

Gold Circuit Electronics Ltd. and
the subsidiaries

Consolidated Financial Reports
and Auditors' Report
2022 and 2021

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Declaration on Consolidated Reports of Affiliates

Companies that should be included in the compiled consolidated financial reports of affiliates for 2022 (from January 1, 2022 to December 31, 2022) in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are identical to those that should be compiled in the consolidated reports of the parent company and its subsidiaries as per International Financial Reporting Standard 10 and all the information that should be disclosed in the consolidated financial reports of affiliates has been disclosed in the consolidated reports of the parent company and its subsidiaries. Therefore, the consolidated financial reports of affiliates are not prepared separately.

Declared by:

Company: Gold Circuit Electronics Ltd.

Responsible Person: Cheng-Tse Yang

March 9, 2023

CPAs' Audit Report

For Review by Gold Circuit Electronics Ltd.,

Audit opinions

We have audited the accompanying balance sheet of Gold Circuit Electronics Ltd. and its subsidiaries (Gold Circuit Electronics Group) on December 31, 2022 and 2021 and the related consolidated statements of income, consolidated statements of changes in shareholders' equity, consolidated statements of cash flow, and notes to the consolidated financial statements (including the material accounting policies summary) from January 1 to December 31, 2022 and 2021.

In our opinion, the major issues of said financial reports prove to have been duly worked out in accordance with and Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and International Financial Reporting Standards Interpretations Committee's Interpretations (IFRSIC) and Standing Interpretation Committee's Interpretative Announcement (SIC) recognized and issued into effect by the Financial Supervisory Commission, Executive Yuan (FSC), presenting fairly the consolidated financial position of Gold Circuit Electronics Group on December 31, 2022 and 2021 and the consolidated results of financial performance and consolidated cash flow 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 consolidated financial statements. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of Gold Circuit Electronics Group in accordance with the Code of Ethics and with other responsibilities

of the Code of Ethics performed. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those determined by us as the CPAs based on our professionalism to be the most important in the audit of the 2022 consolidated financial reports of the Gold Circuit Electronics Group. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

The key audit matters for the 2022 consolidated financial reports of the Gold Circuit Electronics Group 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.

Other information

Gold Circuit Electronics Ltd. has duly worked out the 2022 and 2021 parent company-only financial reports for which we, as the CPAs, have issued the Audit Report containing unqualified opinions, with records on file, for your reference.

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

The responsibility of the management is to have the consolidated financial reports presented fairly, in all material respects, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms”, and the International Financial Reporting Standards

(IFRS), International Accounting Standards (IAS), International Financial Reporting Standards Interpretations Committee's Interpretations (IFRSIC) and Standing Interpretation Committee's Interpretative Announcement (SIC) recognized and issued into effect by the Financial Supervisory Commission, Executive Yuan (FSC), and also to maintain the necessary internal controls related to the consolidated financial reports to ensure that the consolidated financial reports are free of any material misstatement arising from fraud or errors.

In the preparation of the consolidated financial statements, the management's responsibility also includes assessing the continuing operation of Gold Circuit Electronics Group, the disclosure of the relevant matters, and the adoption of the continuing operation accounting base, unless the management intends to liquidate Gold Circuit Electronics Group or cease business operation, or there is a lack of any option except for liquidation or suspension.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 these consolidated 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 consolidated financial statements, whether due to fraud or error, design, and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis 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 Group.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Use the audit evidence obtained as the basis to draw conclusions on the suitability of the continuing operation accounting base adopted by the management and whether or not there are events or circumstances causing significant doubts regarding the continuing operation ability of Gold Circuit Electronics Group have significant uncertainties. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may result in the inability of Gold Circuit Electronics Group to continue operating.
5. Evaluate the overall presentation, structure, and content of the consolidated statements, including the disclosures, whether the consolidated statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of the Group in order to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the Group; also, is responsible for forming an opinion on the audit of the Group.

