

Gold Circuit Electronics Ltd.

Parent Company-Only Financial
Reports and Auditors' Report

2022 and 2021

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CPAs' Audit Report

For Review by Gold Circuit Electronics Ltd.,

Audit opinions

We have audited the parent company-only balance sheet of Gold Circuit Electronics Ltd. on December 31, 2022 and 2021 and the related parent company only statements of income, retained earnings, cash flow, and notes to the parent company only financial statements (including the material accounting policies summary) from January 1 to December 1, 2022 and 2021.

In our opinion, the major issues of said financial reports prove to have been duly worked out in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, presenting fairly the financial position of Gold Circuit Electronics Ltd. on December 31, 2022 and 2021 and the financial performance and cash flows for the periods starting from January 1 till December 31, 2022 and 2021.

Basis for the Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the parent company only financial statements. The personnel of the CPA Firm subject to the independence requirement have acted independently of Gold Circuit Electronics Ltd. in accordance with the Code of Ethics and with other responsibilities of the Code of Ethics performed. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those determined by us as the CPAs based on our professionalism to be the most important in the audit of the 2022 parent company-only financial reports of Gold Circuit Electronics Ltd. These matters were addressed in the content of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do

not provide a separate opinion on those matters.

The key audit matters for the 2022 parent company-only financial reports of Gold Circuit Electronics Ltd. are described as follows:

Recognition of revenue

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 policy for recognition of revenue 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 revenue of the Company.
2. Samples were selected from the income statement of the triangle trade to verify how original purchase orders from customers were approved and to verify the shipping receipts and supporting documents from the subsidiary in Mainland China for confirmation over whether the transaction really occurred or not.

Responsibilities of Management and Those in Charge with Governance of the Entity Financial Statements

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

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

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

Independent Auditor's Responsibilities for the Audit of the Entity Financial Statements

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

As part of an audit in accordance with the accounting principles in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design, and perform audit procedures responsive to risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain the necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstances, but the purpose is not to express an opinion on the effectiveness of the internal control of Gold Circuit Electronics Ltd.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Reach a conclusion with regard to the adequacy of the accounting basis adopted by the management to continue with operation and whether significant uncertainties of events or conditions that might result in significant concerns about the ability of Gold Circuit Electronics Ltd. to continue with operation exist or not according to the evidence obtained from the audit. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may render Gold Circuit Electronics Ltd. no longer capable of continuing with operation.
5. Evaluate the overall presentation, structure, and contents of the parent company only

statements, including the disclosures, whether the parent company only statements represent the underlying transactions and events in a matter that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence on the financial information of Gold Circuit Electronics Ltd. in order to express an opinion on the parent company only financial reports. We as the CPAs are responsible for guiding, supervising, and implementing the audit of Gold Circuit Electronics Ltd. as well as forming an opinion on the audit.

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

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

We decided the key audit matters for the 2022 parent company-only financial reports of Gold Circuit Electronics Ltd. from matters communicated on with the governance unit. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Deloitte & Touche

CPA Chao-Ling Chen

CPA Chun-Yi Chang

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

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

March 9, 2023

Gold Circuit Electronics Ltd.
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Unit: NTD thousand

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes IV and VI)	\$ 3,126,813	11	\$ 1,489,964	7
1110	Financial assets at fair value through profit or loss - current (Notes. IV and VII)	-	-	9,196	-
1180	Accounts receivable – related parties (Notes IV, VIII and XXVII)	75,018	-	102,402	1
1170	Accounts receivable - non-related parties (Notes IV, V and VIII)	10,115,422	35	8,630,350	38
1210	Other accounts receivable – related parties (Notes IV. VIII and XXVII)	24,210	-	667,758	3
1200	Other accounts receivable - non-related parties (Note IV and VIII)	67,830	-	76,068	-
130X	Inventories (Notes IV and IX)	3,692,841	13	3,193,992	14
1410	Prepayments	83,396	1	82,356	-
1470	Other current assets (Note XV)	1,703	-	12,076	-
11XX	Total current assets	<u>17,187,233</u>	<u>60</u>	<u>14,264,162</u>	<u>63</u>
	non-current assets				
1550	Investment under equity method (Notes IV and X)	8,124,156	28	4,873,407	22
1600	Property, plant and equipment (Notes IV, XI and XXIII)	2,776,751	10	2,460,514	11
1755	Right-of-use assets (Notes IV and XII)	27,684	-	39,592	-
1760	Investment property (Notes IV and XIII)	576,200	2	577,900	3
1780	Other intangible assets (Notes IV and XIV)	34,922	-	16,394	-
1840	Deferred income tax assets (Notes IV and XXIII)	92,058	-	240,331	1
1900	Other non-current assets (Note XV)	1,218	-	1,415	-
15XX	Total non-current assets	<u>11,632,989</u>	<u>40</u>	<u>8,209,553</u>	<u>37</u>
1XXX	Total assets	<u>\$ 28,820,222</u>	<u>100</u>	<u>\$ 22,473,715</u>	<u>100</u>
	Liabilities and shareholders' equity				
	Current liabilities				
2100	Short-term loan (Notes IV and XVI)	\$ 579,108	2	\$ 363,524	2
2120	Financial liabilities measured at fair value through gains or losses - current (Notes IV and VII)	4,908	-	-	-
2152	Other notes payable	116	-	-	-
2170	Accounts payable - non-related parties (Note XVII)	2,144,602	7	1,444,020	7
2180	Accounts payable – related parties (Notes XVII and XXVII)	5,724,721	20	4,990,415	22
2219	Other accounts payable (Note XVIII)	1,747,285	6	1,352,124	6
2230	Income tax liability of current term (Note XXIII)	356,840	1	228,301	1
2250	Provision for liabilities-current (Notes IV and XIX)	216,823	1	167,544	1
2280	Lease liabilities - current (Notes IV and XII)	9,124	-	13,224	-
2320	Long-term loan – current portion (Notes IV and XVI)	-	-	53,846	-
2399	Other current liabilities (Note XVIII)	154,553	1	77,032	-
21XX	Total current liabilities	<u>10,938,080</u>	<u>38</u>	<u>8,690,030</u>	<u>39</u>
	Non-current liabilities				
2540	Long-term loan (Notes IV and XVI)	3,340,000	12	826,924	4
2542	Long-term notes and bills payable (Note XVI)	-	-	1,250,000	5
2570	Deferred income tax liabilities (Notes IV and XXIII)	141,054	-	90,918	-
2580	Lease liabilities - Non-current (Notes IV and XII)	3,110	-	12,190	-
2640	Net defined benefit liabilities- non-current (Notes IV and XX)	73,101	-	200,680	1
2670	Other non-current liabilities (Note XVIII)	859	-	859	-
25XX	Total non-current liabilities	<u>3,558,124</u>	<u>12</u>	<u>2,381,571</u>	<u>10</u>
2XXX	Total liabilities	<u>14,496,204</u>	<u>50</u>	<u>11,071,601</u>	<u>49</u>
	Equity (Note XXI)				
	Capital stock				
3110	Common shares	4,918,391	17	5,464,879	24
3200	Additional paid-in capital	1,219,167	4	1,206,574	6
	Retained earnings				
3310	Legal reserve	464,215	2	167,997	1
3320	Special reserve	475,522	2	475,522	2
3350	Undistributed earnings	7,062,701	24	3,927,668	17
3300	Total retained earnings	8,002,438	28	4,571,187	20
3400	Other equity items	276,776	1	257,951	1
3500	Treasury stocks	(92,754)	-	(98,477)	-
3XXX	Total equity	<u>14,324,018</u>	<u>50</u>	<u>11,402,114</u>	<u>51</u>
	Total liabilities and equities	<u>\$ 28,820,222</u>	<u>100</u>	<u>\$ 22,473,715</u>	<u>100</u>

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

Chairman: Chen-Tse Yang

Manager: Chen-Tse Yang

Accounting Supervisor: Chang-Chin Yang

Gold Circuit Electronics Ltd.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

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

Code		2022		2021	
		Amount	%	Amount	%
	Operating income (Note IV and XXVII)				
4100	Sales revenue	\$ 31,558,391	100	\$ 25,550,218	100
	Operating cost (Notes IX, XX, XXII and XXVII)				
5110	Sales cost	<u>28,424,315</u>	<u>90</u>	<u>23,246,187</u>	<u>91</u>
5900	Gross profit	<u>3,134,076</u>	<u>10</u>	<u>2,304,031</u>	<u>9</u>
	Operating expenditure (Notes VIII, XX, XXII and XXVII)				
6100	Promotional expenditure	635,821	2	551,272	2
6200	Operating expenditure	446,758	1	371,015	1
6300	R&D expenditure	331,482	1	273,032	1
6450	Expected credit impairment loss (profit)	<u>39,549</u>	<u>-</u>	<u>(47,866)</u>	<u>-</u>
6000	Total operating expenses	<u>1,453,610</u>	<u>4</u>	<u>1,147,453</u>	<u>4</u>
6510	Net amount of other profits and losses (Note XXII)	<u>17,934</u>	<u>-</u>	<u>(2,846)</u>	<u>-</u>
6900	Net operating profit	<u>1,698,400</u>	<u>6</u>	<u>1,153,732</u>	<u>5</u>
	Non-operating income and expenditure (Notes IV, XXII and XXVII)				
7100	Interest revenue	44,233	-	26,915	-
7010	Other revenue	40,110	-	40,898	-
7020	Other gain or loss	114,450	-	(43,534)	-
7050	Financial cost	(42,600)	-	(29,141)	-
7070	Amount of profit and/or loss of subsidiaries, affiliates, and joint ventures adopting the equity method	<u>3,370,166</u>	<u>11</u>	<u>2,251,444</u>	<u>9</u>
7000	Total non-operating revenue and expense	<u>3,526,359</u>	<u>11</u>	<u>2,246,582</u>	<u>9</u>

(To be continued)

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
7900	Net profit before tax from continuing operation	\$ 5,224,759	17	\$ 3,400,314	14
7950	Income tax expenses (Notes IV and XXIII)	<u>656,884</u>	<u>2</u>	<u>473,460</u>	<u>2</u>
8000	Continuing operation net profit for the year	<u>4,567,875</u>	<u>15</u>	<u>2,926,854</u>	<u>12</u>
	Other comprehensive income				
8310	Not reclassified to profit and loss:				
8311	Defined benefit plan re-measurement amount (Note XX)	82,063	-	44,161	-
8349	Incomes tax related to titles not subject to reclassification	(16,413)	-	(8,832)	-
8360	May be reclassified to profit and loss subsequently:				
8361	Exchange differences on translation of foreign financial statements	<u>18,825</u>	<u>-</u>	(<u>14,558</u>)	<u>-</u>
8300	Other combined gains or losses of current term (after-tax net value)	<u>84,475</u>	<u>-</u>	<u>20,771</u>	<u>-</u>
8500	Total comprehensive income of the year	<u>\$ 4,652,350</u>	<u>15</u>	<u>\$ 2,947,625</u>	<u>12</u>
	EPS (Note XXIV)				
	From continuing operations				
9710	Basic	<u>\$ 8.86</u>		<u>\$ 5.41</u>	
9810	dilution	<u>\$ 8.78</u>		<u>\$ 5.38</u>	

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

Chairman: Chen-Tse Yang Manager: Chen-Tse Yang Accounting Supervisor: Chang-Chin Yang

Gold Circuit Electronics Ltd.
Parent Company Only Statement of Changes in Shareholders' Equity
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		Capital stock	Additional paid-in capital	Retained earnings			Exchange differences on translation of foreign financial statements	Other equity items	Property revaluation surplus	Treasury stocks	Total equity
				Legal reserve	Special reserve	Undistributed earnings		Unrealized gains or losses from financial assets measured at fair value through other combined gains or losses			
A1	Balance as of January 1, 2021	\$ 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	Appropriation of legal reserve	-	-	167,997	-	(167,997)	-	-	-	-	-
B5	The Company's shareholder dividend in cash	-	-	-	-	(546,488)	-	-	-	-	(546,488)
C15	Change in other additional paid-in capital										
	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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,329</u>	<u>(14,558)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,771</u>
D5	Total combined gains or losses of 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,962,183</u>	<u>(14,558)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,947,625</u>
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
	Appropriation and distribution of earnings from 2021										
B1	Legal reserve	-	-	296,218	-	(296,218)	-	-	-	-	-
B5	The Company's shareholder dividend in cash	-	-	-	-	(1,202,274)	-	-	-	-	(1,202,274)
C17	Change in other additional paid-in capital										
	Capital reserve - transaction of treasury stocks	-	12,593	-	-	-	-	-	-	-	12,593
D1	Net profits of 2022	-	-	-	-	4,567,875	-	-	-	-	4,567,875
D3	Other combined gains or losses after tax of 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,650</u>	<u>18,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,475</u>
D5	2022 Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,633,525</u>	<u>18,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,652,350</u>
E3	Capital reduction in cash	(546,488)	-	-	-	-	-	-	-	5,723	(540,765)
Z1	Balance as of December 31, 2022	<u>\$ 4,918,391</u>	<u>\$ 1,219,167</u>	<u>\$ 464,215</u>	<u>\$ 475,522</u>	<u>\$ 7,062,701</u>	<u>(\$ 8,435)</u>	<u>(\$ 10,570)</u>	<u>\$ 295,781</u>	<u>(\$ 92,754)</u>	<u>\$ 14,324,018</u>

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

Chairman: Chen-Tse Yang

Manager: Chen-Tse Yang

Accounting Supervisor: Chang-Chin Yang

Gold Circuit Electronics Ltd.
Parent Company Only Statement of Cash Flow
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		2022	2021
	Cash flow from operating activities		
A10000	Net profit before tax for the year	\$ 5,224,759	\$ 3,400,314
A20010	Income charges (credits):		
A20300	Expected credit impairment loss (interest from recovery of impairment)	39,549	(47,866)
A20100	Depreciation expenditure	334,449	289,395
A20200	Amortization expenditure	12,705	9,354
A20900	Financial cost	42,600	29,141
A29900	Provision for liabilities	46,839	31,444
A22400	Amount of profit and/or loss of subsidiaries, affiliates, and joint ventures adopting the equity method	(3,370,166)	(2,251,444)
A21200	Interest revenue	(44,233)	(26,915)
A23700	Inventory valuation and obsolescence losses	83,116	-
A23800	Gain on price recovery from inventory devaluation and obsolescence	-	(16,027)
A22500	Loss on disposal of property, plant and equipment	22,455	8,829
A20400	Net loss (or gain) from financial assets measured at fair value through gains or losses	9,196	(9,196)
A20400	Net loss (or gain) from financial liabilities measured at fair value through gains or losses	4,908	(13,804)
A24100	Net loss of exchange in foreign currencies	45,006	1,953
A24600	Loss (or gain) from fair value adjustment of investment property	1,700	(900)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	-	83
A31150	Accounts receivable	(1,623,640)	(2,495,549)
A31180	Other receivables	645,508	376,608
A31200	Inventories	(581,965)	(1,149,942)
A31230	Prepayments	(1,040)	(12,630)
A31240	Other current assets	10,373	(1,348)
A32130	Notes payable	116	-
A32150	Accounts payable	1,528,152	2,034,806
A32180	Other payables	302,619	230,043
A32230	Other current liabilities	77,521	36,369
A32240	Net defined benefit liabilities	(45,517)	(24,339)
A33000	Cash yielded in business operation	2,765,010	398,379

(To be continued)

(Continued)

Code		2022	2021
A33200	Interest collected	\$ 51,022	\$ 35,298
A33500	Income tax paid	(344,240)	(126,055)
AAAA	Net cash generated by operating activities	<u>2,471,792</u>	<u>307,622</u>
	Cash flow from investing activities		
B00200	Share value returned upon capital reduction of investees applying the equity method	154,450	-
B02700	Procurement of property, plant and equipment	(581,607)	(245,651)
B04500	Procurement of intangible assets	(30,379)	(16,510)
B02800	Proceeds from disposal of property, plant and equipment	5,442	2,409
B03800	Decrease in refundable deposit	197	-
BBBB	Net cash used in investing activities	(451,897)	(259,752)
	Cash flow from financing activities		
C00100	Increase in short-term loan	1,332,508	424,640
C00200	Decrease in short-term loan	(1,121,357)	(75,340)
C01600	Application for long-term loan	3,090,000	7,635,374
C01700	Repayment of long-term loan	(630,770)	(9,214,604)
C01800	Increase in long-term notes and bills payable	-	1,250,000
C01900	Decrease in long-term-term notes payable	(1,250,000)	-
C04020	Repayment of lease liability principal	(14,938)	(16,758)
C05600	Interest paid	(39,731)	(31,112)
C04500	Dividends in cash paid	(1,202,274)	(819,732)
C04700	Capital reduction in cash	(546,488)	-
CCCC	Net cash used in financing activities	(383,050)	(847,532)
DDDD	Impact of change in exchange rate upon cash & cash equivalents	<u>4</u>	(<u>48</u>)
EEEE	Net Increase (decrease) in cash and cash equivalents	1,636,849	(799,710)
E00100	Cash and cash equivalents, beginning of year	<u>1,489,964</u>	<u>2,289,674</u>
E00200	Cash and cash equivalents, end of year	<u>\$ 3,126,813</u>	<u>\$ 1,489,964</u>

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

Chairman: Chen-Tse Yang Manager: Chen-Tse Yang Accounting Supervisor: Chang-Chin Yang

Gold Circuit Electronics Ltd.
Notes to Parent Company Only Financial Statements
January 1 to December 31, 2022 and 2021
(Expressed in Thousand New Taiwan Dollars, unless specified otherwise)

I. Company History

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

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

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

II. Dates and procedures for Approving Financial Statements

The parent company-only financial statements were approved by the Board of Directors on March 9, 2023.

