. Amortization expense was appropriated on a straight-line basis within 1–5 useful years.

Summarization of amortization expenditure by function:

	2021	2020
Operating cost	$ 10,156	$ 11,412
Operating expenditure	160	368
R&D expense	2,585	1,843
	$ 12,901	$ 13,623

XVI. Other assets

	December 31, 2021	December 31, 2020
Current		
Others	$ 15,899	$ 15,844
Noncurrent		
Refundable deposit	$ 11,948	$ 12,022
Others	3,549	3,948
	$ 15,497	$ 15,970

XVII. Borrowings

(I) Short-term borrowings

	December 31, 2021	December 31, 2020
Secured borrowings (Note 30)		
Borrowings from banks	$ 497,924	$ 628,616
Unsecured borrowings		

	December 31, 2021	December 31, 2020
Line of credit-based borrowings	$ 843,282	$ 1,576,070
	$ 1,341,206	$ 2,204,686

The interest rate of revolving borrowings from banks was 0.675%–3.7% and 1.12%–4.35% on December 31, 2021 and 2020, respectively.

(II) Long-term borrowings

	December 31, 2021	December 31, 2020
Secured borrowings (Note 30)		
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 Taipei Fubon Bank (3)	996,480	1,025,280
Syndicated banks including E. Sun Bank (4)	-	1,450,000
Agricultural Bank of Taiwan (5)	-	60,000
CTBC (6)	200,000	-
Subtotal	1,196,480	2,535,280
Less: current portion	253,142	687,692
Long-term borrowings	$ 1,624,108	$ 2,797,588

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 36,000 thousand, have been drawn down in full; the borrowing period was July 24, 2020 through July 24, 2023. 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. As of December 31, 2021 and 2020, the effective annual interest rates were 1.310%–1.815% and 1.815%–2.114%. 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. 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 early in February 2021. As of December 31, 2020, the effective annual interest rate was 1.895%. The restrictions imposed on the financial ratios thereof were the same as those applied to borrowings from syndicated banks including Taipei Fubon Bank (3).

5. 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 financial ratios thereof were the same as those applied to borrowings from syndicated banks including Taipei Fubon Bank (3).

6. 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. Failing 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 of 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 (4).

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%.

XVIII. Accounts Payable

	December 31, 2021	December 31, 2020
Accounts payable		
Generated from operations	$ 5,502,050	$ 3,841,374

XIX. Other liabilities

	December 31, 2021	December 31, 2020
Current		
Other payables		
Salary and bonus payable	$ 905,094	$ 659,077
Repairs and maintenance payable	306,603	231,202
Processing fees payable	228,052	121,768
Equipment accounts payable	268,302	196,191
Consumables payable	66,809	48,697
Commission payable	96,512	100,190
Pension fund payable	11,251	5,274
Interest payable	3,644	8,692
Damages payable	164,844	215,992
Others	418,207	374,286
	$ 2,469,318	$ 1,961,369

(To be continued)

(Continued)

	December 31, 2021	December 31, 2020
Other liabilities		
Others	$ 108,933	$ 75,300
Noncurrent		
Other liabilities		
Guarantee deposit received	$ 78,056	$ 75,534

XX. Provision for liabilities

	December 31, 2021	December 31, 2020
Current		
Returns and allowances	$ 179,552	$ 156,064

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.

XXI. Post-retirement Benefit Plans

(I) Defined contribution plan

The Consolidated Company applied the retirement system under the "Labor Pension Act," which was identified as the defined contribution plan managed by the government. Under the plan, the Company contributed 6% of each employee's salary to the personal account maintained at the Bureau of Labor Insurance on a monthly basis.

(II) Defined benefit plan

The pension system implemented by the Consolidated 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. Those companies have an amount equivalent to 2% of the total monthly salary of employees appropriated and deposited in the specific account with Bank of Taiwan in the name of Labor Pension Reserve Committee. Before the end of the fiscal year, if the pension account balance is insufficient to pay for the employees expecting to retire in the following year, the spread amount should be deposited in a lump sum before the end of March in the following year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for management. The Consolidated Company exercised no influence on the right of the Bureau in its investment management strategy.