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 consolidated financial reports of the Gold Circuit Electronics Group from matters communicated on 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. and its subsidiaries
Consolidated 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)	\$ 5,973,977	20	\$ 3,817,107	15
1110	Financial assets at fair value through profit or loss - current (Notes. IV and VII)	43,302	-	25,691	-
1150	Notes receivable (Notes IV and IX)	9,424	-	17,628	-
1170	Accounts receivable (Notes IV, V and IX)	10,726,992	36	9,105,664	37
1200	Other accounts receivable (Notes IV and IX)	88,733	-	91,204	1
130X	Inventories (Notes IV and X)	5,615,970	19	4,821,750	19
1410	Prepayments	265,140	1	267,134	1
1470	Other current assets (Note XVI)	2,934	-	15,899	-
11XX	Total current assets	<u>22,726,472</u>	<u>76</u>	<u>18,162,077</u>	<u>73</u>
	non-current assets				
1535	Financial assets measured at amortized cost - non-current (Note IV and VIII)	45,100	-	31,700	-
1600	Property, plant and equipment (Notes IV, XII and XXIII)	6,294,437	21	5,679,186	23
1755	Right-of-use assets (Notes IV, XIII and XXVIII)	168,739	-	189,143	1
1760	Investment property (Notes IV and XIV)	576,200	2	577,900	2
1780	Other intangible assets (Notes IV and XV)	42,539	-	26,550	-
1840	Deferred income tax assets (Notes IV and XXIV)	176,253	1	298,232	1
1900	Other non-current assets (Note XVI)	10,858	-	15,497	-
15XX	Total non-current assets	<u>7,314,126</u>	<u>24</u>	<u>6,818,208</u>	<u>27</u>
1XXX	Total assets	<u>\$ 30,040,598</u>	<u>100</u>	<u>\$ 24,980,285</u>	<u>100</u>
	Liabilities and shareholders' equity				
	Current liabilities				
2100	Short-term borrowings (Notes IV and XVII)	\$ 2,188,434	7	\$ 1,341,206	5
2120	Financial liabilities measured at fair value through gains or losses - current (Notes IV and VII)	4,908	-	-	-
2150	Notes payable	116	-	-	-
2170	Accounts payable (Note XVIII)	5,660,421	19	5,502,050	22
2200	Other accounts payable (Note XIX)	2,878,042	9	2,469,318	10
2230	Income tax liability for the year (Note XXIV)	662,755	2	402,785	2
2250	Provision for liabilities-current (Notes IV and XX)	252,214	1	179,552	1
2280	Lease liabilities - current (Notes IV and XIII)	12,284	-	17,246	-
2320	Long-term borrowings due within a year (Notes IV and XVII)	-	-	253,142	1
2399	Other current liabilities (Note XIX)	197,552	1	108,933	-
21XX	Total current liabilities	<u>11,856,726</u>	<u>39</u>	<u>10,274,232</u>	<u>41</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes IV and XVII)	3,340,000	11	1,624,108	6
2542	Long-term bills payable (Note IV and XVII)	-	-	1,250,000	5
2570	Deferred income tax liabilities (Notes IV and XXIV)	338,633	1	135,795	1
2580	Lease liabilities - non-current (Notes IV and XIII)	3,110	-	15,300	-
2640	Net defined benefit liabilities- non-current (Notes IV and XXI)	73,101	-	200,680	1
2670	Other non-current liabilities (Note XIX)	105,010	1	78,056	-
25XX	Total non-current liabilities	<u>3,859,854</u>	<u>13</u>	<u>3,303,939</u>	<u>13</u>
2XXX	Total liabilities	<u>15,716,580</u>	<u>52</u>	<u>13,578,171</u>	<u>54</u>
	Equity attributable to owners of the Company (Note XXII)				
	Capital stock				
3110	Common stock	4,918,391	16	5,464,879	22
3200	Additional paid-in capital	1,219,167	4	1,206,574	5
	Retained earnings				
3310	Legal reserve	464,215	2	167,997	-
3320	Special reserve	475,522	2	475,522	2
3350	Undistributed earnings	7,062,701	23	3,927,668	16
3300	Total retained earnings	8,002,438	27	4,571,187	18
3490	Other equity items	276,776	1	257,951	1
3500	Treasury stocks	(92,754)	-	(98,477)	-
31XX	Total equity attributable to owners of the Company	<u>14,324,018</u>	<u>48</u>	<u>11,402,114</u>	<u>46</u>
3XXX	Total equity	<u>14,324,018</u>	<u>48</u>	<u>11,402,114</u>	<u>46</u>
	Total liabilities and equities	<u>\$ 30,040,598</u>	<u>100</u>	<u>\$ 24,980,285</u>	<u>100</u>

Notes to the consolidated financial reports constitute a part of these financial reports.