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).

The application of the amended IFRSs that are approved and released to take effect by the FSC would not cause significant changes to the accounting policies of the Company.

- (II) Applicable IFRSs approved by the FSC in 2023.

New promulgation/Amendment/Amended Rules and Interpretation	The effective date promulgated by IASB
Amendments to IAS 8 "Disclosure of Accounting Policies"	Sunday, January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	Sunday, January 1, 2023 (Note 2)
Amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	Sunday, January 1, 2023 (Note 3)

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

Note 2: The amendment is applicable to changes to accounting estimates and the accounting policy that occur during the annual reporting period that begins after January 1, 2023.

Note 3: 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 IAS 1 “Disclosure of Accounting Policies”

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

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

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

- (1) The Company changed its accounting policies during the reporting period and the said changes resulted in material changes of information provided in financial statements.
- (2) The Company chooses its applicable accounting policies from options allowed under the Standard.
- (3) The accounting policies are established by the Company in compliance with IAS 8 “Accounting Policies, Changes in Accounting Estimates, and Errors” due to the lack of requirements of specific standards.
- (4) The Company discloses applicable accounting policies that are decided requiring 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.

2. Amendments to IAS 8 “Definition of Accounting Estimates”

The amendment specifies that accounting estimate refers to amount in currencies impacted by measurement uncertainties in financial statements. While applying accounting policies, it may be necessary for the Company to measure items to be included in the financial statements with the amount in currencies that cannot be directly observed and hence need to be estimated. As a result, it is required to fulfill this purpose by developing 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.

3. Amendment to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

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

(III) IFRSs already published by the IASB but not yet recognized or issued into effect by the FSC.

<u>New promulgation/Amendment/Amended Rules and</u>	<u>The effective date</u>
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Interpretation	promulgated by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Assets sales or contribution between the investor and the affiliated company or joint venture.”	To be determined
Amendment to IFRS 16 “Lease Liabilities for Sale and Leaseback”	Monday, January 1, 2024 (Note 2)
IFRS 17 “Insurance Contract”	Sunday, January 1, 2023
Amendments 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
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	Monday, January 1, 2024
Amendment to IAS 1 “Non-current liabilities with contract terms and conditions”	Monday, January 1, 2024

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 seller and lessee shall retroactively apply the amendments to IFRS 16 for sale and leaseback transactions signed after the initial date of application of IFRS 16.

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

The amendment provides that if the Company sells or contributes assets to affiliated companies (or joint ventures), or the Company loses the control over a subsidiary but retains significant influence on the subsidiaries (or joint control), and if the aforementioned assets or subsidiary in compliance with the definition of a business under IFRS 3 “Business Combinations” the Company is to recognize the profit and loss of the transactions fully.

In addition, if the Company sells or contributes assets to affiliated companies (or joint ventures), or the Company loses the control over a subsidiary but retains significant influence on the subsidiaries (or joint control), and if the aforementioned assets or subsidiary not in compliance with the definition of IFRS 3 “Business,” the Company is to recognize the profit and loss of the transactions only within the equity scope of the affiliated companies (or joint ventures) irrelevant to the investors, in other words, the profit and loss attributable to the Company should be offset.

2. Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent” (amended in 2020) and “Non-current liabilities with contract terms and conditions” (amended in 2022)

The amendment in 2020 clarifies that in order to determine whether a liability should be classified as non-current, it is necessary to evaluate whether the Company has the right to defer settlement of the liability for at least 12 months after the reporting period, at the end of the reporting period. If the Company has such right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period, the liability should be classified as noncurrent, irrelevant with whether the Company is expected to exercise the right or not.

The amendment in 2020 also specifies that the Company must have followed specific criteria when the reporting period ends if it is required for the Company to follow specific criteria in order to be entitled to delay the pay-off of liabilities. This applies even if the lender tests if the Company has followed the said criteria at a later date. The amendment in 2022 further clarified that only the contract terms that need to be followed before the end date of the reporting period would impact the classification of liabilities. Although the

contract terms that need to be followed within 12 months after the reporting period do not impact the classification of liabilities, related information needs to be disclosed so that users of financial reports understand that the risk of the Company possibly being unable to abide by contract terms and hence the need to pay back within 12 months after the reporting period.

The amendment in 2020 stipulates that for the purpose of liability categorization, the above-mentioned pay-off means the transfer of cash, other economic resources, or the equity tools of the Company to the trading counterpart to result in disappearance of liabilities. Notwithstanding, where, according to the terms and conditions of liabilities, the liabilities might be paid off at the discretion of the trading counterpart through the transfer of the Company's equity instruments and said discretion is stated into equity separately under IAS 32 "Financial Instruments: Presentation," the classification of liabilities would remain unaffected by said terms and conditions.

3. Amendments to IFRS 16 "Lease Liabilities for Sale and Leaseback"

The said amendment clarifies that if the transfer of assets fulfills the requirement of IFRS 15 "Revenue from Contracts with Customers" and hence is handled as sale of assets in after-sales leaseback transactions, the liabilities incurred because of the leaseback for the seller and lessee shall be handled as required for lease liabilities under IFRS 16. If the variable lease payment not determined by index or rate is involved, the seller and lessee shall weigh the liabilities in a way that losses/gains relevant to the retained right of use are not recognized. Later, the difference between the lease payment and the actual payment for the current term included in the calculation of lease liabilities is listed under gains or losses.

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

IV. Summary of Significant Accounting Policies

(I) Declaration in compliance

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

(II) Basis of preparation

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

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

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

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

(III) Standards in differentiating current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purposes of transactions;
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).

Current liabilities include:

1. Liabilities held primarily for the purposes of transactions;
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 as non-current assets or non-current liabilities.

(IV) Foreign currency

When the Company prepared for the financial reports, the transactions conducted in currencies other than the Company's functional currencies (foreign currencies) were converted into the records of functional currencies based on the exchange rates quoted on the date of transactions.

The items in foreign currencies were converted at the exchange rates closed on each and every balance sheet date. The difference in foreign exchanges incurred by the items of settlement currency items or conversion currency items was recognized as the profit and/or loss for the term of occurrence.

The foreign currencies, non-current items measured at fair values were converted at the exchange rates quoted on the date on which the fair values were determined. The difference in foreign exchange so incurred was entered as the profit and/or loss of the current term. In the event where the change in the fair value was recognized into other comprehensive profit and/or loss, the difference of the foreign exchange so incurred was entered as other comprehensive profit and/or loss.

The non-current items measured at historical costs were converted based on the exchange rate quoted on the date of transaction and were not converted anew.

In the preparation of individual financial statements, assets and liabilities of the Company's overseas operating institutions (including subsidiaries in countries or using currencies different from those of the Company) were converted to New Taiwan Dollar according to the exchange rate on the date shown on each balance sheet. The gain, fee and loss items were converted based on the exchange rates

averaged in the current term. The difference of conversion so incurred was entered as other comprehensive income.

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

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

(V) Inventories

Inventories include raw materials, supplies, finished goods and work in process. The inventory was measured at the lower of cost and net realizable value. In comparison between the cost and realizable value, the individual items shall be taken as the grounds except inventory of the same categories. 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 was calculated in weighted average method.

(VI) Invested subsidiaries

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

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

Under the equity method, investment was recognized at the initial costs, which would be duly increased or decreased along with the profit and/or loss of the subsidiaries, and other shares of comprehensive income of the Company after the amounts on books were obtained later on. Additionally, the change in other equity of subsidiaries attributed to the Company was recognized pro rata to the shareholding percentages.

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

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

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

When evaluating the impairment loss, the Company considered the units that yielded cash thoroughly based on the financial report and compared the collectable amount and book value thereof. Where the collectable amount of the assets increases subsequently, the amount is then reversed against balances of accumulated impairment losses. However, loss reversal should not be more than the carrying amount (net of depreciation or amortization) had the impairment loss not been recognized. Such loss in impairment should not be recovered in the subsequent period.

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

The unrealized gains (losses) from downstream transactions between the Company and subsidiaries were written off in the parent company only financial

report. For the profit or loss incurred in upstream and side-stream transactions between the Company and subsidiaries, the Company only recognized those within the scope irrelevant to the subsidiaries into the parent company only financial report.

(VII) Property, plant and equipment

The property, plant and equipment were recognized at costs. Subsequently thereafter, they were measured at the amount of the costs deducted with depreciation and the loss in the accumulated impairment.

The property, plant and equipment under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. The costs included fees incurred for professional services and costs of loan which were consistent with the conditions of capitalization. The samples generated when the said assets are being tested for whether or not they can function normally before they reach the expected use status are weighed by the lower of cost and net realized value. The sale price and cost are recognized under gains or losses. For those assets, depreciation started being amortized when those assets were completed to the extent of being ready for use and duly classified into the appropriate categories of property, plant and equipment.

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

When the property, plant, and equipment were written-off, the difference between the net proceeds from disposal and the book value of the asset is recognized in the profit and loss.

(VIII) Investment property

The investment property denotes such property held in an attempt to earn rent or capital increment or for the both purposes. The investment property also includes the land held for which the future purpose of use has not been resolved.

The investment property was measured at the initial costs (including transaction costs). Subsequently thereafter, it will be measured at the fair value. Changes of the fair value are recognized in the profit and loss when occurring.

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

(IX) Intangible assets

1. Individually acquired

The intangible assets with limited useful life individually acquired were measured at costs. Subsequently, they were measured at cost deducted with the amount of accumulated amortization and the loss of the accumulated impairment. Intangible assets within the durability period are amortized on the straight-line basis. The Company reviews at least on the end date of each year the estimated durability period, residual value, and depreciation method and postpones impacts where changes in accounting estimates apply. Intangible assets with indefinite durability are recognized with the cost less cumulative impairment loss.

2. Derecognition

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

(X) Impairment of real estate properties, plants and equipment, right-of-use assets, and intangible assets-related assets

The Company evaluates on the date shown on each balance sheet whether there are any signs showing that real estate, plants, and equipment, right-of-use assets, and intangible assets might have been impaired. Where any sign of impairment was found to exist, the Company estimated the recoverable amount of such assets. In the event that the recoverable amount of individual assets could not be estimated, the Company estimated the recoverable amount of the units that yielded cash belonging to the assets. The common asset is amortized to each cash-generating unit in accordance with a consistent and reasonable sharing basis.

The intangible asset with indefinite useful years 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.

The recoverable amount denotes fair value deducted with the selling costs and the useful value, whichever is the higher. In the event that the individual asset or the recoverable amount of the units that yielded cash was found below the book

value, such asset or the book value of the units that yielded cash was adjusted downward to the recoverable amount, with the impairment profit and loss recognized in profit and loss.

(XI) Financial instruments

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

Upon initial recognition of financial assets and financial liabilities, if the financial assets or financial liabilities were measured for fair values not through profit and/or loss, the Company measured based on the fair value plus the transaction costs, which could be directly attributed to the acquisition or issuance of the financial assets or financial liabilities. The transaction costs which could be directly attributed to the acquisition or issuance of such financial assets or financial liabilities, which were measured at the fair value, were imaginably recognized as the profit and/or loss.

1. Financial assets

The transaction customs of the financial assets were recognized or derecognized on the transaction day accounting basis.

(1) Categories of measurement

The financial assets held by the Company include financial assets at fair value through profit or loss, financial assets measured at amortized cost, and investment in equity instruments at fair value through other comprehensive income.

A. The financial assets at fair value through profit or loss.

The financial assets at fair value through profit or loss refer to those measured at fair value through profit or loss compulsorily. The financial assets measured at fair value through profit or loss compulsorily include the investment in equity instruments not designated to be measured at fair value through other comprehensive income, and the investment in bond instruments not eligible to be categorized those at amortized cost or at fair value through other comprehensive income.

The financial assets at fair value through gains or losses were measured at fair value, and the gains or losses so incurred were

recognized as other profit and loss. Please refer to Note XXVI for the determination of fair value.

B. Financial assets measured at amortized cost

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

- a. Being held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Except in the following two circumstances, the interest revenue was calculated at the effective interest rate multiplying by the total book value of the financial assets:

- a. For the purchased or originated credit-impaired financial assets, the interest revenue was calculated at the effective interest rate multiplying by the amortized cost of the financial assets upon credit adjustment.
- b. For those other than purchased or originated credit-impaired financial assets, which, however, became the purchased or originated credit-impaired financial assets subsequently, the interest revenue was calculated at the effective interest rate multiplying by their amortized cost as of the next reporting period after the credit impairment.

The credit-impaired financial assets mean that issuers or debtors already suffered hard-up financial standing or default, or an event where a debtor was about to run into bankruptcy or proceed with

financial reorganization, or the hard-up financial standing leading to loss of active market of the assets.

Cash equivalents include time deposits in high liquidity, which could be converted into cash of the specified amounts at any time within three (3) months from acquisition, with little risk in the change in values, intended to be used to satisfy the commitment in the short-term cash.

C. Investment in Equity Instruments at Fair Value through Other Combined Gains or Losses

However, the Company may choose at the time of original recognition to have the equity instrument investment not held for trading and not recognized by the acquirer in the business merger transaction or not with consideration measured at the fair value through other comprehensive income.

Investment in equity instruments at fair value through other comprehensive income are measured at fair value, and the subsequent movements of the fair value are measured in other comprehensive income, and accumulated in other equity. When disposing investments, the accumulated profit/loss is transferred to the retained earnings directly without reclassified as profit/loss.

The dividends from the equity instruments at fair value through other comprehensive income are recognized in profit/loss when the right of receiving of the Company is confirmed, unless such dividends obviously represent the recovery of part of the investment.