The amount of defined benefit plan recognized in the consolidated 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
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

(To be continued)

(Continued)

	Present value of the defined benefit obligations	Fair value of the planned assets	Net defined benefit liabilities
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 functions		
Operating cost	$ 1,359	$ 1,910
Promotional expenditure	105	136
Operating expenditure	168	232
R&D expense	277	378
	$ 1,909	$ 2,656

The pension fund system of the Consolidated Company was exposed to the following risks due to the “Labor Standards Act”:

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 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 Consolidated Company's defined benefit liabilities was based on the actuarial calculation of the actuary and the major hypotheses as of the evaluation day are stated as following:

	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 by 0.25%	($ 11,434)	($ 11,401)
Decrease by 0.25%	$ 11,901	$ 11,883
Anticipated increase in salaries		
Increase by 0.25%	$ 11,515	$ 11,499
Decrease by 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

XXII. 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
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. Refer to Note XXIII (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 earnings was also approved through the General Shareholders' Meeting held on July 20, 2021.

(IV) Treasury Stock

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 sheet 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 Company'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 treasury stock shares and entitled to the rights vested in shareholders except for the privilege of cash capitalization and voting right.

XXIII. Net profit from continuing operations

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

	2021	2020
Other gains	$ 78,828	$ 287,942
Other expenses and losses	(81,647)	(332,318)
	($ 2,819)	($ 44,376)

(II) Interest income

	2021	2020
Bank deposit	$ 16,385	$ 21,362

(III) Other income

	2021	2020
Lease income	$ 11,803	$ 11,444
Others	84,017	84,619
	$ 95,820	$ 96,063

(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
Financial assets measured at amortized cost	-	43
Gains from financial assets and financial liabilities		
Financial assets measured at fair value through gains or losses compulsorily	102,009	76,924
Net loss from foreign currency exchange	(161,356)	(330,512)
Loss on disposal of real estate properties, plants, and equipment	(44,197)	(68,271)
Gain from fair value adjustment of Investment property	900	2,600
Others	(16,100)	(6,700)
	($ 118,744)	($ 325,493)

(V) Financial cost

	2021	2020
Bank loan interest	$ 63,570	$ 166,644
Interest of lease liabilities	737	1,329
Other interest expenditure	3,611	416
Less: The amount of the cost of assets meeting requirements	(454)	(421)
	$ 67,464	$ 167,968

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	$ 653,210	$ 615,140
Operating expenses	109,605	101,684
	$ 762,815	$ 716,824
Summarization of the amortization expenses by functions		
Operating cost	$ 10,156	$ 11,412
Operating expenses	2,745	2,211
	$ 12,901	$ 13,623

(VII) Employee welfare expenditure

	2021	2020
Benefits after severance/retirement (Note XXI)		
Defined contribution plan	$ 70,091	$ 69,344
Defined benefit plan	1,909	2,656
	72,000	72,000
Resignation benefits	23	1,257
Other employee benefits	4,987,857	4,310,040
Total of employee benefit expenditure	$ 5,059,880	$ 4,383,297
Summarization by function		
Operating cost	$ 3,879,812	$ 3,394,942
Operating expenditure	1,180,068	988,355

	2021	2020
	$ 5,059,880	$ 4,383,297

(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 profit before tax and before the remuneration to employees and that to directors is deducted for the current year shall be set aside to be the remuneration to employees and that to directors. The remuneration to employees and that to directors for 2021 and 2020 was approved by the Board of Directors, respectively, on March 21, 2022 and March 22, 2021 as follows:

Estimated ratio

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

Amount

	2021	2020
	Cash	Cash
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 annual consolidated financial reports are approved and released, it is handled as change in accounting estimates and will be adjusted and booked in the following year.