Chairman: Cheng-Tse Yang

Manager: Cheng-Tse Yang

Accounting Supervisor: Chang-Chin Yang

Gold Circuit Electronics Ltd. and its subsidiaries

Consolidated Statements of Income

January 1 to December 31, 2022 and 2021

		Unit: NTD thousand, yet the earnings per share is NTD			
		2022		2021	
Code		Amount	%	Amount	%
	Operating income				
4100	Sales income (Note IV)	\$ 32,785,064	100	\$ 26,607,474	100
	Operating cost (Notes X, XXI and XXIII)				
5110	Sales cost	<u>24,056,976</u>	<u>73</u>	<u>20,236,434</u>	<u>76</u>
5900	Gross profit	<u>8,728,088</u>	<u>27</u>	<u>6,371,040</u>	<u>24</u>
	Operating expenses (Notes XXI and XXIII)				
6100	Promotional expenditure	963,997	3	840,157	3
6200	Operating expenditure	983,518	3	832,429	3
6300	R&D expenditure	718,228	2	623,220	3
6450	Expected credit impairment loss (profit)	<u>39,549</u>	<u>-</u>	<u>(50,106)</u>	<u>-</u>
6000	Total operating expenses	<u>2,705,292</u>	<u>8</u>	<u>2,245,700</u>	<u>9</u>
6500	Other gains, expenses and losses - net (Note XXIII)	<u>13,916</u>	<u>-</u>	<u>(2,819)</u>	<u>-</u>
6900	Net operating profit	<u>6,036,712</u>	<u>19</u>	<u>4,122,521</u>	<u>15</u>
	Non-operating revenue and expense (Notes IV and XXIII)				
7100	Interest revenue	62,826	-	16,385	-
7010	Other revenue	93,608	-	95,820	-
7020	Other gain or loss	285,502	1	(118,744)	-
7050	Financial cost	<u>(90,315)</u>	<u>-</u>	<u>(67,464)</u>	<u>-</u>
7000	Total non-operating revenue and expense	<u>351,621</u>	<u>1</u>	<u>(74,003)</u>	<u>-</u>

(To be continued)

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
7900	Net profit before tax from continuing operation	\$ 6,388,333	20	\$ 4,048,518	15
7950	Income tax expenses (Notes IV and XXIV)	<u>1,820,458</u>	<u>6</u>	<u>1,121,664</u>	<u>4</u>
8000	Continuing operation net profit for the year	<u>4,567,875</u>	<u>14</u>	<u>2,926,854</u>	<u>11</u>
8310	Other comprehensive income Not reclassified to profit and loss:				
8311	Defined benefit plan re-measurement amount (Note XXI)	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 comprehensive income (net amount after tax) of the year	<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>14</u>	<u>\$ 2,947,625</u>	<u>11</u>
8610	The net earnings belong to: Owners of the Company	<u>\$ 4,567,875</u>	<u>14</u>	<u>\$ 2,926,854</u>	<u>11</u>
8710	The total comprehensive income belongs to: Owners of the Company	<u>\$ 4,652,350</u>	<u>14</u>	<u>\$ 2,947,625</u>	<u>11</u>
	EPS (Note XXV)				
	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 consolidated 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. and its subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

		Equity attributable to owners of the Company									
Code		Capital stock	Additional paid-in capital	Retained earnings			Exchange differences on translation of foreign financial statements	Other equity items	Property	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	Legal reserve	-	-	167,997	-	(167,997)	-	-	-	-	-
B5	The Company's shareholder dividend in cash	-	-	-	-	(546,488)	-	-	-	-	(546,488)
	Change in other additional paid-in capital										
C15	Cash dividend assigned with capital reserve	-	(273,244)	-	-	-	-	-	-	-	(273,244)
C17	Capital reserve - transaction of treasury stocks	-	8,585	-	-	-	-	-	-	-	8,585
D1	Net profits of 2021	-	-	-	-	2,926,854	-	-	-	-	2,926,854
D3	Other combined gains or losses after tax of 2021	-	-	-	-	35,329	(14,558)	-	-	-	20,771
D5	Total combined gains or losses of 2021	-	-	-	-	2,962,183	(14,558)	-	-	-	2,947,625
Z1	Balance as of December 31, 2021	5,464,879	1,206,574	167,997	475,522	3,927,668	(27,260)	(10,570)	295,781	(98,477)	11,402,114
	Appropriation and distribution of earnings from 2021:										
B1	Appropriation of legal reserve	-	-	296,218	-	(296,218)	-	-	-	-	-
B5	The Company's shareholder dividend in cash	-	-	-	-	(1,202,274)	-	-	-	-	(1,202,274)
	Other changes in capital reserve:										
C17	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	-	-	-	-	65,650	18,825	-	-	-	84,475
D5	2022 Total comprehensive income	-	-	-	-	4,633,525	18,825	-	-	-	4,652,350
E3	Capital reduction in cash	(546,488)	-	-	-	-	-	-	-	5,723	(540,765)
Z1	Balance as of December 31, 2022	\$ 4,918,391	\$ 1,219,167	\$ 464,215	\$ 475,522	\$ 7,062,701	(\$ 8,435)	(\$ 10,570)	\$ 295,781	(\$ 92,754)	\$ 14,324,018