(2) Impairment of financial assets and contract assets

At each date of balance sheet, the Company evaluates the impairment loss on financial assets (including accounts receivable) and contract assets based on the expected credit loss. The allowance losses on accounts receivable were all recognized based on the lifetime expected credit loss. For other financial assets, the credit risk is evaluated if there is any significant increase after the initial recognition. If not, the allowance loss is recognized based on the expected credit losses of 12 months; if there any significant increases, the allowance loss is recognized based on the expected credit losses of life time.

Expected credit losses as the weighted average of credit losses with the weightings being the respective risks of a default occurring. 12-month expected credit losses are expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the life of the financial instruments.

The book value of all impairment losses on financial assets were reduced via the allowance account.

(3) Derecognition of financial assets

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

Where a financial asset measured at amortized cost was derecognized en masse, the difference between the book value and collected consideration was recognized into profit or loss. When fully derecognizing the investment in equity instrument at fair value through other comprehensive income, the accumulated profit/loss is directly transferred to retained earnings, not to be reclassified as profit or loss.

2. Equity instruments

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

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

The Company's own equity instruments re-acquired were derecognized and deducted under equity. The book value is calculated by the weighted average for the type of share and is calculated separately according to the cause of recovery. Acquisition, sale, issuance or cancellation of the Company's own equity instruments would not be recognized as income.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost based on the effective interest, unless in the following circumstances:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss refer to the financial liabilities held for trading.

The financial liabilities held for trading were measured at fair value, the interest so incurred recognized into the financial cost, and the other profit or loss so incurred from re-measurement recognized into other profit or loss.

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

(2) Derecognition of financial liabilities

When de-recognizing financial liabilities, the difference between the book value and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized into profit or loss.

4. Derivative financial instruments

The Company entered into forward foreign exchange contracts as their derivative financial instruments to manage their exposure to the foreign exchange rate risk.

Derivative financial instruments were initially recognized at fair value at the date the derivative financial instrument contracts were entered into and were subsequently remeasured to their fair value on the balance sheet date. The resulting profit or loss is stated into profit or loss immediately. Notwithstanding, when the derivative financial instruments which were designated and considered as effective hedging instruments should be recognized into profit or loss should be decided subject to the nature of hedging relationship. The derivatives with positive value were classified as financial assets. Those with negative value were classified as financial liabilities.

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 contracts. Embedded derivatives other than those embedded into the host contracts for assets falling in the scope under IFRS 9 (e.g. those embedded into the master contracts for financial liabilities) were treated as separate derivatives when they met the definition of

a derivative, their risks and characteristics were not closely related to those of the host contracts, and the contracts were not measured at fair value through profit or loss.

(XII) Provision for liabilities

The provision for liabilities was determined with the obligation risk and uncertainty taken into account, which is the best estimate of the obligation payable on the balance sheet date.

(XIII) Recognition of revenue

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

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

For any contract providing the time interval between transfer of commodities or labor services and collection of consideration no more than one year, no adjustment would be made on the transaction price with respect to the financing component thereof.

Sales revenue

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

As the ownership of processed products has not yet been transferred at the time of processing on order, no revenue would be recognized at that moment.

(XIV) Lease

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

1. The Company was the Lessor.

In the event that all risks and remuneration of the ownership of the assets based on the leasehold terms and conditions were transferred to the lessees in full, such assets were classified as financing leases. All other categories of leases were classified as operating leases.

Under the operating leases, the rent less the lease incentives was recognized into profit or loss based on the straight-line method in the duration of the leases. The initial direct cost arising from negotiating and arranging operating leases, was increased to the book value of the underlying assets, and recognized as expenditure on the straight-line basis over the lease period.

2. The Company was the Lessee.

The lease payments applicable to the recognized waived low-valued underlying asset lease and the short-term lease are recognized as expenditure on the straight-line basis over the lease period. For all other leases, the right-of-use assets and lease liabilities are recognized from the starting date of leases.

The right-of-use assets were originally measured at the costs (including the original measured amount of lease liability); subsequently, they were measured at the costs deducting the accumulated depreciation and the accumulated impairment loss, and the re-measurement of the lease liability was adjusted. The right-of-use assets were individually expressed in the parent company only balance sheets.

The right-of-use assets on the straight-line basis were depreciated from the starting date of lease until expiration of the useful years or the lease period, whichever earlier. If the ownership of underlying assets would be acquired upon expiration of the lease period, or the costs of right-of-use assets reflected the exercise of right of first refusal, the assets should be depreciated from the starting date of lease until expiration of the useful years.

The lease liabilities were measured based on the present value of the lease payment (including fixed payment and variable lease payment depending on any index or fees). If the implied interest rate of a lease should be easy to be confirmed, the rate should be applied to discount the lease payment. Otherwise, the incremental the lessee's loan rate of interest should apply instead.

Subsequently, the lease liabilities were measured at amortized cost using the effective interest method. The interest expenditure was also

amortized within the lease period. If there was any change in the lease period or any index or fees determining the lease payments would result in changes of future lease payment, the Company re-measured the lease liabilities, and relatively adjusted the right-of-use assets; provided the book value of the right-of-use asset has decreased to zero, the remaining re-measured amount was recognized in the profit or loss. The lease liabilities are individually expressed in the parent company only balance sheets.

(XV) Cost of borrowings

The costs of loan for the assets that meet the essential requirement and directly attributable to the acquisition, construction, or production of assets is deemed as part of the asset cost until all of the necessary activities completed for the assets to reach its intended use or sale state.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the cost of loan that meets the essential requirements of capitalization.

In addition to the transaction stated in the preceding paragraph, costs of all other loans are recognized into profit and loss upon occurring.

(XVI) Government subsidies

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

Government subsidies concerning gains are recognized systematically as other income during the period where related costs they are meant to offset are recognized by the Company as expenses. The government subsidies for acquisition of non-current assets by the Company through procurement/construction or in any other manners should be debited into the book value of the non-current assets, and recognized into profit and/or profit within the useful years of the assets by reducing the depreciation or amortization expenses for the non-current assets.

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

(XVII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits related liabilities are 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 in which employees provided services were recognized as expenditure.

The defined benefit costs under the defined benefit retirement plan (including the service costs, net interest, and re-measurement amount) were based on the actuary of projected unit credit method. The service costs (including current service costs), and net interest on the net defined benefit liabilities (assets) were recognized as employee benefit expenditure in the period they occur. The re-measurement amount (including actuarial profit and loss and projected ROA net of applicable interest) was recognized as other comprehensive income and stated as retained earnings at the time of realization, but would not be reclassified as income in subsequent periods.

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 contribution of fund in the future.

3. Resignation benefits

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

(XVIII) Income tax

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

1. Current income tax

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.

Adjustment of the prior years' income tax is added to current income tax expenditure in the year the adjustment is made.

2. Deferred income tax

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

Deferred tax liabilities are generally recognized in accordance with all taxable temporary differences. Deferred tax assets are recognized when there are likely to have taxable income available for deductible temporary difference.

All taxable temporary differences relevant to the investment in subsidiaries were recognized as deferred income tax liabilities, unless the Company could control the time point of recovery of the control over the temporary difference, or said temporary difference would be very likely not recoverable in the foreseeable future. The deductible temporary differences associated with such investment were recognized as deferred income tax assets, to the extent that sufficient taxable income was available to realization of temporary differences and such differences were expected to be reversed in the foreseeable future.

The book value of the deferred income tax assets was reviewed anew on each and every balance sheet date. Aiming at such event where there would be very likely not adequate taxable income to recover the assets either in whole or in part, the Consolidated Company adjusted downward the book value. Those which were not initially recognized as deferred income tax assets were also reviewed anew on each and every balance sheet date. The Consolidated Company, in turn, would adjust upward the book value in the future while there would be likely to yield taxable income to recover assets either in whole or in part.

The deferred income tax assets and liabilities were measured at the tax rates of that term. The said tax rate would be on the grounds of the tax rates and taxation laws, which had been enacted or had been substantially enacted as of the balance sheet date. The deferred income tax liabilities and assets were measured to reflect the Company for the taxation consequences of taxation for the book amounts of the assets and liabilities anticipated to be recovered or reimbursed as of the balance sheet date. Where the investment property measured at fair value is a non-depreciation asset, or the economic model as held would not be likely to consume almost all of the economic benefit from the assets over time, the Company would assume that the book value of the assets was recovered through sale.

3. Current and deferred income tax

The current and deferred income tax was recognized into profit and/or loss. The current and deferred income tax relevant to the items, which were recognized in other comprehensive income or directly counted into the items of equity, was recognized into other comprehensive income or directly counted into equity respectively.

Where the current income tax or deferred income tax was generated from acquisition of any subsidiary, the income tax effect should be included into the invested subsidiary's accounting treatment.

V. Major sources of major accounting judgments, estimates and hypotheses of uncertainty

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

The management would continually review the estimates and fundamental hypotheses. In the event that the estimated amendment would only affect the current term, it would be recognized in the term when the amendment was made. In the event that the amendment of the accounting estimates would simultaneously affect both the current and future terms, it would be recognized in the term when the amendment was made, and the future term.

Major sources of estimates and hypotheses of uncertainty

Estimated impairment of financial assets

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

VI. Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working capital	\$ 785	\$ 865
Bank's notes and current deposit	3,111,482	1,476,067
Cash equivalents (investment due within three (3) months in the date of initial maturity).		
Bank time deposit	<u>14,546</u>	<u>13,032</u>
	<u>\$ 3,126,813</u>	<u>\$ 1,489,964</u>

VII. Financial Instruments at Fair Value through Profit or Loss

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets-current</u>		
At fair value through profit or loss compulsorily		
Derivatives (not under hedge accounting)		
— Forward foreign exchange contracts		
(1)	\$ -	\$ 3,024
— FX swaps contracts		
(2)	-	6,172
Subtotal	<u>\$ -</u>	<u>\$ 9,196</u>

(To be continued)

(Continued)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities - Current</u>		
At fair value through profit or loss compulsorily		
Derivatives (not under hedge accounting)		
— Forward foreign exchange contracts (1)	\$ 704	\$ -
— FX swaps contracts (2)	<u>4,204</u>	<u>-</u>
	<u>\$ 4,908</u>	<u>\$ -</u>

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

	<u>Currency type</u>	<u>Maturity date</u>	<u>Contract amount (NTD Thousand)</u>
<u>December 31, 2022</u>			
Sold forward foreign exchange contracts	Sell USD/Buy NTD	January 3, 2023 – February 9, 2023	USD 40,000/NTD 1,227,696
<u>December 31, 2021</u>			
Sold forward foreign exchange contracts	Sell USD/Buy NTD	January 3, 2022 – February 15, 2022	USD24,000/NTD667,344

- (II) The outstanding FX swaps contracts not under hedge accounting on the balance sheet date are stated as follows:

	<u>Currency type</u>	<u>Maturity date</u>	<u>Contract amount (NTD Thousand)</u>
<u>December 31, 2022</u>			
FX swap contracts	Sell USD/Buy NTD	January 31, 2023	USD44,000/NTD1,347,036
<u>December 31, 2021</u>			
FX swap contracts	Sell USD/Buy NTD	January 28, 2022 – February 25, 2022	USD62,000/NTD1,722,332

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

VIII. Notes receivable, accounts receivable and other accounts receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total book value	\$10,272,103	\$ 8,774,866
Less: Allowance losses	(<u>81,663</u>)	(<u>42,114</u>)
	<u>\$10,190,440</u>	<u>\$ 8,732,752</u>
<u>Other receivables</u>		
Business tax refund receivable	\$ 43,861	\$ 38,375
Accounts receivable from sale of scraps	22,058	22,255
Others	<u>26,121</u>	<u>683,196</u>
	<u>\$ 92,040</u>	<u>\$ 743,826</u>

Notes receivable and accounts receivable

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

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

The Company recognized the allowance losses on notes and accounts receivable based on the lifetime expected credit loss. The lifetime expected credit losses were calculated using the reserve matrix, by considering the customers' past default records and current financial position, industrial economic situations, as well as the recoverable amount. As the Company's credit loss history showed that there was no significant difference among the loss patterns of different customer bases, the reserve matrix didn't

further divide the customer bases, but only established the expected credit losses based on the number of days for which the notes and accounts receivable became overdue.

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

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

December 31, 2022

Accounts receivable

	Not overdue	Overdue for 1~60 days	Overdue for 61~90 days	Overdue for 91~120 days	Overdue for more than 120 days	Total
Expected Credit Loss (ECL) Rate	0.06%	19.05%	59.96%	73.82%	94.38%	-
Total book value	\$ 10,070,068	\$ 137,263	\$ 31,257	\$ 4,529	\$ 28,986	\$ 10,272,103
Allowance losses (lifetime expected credit loss)	(6,068)	(26,155)	(18,741)	(3,343)	(27,356)	(81,663)
Amortized cost	<u>\$ 10,064,000</u>	<u>\$ 111,108</u>	<u>\$ 12,516</u>	<u>\$ 1,186</u>	<u>\$ 1,630</u>	<u>\$ 10,190,440</u>

December 31, 2021

Accounts receivable

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

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

	2022	2021
Balance - beginning of year	\$ 42,114	\$ 89,980
Add: Impairment loss provided in the current year	39,549	-
Less: Reversal of impairment loss in the current year	-	(47,866)
Balance - end of year	<u>\$ 81,663</u>	<u>\$ 42,114</u>

The net amount of the total book value of accounts receivable overdue for more than 60 days from the beginning of year rose on December 31, 2022 by NTD 54,043

thousand and it resulted in the decrease in allowance losses by NTD 39,709 thousand as well. The net amount of the total book value of the accounts receivable that were past due for 1 to 60 days on December 31, 2021 decreased by NTD 15,900 thousand and it resulted in the decrease in allowance losses by NTD 40,676 thousand.

IX. Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Finished goods	\$ 2,062,013	\$ 1,950,653
Work in process	1,186,836	760,761
Raw materials & supplies	267,610	267,220
Inventories in transit	<u>176,382</u>	<u>215,358</u>
	<u>\$ 3,692,841</u>	<u>\$ 3,193,992</u>

Sales cost is defined as follows:

	<u>2022</u>	<u>2021</u>
Cost of inventory already sold	\$ 28,573,207	\$ 23,468,373
Loss on inventory devaluation (gain from price recovery)	83,116	(16,027)
Income from the sale of scraps and waste materials	(<u>232,008</u>)	(<u>206,159</u>)
	<u>\$ 28,424,315</u>	<u>\$ 23,246,187</u>

X. Investment under equity method

<u>Invested subsidiaries</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-public/non-OTC companies		
King Hsiang Investment Co., Ltd.	\$ 41,910	\$ 31,357
Goldex Holding Limited	<u>8,082,246</u>	<u>4,842,050</u>
	<u>\$ 8,124,156</u>	<u>\$ 4,873,407</u>
	<u>Percentage of equity and voting right</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
King Hsiang Investment Co., Ltd.	99.997%	99.997%
Goldex Holding Limited	100.000%	100.000%

For the details about the invested subsidiaries held by the Company indirectly, please refer to Attachment 5.