For information on the remuneration 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	$ 444,992	$ 770,299
Total losses from foreign currency exchange	(606,348)	(1,100,811)
Net losses	($ 161,356)	($ 330,512)

XXIV. 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 term	$ 878,342	$ 483,726
Undistributed earnings levied	43,263	-
Adjustment of previous year(s)	(33,086)	(10,541)
Others	7,257	12,314
	895,776	485,499
Deferred income tax		
Those incurred for the current term	225,888	145,213
Others	-	558
	225,888	145,771
Income tax expenditure recognized under gains or losses	$ 1,121,664	$ 631,270

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

	2021	2020
Net profit before tax from continuing operation	$ 4,048,518	$ 2,697,882
Income tax expenditure for net profit before tax calculated at the statutory tax rate	$ 1,420,807	$ 994,349
Expenses and losses which could not be reduced from tax	1,676	157
Income exempted from income tax	463	(697)
Undistributed earnings levied	43,263	-
Land value increment tax of investment property	(1,092)	558
Deductible temporary differences not recognized	(276,687)	(238,272)
Loss credit not recognized	(40,937)	(126,598)
Income tax expenditure of previous year(s) adjusted in the present year	(33,086)	(10,541)
Others	7,257	12,314
Income tax expenditure recognized under gains or losses	$ 1,121,664	$ 631,270

The Consolidated Company should apply the tax rate 20% applicable to entities under the R.O.C. Income Tax Act. The tax rate, 25%, should be applied to the subsidiaries in Mainland China, while the income tax generated in any other jurisdictions should be calculated at the tax rates applicable within the jurisdictions.

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

	2021	2020
Deferred income tax		
Incurred for the 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	$ 402,785	$ 172,865

(IV) Deferred income tax assets and liabilities

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

2021

	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	$ 348,362	($ 224,921)	$ -	$ 123,441
Loss on inventory devaluation	20,316	1,775	-	22,091
Exchange gains or losses	4,633	(3,471)	-	1,162
Provision for liabilities	8,601	27,116	-	35,717
Defined benefit retirement plan	36,831	-	(8,832)	27,999
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference between fixed assets and idle assets	41,460	(41,362)	-	98
Provision of compensation loss	15,057	19,704	-	34,761
Others	8,972	39,491	-	48,463

	Balance – beginning of year	Recognized under gains or losses	Recognized under other combined gains or losses	Balance – end of year
	$ 488,732	($ 181,668)	($ 8,832)	$ 298,232
Deferred income tax liabilities				
Temporary difference				
Financial assets measured at fair value through gains or losses	$ -	$ 1,839	$ -	$ 1,839
Tax difference between fixed assets and idle assets	116	768	-	884
Investment property	84,514	(1,092)	-	83,422
Others	176	49,474	-	49,650
	$ 84,806	$ 50,989	$ -	$ 135,795

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	17,242	3,074	-	20,316
Exchange gains or losses	20,735	(16,102)	-	4,633
Provision for liabilities	34,852	(26,251)	-	8,601
Defined benefit retirement plan	34,434	-	2,397	36,831
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference between fixed assets and idle assets	516	40,944	-	41,460
Provision of compensation loss	3,422	11,635	-	15,057
Others	53,494	(44,522)	-	8,972
	$ 647,107	($ 160,772)	$ 2,397	$ 488,732
Deferred income tax liabilities				
Temporary difference				
Tax difference between fixed assets and idle assets	$ 491	($ 375)	$ -	$ 116
Investment property	83,956	558	-	84,514
Others	5,136	(4,960)	-	176
	$ 89,583	($ 4,777)	$ -	$ 84,806

(V) Deductible temporary differences and unused loss credit of the deferred income tax assets not recognized in the consolidated balance sheet

	December 31, 2021	December 31, 2020
Offset of loss		
Due in 2020	$ -	$ 76,267
Due in 2021	-	254,966
Due in 2022	155,181	156,015
Due in 2023	560,579	563,590
	$ 715,760	$ 1,050,838
Deductible temporary differences		
Overseas subsidiaries	$ 1,260,000	$ 2,390,000
Others	202,263	419,185
	$ 1,462,263	$ 2,809,185

(VI) Authorization of income taxes

Business income tax filed by the Company and Gold Circuit Investment Company as of 2019 has been finalized by the tax authority.