Notes to the consolidated 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. and its subsidiaries

Consolidated Statements 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	\$ 6,388,333	\$ 4,048,518
A20010	Income charges (credits):		
A20300	Expected credit impairment loss (interest from recovery of impairment)	39,549	(50,106)
A20100	Depreciation expenditure	858,157	762,815
A20200	Amortization expenditure	16,225	12,901
A20900	Financial cost	90,315	67,464
A29900	Provision for liabilities	72,512	23,540
A21200	Interest revenue	(62,826)	(16,385)
A21300	Dividend income	(124)	(54)
A23800	Loss on inventory valuation falling and obsolescence (gain on recovery)	148,583	(9,916)
A22500	Loss on disposal of property, plant and equipment	34,633	44,197
A20400	Financial asset net interest measured at fair value through gains or losses	(17,611)	(18,268)
A20400	Net loss (or gain) from financial liabilities measured at fair value through gains or losses	4,908	(13,804)
A24100	Net profit (loss) of exchange in foreign currencies	154,712	(8,237)
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	8,204	45,517
A31150	Accounts receivable	(1,661,394)	(2,344,994)
A31180	Other receivables	2,494	88,045
A31200	Inventories	(943,444)	(1,732,708)
A31230	Prepayments	1,994	3,743
A31240	Other current assets	12,965	(55)
A32140	Notes payable	116	-
A32150	Accounts payable	158,371	1,660,676
A32180	Other payables	286,899	440,886
A32230	Other current liabilities	88,619	33,633
A32240	Net defined benefit liabilities	(45,517)	(24,339)
A33000	Cash yielded in business operation	5,638,373	3,012,169
A33200	Interest collected	62,803	16,400
A33500	Income tax paid	(1,257,427)	(639,068)
AAAA	Net cash generated by operating activities	<u>4,443,749</u>	<u>2,389,501</u>

(To be continued)

(Continued)

Code		2022	2021
	Cash flow from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	(\$ 13,400)	\$ -
B07600	Dividends collected	124	54
B02700	Procurement of property, plant and equipment	(1,360,233)	(825,948)
B04500	Procurement of intangible assets	(2,412)	(20,999)
B02800	Proceeds from disposal of property, plant and equipment	14,667	15,333
B03800	Decrease in refundable deposit	1,090	74
B06700	Decrease in other non-current assets	3,549	399
BBBB	Net cash used in investing activities	(<u>1,356,615</u>)	(<u>831,087</u>)
	Cash flow from financing activities		
C00100	Increase in short-term loan	4,884,694	2,868,571
C00200	Decrease in short-term loan	(3,999,391)	(3,776,689)
C01600	Application for long-term loan	3,676,561	7,635,374
C01700	Repayment of long-term loan	(2,322,891)	(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	(17,725)	(21,831)
C03000	Collection of guarantee deposits received	26,954	2,522
C05600	Interest paid	(83,795)	(72,512)
C04500	Dividends in cash paid	(1,189,681)	(819,732)
C04700	Capital reduction in cash	(<u>540,765</u>)	-
CCCC	Net cash used in financing activities	(<u>816,039</u>)	(<u>2,148,901</u>)
DDDD	Impact of change in exchange rate upon cash & cash equivalents	(<u>114,225</u>)	<u>22,635</u>
EEEE	Net Increase (decrease) in cash and cash equivalents	2,156,870	(567,852)
E00100	Cash and cash equivalents, beginning of year	<u>3,817,107</u>	<u>4,384,959</u>
E00200	Cash and cash equivalents, end of year	<u>\$ 5,973,977</u>	<u>\$ 3,817,107</u>

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

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 Consolidated Company.