XI. Property, plant and equipment

Self-use

	Own land	Building	Machinery & equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
<u>Cost</u>								
Balance as of January 1, 2022	\$ 701,186	\$ 2,302,107	\$ 4,526,545	\$ 34,957	\$ 65,029	\$ 717,839	\$ 73,873	\$ 8,421,536
Addition	-	-	-	-	-	-	697,564	697,564
Disposal	-	-	(315,270)	-	(2,379)	(68,080)	-	(385,729)
Reclassification	-	18,627	484,445	289	2,364	171,116	(709,753)	(32,912)
Balance as of December 31, 2022	<u>\$ 701,186</u>	<u>\$ 2,320,734</u>	<u>\$ 4,695,720</u>	<u>\$ 35,246</u>	<u>\$ 65,014</u>	<u>\$ 820,875</u>	<u>\$ 61,684</u>	<u>\$ 8,700,459</u>
<u>Cumulative depreciation and impairment</u>								
Balance as of January 1, 2022	\$ -	\$ 1,840,370	\$ 3,475,829	\$ 16,766	\$ 43,380	\$ 584,677	\$ -	\$ 5,961,022
Disposal	-	-	(288,100)	-	(2,307)	(67,425)	-	(357,832)
Depreciation expenditure	-	29,609	205,162	4,148	5,038	76,826	-	320,783
Reclassification	-	-	(756)	-	(265)	756	-	(265)
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 1,869,979</u>	<u>\$ 3,392,135</u>	<u>\$ 20,914</u>	<u>\$ 45,846</u>	<u>\$ 594,834</u>	<u>\$ -</u>	<u>\$ 5,923,708</u>
Net as of December 31, 2022	<u>\$ 701,186</u>	<u>\$ 450,755</u>	<u>\$ 1,303,585</u>	<u>\$ 14,332</u>	<u>\$ 19,168</u>	<u>\$ 226,041</u>	<u>\$ 61,684</u>	<u>\$ 2,776,751</u>
<u>Cost</u>								
Balance as of January 1, 2021	\$ 701,186	\$ 2,296,387	\$ 4,567,036	\$ 30,754	\$ 61,259	\$ 948,979	\$ 27,536	\$ 8,633,137
Addition	-	-	-	-	-	-	287,971	287,971
Disposal	-	-	(173,316)	(3,467)	(6,245)	(300,035)	-	(483,063)
Reclassification	-	5,720	132,825	7,670	10,015	68,895	(241,634)	(16,509)
Balance as of December 31, 2021	<u>\$ 701,186</u>	<u>\$ 2,302,107</u>	<u>\$ 4,526,545</u>	<u>\$ 34,957</u>	<u>\$ 65,029</u>	<u>\$ 717,839</u>	<u>\$ 73,873</u>	<u>\$ 8,421,536</u>
<u>Cumulative depreciation and impairment</u>								
Balance as of January 1, 2021	\$ -	\$ 1,812,637	\$ 3,457,879	\$ 16,201	\$ 45,440	\$ 824,030	\$ -	\$ 6,156,187
Disposal	-	-	(162,460)	(3,274)	(6,191)	(299,901)	-	(471,826)
Depreciation expenditure	-	27,733	180,410	3,839	4,131	60,548	-	276,661
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 1,840,370</u>	<u>\$ 3,475,829</u>	<u>\$ 16,766</u>	<u>\$ 43,380</u>	<u>\$ 584,677</u>	<u>\$ -</u>	<u>\$ 5,961,022</u>
Net as of December 31, 2021	<u>\$ 701,186</u>	<u>\$ 461,737</u>	<u>\$ 1,050,716</u>	<u>\$ 18,191</u>	<u>\$ 21,649</u>	<u>\$ 133,162</u>	<u>\$ 73,873</u>	<u>\$ 2,460,514</u>

There was no sign of impairment in 2022. Therefore, the Company didn't recognize or reverse impairment loss.

Depreciation expenditure is appropriated in accordance with the straight line method and the useful years illustrated below:

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

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

XII. Lease Agreement

(I) Right-of-use assets

Item	Machinery & equipment	Total
<u>Cost</u>		
Balance as of January 1, 2022	\$ 142,117	\$ 142,117
Addition	<u>1,758</u>	<u>1,758</u>
Balance as of December 31, 2022	<u>\$ 143,875</u>	<u>\$ 143,875</u>
<u>Cumulative depreciation and impairment</u>		
Balance as of January 1, 2022	\$ 102,525	\$ 102,525
Depreciation expenditure	<u>13,666</u>	<u>13,666</u>
Balance as of December 31, 2022	<u>\$ 116,191</u>	<u>\$ 116,191</u>
Net as of December 31, 2022	<u>\$ 27,684</u>	<u>\$ 27,684</u>
<u>Cost</u>		
Balance as of January 1, 2021	\$ 128,458	\$ 128,458
Addition	<u>13,659</u>	<u>13,659</u>
Balance as of December 31, 2021	<u>\$ 142,117</u>	<u>\$ 142,117</u>
<u>Cumulative depreciation and impairment</u>		
Balance as of January 1, 2021	\$ 89,791	\$ 89,791
Depreciation expenditure	<u>12,734</u>	<u>12,734</u>
Balance as of December 31, 2021	<u>\$ 102,525</u>	<u>\$ 102,525</u>
Net as of December 31, 2021	<u>\$ 39,592</u>	<u>\$ 39,592</u>

(II) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Book value of lease liabilities		
Current	<u>\$ 9,124</u>	<u>\$ 13,224</u>
Noncurrent	<u>\$ 3,110</u>	<u>\$ 12,190</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Machinery & equipment	1.38%~2.68%	1.38%~2.68%

(III) Major lessee activities and terms and conditions

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

(IV) Other information about the lease

	<u>2022</u>	<u>2021</u>
Short-term lease expenditure	\$ <u>246</u>	\$ <u>364</u>
Low-value asset lease expenditure	\$ <u>6,340</u>	\$ <u>6,437</u>
Total amount of cash (outflow) from lease	(\$ <u>21,524</u>)	(\$ <u>23,559</u>)

XIII. Investment property

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Balance at start of term	\$ 577,900	\$ 577,000
(Loss) Profit from changes in fair value	(<u>1,700</u>)	<u>900</u>
Balance – end of period	\$ <u>576,200</u>	\$ <u>577,900</u>

The investment property was measured at fair value on a recurring basis. The evaluation basis for the fair value thereof is stated as following:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
External appraisal service	\$ <u>576,200</u>	\$ <u>577,900</u>

The fair values of any investment property amounting to more than NTD 300 million on December 31, 2022 and 2021 were appraised by Appraiser Chiu Hsiang-Ling from CCSI Real Estate Joint Appraisers Firm, who held the real estate appraiser qualification in the R.O.C., on the same dates respectively.

Except undeveloped land, the fair value of investment property was evaluated under the income approach. The important hypotheses thereof are stated as following. When the projected future net cash inflow increased or discount rate declined, the fair value would increase therefor.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Projected future cash inflow	\$ 843,500	\$ 851,900
Projected future cash outflow	<u>267,300</u>	<u>274,000</u>
Projected future net cash inflow	<u>\$ 576,200</u>	<u>\$ 577,900</u>
Discount rate	2.345%	1.72%

The rent prevailing in the area where the investment property was located was about NTD 0.506 thousand per *ping*, while that for any comparable object on the market was about NTD 0.515 thousand~ NTD 0.601 thousand per *ping* (1 *ping* = 3.305785 m²).

The projected future cash inflow from investment property included rent revenue and deposit interest revenue 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 property included the expenditures, such as land value tax, house tax, insurance premium, management expense, maintenance expense, replacement appropriation fee, depreciation expense, disposal expense and estimated land value increment tax. Such expenditures were estimated based on the current expenditure level and by taking into consideration the adjustment on the current land value announced in the future, and tax rate prescribed by house tax regulations.

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

XIV. Other intangible assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Computer software	<u>\$ 34,922</u>	<u>\$ 16,394</u>

Amortization expense was appropriated on a straight-line basis within 1~5 useful years.
Summarization of amortization expenses by functions:

	<u>2022</u>	<u>2021</u>
Operating cost	\$ 11,757	\$ 9,177
Operating expenditure	571	88
R&D expense	<u>377</u>	<u>89</u>
	<u>\$ 12,705</u>	<u>\$ 9,354</u>

XV. Other assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Advance payment	\$ 1,089	\$ 10,926
Drawdown by employees	614	1,150
	<u>\$ 1,703</u>	<u>\$ 12,076</u>
<u>Noncurrent</u>		
Refundable deposit	<u>\$ 1,218</u>	<u>\$ 1,415</u>

XVI. Loan

(I) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loans</u> (Note XXVIII)		
Bank loans	\$ 89,108	\$ 13,524
<u>Unsecured loans</u>		
Line of credit loans	<u>490,000</u>	<u>350,000</u>
	<u>\$ 579,108</u>	<u>\$ 363,524</u>

Revolving bank loan interest rate was 1.110%–3.848% and 0.782%–1.152% on December 31, 2022 and 2021, respectively.

(II) Long-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loans</u> (Note XXVIII)		
Mega International Commercial Bank (1)	\$ 430,000	\$ -
Mega International Commercial Bank (2)	-	430,770
KGI Bank (3)	<u>360,000</u>	<u>250,000</u>
Subtotal	<u>790,000</u>	<u>680,770</u>
<u>Unsecured loans</u>		
CTBC (4)	200,000	200,000
Jih Sun International Bank (5)	300,000	-
E.SUN Bank (6)	100,000	-
Syndicated banks including Taipei Fubon Bank (7)	700,000	-
Syndicated banks including E. Sun Bank (8)	<u>1,250,000</u>	<u>-</u>
Subtotal	<u>2,550,000</u>	<u>200,000</u>
Less: The part entered as due long-term borrowings within one year	<u>-</u>	<u>53,846</u>
Long-term loans	<u>\$ 3,340,000</u>	<u>\$ 826,924</u>

1. Land and buildings are set as the collaterals for secured borrowings. NTD 430,000 thousand out of the total value of NTD 900,000 thousand has been drawn down. The borrowing period was from July 8, 2022 to July 8, 2025. The cyclic drawdowns were based on request forms. As of December 31, 2022, the effective annual interest rate was 1.8%.
2. 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 drawdown, 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. The loans were already repaid in full earlier in July 2022. As of December 31, 2021, the effective annual interest rate was 1.2%.
3. Land and buildings are set as the collaterals for secured borrowings. NTD 360,000 thousand out of the total value of NTD 500,000 thousand has been drawn down. The borrowing period was from April 30, 2017 to April 30, 2024. Prior to expiration, the borrowing period had been extended to January 26, 2025. The line of credit was reduced by NTD 100,000 thousand at the end of 18, 24 and 30 months, respectively, from the date of extension. All the remaining limits decreased and canceled at the end of 36 months. It has been drawn down cyclically within 3 years since January 26, 2022, with interests paid on a monthly basis, and will be paid off at once upon maturity. Until December 31, 2022 and 2021, the effective annual interest rates were 1.849–1.862% and 1.288%, respectively. The quarterly consolidated financial ratios on the loans during the effective term were subject to the following restrictions: The total of cash and cash equivalents and EBITDA (net income, income tax expense, financial costs (interest expenses), depreciation expenses and amortization expenses in the long-term loan, current portion should stay more than 120% (inclusive).
4. For credit-based borrowings, totaling NTD225,000 thousand, NTD200,000 thousand has been drawn down; the borrowing period was from November 23, 2021 to November 23, 2023. The borrowing period had been extended to July 15, 2024 for the current term. Since the date of borrowing, the interest should be accrued, subject to the balance of loan, at the interest rate agreed on the loan

on a monthly basis. The principal should be repaid in a lump sum when matured. As of December 31, 2022 and 2021, the effective annual interest rates were 1.69% and 1.10%, respectively.

5. Credit-based borrowings, totaling NTD 300,000 thousand, have been drawn down in full; the borrowing period was from July 20, 2022 to June 14, 2024. Since the date of borrowing, the interest should be accrued, subject to the balance of loan, at the interest rate agreed on the loan on a monthly basis. The principal should be repaid in a lump sum when matured. As of December 31, 2022, the effective annual interest rate was 1.561%.
6. For credit-based borrowings, totaling NTD 300,000 thousand, NTD 100,000 thousand has been drawn down; the borrowing period was from October 14, 2022 to October 14, 2025. The cyclical drawdowns were based on request forms. As of December 31, 2022, the effective annual interest rate was 1.7%.
7. For syndicated loan-based borrowings, totaling NTD 1,440,000 thousand, NTD 700,000 thousand has been drawn down; the borrowing period was from December 20, 2022 to December 20, 2025. It has been drawn down cyclically within 3 years, with interests paid on a monthly basis. As of December 31, 2022, the effective annual interest rate was 2.004%. 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 financial liabilities (less cash and cash equivalents) defined under the loan agreement in the net value of tangible assets should stay less than 110%. The interest coverage ratio (Earnings before interest, taxes and amortization of depreciation) should stay more than 2.5 times. The net value of tangible assets should stay more than NT\$6,200,000 thousand.
8. The syndicated loans, totaling NTD 1,250,000 thousand, have been drawn down in full. The loans were effective from October 14, 2022 to February 5, 2024 for cyclic drawdowns within a period of 3 years and the principal is to be paid off at once upon maturity. As of December 31, 2022, the effective annual interest rate was 1.817%. The restrictions imposed on the financial ratios thereof were the same as those applied to the loans from syndicated banks including Taipei Fubon Bank (7).

(III) Long-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
E-Sun Syndicated Loan - Guaranteed Issuance of Promissory Notes	\$ -	\$ 1,250,000
Less: Unamortized discount (stated as prepayments)	<u>-</u>	(<u>3,378</u>)
	<u>\$ -</u>	<u>\$ 1,246,622</u>

The Company signed a 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. In failure to do so, the date of the first drawdown 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 drawdown. The end of 24 months after the date if the first drawdown 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 drawdown 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 drawdown. The Company is to issue the promissory notes (stated as long-term notes and bills payable) and various payment obligations are 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 (7).

E-Sun syndicated loan – guaranteed issuance of promissory notes were issued under Item C of the Company 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 annual interest rate was 1.134%.

The loan criterion for Item B is listed as long-term borrowings starting from October 14, 2022 for the current term.

XVII. Accounts Payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts payable</u>		
Generated from operations	<u>\$ 7,869,323</u>	<u>\$ 6,434,435</u>

XVIII. Other liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Other payables		
Salary and bonus payable	\$ 825,500	\$ 606,137
Repairs and maintenance payable	185,914	159,055
Processing fees payable	47,228	33,827
Equipment accounts payable	213,413	129,248
Consumables payable	21,695	24,420
Commission payable	150,561	96,512
Pension fund payable	10,363	11,251
Interest payable	3,210	341
Damages payable	159,041	164,844
Others	<u>130,360</u>	<u>126,489</u>
	<u>\$ 1,747,285</u>	<u>\$ 1,352,124</u>
Other liabilities	<u>\$ 154,553</u>	<u>\$ 77,032</u>

Noncurrent

Other liabilities		
Guarantee deposit received	<u>\$ 859</u>	<u>\$ 859</u>

XIX. Liability reserve

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Short-term liability reserve for sales returns and allowances	<u>\$ 216,823</u>	<u>\$ 167,544</u>

The sales returns and allowances were provided based on the amount estimated according to historical experience, the management's judgment, and other critical factors. The provision should be debited into the operating revenue in the year in which the related goods were sold.