XXV. 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 belonging to the owner of the Company	$ 2,926,854	$ 2,066,612
Net profit used to calculate the basic and diluted earnings per share	$ 2,926,854	$ 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 Consolidated Company may 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.

XXVI. Disposal of Subsidiaries

The Consolidated Company decided to liquidate Silver Industrial Limited through its Board of Directors' meeting on August 10, 2020. Silver Industrial Limited dealt with trading of printed circuit boards. The Consolidated Company completed the liquidation procedure on October 22, 2020 and lost control over the said subsidiary.

(I) Consideration collected

	Silver Industrial Limited
Cash	$ 24,976

(II) Analysis of assets and liabilities whose control is lost

	Silver Industrial Limited
Current assets	
Cash	$ 24,976
Net assets that are disposed of	$ 24,976

(III) Gains from disposing of subsidiaries

	Silver Industrial Limited
Consideration collected	$ 24,976
Net assets that are disposed of	(24,976)
Disposal gains	$ -

(IV) Net cash inflows from disposing of subsidiaries

	Silver Industrial Limited
Consideration collected in cash	$ 24,976
Less: Balance of cash disposed of	(24,976)
	$ -

XXVII. Capital Risk Management

The Consolidated Company manages its capital 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 equities.

The Consolidated Company's capital structure consists of the net debts (namely the loans less cash and cash equivalents) and equities (namely the capital stock, additional paid-in capital, retained earnings and other equity less treasury stock shares) of the Consolidated Company.

The Consolidated Company does not need to follow the requirements about other external capitals.

XXVIII. Financial Instrument

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

The management of the Consolidated 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	$ -	$ 21,451	$ 21,451
Non-derivatives			
– TWSE/TPEx-listed and emerging stocks	4,240	-	4,240
Total	$ 4,240	$ 21,451	$ 25,691

December 31, 2020

	Degree 1	Degree 2	Total
Financial assets measured at fair value through gains or losses			
Derivative financial instruments	$ -	$ 5,205	$ 5,205
Non-derivatives			
– TWSE/TPEx-listed and emerging stocks	2,218	-	2,218
Total	$ 2,218	$ 5,205	$ 7,423
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	$ 25,691	$ 7,423
Financial liabilities measured at amortized cost (Note 1)	13,075,251	11,373,035
Financial liabilities		
Measured at fair value through gains or losses		
Held for transactions	-	13,804
Measured at post-amortization cost (Note 2)	12,517,879	11,637,736

Note 1: The balance includes financial assets measured at amortized cost, such as cash & cash equivalents, time deposits with an initial maturity date more than three months away, notes receivable, accounts receivable, other receivables and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term loans, 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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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) Foreign exchange rate risk

Several subsidiaries of the Company deal with sales and purchases denominated in foreign currencies and hence the Consolidated Company is exposed to the risk of change in the exchange rate. About 97.73% of the Consolidated Company's sales are not denominated in the functional currency adopted by the trading entity within the Group. About 35.48% of the cost is not denominated in the functional currency adopted by the trading entity within the Group. Insofar as it is permitted by policies, the

Consolidated Company manages the exposure to the foreign exchange risk and manages the risk through forward foreign exchange contracts.

For the book value of the Consolidated Company's monetary assets and monetary liabilities not denominated in the functional currency on the balance sheet date (including monetary items already written off in consolidated financial reports), refer to Note XXXII.