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

<u>New promulgation/Amendment/Amended Rules and Interpretation</u>	<u>The effective date promulgated by IASB</u>
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 Consolidated Company shall follow the definition of “material” while deciding material accounting policy information that should be disclosed. If the accounting policy information can be reasonably expected to likely affect decisions made by main users of general-purpose financial statements based on the financial statements, such information is considered “material.” The amendment also clarifies that:

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

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

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

- (4) The Consolidated Company discloses applicable accounting policies that are decided 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 Consolidated Company to measure items to be included in the financial statements with the amount in currencies that cannot be directly observed and hence needs to be estimated. As 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 Consolidated Company would recognize deferred income tax assets (if its taxable income is likely to be available for deducting 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 consolidated financial reports were approved and released, the Consolidated Company had evaluated and determined that the amendments made to other standards and their

interpretations will not significantly impact the financial standing and financial performance.

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

New promulgation/Amendment/Amended Rules and Interpretation	The effective date 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 a consolidated company sells or contributes assets to affiliated companies (or joint ventures), or the consolidated 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 consolidated company is to recognize the profit and loss of the transactions fully.

In addition, if a Consolidated Company sells or contributes assets to affiliated companies (or joint ventures), or the Consolidated Company loses the control over a subsidiary in the trade with affiliated companies (or joint

ventures) 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 Consolidated 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 Consolidated 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 Consolidated Company has the right to defer settlement of the liability for at least 12 months after the reporting period, at the end of the reporting period. If the Consolidated Company has such right at the end of the reporting period to defer settlement of the liability after the reporting period, the liability should be classified as noncurrent, irrelevant with whether the Consolidated Company is expected to exercise the right or not.

The amendment in 2020 also specifies that the Consolidated Company must have followed specific criteria when the reporting period ends if it is required for the Consolidated 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 Consolidated Company has followed the said criteria on 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 Consolidated 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 Consolidated 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 Consolidated Company's equity instruments and said discretion is stated into equity separately under IAS 32 "Financial Instruments: Presentation," the classification of liabilities would remain unaffected by said terms and conditions.

3. 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 Consolidated Company continued to assess the impact of the other standards and interpretation on the financial position and financial performance up to the date the consolidated 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 consolidated financial reports has been duly worked out in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRSs recognized and issued into effect by FSC.

(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 present value of defined benefit obligations, the consolidated financial reports have been duly prepared on the grounds of historical costs.

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

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

(III) 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) Basis of consolidation

The present Consolidated financial reports are the financial reports containing the Company, and the entities under the control by the Company (subsidiaries). Consolidated statements of income of comprehensive income already covered the operating profit and/or loss of the subsidiaries, which have been acquired or disposed of the current term, from the date of acquisition until the date of disposal. The financial reports of the subsidiaries have been duly adjusted so that their accounting

policies would be consistent with the accounting policies of the Consolidated Company. Upon preparation of the consolidated financial reports, the transactions among entities, balances, gains, expenses and losses on account have been written out in full. The total comprehensive incomes of the subsidiaries were non-controlling interest attributed to the Company's owners and the non-controlling interest, to become the balance of loss even as the non-controlling interest.

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

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

Please refer to Note XI and Attachment 5 for the information, shareholding ratio, and business operation of the subsidiary.

(V) Foreign currency

When the respective entities prepared for the consolidated financial reports, the transactions conducted in currencies other than the entities' 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.

Upon preparation of the consolidated financial reports, the assets and liabilities of the overseas operating institutions (including the subsidiaries in the countries of business operation or those using currencies different from the Company's) were converted to New Taiwan Dollars based on the exchange rate quoted on every balance sheet date. The gain, fee and loss items were converted based on the exchange rates averaged in the current term. The difference of conversion so incurred was entered as other comprehensive income.

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

If partial disposal of the subsidiaries of overseas operating entities does not lead to loss of control, cumulative exchange differences will be calculated as part of the non-controlling interests that re-belong to the said subsidiaries and they are not recognized as gains or losses. Under other circumstances where overseas operating institutions are partially disposed of, accumulated differences of conversion, on the other hand, are recategorized to gains or losses in proportion to the disposal.