XX. Post-retirement Benefit Plans

(I) Defined contribution plans

The 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 Company based on the “Labor Standards Act” is a defined benefit plan managed by the government. The pension benefits a participant receives were determined based on an employee’s number of years of service and average compensation for the six-month period prior to retirement. The Company has 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 Company exercises no influence on the right of the Bureau in its investment management strategy.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of the defined benefit obligations	\$ 340,553	\$ 417,249
Fair value of the planned assets	(<u>267,452</u>)	(<u>216,569</u>)
Shortfall in contribution	73,101	200,680
Limit of assets	<u>-</u>	<u>-</u>
Net defined benefit liabilities	<u>\$ 73,101</u>	<u>\$ 200,680</u>

The net defined benefit liabilities show the following changes:

	<u>Present value of the defined benefit obligations</u>	<u>Fair value of the planned assets</u>	<u>Net defined benefit liabilities</u>
Balance as of January 1, 2022	<u>\$ 417,249</u>	(<u>\$ 216,569</u>)	<u>\$ 200,680</u>
Service cost			
Service cost in current period	1,006	-	1,006
Interest expenses (revenue)	<u>2,086</u>	(<u>1,148</u>)	<u>938</u>
Recognized into profit and/or loss	<u>3,092</u>	(<u>1,148</u>)	<u>1,944</u>
Re-measurement amount			
ROE on planned assets (except the amount of net interest)	-	(16,859)	(16,859)
Actuarial losses			

(To be continued)

(Continued)

	Present value of the defined benefit obligations	Fair value of the planned assets	Net defined benefit liabilities
— changes in financial assumptions	(\$ 37,258)	\$ -	(\$ 37,258)
— adjustment through experience	(27,946)	-	(27,946)
Recognized into other comprehensive income	(65,204)	(16,859)	(82,063)
Contributed by employer	-	(47,460)	(47,460)
Benefits paid	(14,584)	14,584	-
Exchange rate impacts	-	-	-
Balance as of December 31, 2022	<u>\$ 340,553</u>	<u>(\$ 267,452)</u>	<u>\$ 73,101</u>
Balance as of January 1, 2021	<u>\$ 466,631</u>	<u>(\$ 197,451)</u>	<u>\$ 269,180</u>
Service cost			
Service cost in current period	971	-	971
Interest expenses (revenue)	<u>1,986</u>	<u>(1,048)</u>	<u>938</u>
Recognized into profit and/or loss	<u>2,957</u>	<u>(1,048)</u>	<u>1,909</u>
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 into other comprehensive income	(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	<u>\$ 417,249</u>	<u>(\$ 216,569)</u>	<u>\$ 200,680</u>

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

	<u>2022</u>	<u>2021</u>
Summarization by functions		
Operating cost	\$ 1,387	\$ 1,359
Promotional expenditure	107	105
Operating expenditure	165	168
R&D expense	<u>285</u>	<u>277</u>
	<u>\$ 1,944</u>	<u>\$ 1,909</u>

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

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor Affairs uses the labor pension fund for investment in domestic and foreign equity securities and debt securities, and as bank deposits through proprietary trade or commissioned third parties. However, the amount attributable to the Company's planned asset of the business combination shall not fall below the interest rate offered by the banks in the regions or countries of investment for 2-year time deposit as return.
2. Interest rate risk: The decrease of the interest rate of government bonds will cause the present value of the defined benefit obligations to go up; however, the return on the debt of the plan assets will go up too; therefore, they will mutually offset the impact on the net defined benefit liabilities.
3. Salary risk: The calculation of the present value of defined benefit obligation is based on the salaries of the members in the plan of the future. As such, an increase of the salaries of the members of the plan is bound to increase the present value of defined benefit obligation.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.50%	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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase by 0.25%	(\$ 8,467)	(\$ 11,434)
Decrease by 0.25%	<u>\$ 8,791</u>	<u>\$ 11,901</u>
Anticipated increase in salaries		
Increase by 0.25%	<u>\$ 8,578</u>	<u>\$ 11,515</u>
Decrease by 0.25%	(<u>\$ 8,303</u>)	(<u>\$ 11,123</u>)

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.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Amount projected for appropriation in 1 year	<u>\$ 25,688</u>	<u>\$ 26,032</u>
Average maturity of defined benefit obligation	10.1 years	11.1 years

XXI. Equity

(I) Capital Stock

Common shares

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized shares (thousand)	<u>750,000</u>	<u>750,000</u>
Authorized capital	<u>\$ 7,500,000</u>	<u>\$ 7,500,000</u>
The number of issued and outstanding shares with paid-in capital (thousand shares)	<u>491,839</u>	<u>546,488</u>
Issued and outstanding share capital	<u>\$ 4,918,391</u>	<u>\$ 5,464,879</u>

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

In order to adjust the capital structure and to improve the return on shareholder equity, the Company decided through its general shareholders' meeting on June 8, 2022 to return the share amount through capital reduction worth NTD 546,488 thousand, with 54,649 thousand shares canceled, that is, a capital reduction rate of 10%. The paid-in capital stock after capital reduction came to NTD 4,918,391

thousand, with the paid-up number of shares being 491,835 thousand. The above-said capital reduction was filed and took effect through the Tai-Zheng-Shang-(I)-Zi No. 1111803141 letter dated July 12, 2022 from the Financial Supervisory Commission and it was approved by the Board of Directors that July 15, 2022 would be the base date for capital reduction. Change registration was completed on August 4, 2022 and the base date for swap of shares through capital reduction was September 16, 2022.

(II) Capital reserve

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>It can be applied for making losses, cash distribution, or capitalization (1)</u>		
Premium in stock issuance	\$ 968,615	\$ 968,615
Transaction of treasury stocks	97,407	84,814
Corporate bond conversion premium	141,359	141,359
Coupon rate for release of corporate bond	11,715	11,715
Donated assets	71	71
	<u>\$ 1,219,167</u>	<u>\$ 1,206,574</u>

(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

The Company already approved the revisions made to the Articles of Association in its general shareholders' meeting on June 8, 2022. 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 dividend under a motion proposed by the Board subject to the final approval in a general shareholders' meeting. Please refer to Note XXII (VIII) "Remuneration to Employees and Directors" for the policy for distribution of remuneration to the employees and directors under the Articles of Association.

The Company's dividend policy takes the 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 adequately subject to the future funding needs and level of dilution of capital stocks. Among other things, the cash dividend shall be no less than 10% of the total distribution for the current year.

The legal reserve should be contributed until its balance reaches the Company's total paid-in capital stock. The legal reserve can be appropriated to cover previous losses. Where the Company did not operate at a loss, the part of the legal reserve in excess of 25% of the paid-in capital could be taken as capital and may be allocated in cash as well.

The Company has special reserve appropriated and reversed 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's 2021 and 2020 earnings distribution proposals are as follows:

	2021	2020
Legal reserve	<u>\$ 296,218</u>	<u>\$ 167,997</u>
Cash dividend	<u>\$1,202,274</u>	<u>\$ 546,488</u>
Cash assigned with capital reserve	<u>\$ -</u>	<u>\$ 273,244</u>
Cash dividend per share (NTD)	\$ 2.2	\$ 1.5

The cash dividends mentioned above were approved through the Board of Directors meetings on March 21, 2022 and March 22, 2021, respectively, to be distributed and earnings distribution items were decided through the general shareholders' meetings on June 8, 2022 and July 20, 2021, respectively, too.

The 2021 earnings distribution proposal to be stipulated on March 9, 2023 by the Company's Board of Directors is as follows:

	2022
Legal reserve	<u>\$ 463,353</u>
Cash dividend	<u>\$1,721,437</u>
Cash dividend per share (NTD)	\$ 3.5

(IV) Other equities

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

	<u>2022</u>	<u>2021</u>
Balance at start of term	(\$ 27,260)	(\$ 12,702)
Incurred for the current term		
Conversion differences of overseas operating entities	<u>18,825</u>	(<u>14,558</u>)
Other comprehensive profits or losses of current term	<u>18,825</u>	(<u>14,558</u>)
Balance – end of period	(<u>\$ 8,435</u>)	(<u>\$ 27,260</u>)

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

	<u>2022</u>	<u>2021</u>
Balance at start of term	(\$ 10,570)	(\$ 10,570)
Other comprehensive profits or losses of current term	<u>-</u>	<u>-</u>
Balance – end of period	(<u>\$ 10,570</u>)	(<u>\$ 10,570</u>)

3. Real estate properties revaluation surplus

	<u>2022</u>	<u>2021</u>
Balance at start of term	<u>\$ 295,781</u>	<u>\$ 295,781</u>
Balance – end of period	<u>\$ 295,781</u>	<u>\$ 295,781</u>

(V) 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, 2021	<u>5,724</u>	<u>5,724</u>
Number of shares as of December 31, 2021	<u>5,724</u>	<u>5,724</u>
Number of shares as of January 1, 2022	5,724	5,724
Decrease for the current term	<u>573</u>	<u>573</u>
Number of shares as of December 31, 2022	<u>5,151</u>	<u>5,151</u>

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
<u>December 31, 2022</u>			
King Hsiang Investment Co., Ltd.	5,151	<u>\$ 447,139</u>	<u>\$ 447,139</u>
<u>December 31, 2021</u>			
King Hsiang Investment Co., Ltd.	5,724	<u>\$ 435,005</u>	<u>\$ 435,005</u>

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 stocks of the Company held by the subsidiaries were treated as Treasury Stock and entitled to the rights vested in shareholders except for the privilege of cash capitalization and voting right. The Company decided to organize capital reduction in cash on July 15, 2022, the base date; the treasury stock, in particular, dropped by 573 thousand shares.

XXII. Net profit from continuing operating units

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

	2022	2021
Other gains	\$ 107,611	\$ 78,828
Other expenses and losses	(89,677)	(81,674)
	<u>\$ 17,934</u>	<u>(\$ 2,846)</u>

(II) Interest income

	2022	2021
Bank deposit	\$ 40,849	\$ 5,075
Other (Note XXVII)	4,384	21,840
	<u>\$ 44,233</u>	<u>\$ 26,915</u>

(III) Other income

	2022	2021
Rent revenue	\$ 2,613	\$ 2,610
Other income - Other	37,497	38,288
	<u>\$ 40,110</u>	<u>\$ 40,898</u>

(IV) Other gains (or losses)

	<u>2022</u>	<u>2021</u>
(Loss) Gain from financial assets and financial liabilities		
Financial assets and financial liabilities compulsorily measured at fair value through profit or loss	(\$ 231,796)	\$ 55,081
Net gain (or loss) from foreign currency exchange	370,643	(90,576)
Loss on disposal of property, plant and equipment	(22,455)	(8,829)
(Loss) Gain from fair value adjustment of investment property	(1,700)	900
Others	(<u>242</u>)	(<u>110</u>)
	<u>\$ 114,450</u>	(<u>\$ 43,534</u>)

(V) Financial cost

	<u>2022</u>	<u>2021</u>
Bank loan interest	\$ 43,397	\$ 29,171
Interest of lease liabilities	167	420
Other interest expenses	8	4
Less: The amount of the cost of assets meeting requirements	(<u>972</u>)	(<u>454</u>)
	<u>\$ 42,600</u>	<u>\$ 29,141</u>

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

	<u>2022</u>	<u>2021</u>
Amount of capitalization of interest	<u>\$ 972</u>	<u>\$ 454</u>
Interest rate of capitalization of interest	1.37%	1.29%

(VI) Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Summarization of the depreciation expenses by functions		
Operating costs	\$ 312,885	\$ 270,761
Operating expenses	<u>21,564</u>	<u>18,634</u>
	<u>\$ 334,449</u>	<u>\$ 289,395</u>

	<u>2022</u>	<u>2021</u>
Summarization of the amortization expenses by functions		
Operating costs	\$ 11,757	\$ 9,177
Operating expenses	<u>948</u>	<u>177</u>
	<u>\$ 12,705</u>	<u>\$ 9,354</u>
(VII) Employee benefits expenditure		
	<u>2022</u>	<u>2021</u>
Post-employment benefits		
Defined contribution plan	\$ 70,056	\$ 70,091
Defined benefit plan	<u>1,944</u>	<u>1,909</u>
(Note XX)	<u>72,000</u>	<u>72,000</u>
Resignation benefits	1,394	23
Other employee benefits	<u>2,619,777</u>	<u>2,241,117</u>
Total of employee benefits expenses	<u>\$ 2,693,171</u>	<u>\$ 2,313,140</u>
Summarization by functions		
Operating costs	\$ 1,964,494	\$ 1,691,814
Operating expenses	<u>728,677</u>	<u>621,326</u>
	<u>\$ 2,693,171</u>	<u>\$ 2,313,140</u>
(VIII) Remuneration to employees and that to directors		

According to the Articles of Association, no less than 5%~10% and no more than 1% of the net profit before tax before deduction of the remuneration to employees and directors for the current year should be distributed to employees and directors, respectively. The decisions made by the Board of Directors on March 9, 2023 and March 21, 2022, respectively, regarding the remuneration to employees and that to directors for 2022 and 2021, respectively, are given below:

Estimated ratio

	<u>2022</u>	<u>2021</u>
Remuneration to employees	5.96%	6.53%
Remuneration to directors	0.86%	0.95%

Amount

	<u>2022</u>	<u>2021</u>
Remuneration to employees	<u>\$ 334,000</u>	<u>\$ 240,000</u>
Remuneration to directors	<u>\$ 48,000</u>	<u>\$ 35,000</u>

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

For information on the 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

	<u>2022</u>	<u>2021</u>
Total profit of exchange in foreign currencies	\$ 1,477,534	\$ 270,197
Total loss of exchange in foreign currencies	(<u>1,106,891</u>)	(<u>360,773</u>)
Net profit (loss)	<u>\$ 370,643</u>	<u>(\$ 90,576)</u>

XXIII Income tax for continuing operations

(I) Income tax recognized under gains or losses

Main components of income tax expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Income tax for the year		
Those yielded in the current period	\$ 365,205	\$ 255,190
Undistributed earnings levied	71,418	38,089
Adjustment of previous year(s)	35,008	(23,278)
Others	<u>1,148</u>	<u>5,086</u>
	<u>472,779</u>	<u>275,087</u>
Deferred income tax		
Those yielded in the current period	<u>184,105</u>	<u>198,373</u>
The income tax expenses recognized into profit and/or loss	<u>\$ 656,884</u>	<u>\$ 473,460</u>

The accounting income and income tax expenses are adjusted below:

	<u>2022</u>	<u>2021</u>
Net profit before tax from continuing operation	<u>\$ 5,224,759</u>	<u>\$ 3,400,314</u>
Income tax expenses for net profit before tax calculated at the statutory tax rate	\$ 1,044,952	\$ 680,063
Expenses and losses which could not be reduced from tax	166	131
Income exempted from income tax	1,881	461
Undistributed earnings levied	71,418	38,089
Land value increment tax of investment property	(89)	(1,092)
Deductible temporary differences not recognized	(497,600)	(226,000)
The income tax expenses of previous year(s) adjusted in the present year	35,008	(23,278)
Others	<u>1,148</u>	<u>5,086</u>
The income tax expenses recognized into profit and/or loss	<u>\$ 656,884</u>	<u>\$ 473,460</u>
(II) Income tax recognized under other combined gains or losses		
	<u>2022</u>	<u>2021</u>
<u>Deferred income tax</u>		
Those yielded in the current period		
– Conversion from overseas operating institutions	(\$ 2,109)	\$ -
– Defined benefit plan re-measurement amount	<u>16,413</u>	<u>8,832</u>
Income tax recognized into other comprehensive income	<u>\$ 14,305</u>	<u>\$ 8,832</u>
(III) Income tax liabilities for the current term		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Income tax payable	<u>\$ 356,840</u>	<u>\$ 228,301</u>