<u>Sensitivity analysis</u>

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

The following table details the Consolidated Company's sensitivity analysis when the exchange rate of NTD, USD, and CNY (functional currencies) versus each concerning foreign currency increases or decreases by 2%. 2% means the sensitivity ratio applied within the Group in the reporting of the exchange rate risk to the primary management and also represents the assessment by the management of the reasonable possible range of change in the foreign currency 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		Effect of JPY	
	2021	2020	2021	2020
Exchange gains or losses	($ 135,358) (i)	($ 102,405) (i)	$ 63 (ii)	$ 226 (ii)

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

(ii) Primarily as a result of the Consolidated Company's receivables, payables and loans denominated in JYP and still outstanding on the balance sheet date, without hedging against cash flows.

The Consolidated Company's sensitivity to exchange rates declined this year, primarily as a result of the increase in sales denominated in USD and the resultant increase in the balance of accounts receivable denominated in USD.

(2) Interest rate risk

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

The book values of the Consolidated Company's financial assets and financial liabilities with exposure to the interest rate risk on the balance sheet date are given below:

	December 31, 2021	December 31, 2020
With fair value interest rate risk		
– Financial assets	$ -	$ -
– Financial liabilities	32,457	43,598
With cash flow interest rate risk		
– Financial assets	3,848,807	4,408,359
– Financial liabilities	4,468,456	5,689,966

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 Group when reporting interest rates to the management, and also the management's assessment of the reasonable possible range of change to the interest rate.

If the interest rate increases/decreases by 50 base points and all the other variables remain unchanged, the Consolidated Company's net profit before tax would decrease/increase by NTD 5,002 thousand and NTD 12,051 thousand, respectively, for 2021 and 2020 primarily as a result of the Consolidated Company's exposure to the risk of change in interest rates for demand deposits and borrowings.

2. Credit risk

Credit risk denotes the risk of financial loss that the Consolidated Company might have to bear as a result of the counterpart delaying in fulfilling contract obligations. As of the balance sheet date, the top credit risk the Consolidated Company might be exposed to from the financial loss caused by the counterpart failing to fulfill obligations or the financial guarantee provided by the Consolidated Company primarily came from the book value of notes and accounts receivable recognized on the Consolidated 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 72% 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 Consolidated Company manages and maintains sufficient cash and cash equivalents to support the Group's business operations and minimize the impacts of change in cash flow. The Consolidated Company's management closely watches the usage of financing credit lines in banks and assures faithful compliance of the terms and conditions set forth in borrowing contracts.

To the Consolidated Company, borrowings from banks are an important source of liquidity. For the financing commitments not drawn down by the Consolidated Company, refer to the information provided in (2) Financing Commitments below.

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

The remaining contract maturity analysis of non-derivative financial liabilities is prepared according to the earliest payment date expected of the Consolidated Company and the undiscounted cash flows (including principal and estimated interest) of financial liabilities. Therefore, the Consolidated Company may be required to immediately repay borrowings from banks. That is, the earlies period shown in the table below, without taking into consideration chances of banks to exercise that right immediately. For the maturity analysis of the other non-derivative financial liabilities, it is prepared by the repayment date agreed upon.

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	$ 310,141	$ 4,157,460	$ 2,175,041	$ 410,088	$ -
Lease liabilities	1,425	2,856	12,965	15,300	-
Floating interest rate instruments	217,265	646,264	477,677	-	-
Fixed interest rate instruments	-	-	-	3,127,250	-
	$ 528,831	$ 4,806,580	$ 2,665,683	$ 3,552,638	$ -

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	$ 17,246	$ 15,300	$ -	$ -	$ -	$ -

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	$ 215,185	$ 2,923,331	$ 1,532,991	$ 464,383	$ -
Lease liabilities	3,021	4,291	13,165	23,121	-
Floating interest rate instruments	160,917	962,023	1,081,746	-	-
Fixed interest rate instruments	-	-	-	3,485,280	-
	$ 379,123	$ 3,889,645	$ 2,627,902	$ 3,972,784	$ -

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	$ 20,477	$ 23,121	$ -	$ -	$ -	$ -

(2) Facility

	December 31, 2021	December 31, 2020
Unsecured bank overdraft (to be reviewed annually)		
– Already drawn down	$ 3,289,762	$ 4,111,350
– Not yet drawn down	6,475,759	4,423,229
	$ 9,765,521	$ 8,534,579
Secured bank overdraft		
– Already drawn down	$ 1,178,694	$ 1,578,616
– Not yet drawn down	1,287,890	1,020,171
	$ 2,466,584	$ 2,598,787

XXIX. Transaction with related parties

Upon consolidation, the transactions, balances in accounts, gains, expenses and losses existing between the Company and its subsidiaries (that is, the Company's related parties) are completely written off and hence are not disclosed in these notes.

Remuneration to the 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.

XXX. 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	604,544	673,387
Right-of-use assets	118,764	123,146
	$ 1,371,608	$ 1,444,833

XXXI. Important matters, if any

The amount of unused letters of credit issued by the Consolidated Company for procurement of raw materials and machinery & equipment is given below (in thousands in foreign currency):

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

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. Information on Foreign Currency Assets and Liabilities with Major Impacts

The following information is an overview of foreign currencies other than functional currencies of respective entities of the Consolidated Company and the disclosed exchange rates are those by which foreign currencies are converted to functional currencies. 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	27.68 (USD: NTD)	$ 10,184,413
USD	217,393	6.376 (USD: CNY)	6,017,438
CNY	39,064	4.341 (CNY: NTD)	169,596
EUR	900	31.32 (EUR: NTD)	28,188
EUR	3,081	7.2197 (EUR: CNY)	96,497
			$ 16,496,132
Foreign currency liabilities			
Monetary items			
USD	240,564	27.68 (USD: NTD)	$ 6,658,812
USD	100,258	6.376 (USD: CNY)	2,775,141
EUR	1,149	31.32 (EUR: NTD)	35,987
JPY	13,190	0.2405 (JPY: NTD)	3,172
			$ 9,473,112

December 31, 2020

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 303,902	28.48 (USD: NTD)	$ 8,655,129
USD	156,209	6.8101 (USD: CNY)	4,448,832
CNY	38,703	4.377 (CNY: NTD)	169,403
EUR	696	35.02 (EUR: NTD)	24,374
EUR	813	8.0009 (EUR: CNY)	28,471
			$ 13,326,209
Foreign currency liabilities			
Monetary items			
USD	165,496	28.48 (USD: NTD)	$ 4,713,326
USD	114,831	6.8101 (USD: CNY)	3,270,387
EUR	803	35.02 (EUR: NTD)	28,121
EUR	5	8.0009 (EUR: CNY)	175
JPY	40,910	0.2763 (JPY: NTD)	11,303
JPY	10,300	0.0631 (JPY: CNY)	2,846
			$ 8,026,158

XXXIV. Noted 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 at the end of term (exclusive of investments in subsidiaries, affiliates, and joint ventures): 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. Other information: Amount of the business relationship and major transactions between parent company and subsidiaries and among subsidiaries: Attachment 13.
11. 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 14.

XXXV. Segment information

The Consolidated Company primarily deals with manufacturing, processing and trading printed circuit boards from the same production process, in the similar manner in the similar market. Meanwhile, the business decision makers also allocated resources among all of the companies as a whole. Therefore, all of the companies should constitute one single industry segment, and there should be no need to disclose the Segment information.