(IV) Deferred income tax assets and liabilities

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

2022

	Balance - beginning of year	Recognized into profit and/or loss	Recognized into other comprehensive income	Balance - end of year
<u>Deferred income tax assets</u>				
Temporary difference				
Portions of profits or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	\$ 123,441	(\$ 123,441)	\$ -	\$ -
Loss on inventory devaluation	13,211	16,624	-	29,835
Exchange gains or losses	1,066	5,522	-	6,588
Provision for liabilities	32,974	(19,620)	-	13,354
Defined benefit retirement plan	27,999	-	(27,999)	-
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference on idle capacity	98	(98)	-	-
Provision of compensation loss	34,761	(1,649)	-	33,112
Financial assets at fair value through profit or loss	-	982	-	982
Others	<u>2,281</u>	<u>(703)</u>	<u>2,109</u>	<u>3,687</u>
	<u>\$ 240,331</u>	<u>(\$ 122,383)</u>	<u>(\$ 25,890)</u>	<u>\$ 92,058</u>

	Balance - beginning of year	Recognized into profit and/or loss	Recognized into other comprehensive income	Balance - end of year
<u>Deferred income tax liabilities</u>				
Portions of profits or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	\$ -	\$ 54,545	\$ -	\$ 54,545
Investment property	83,422	(89)	-	83,333
Defined benefit retirement plan	-	14,762	(11,586)	3,176
Financial assets at fair value through profit or loss	1,839	(1,839)	-	-
Others	<u>5,657</u>	<u>(5,657)</u>	<u>-</u>	<u>-</u>
	<u>\$ 90,918</u>	<u>\$ 61,722</u>	<u>(\$ 11,586)</u>	<u>\$ 141,054</u>

2021

	Balance - beginning of year	Recognized into profit and/or loss	Recognized into other comprehensive income	Balance - end of year
<u>Deferred income tax assets</u>				
Temporary difference				
Portions of profits or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	\$ 348,362	(\$ 224,921)	\$ -	\$ 123,441
Loss on inventory devaluation	16,417	(3,206)	-	13,211
Exchange gains or losses	4,633	(3,567)	-	1,066
Provision for liabilities	4,324	28,650	-	32,974
Defined benefit retirement plan	36,831	-	(8,832)	27,999
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference on idle capacity	2,037	(1,939)	-	98
Provision of	15,057	19,704	-	34,761

compensation loss				
Expected credit				
impairment loss	5,379	(5,379)	-	-
Others	<u>3,592</u>	<u>(1,311)</u>	<u>-</u>	<u>2,281</u>
	<u>\$ 441,132</u>	<u>(\$ 191,969)</u>	<u>(\$ 8,832)</u>	<u>\$ 240,331</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Investment property	\$ 84,514	(\$ 1,092)	\$ -	\$ 83,422
Financial assets at fair				
value through profit or loss	-	1,839	-	1,839
Others	<u>-</u>	<u>5,657</u>	<u>-</u>	<u>5,657</u>
	<u>\$ 84,514</u>	<u>\$ 6,404</u>	<u>\$ -</u>	<u>\$ 90,918</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary		
differences not recognized -		
overseas subsidiaries	<u>\$ 2,800,000</u>	<u>\$ 1,260,000</u>

- (VI) Compiled amount of temporary differences relevant to investments without recognition of deferred income tax liabilities

As of December 31, 2022, temporary differences relevant to investments in subsidiaries without recognition of deferred income tax liabilities were NTD 4,028,000 thousand.

- (VII) Approval of income taxes

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

XXIV. Earnings Per Share

	Unit: NTD per share	
	<u>2022</u>	<u>2021</u>
Basic EPS	<u>\$ 8.86</u>	<u>\$ 5.41</u>
Diluted earnings per share	<u>\$ 8.78</u>	<u>\$ 5.38</u>

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

Net profit of the year

	<u>2022</u>	<u>2021</u>
The net profit of owner attributed to the Company	<u>\$ 4,567,875</u>	<u>\$ 2,926,854</u>
Net profit used to calculate the basic and diluted earnings per share	<u>\$ 4,567,875</u>	<u>\$ 2,926,854</u>

Share(s)

	Unit: 1,000 shares	
	2022	2021
The weighted average number of common shares to be used to calculate basic earnings per share (EPS)	<u>515,578</u>	<u>540,764</u>
Impacts of potential common stock with diluting effects:		
Remuneration to employees	<u>4,578</u>	<u>3,521</u>
Weighted average number of common stock shares used to calculate the diluted earnings per share (EPS)	<u>520,156</u>	<u>544,285</u>

If the Company can choose to issue employee remunerations in the form of shares or cash, in the calculation of diluted earnings per share, it is assumed that issuance of shares will be adopted for employee remunerations and the weighted average circulating shares are included in the calculation when the said common stock exercises the diluting effect in order to calculate the diluted earnings per share. When diluted earnings per share are calculated prior to issuance of shares as employee remunerations as determined in the following year, the diluting effect from the said potential common stock shall continue to be taken into consideration, too.

XXV. Capital Risk Management

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

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

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

XXVI. Financial Instruments

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

The management of the Company believed that the financial assets and financial liabilities not measured at fair value were close to the fair value thereof.

Until December 31, 2022 and 2021, there have no significant difference between the book value and fair value.

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

1. Fair value hierarchy

December 31, 2022

	<u>Degree I</u>	<u>Degree II</u>	<u>Total</u>
<u>Financial liabilities at fair value through profit or loss</u>			
Derivative financial instruments	<u>\$ -</u>	<u>\$ 4,908</u>	<u>\$ 4,908</u>

December 31, 2021

	<u>Degree I</u>	<u>Degree II</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>			
Derivative financial instruments	<u>\$ -</u>	<u>\$ 9,196</u>	<u>\$ 9,196</u>

There was no transfer between fair value measurement Degree 1 and Degree 2 in 2022 and 2021.

2. Evaluation techniques and an input value of Degree 2 fair value measurement

<u>Categories of financial instruments</u>	<u>Evaluation techniques and input values</u>
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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
At fair value through profit or loss		
At fair value through profit or loss compulsorily	<u>\$ -</u>	<u>\$ 9,196</u>
Financial liabilities measured at amortized cost (Note 1)	<u>13,410,511</u>	<u>10,967,957</u>
<u>Financial liabilities</u>		
At fair value through profit or loss		
Held for transactions	<u>4,908</u>	<u>-</u>
Measured at post-amortization cost (Note 2)	<u>13,536,691</u>	<u>10,281,712</u>

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

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

(IV) The objectives and policies of financial risk management

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

The Company hedged against the exposure through derivative financial instruments, in order to mitigate the effect posed by such risks. The application of derivative financial instruments was governed by the policies passed by the Company's Board of Director, as the written principles for application of foreign risk, interest risk, credit risk, derivative financial instruments and non-derivative financial

instruments and residual current fund. The internal auditors kept rechecking the compliance with the policies and limit of exposure. The Company never engaged in transactions of financial instruments (including derivative financial instruments) for the purpose of any speculative operations.

1. Market risk

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

The Company's exposure to the market risk over related financial instruments and the management and measurement methods adopted by the Company with respect to the risk remained unchanged.

(1) Foreign exchange rate risk

Several subsidiaries of the Company engaged in foreign currency-denominated sales and purchases, which exposed the Company the risk of foreign exchange rate changes therefor. About 99.41% of the Company's sales were not denominated in the functional currency. About 98.04% of the costs of goods sold were not denominated in the functional currency. Insofar as it is permitted by policies, the Company utilized forward foreign exchange contracts to help manage the risk.

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

Sensitivity analysis

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

The following table details the Company's sensitivity analysis in the case of the increase or decrease in NTD (namely, the functional currency) against the relevant foreign currency by 2%. 2% means the sensitivity ratio applied by the Company when it reported the foreign

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

	Effect of USD	
	2022	2021
Exchange gains or losses	(\$ 91,388) (i)	(\$ 70,512) (i)

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

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

(2) Interest rate risk

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
With fair value interest rate risk		
— Financial liabilities	\$ 12,234	\$ 25,414
With cash flow interest rate risk		
— Financial assets	3,126,813	1,489,964
— Financial liabilities	3,919,108	2,494,294

Sensitivity analysis

The following analyses of sensitivity were determined based on the interest rate risk exposure if derivative and non-derivative financial instruments on the balance sheet dates. For liabilities at floating rate, the analysis was prepared under the assumption that the amount of the liabilities outstanding on the balance sheet date was outstanding during the reporting period. 50 base points mean the interest rate change ratio applied by the Company when it reported interest rates to the management, and also the management's evaluation on reasonable changes of the interest rate.

If the interest rate increases/decreases by 50 base points and all the other variables remain unchanged, the Company's net profit before tax would decrease/increase by NTD 4,586 thousand and NTD 3,108 thousand, respectively, for 2022 and 2021 primarily as a result of the Company's exposure to the risk of change in interest rates for demand deposits and borrowings.

2. Credit risk

The credit risk denotes the risk that the Company might incur a loss when the trading counterparts default the obligations under the contracts. As of the balance sheet date, the top credit risk the Company might incur in financial losses due to failure by the counterparts in failure in performance of the obligations and the Company provision of financial guarantees primarily come

from notes the book amount of notes and accounts receivable recognized in the parent company only balance sheet.

Operation-related Credit Risk

The outstanding accounts receivable of the Company mainly come from customer bases around the world and no collaterals or credit guarantee is provided for most accounts receivable. Despite the related procedures defined by the Company to help supervise, manage, and reduce the credit risk of accounts receivable, there is no guarantee that such procedures can fully prevent against losses caused by credit risk. With economic conditions getting worse, such credit risk will increase. As of December 31, 2022 and 2021, the ratios of the balance of accounts receivable from Top 10 customers to the balance of accounts receivable of the Company had been 77% and 75% while the credit risk of the other accounts receivable was relatively insignificant.

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

3. Liquidity risk

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

To the Company, bank loans function as a key source of liquidity. Please refer to the information provided in (2) Financing limit.

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

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the earliest payment date expected of the Company and the undiscounted cash flows (including principal and estimated interest) of financial liabilities. Therefore, the Company may be required to immediately repay the bank loan is illustrated in the following table without considering the probability that

the bank may immediately exercise such right. The other non-derivative financial liabilities maturity analysis is prepared in accordance with the agreed repayment date.

The undiscounted interest for the cash flow of interest payable at floating interest rate derived from the bond yield curves at the balance sheet date.

December 31, 2022

	Repayment on demand or less than 1 months	1 month ~ 3 months	3 months ~ 1 year	1 year~5 years	Over 5 years
Liabilities without interest	\$ 1,647,482	\$ 3,547,061	\$ 2,534,718	\$ 1,049,220	\$ -
Lease liabilities	1,125	2,254	5,745	3,110	-
Floating interest rate instruments	221,622	330,600	26,886	-	-
Fixed interest rate instruments	-	-	-	3,340,000	-
	<u>\$ 1,870,229</u>	<u>\$ 3,879,915</u>	<u>\$ 2,567,348</u>	<u>\$ 4,392,330</u>	<u>\$ -</u>

The other information about lease liabilities maturity analysis is stated as following:

	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	<u>\$ 9,124</u>	<u>\$ 3,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	Repayment on demand or less than 1 months	1 month ~ 3 months	3 months ~ 1 year	1 year~5 years	Over 5 years
Liabilities without interest	\$ 698,780	\$ 3,001,426	\$ 3,056,271	\$ 410,437	\$ -
Lease liabilities	1,095	2,194	9,935	12,190	-
Floating interest rate instruments	200,000	156,328	7,196	-	-
Fixed interest rate instruments	-	-	-	2,130,770	-
	<u>\$ 899,875</u>	<u>\$ 3,159,948</u>	<u>\$ 3,073,402</u>	<u>\$ 2,553,397</u>	<u>\$ -</u>

The other information about lease liabilities maturity analysis is stated as following:

	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	<u>\$ 13,224</u>	<u>\$ 12,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing limit

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank overdraft (to be reviewed annually)		
— Already drawn down	\$ 3,040,000	\$ 1,800,000
— Not yet drawn down	<u>3,991,288</u>	<u>3,417,880</u>
	<u>\$ 7,031,288</u>	<u>\$ 5,217,880</u>
Secured bank overdraft		
— Already drawn down	\$ 879,108	\$ 694,294
— Not yet drawn down	<u>1,120,892</u>	<u>756,476</u>
	<u>\$ 2,000,000</u>	<u>\$ 1,450,770</u>

XXVII. Transactions with Related Parties

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

(I) Name of Related Party and the Relationship

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

(II) Operating income

<u>Related parties' names</u>	<u>2022</u>	<u>2021</u>
Suzhou Gold Circuit Electronics Ltd.	\$ 105,564	\$ 112,884
Changshu Gold Circuit Technology Co., Ltd.	20,920	12,517
Changshu Gold Circuit Electronics Ltd.	<u>5,517</u>	<u>12,168</u>
	<u>\$ 132,001</u>	<u>\$ 137,569</u>

(III) Purchases

<u>Related parties' names</u>	<u>2022</u>	<u>2021</u>
Suzhou Gold Circuit Electronics Ltd.	\$ 11,493,931	\$ 8,256,206
Changshu Gold Circuit Electronics Ltd.	6,283,149	5,961,781
Changshu Gold Circuit Technology Co., Ltd.	<u>1,687,159</u>	<u>2,184,846</u>
	<u>\$ 19,464,239</u>	<u>\$ 16,402,833</u>

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

<u>Related parties' names</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts receivable</u>		
Suzhou Gold Circuit Electronics Ltd.	\$ 73,778	\$ 88,347
Changshu Gold Circuit Electronics Ltd.	1,172	4,719
Changshu Gold Circuit Technology Co., Ltd.	<u>68</u>	<u>9,336</u>
	<u>\$ 75,018</u>	<u>\$ 102,402</u>
<u>Other receivables</u>		
Suzhou Gold Circuit Electronics Ltd.	\$ 24,081	\$ 32,887
Changshu Gold Circuit Technology Co., Ltd.	119	50,517
Changshu Gold Circuit Electronics Ltd.	<u>10</u>	<u>10,302</u>
	<u>\$ 24,210</u>	<u>\$ 93,706</u>

No guarantee was collected for outstanding receivables from related parties. For receivables from related parties in 2022 and 2021, the Company has not provided allowance losses.

(V) Payables to related parties

<u>Related parties' names</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts payable</u>		
Suzhou Gold Circuit Electronics Ltd.	\$ 4,402,324	\$ 2,933,445
Changshu Gold Circuit Electronics Ltd.	1,137,871	1,681,662
Changshu Gold Circuit Technology Co., Ltd.	<u>184,526</u>	<u>375,308</u>
	<u>\$ 5,724,721</u>	<u>\$ 4,990,415</u>

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

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

<u>Type of related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts receivable - related party</u>		
Changshu Gold Circuit Technology Co., Ltd.	\$ -	\$ 290,440
Suzhou Gold Circuit Electronics Ltd.	-	276,800
	<u>\$ -</u>	<u>\$ 567,240</u>
<u>Interest receivable</u>		
Changshu Gold Circuit Technology Co., Ltd.	\$ -	\$ 4,275
Suzhou Gold Circuit Electronics Ltd.	-	2,537
	<u>\$ -</u>	<u>\$ 6,812</u>
<u>Type of related party</u>	<u>2022</u>	<u>2021</u>
<u>Interest revenue</u>		
Changshu Gold Circuit Technology Co., Ltd.	\$ 3,094	\$ 12,010
Suzhou Gold Circuit Electronics Ltd.	69	9,741
	<u>\$ 3,163</u>	<u>\$ 21,751</u>

The loans to subsidiaries were all unsecured ones.