Gold Circuit Electronics Ltd. and the Subsidiaries

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 lending of funds (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. and the subsidiaries

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	Subsidiary wholly invested by the Company directly	$ 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 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 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 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 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 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. and Subsidiaries

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
				Number of shares	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. and Subsidiaries

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 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 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 via a subsidiary indirectly	Purchase	2,184,846	10	O/A 3 months	-	-	(375,308)	(6)	

Gold Circuit Electronics Ltd. and Subsidiaries

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 via a subsidiary indirectly	Accounts receivable $ 88,347	2.47	$ -	-	$ 16,879	$ -
Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Other receivables 312,224	-	-	-	291,472	-
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested via a subsidiary indirectly	Accounts receivable 9,336	2.35	-	-	-	-
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested 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. and Subsidiaries

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	Number of shares	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. and Subsidiaries

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 (Note 3)	Nature of lending of funds (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. and Subsidiaries

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
				Number of shares	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. and Subsidiaries

urchase/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. and Subsidiaries
Accounts receivable-related party of the reinvested companies reaching NT$100 million or more than 20% of the paid-in capital
December 31, 2021

Attachment 10

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		
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 via a subsidiary indirectly	Other receivables 138,599	-	-	-	-	-
Goldex Holding Limited	Changshu Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Other receivables 249,667	-	-	-	-	-
Goldex Holding Limited	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested via a subsidiary indirectly	Other receivables 582,940	-	-	-	-	-
Goldex Holding Limited	Gold Circuit Enterprise	Company wholly invested 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. and Subsidiaries

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	Investee Loss or profit of current term	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 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 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. and Subsidiaries

Business relationship and major transactions between the parent company and each of its subsidiaries and among the subsidiaries and the amount

January 1 through December 31, 2021

Attachment 13

Unit: NTD thousand

No. (Note 1)	Name of trader	Trading counterpart	Relationship with the trader (Note 2)	Transaction			
				Title	Amount	Trading conditions	Percentage in total consolidated operating revenue or total assets % (Note 3)
0	Gold Circuit Electronics Ltd.	King Hsiang Investment Co.	1	Other income	$ 24	Equivalent to those applicable to a non-related party	
		Suzhou Gold Circuit Electronics Ltd.	1	Accounts receivable	88,347	Equivalent to those applicable to a non-related party	
				Other receivables	309,687	Equivalent to those applicable to a non-related party	1
				Interest receivable	2,537	Equivalent to those applicable to a non-related party	
				Accounts payable	2,933,445	Equivalent to those applicable to a non-related party	12
				Sales income	112,884	Equivalent to those applicable to a non-related party	
				Sales cost	8,256,206	Equivalent to those applicable to a non-related party	31
				Interest income	9,741	Equivalent to those applicable to a non-related party	
				Other income	147	Equivalent to those applicable to a non-related party	
		Changshu Gold Circuit Electronics Ltd.	1	Accounts receivable	4,719	Equivalent to those applicable to a non-related party	
				Accounts payable	1,681,662	Equivalent to those applicable to a non-related party	7
				Other receivables	10,302	Equivalent to those applicable to a non-related party	
				Sales income	12,168	Equivalent to those applicable to a non-related party	
				Sales cost	5,961,781	Equivalent to those applicable to a non-related party	22

(To be continued)

(Continued)

No. (Note 1)	Name of trader	Trading counterpart	Relationship with the trader (Note 2)	Transaction			
				Title	Amount	Trading conditions	Percentage in total consolidated operating revenue or total assets % (Note 3)
1	Goldex Holding Limited	Changshu Gold Circuit Technology Co., Ltd.	1	Accounts receivable	$ 9,336	Equivalent to those applicable to a non-related party	
				Other receivables	340,957	Equivalent to those applicable to a non-related party	1
				Interest receivable	4,275	Equivalent to those applicable to a non-related party	
				Accounts payable	375,308	Equivalent to those applicable to a non-related party	2
				Sales income	12,517	Equivalent to those applicable to a non-related party	
				Sales cost	2,184,846	Equivalent to those applicable to a non-related party	8
				Interest income	12,010	Equivalent to those applicable to a non-related party	
		Suzhou Gold Circuit Electronics Ltd.	3	Other receivables	138,400	Equivalent to those applicable to a non-related party	1
				Interest receivable	199	Equivalent to those applicable to a non-related party	
				Interest income	2,080	Equivalent to those applicable to a non-related party	
		Changshu Gold Circuit Electronics Ltd.	3	Other receivables	249,120	Equivalent to those applicable to a non-related party	1
				Interest receivable	547	Equivalent to those applicable to a non-related party	
				Interest income	3,650	Equivalent to those applicable to a non-related party	
		Changshu Gold Circuit Technology Co., Ltd.	3	Other receivables	581,280	Equivalent to those applicable to a non-related party	2
				Interest receivable	1,660	Equivalent to those applicable to a non-related party	
				Interest income	8,604	Equivalent to those applicable to a non-related party	
		Gold Circuit International Limited	3	Interest receivable	161	Equivalent to those applicable to a non-related party	
				Other receivables	88,576	Equivalent to those applicable to a non-related party	
				Interest income	1,063	Equivalent to those applicable to a non-related party	

(To be continued)

(Continued)

No. (Note 1)	Name of trader	Trading counterpart	Relationship with the trader (Note 2)	Transaction			
				Title	Amount	Trading conditions	Percentage in total consolidated operating revenue or total assets % (Note 3)
		Gold Circuit Enterprise Limited	3	Interest receivable	$ 245	Equivalent to those applicable to a non-related party	
				Other receivables	146,704	Equivalent to those applicable to a non-related party	1
				Interest income	2,056	Equivalent to those applicable to a non-related party	
2	Suzhou Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	3	Accounts receivable	1,157	Equivalent to those applicable to a non-related party	
				Other receivables	11,992	Equivalent to those applicable to a non-related party	
				Accounts payable	17,400	Equivalent to those applicable to a non-related party	
				Other payables	1,456	Equivalent to those applicable to a non-related party	
				Sales income	13,602	Equivalent to those applicable to a non-related party	
				Sales cost	26,126	Equivalent to those applicable to a non-related party	
		Changshu Gold Circuit Electronics Ltd.	3	Accounts receivable	32,065	Equivalent to those applicable to a non-related party	
				Other receivables	4,531	Equivalent to those applicable to a non-related party	
				Accounts payable	67,032	Equivalent to those applicable to a non-related party	
				Other payables	1,637	Equivalent to those applicable to a non-related party	
				Sales income	89,619	Equivalent to those applicable to a non-related party	
				Sales cost	117,210	Equivalent to those applicable to a non-related party	

(To be continued)

(Continued)

No. (Note 1)	Name of trader	Trading counterpart	Relationship with the trader (Note 2)	Transaction			
				Title	Amount	Trading conditions	Percentage in total consolidated operating revenue or total assets % (Note 3)
3	Changshu Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	3	Accounts receivable	$ 1,368	Equivalent to those applicable to a non-related party	
				Other receivables	870,647	Equivalent to those applicable to a non-related party	3
				Accounts payable	33	Equivalent to those applicable to a non-related party	
				Other payables	9,131	Equivalent to those applicable to a non-related party	
				Sales income	8,814	Equivalent to those applicable to a non-related party	
				Sales cost	31,046	Equivalent to those applicable to a non-related party	
				Interest income	31,694	Equivalent to those applicable to a non-related party	

Note 1: The information about transactions between parent company and subsidiaries shall be numbered and noted in the following manner in the box of numbers:

1. 0 is for the Parent Company.
2. Subsidiaries are numbered from number 1.

Note 2: The relationship with the trader is classified into three categories as follows:

1. Parent Company to subsidiaries.
2. Subsidiaries to Parent Company.
3. Subsidiaries to subsidiaries.

Note 3: For computing the ratio of trade amount to the total consolidated operating revenue or total assets, if it is for asset and liability account, the computation is based on the ratio of ending balance to total consolidated assets; however, if it is for income and expense account, the computation is based on the ratio of interim cumulative amount to total consolidated operating revenue.

Gold Circuit Electronics Ltd. and Subsidiaries

Information of Major Shareholders

December 31, 2021

Attachment 14

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%