(VII) Endorsement and guarantee

<u>Type of related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Goldex Holding Limited	<u>USD 23,000</u>	<u>USD 65,000</u>
Suzhou Gold Circuit Electronics Ltd.	<u>USD 20,000</u>	<u>USD 23,200</u>
Changshu Gold Circuit Electronics Ltd.	<u>USD 8,000</u>	<u>USD 22,000</u>
Gold Circuit Enterprise Limited	<u>USD 20,000</u>	<u>USD 20,000</u>
Gold Circuit International Ltd.	<u>USD 8,000</u>	<u>USD 8,000</u>
Goldex Holding Limited	<u>EUR 5,000</u>	<u>EUR 5,000</u>

(VIII) Other

<u>Type of related party</u>	<u>2022</u>	<u>2021</u>
<u>Other revenue</u>		
Suzhou Gold Circuit Electronics Ltd.	\$ 2,619	\$ 147
King Hsiang Investment Co., Ltd.	24	24
	<u>\$ 2,643</u>	<u>\$ 171</u>

(IX) Remuneration to the primary management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 90,911	\$ 77,476
Benefits after severance/retirement	<u>1,512</u>	<u>1,485</u>
	<u>\$ 92,423</u>	<u>\$ 78,961</u>

The salaries and remunerations to directors and other key management were determined by the Salary Committee in accordance with the personal performances and trends in the markets:

XXVIII. Pledged Assets

The following assets were provided as collateral for financing loans and for the tariffs of imported raw materials and supplies:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	\$ 648,300	\$ 648,300
Building - net	<u>354,665</u>	<u>372,458</u>
	<u>\$ 1,002,965</u>	<u>\$ 1,020,758</u>

XXIX. Important Matters

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

<u>Currency type</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
JPY	\$ 29	\$ 13,460
USD	9,740	131
EUR	177	802

XXX. Information on Foreign Currency Assets and Liabilities with Major Impacts

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

December 31, 2022

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 415,211	30.7100 (USD: NTD)	\$12,751,130
CNY	3,513	4.4080 (CNY: NTD)	15,485
EUR	887	32.7200 (EUR: NTD)	29,023
JPY	64,400	0.2324 (JPY: NTD)	14,967
			<u>\$12,810,605</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	266,420	30.7100 (USD: NTD)	\$ 8,181,758
CNY	22	4.4080 (CNY: NTD)	97
EUR	2,302	32.7200 (EUR: NTD)	75,321
JPY	243,860	0.2324 (JPY: NTD)	56,673
			<u>\$ 8,313,849</u>

December 31, 2021

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

XXXI. Notes to Disclosures

- (I) Information related to material transactions and (II) information related to reinvested enterprises:
1. Fund loaned to others: See Attachments 1 and 6.
 2. Endorsement and guarantee made for others: See Attachment 2.

3. Marketable securities held - end of year: See Attachments 3 and 7.
4. Cumulative amount of the same marketable security purchased or sold reaching NTD300 million or more than 20% of the paid-in capital: N/A.
5. Acquisition amount of real estate reaching NTD 300 million or more than 20% of the paid-in capital: N/A.
6. Amount on disposal of real estate reaching NTD 300 million or more than 20% of the paid-in capital: N/A.
7. Purchase/sale amount of transactions with related parties reaching NTD 100 million or more than 20% of the paid-in capital: See Attachments 4 and 8.
8. Accounts receivable-related party reaching NTD 100 million or more than 20% of the paid-in capital: See Attachment 9.
9. Engagement in trading of derivatives: Note VII.
10. Information related to reinvested enterprises: See Attachment 5.

(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 10.
2. Any of the following significant transactions with investees in Mainland China, either directly or indirectly through the enterprise in a third area, and their prices, payment terms, and unrealized gains or losses: See Attachment 11.
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, via the enterprise in a third area, financing with the investees in the Mainland China: See Attachment 6.
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 12.

Gold Circuit Electronics Ltd.

Fund loaned to others

January 1 to December 31, 2022

Attachment 1

Unit: NT\$ thousand, USD thousand, and CNY thousand

No. (Note 1)	Loaner	Debtor	Accounting title	Whether a related party or not	Maximum balance for the current period	Balance – end of period	Amount actually disbursed	Interest rate interval	Nature of loan (Note 2)	Amount of current business (Note 4)	Reasons for short-term financing	Allowance for bad debt	Collateral		Limit of lending to an individual debtor (Note 3)	Limit of total lending (Note 3)
													Title	Value		
0	Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Other receivables	Y	\$ 161,075 (USD 5,000)	\$ - (USD -)	\$ - (USD -)	1.5000% ~1.5000%	(1)	\$ 1,687,159	—	\$ -	—	\$ -	\$ 1,687,159	\$ 5,373,814
				Y	155,365 (CNY 35,000)	- (CNY -)	- (CNY -)	3.7000%~ 3.7000%	(1)	1,687,159	—	-	—	-	1,687,159	5,373,814

Note 1: The sections are completed in the following manners:

- (1) “0” for the issuer.
- (2) Investees are numbered from number 1 and so on.

Note 2: The fund loaned to others is categorized two types as following 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 2022).

The limit on loans extended to any single borrower is defined as following based on the cause of loaning:

- (1) For the borrower trading with the Company, the limit on loans shall be no more than the purchase or sales by the Company from or to the borrower in the most recent year or until the loaning of fund in current year, 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 2022).

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

Gold Circuit Electronics Ltd.
Endorsement and guarantee made for others
January 1 to December 31, 2022

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	Endorsement/guarantee secured by property	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 endorsement s/guarantees toward subsidiary(ies) (Note 3)	As a subsidiary's endorsement s/guarantees toward its parent company (Note 3)	As the endorsement s/guarantees toward the Mainland China area. (Note 3)
		Name	Affiliation										
0	Gold Circuit Electronics Ltd.	Goldex Holding Limited	Subsidiary wholly invested in by the Company directly	\$ 10,075,901	\$ 1,915,875 (USD 65,000)	\$ 706,330 (USD 23,000)	\$ - (USD -)	\$ -	5.26	\$ 20,151,803	Y	N	N
				10,075,901	163,600 (EUR 5,000)	163,600 (EUR 5,000)	- (EUR -)	-	1.22	20,151,803	Y	N	N
		Gold Circuit International Limited	Company wholly invested in via a subsidiary indirectly	10,075,901	257,720 (USD 8,000)	245,680 (USD 8,000)	- (USD -)	-	1.83	20,151,803	Y	N	N
		Gold Circuit Enterprise Limited	Company wholly invested in via a subsidiary indirectly	10,075,901	644,300 (USD 20,000)	614,200 (USD 20,000)	- (USD -)	-	4.57	20,151,803	Y	N	N
		Suzhou Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	10,075,901	683,820 (USD 23,200)	614,200 (USD 20,000)	307,100 (USD 10,000)	-	4.57	20,151,803	Y	N	Y
		Changshu Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	10,075,901	458,000 (USD 16,000)	245,680 (USD 8,000)	- (USD -)	-	1.83	20,151,803	Y	N	Y
		Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested in via a subsidiary indirectly	10,075,901	149,700 (USD 5,000)	- (USD -)	- (USD -)	-	-	20,151,803	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, 2022 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 2022).

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, 2022 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 2022).

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

Gold Circuit Electronics Ltd.
Marketable securities held – end of year
December 31, 2022

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 at fair value through other comprehensive income - noncurrent	267,857	\$ -	1.984	\$ -	
"	ULTRA PRECISION TECHNOLOGY COMPANY	—	Financial assets at fair value through other comprehensive income - noncurrent	1,000,000	<u>-</u>	10.290	<u>-</u>	
					<u>\$ -</u>		<u>\$ -</u>	
"	King Hsiang Investment Co., Ltd.	Subsidiary	Long-term equity investment under equity method	19,999,400	\$ 41,910	99.997	\$ 41,910	
"	Goldex Holding Limited	Subsidiary	Long-term equity investment under equity method	191,910,000	<u>8,082,246</u>	100.000	<u>8,082,246</u>	
					<u>\$ 8,124,156</u>		<u>\$ 8,124,156</u>	

Gold Circuit Electronics Ltd.

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

January 1 to December 31, 2022

Attachment 4

Unit: NTD thousand

Supplier (customer)	Trading counterpart	Affiliation	Status				Distinctive terms and conditions of trade and the reasons		Notes/accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount %	Duration	Unit price	Duration	Balance	Percentage in total accounts/notes receivable (payable) %	
Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	Purchase	\$ 11,493,931	44	O/A 3 months	-	—	(\$ 4,402,324)	56	
Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	Sales	105,564	-	O/A 4 months	-	—	73,778	1	
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	Purchase	6,283,149	24	O/A 4 months	-	—	(1,137,871)	14	
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested in via a subsidiary indirectly	Purchase	1,687,159	6	O/A 3 months	-	-	(184,526)	2	

Gold Circuit Electronics Ltd.
Information related to the reinvested companies... such as names and locations, etc.
January 1 to December 31, 2022

Attachment 5Unit: NTD thousand

Investor	Investee	Location	Principal business	Original investment cost		Holdings at end of year			Reinvestee (Loss) Gain for the current term	Investment (loss) gain recognized for the current term (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., Ltd.	No. 149-1, Zhong Zeng Rd., Tamsui Dist, New Taipei City	General investment business	\$ 199,994	\$ 199,994	19,999,400	99.997	\$ 41,910	\$ 22,686	(\$ 7,763)	Note 2
	Goldex Holding Limited	Trust Net Chambers Lotemau Centre, P.O. Box 1225, Apia, Samoa	"	6,271,398	6,271,398	191,910,000	100.000	8,082,246	3,465,490	3,377,929	
Goldex Holding Limited	Gold Circuit International Limited	P.O. Box362, Road Town, Tortola, Virgin islands, British	"	3,239,310	3,239,310	98,000,000	100.000	5,378,665	2,592,764	2,529,073	
	Gold Circuit Enterprise Limited	Trust Net Chambers Lotemau Centre, P.O. Box1225, Apia, Samoa	"	2,670,554	2,670,554	93,010,000	100.000	2,874,250	881,884	858,013	
Gold Circuit International Limited	Suzhou Gold Circuit Electronics Ltd.	No. 238, Jinfeng Road, Suzhou 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	5,540,740	2,596,784	2,533,093	
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	3,194,603	890,011	855,608	
	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	(719,981)	(6,521)	4,011	

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) gain of King Hsiang Investment Co., Ltd. recognized for the current term of (NTD 7,763) thousand includes the investment (loss) gain recognized adopting the equity method, NTD 22,686 thousand, and reversal of the financial asset appraisal (loss) gain, NTD 17,857 thousand for King Hsiang Investment Co., Ltd. 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 12,592 thousand.

Gold Circuit Electronics Ltd.
Fund loaned by investees to others
January 1 to December 31, 2022

Table 6

Unit: NT\$ thousand, USD thousand, and CNY thousand

No.	Loaner	Debtor	Contents	Maximum balance for the current period	Balance – end of period	Amount actually disbursed - end of period	Interest rate range (%)	Nature of loan (Note 1)	Amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Limit of lending to an individual debtor (Note 2)	Limit of total lending (Note 2)
												Title	Value		
1	Goldex Holding Limited	Changshu Gold Circuit Technology Co., Ltd.	Other receivables	\$ 624,120 (USD 21,000)	\$ - (USD -)	\$ - (USD -)	1.422%~3.534%	(2)	\$ -	Working capital	\$ -	—	\$ -	\$ 22,934,449	\$ 22,934,449
		Changshu Gold Circuit Electronics Ltd.	Other receivables	265,275 (USD 9,000)	- (USD -)	- (USD -)	1.440%~2.702%	(2)	-	Working capital	-	—	-	22,934,449	22,934,449
		Suzhou Gold Circuit Electronics Ltd.	Other receivables	147,375 (USD 5,000)	- (USD -)	- (USD -)	1.476%~1.808%	(2)	-	Working capital	-	—	-	22,934,449	22,934,449
		Gold Circuit International Limited	Other receivables	170,740 (USD 5,300)	92,130 (USD 3,000)	92,130 (USD 3,000)	1.500%~4.593%	(2)	-	Working capital	-	—	-	22,934,449	22,934,449
		Gold Circuit Enterprise Limited	Other receivables	109,531 (USD 3,400)	- (USD -)	- (USD -)	1.445%~3.129%	(2)	-	Working capital	-	—	-	22,934,449	22,934,449
		Changshu Gold Circuit Technology Co., Ltd.	Other receivables	901,200 (CNY 200,000)	881,600 (CNY 200,000)	870,190 (CNY 197,412)	0.800%~3.700%	(2)	23,227	Working capital	-	—	-	5,443,658	5,443,658
2	Changshu Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Other receivables	241,613 (USD 7,500)	230,325 (USD 7,500)	230,325 (USD 7,500)	0.800%~0.800%	(2)	23,227	Working capital	-	—	-	5,443,658	5,443,658
		Changshu Gold Circuit Technology Co., Ltd.	Other receivables	803,140 (USD 26,000)	798,460 (USD 26,000)	798,460 (USD 26,000)	1.500%~4.200%	(2)	166,054	Working capital	-	—	-	7,315,635	7,315,635
3	Suzhou Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Other receivables	79,846 (USD 2,600)	79,846 (USD 2,600)	79,846 (USD 2,600)	4.000%~4.000%	(2)	-	Working capital	-	—	-	8,296,442	8,296,442
4	Gold Circuit Enterprise Limited	Gold Circuit International Limited	Other receivables												

Note 1: The fund loaned to others is categorized two types as following 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 2022). 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 2022).

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 2022).

Note 3: The interest rate interval for the fund loaned in 2022

Gold Circuit Electronics Ltd.
Marketable securities held by investees - end of period
December 31, 2022

Attachment 7

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., Ltd.	<u>Stock</u>							
"	LEE CHI ENTERPRISE CO., LTD.	—	Financial assets at fair value through profit or loss - current	155,595	\$ 3,135	0.068	\$ 3,135	
"	Gold Circuit Electronics Ltd.	The parent company in which King Hsiang Investment Co., Ltd. held 99.997% shares	Financial assets at fair value through profit or loss - current	5,151,375	<u>447,140</u>	1.047	<u>447,140</u>	
					<u>\$ 450,275</u>		<u>\$ 450,275</u>	

Gold Circuit Electronics Ltd.

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

January 1 to December 31, 2022

Table 8

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	(\$ 11,493,931)	(91)	O/A 3 months	-	—	\$ 4,402,324	89	
Suzhou Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Purchases	105,564	2	O/A 4 months	-	—	(73,778)	(3)	
Suzhou Gold Circuit Electronics Ltd.	Changshu Gold Circuit Electronics Ltd.	Affiliated enterprise	Sales	(111,729)	(1)	O/A 3 months	-	—	26,611	1	
Changshu Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(6,283,149)	(87)	O/A 4 months	-	—	1,137,871	74	
Changshu Gold Circuit Technology Co., Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(1,687,159)	(86)	O/A 3 months	-	—	184,526	48	
Changshu Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Affiliated enterprise	Sales	(672,993)	(9)	O/A 4 months	-	—	334,096	22	
Changshu Gold Circuit Technology Co., Ltd.	Suzhou Gold Circuit Electronics Ltd.	Affiliated enterprise	Sales	(166,054)	(8)	O/A 4 months	-	—	121,662	32	

Gold Circuit Electronics Ltd.

Accounts receivable-related party of the investees reaching NT\$100 million or more than 20% of the paid-in capital

December 31, 2022

Attachment 9

Unit: NTD thousand

Companies stated into accounts receivable	Trading counterpart	Affiliation	Balance of accounts receivable - related party	Turnover	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 \$ 4,402,324	3.13	\$ -	—	\$ 2,033,813	\$ -
Changshu Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Accounts receivable 1,137,871	4.46	-	—	720,024	-
Changshu Gold Circuit Technology Co., Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Accounts receivable 184,526	6.03	-	—	180,688	-
Changshu Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Affiliated enterprise	Accounts receivable 334,096	3.36	-	—	153,601	-
Changshu Gold Circuit Technology Co., Ltd.	Suzhou Gold Circuit Electronics Ltd.	Affiliated enterprise	Accounts receivable 121,662	2.39	-	—	55,241	-
Changshu Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Affiliated enterprise	Other receivables 1,122,665	-	-	—	76,353	-
Suzhou Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Affiliated enterprise	Other receivables 805,063	-	-	—	337	-

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

Gold Circuit Electronics Ltd.
Information about investment in Mainland China
January 1 to December 31, 2022

Attachment 10

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	Investment remittance or regain in the current period		Cumulative investment amount outward remitted from Taiwan - end of the period	Net income of investee	Shareholdings of the Company's direct or indirect investment (%)	Investment gains or losses recognized for the current period (Note 2)	Book value of investment at ending	Investment income repatriated to Taiwan as of the end of the period
					Outward remitted	Repatriated						
Suzhou Gold Circuit Electronics Ltd.	Design, produce and sell multi-layer printed circuit boards	\$ 3,239,310	2	\$ 3,239,310	\$ -	\$ -	\$ 3,239,310	\$ 2,596,784	100	2.(2) \$ 2,533,093	\$ 5,540,740	\$ -
Changshu Gold Circuit Electronics Ltd.	Design, produce and sell multi-layer printed circuit boards	959,724	2	959,724	-	-	959,724	890,011	100	2.(2) 855,608	3,194,603	-
Changshu Gold Circuit Technology Co., Ltd.	Design, produce and sell multi-layer printed circuit boards	980,105	3	980,105	-	-	980,105	(6,521)	100	2.(2) 4,011	(719,981)	-

Accumulated investments outward remitted from Taiwan at Ending	Investment amount approved by Investment Commission, MOEA	Limit of investment amount required by Investment Commission, MOEA (Note 4)
\$ 5,179,139 (USD 161,010)	\$ 4,944,617 (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 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 in the current period:

1. Please mark out if there has no investment gain or loss yet because the investment is still under planning.
2. The basis of recognition of investment gain/loss is classified into following three types, which should be marked out.
 - (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 has received the certificate of compliance with business lines of operational headquarters issued by Industrial Development Bureau, MOEA on August 25, 2022. Therefore, the Company may be exempted from the limit of investment amount required by 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 to December 31, 2022

Attachment 11

Unit: NTD thousand

Related parties' names	Affiliation of the Company with related party	Type of transaction	Amount	Trading conditions			Notes/accounts receivable (payable)		(Realized) unrealized gain (loss)
				Price	Payment terms	Comparison with the general transactions	Balance	Percentage (%)	
Suzhou Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	Purchases	\$ 11,493,931	\$ 11,493,931	General	Similar	(\$ 4,402,324)	89	(\$ 63,691)
"	"	Sales	105,564	105,564	General	Similar	73,778	-	-
Changshu Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	Purchases	6,283,149	6,283,149	General	Similar	(1,137,871)	74	(34,403)
"	"	Sales	20,920	20,920	General	Similar	1,172	-	-
Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested in via a subsidiary indirectly	Purchases	1,687,159	1,687,159	General	Similar	(184,526)	52	10,532
"	"	Sales	5,517	5,517	General	Similar	68	-	-

Gold Circuit Electronics Ltd.
Information of Major Shareholders
December 31, 2022

Attachment 12

Name of major shareholder	Shares	
	Number of shares held (share)	Shareholding ratio
Chang-Chi Yang	96,622,217	19.64%
First Fiduciary Nomura Investment Account for 2021 of New Labor Pension Fund	33,953,365	6.90%
Jui-Ching Li	27,651,870	5.62%

§Statement of important accounting titles§

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Gold Circuit Electronics Ltd.
Statement of Cash and Cash Equivalent
December 31, 2022

Statement 1

Unit: NTD thousand

Item	Summary	Amount
Cash		
Cash on hand and working capital		\$ 785
Bank deposit		
Check and NTD current deposit		466,316
Foreign currency current deposit	USD85,999 thousand, @30.71	2,641,058
	EUR106 thousand, @32.72	3,474
	CNY144 thousand, @4.408	634
Cash equivalents		
Foreign currency time deposit	REMB3,300 thousand, @4.408, 11/30/2022–3/1/2023, 2.00%	<u>14,546</u>
Total		<u>\$ 3,126,813</u>

Gold Circuit Electronics Ltd.
Statement of Accounts Receivable
December 31, 2022

Statement 2

Unit: NTD thousand

Customer	Summary	Amount
Non-related party		
R-01	Loans	\$ 2,815,794
R-02	"	1,352,188
R-03	"	1,138,920
R-04	"	769,458
Others (Note)	"	<u>4,120,725</u>
Subtotal		<u>10,197,085</u>
Related parties		
Suzhou Gold Circuit Electronics Ltd.	"	73,778
Changshu Gold Circuit Technology Co., Ltd.	"	68
Changshu Gold Circuit Electronics Ltd.		<u>1,172</u>
Subtotal		<u>75,018</u>
Less: Allowance for doubtful accounts		(<u>81,663</u>)
Total		<u>\$ 10,190,440</u>

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

Gold Circuit Electronics Ltd.
Statement of Other Payables
December 31, 2022

Statement 3

Unit: NTD thousand

Item	Summary	Amount
Related parties		
Suzhou Gold Circuit Electronics Ltd.	Sale of equipment and consumables	\$ 24,081
Changshu Gold Circuit Technology Co., Ltd.	Sale of equipment and consumables	119
Changshu Gold Circuit Electronics Ltd.	Sale of equipment and consumables	<u>10</u>
		<u>24,210</u>
Non-related party		
Business tax refund receivable		43,861
Receivables from sale of scraps		22,058
Others (Note)		<u>1,911</u>
		<u>67,830</u>
Total		<u>\$ 92,040</u>

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

Gold Circuit Electronics Ltd.

Statement of Inventories

December 31, 2022

Statement 4

Unit: NTD thousand

Item	Summary	Amount	
		Cost	Net realized value
Finished goods	Double-layer and multi-layer boards	\$ 2,147,638	\$ 2,062,013
Work in process	//	1,241,136	1,186,836
Raw materials & supplies	Copper foil substrate, film, chemical agent, drill pen, adhesive tape, overcoat, rivets	276,858	267,610
Inventories in transit	Double-layer and multi-layer boards	<u>176,382</u>	<u>176,382</u>
		3,842,014	<u>\$ 3,692,841</u>
Less: Allowance for inventory valuation and obsolescence losses		(<u>149,173</u>)	<u>-</u>
Total		<u>\$ 3,692,841</u>	

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

Gold Circuit Electronics Ltd.
Statement of Accounts Payable
December 31, 2022

Statement 5

Unit: NTD thousand

Customer	Summary	Amount
Non-related party		
P-01	Loans	\$ 455,393
P-02	"	341,392
P-03	"	266,064
P-04	"	168,063
P-05		119,268
Others (Note)	"	<u>794,422</u>
		<u>2,144,602</u>
Related parties		
Suzhou Gold Circuit Electronics Ltd.	Loans	4,402,324
Changshu Gold Circuit Electronics Ltd.	"	1,137,871
Changshu Gold Circuit Technology Co., Ltd.	"	<u>184,526</u>
		<u>5,724,721</u>
Total		<u>\$ 7,869,323</u>

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

Gold Circuit Electronics Ltd.
Statement of Lease Liabilities
December 31, 2022

Statement 6

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Lease Period</u>	<u>Discount rate</u>	<u>Balance – end of period</u>	<u>Note</u>
Machinery & equipment		March 2013–February 2025	1.38%~2.68%	<u>\$ 12,234</u>	

Gold Circuit Electronics Ltd.
Statement of Long-term Loan
December 31, 2022

Statement 7

Unit: NTD thousand

Creditor bank or guarantee institution	Summary	Amount (Note)			Term of Loan	Interest rate interval %	Mortgage or collateral
		Current portion	Matured upon expiration of one year	Total			
Mega International Commercial Bank	Mortgage loan	\$ -	\$ 430,000	\$ 430,000	114.7.8	1.8	Land and building
Syndicated banks including E. Sun Bank	Syndicated loan	-	1,250,000	1,250,000	113.2.5	1.817	N/A
Syndicated banks including Taipei Fubon Bank	Syndicated loan	-	700,000	700,000	114.12.20	2.004	N/A
KGI Bank	Mortgage loan	-	360,000	360,000	114.1.26	1.849-1.862	Land and building
JihSun International Bank	Credit loan	-	300,000	300,000	113.6.14	1.561	N/A
E.SUN Bank	Credit loan	-	100,000	100,000	114.10.14	1.7	N/A
CTBC	Credit loan	-	200,000	200,000	113.7.15	1.69	N/A
Total		<u>\$ -</u>	<u>\$ 3,340,000</u>	<u>\$ 3,340,000</u>			

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

Gold Circuit Electronics Ltd.
Statement of Operating Income
January 1 to December 31, 2022

Statement 8

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Sales revenue		\$ 32,367,830
Less: Sales return		(354,995)
Sales allowance		(<u>454,444</u>)
Total		<u><u>\$ 31,558,391</u></u>

Gold Circuit Electronics Ltd.
Statement of Operating Cost
January 1 to December 31, 2022

Statement 9

Unit: NTD thousand

Item	Amount
Direct raw materials	
Raw materials - beginning of year	\$ 273,508
Add: Ingoing materials in the current period	6,058,103
Less: Raw materials, end of period	(273,315)
Consumption of direct raw materials	6,058,296
Direct labor	1,273,577
Manufacturing expenses	2,297,394
Manufacturing costs	9,629,267
Add: Work in process, beginning of year	780,315
Less: Work in process, end of year	(1,241,136)
Costs of finished goods	9,168,446
Add: Finished goods, beginning of year	1,988,170
Procured externally in the current period	19,581,024
Less: Finished goods, end of year	(2,147,638)
Sale of scraps and waste materials	(232,008)
Loss on inventory devaluation	83,116
Transferred to sample charges	(15,805)
Transferred to other expenses	(990)
Total	<u>\$ 28,424,315</u>

Gold Circuit Electronics Ltd.
Statement of Manufacturing Expenses
January 1 to December 31, 2022

Statement 10

Unit: NTD thousand

Item	Summary	Amount
Indirect materials		\$ 168,631
Salary expense		446,524
Rent expenses		1,373
Stationery and supplies		2,240
Traveling expenses		1,378
Freight		225
Postage and phone bill		2,586
Repairs and maintenance expenses		261,027
Water & electricity charges		429,784
Insurance premium		157,162
Tax		7,424
Depreciation		312,885
Amortizations		11,757
Meal expenses		6,358
Worker's benefits		26,942
Miscellaneous purchase		13,919
Consumable materials		58,769
Packaging materials		1,888
Processing fees		136,857
Other expenses		<u>249,665</u>
Total		<u>\$ 2,297,394</u>

Gold Circuit Electronics Ltd.
Statement of Selling Expenses
January 1 to December 31, 2022

Statement 11

Unit: NTD thousand

Item	Summary	Amount
Salary expense		\$ 105,879
Rent expenses		2,600
Stationery and supplies		55
Traveling expenses		4,455
Freight		2,019
Postage and phone bill		788
Repairs and maintenance expenses		335
Utility bill		361
Insurance premium		6,744
Entertainment expense		7,327
Depreciation		1,364
Meal expenses		3,968
Worker's benefits		2,824
Commission expenses		443,869
Import/export expenses		24,890
Training expenses		1
Other expenses		<u>28,342</u>
Total		<u>\$ 635,821</u>

Gold Circuit Electronics Ltd.
Statement of Management Expenses
January 1 to December 31, 2022

Statement 12

Unit: NTD thousand

Item	Summary	Amount
Salary expense		\$ 279,057
Rent expenses		2,526
Stationery and supplies		762
Traveling expenses		2,726
Freight		314
Postage and phone bill		379
Repairs and maintenance expenses		12,294
Utility bill		3,191
Advertisement expense		260
Insurance premium		13,447
Entertainment expense		10,713
Donation		4,737
Tax		1,054
Depreciation		18,425
Amortizations		571
Meal expenses		410
Worker's benefits		1,435
Training expenses		2,772
Other expenses		<u>91,685</u>
Total		<u>\$ 446,758</u>

Gold Circuit Electronics Ltd.
Statement of R&D Expenses
January 1 to December 31, 2022

Statement 13

Unit: NTD thousand

Item	Summary	Amount
Salary expense		\$ 291,231
Rent expenses		87
Stationery and supplies		75
Traveling expenses		710
Freight		5
Postage and phone bill		95
Repairs and maintenance expenses		2,628
Utility bill		896
Insurance premium		20,114
Entertainment expense		2
Depreciation		1,775
Amortizations		377
Meal expenses		881
Worker's benefits		4,334
Training expenses		560
Other expenses		<u>7,712</u>
Total		<u>\$ 331,482</u>

Gold Circuit Electronics Ltd.

Summary of employee benefits, depreciation, depletion and amortization of the year by function

January 1 to December 31, 2022 and 2021

Statement 14

Unit: NTD thousand

	2022			2021		
	Classified as operating cost	Classified as operating expense	Total	Classified as operating cost	Classified as operating expense	Total
Employee fringe benefit expenses						
Salary	\$ 1,668,755	\$ 603,913	\$ 2,272,668	\$ 1,416,088	\$ 513,175	\$ 1,929,263
Expenses for labor and health insurance	144,616	34,711	179,327	129,995	31,850	161,845
Pension expense	51,346	20,654	72,000	51,273	20,727	72,000
Remuneration to directors	-	51,600	51,600	-	39,188	39,188
Other employee benefit expenses	99,777	17,799	117,576	94,458	16,386	110,844
Depreciation expenditure	312,885	21,564	334,449	270,761	18,634	289,395
Amortization expenditure	11,757	948	12,705	9,177	177	9,354

Note:

- The number of employees for the current year and the previous year is 2,374 and 2,280 respectively. The number of directors who are not also employees is consistently 5.
- A company whose stocks are already listed on TWSE or trade in TPEx shall also disclose the following information:
 - The average employee benefit expenditure for the current year is NTD 1,117 thousand ("Total employee benefit expenditure— Total remuneration to directors for the current year"/"Number of employees - Number of employees not serving as director concurrently for the current year") .
The average employee benefit expenditure for the previous year was NTD 1,000 thousand ("Total employee benefit expenditure— Total remuneration to directors for the previous year"/"Number of employees - Number of employees not serving as director concurrently for the previous year").
 - The average employee salary expenditure for the current year is NTD 961 thousand (Total salary expenditure for the current year/"Number of employees - Number of employees not serving as director concurrently for the current year").
The average employee salary expenditure for the previous year was NTD 848 thousand (Total salary expenditure for the previous year"/ "Number of employees - Number of employees not serving as director concurrently for the previous year").
 - Variance in the average employee salary expenditure adjusted is 13.36% ("Average employee salary expenditure for the current year— Average employee salary expenditure for the previous year"/Average employee salary expenditure for the previous year).
 - There are no supervisors in the Company, so information on the disclosure of remuneration to supervisors is not provided.
 - The compensation and remuneration policies of the Company (including directors, managers, and employees).

A. Director

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

- b. Variable: No more than 1% of the annual profit is allocated as director's remuneration as required by the Articles of Association.
- B. The remuneration to managers is based on the requirements set forth in Article 29 of the Company Act.
- C. The employees are paid according to the applicable requirements of the Company for practitioners and with reference to the salary criteria on the market. 5% to 10% of the annual profit is allocated as employees' remuneration as required by the Articles of Association.
- D. The remuneration to directors and that to managers need to be periodically evaluated by the Company's Remuneration Committee and the latter will define the compensation and remuneration.

Remarks:

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