(IV) 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.

(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. 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 Consolidated Company, at least at the end of each fiscal year, has the estimated useful years, residual value, and depreciation method reviewed, and also delayed the effects of changes in applying accounting estimates.

When the 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 Consolidated Company reviews at least on the end date of each year the estimated durability period, residual value, and depreciation method and postpones impacts where changes in accounting estimates apply. Intangible assets with indefinite durability are recognized with the cost less cumulative impairment loss.

2. Derecognition

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

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

The Consolidated Company evaluates on the date shown on each balance sheet whether there are any signs showing that real estate properties, plants, and equipment, right-of-use assets, of investment-oriented real estate properties and intangible assets might have been impaired. 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 Consolidated Company estimated the recoverable amount of the units that yielded cash. 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 consolidated balance sheet when the Consolidated 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 those other than the financial assets or liabilities at fair value through profit or loss, the Consolidated Company measured the same based on the fair value added with 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 Consolidated 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 XXVII for the determination of fair value.

B. Financial assets measured at amortized cost

If the financial assets invested by the Consolidated Company meet the following two conditions at the same time, they are classified as financial assets measured 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, time deposit with initial maturity date more than three months away, 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 in the profit or loss.

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 Consolidated 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 combination transaction or not with consideration measured at 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 investment in equity instruments at fair value through other comprehensive income are recognized in profit/loss when the Consolidated Company's rights of receiving payment is confirmed, unless such dividends obviously represents the recovery of part of the investment.

(2) Impairment of financial assets and contract assets

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

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 Consolidated Company would derecognize financial assets only in the event where the interests on a contract for financial assets based cash flow ceased to be effective or where they had transferred financial assets and almost all risks and returns of all ownership over the financial assets had been transferred to another enterprise.

Where a financial asset measured at amortized cost was derecognized end 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 consolidated 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 Consolidated Company were recognized based on the acquisition price less direct issuing cost.

The Consolidated Company's own equity instruments re-acquired were derecognized and deducted under the equity title. Acquisition, sale, issuance or cancellation of the Consolidated Company' own equity instruments would not be recognized into profit or loss.

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 XXVII 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 Consolidated 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 Consolidated Company amortized the transaction price to the performance obligations in the contract and recognize income upon fulfilling performance obligation of the contract.

If the Consolidated Company signs multiple contracts with the same customer (or the customer's related party) almost at the same time, the Consolidated 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 Consolidated 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 Consolidated Company evaluated if a contract was, or included a lease on the date when the contract was established.

1. The Consolidated 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 leasehold. 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 Consolidated 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 consolidated balance sheet.

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 Consolidated 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 were individually expressed in the consolidated balance sheet.

(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 deem 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 Consolidated 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 under other income during the period where related costs they are meant to offset are recognized by the Consolidated Company as expenditure. The government subsidies for acquisition of non-current assets by the Consolidated 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 expenditure or losses or for providing the Consolidated Company with immediate financial support and are not associated with costs in the future, they are recognized under gains or losses during the collectible period.

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

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

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 Consolidated 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 Consolidated Company's taxation consequences for the book value 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 Consolidated 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 Consolidated Company adopted accounting policies, for the relevant information which 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 Consolidated Company's hypotheses about the default rate and defaults loss rate. The Consolidated Company took into consideration the historical experience, existing market conditions and forward-looking estimates to make the assumptions and select the inputs to the impairment calculation. For details of the key assumptions and inputs used, please refer to Note XXVII. If the actual future cash flows are less than expected, a material impairment loss may have arisen therefor.

VI. Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working capital	\$ 1,209	\$ 1,263
Bank's notes and current deposit	4,665,815	3,136,536
Cash equivalents (investment due within three (3) months in the date of initial maturity).		
Bank time deposit	<u>1,306,953</u>	<u>679,308</u>
	<u>\$ 5,973,977</u>	<u>\$ 3,817,107</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)	\$ 40,166	\$ 15,279
— FX swaps contracts (2)	-	6,172
Non-derivative financial assets		
— TWSE/TPEX-listed stocks	<u>3,136</u>	<u>4,240</u>
	<u>\$ 43,302</u>	<u>\$ 25,691</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:

	Currency type	Maturity date	Contract amount (NTD Thousand)
<u>December 31, 2022</u>			
Sold forward foreign exchange contracts	Sell USD/Buy NTD	January 3, 2023 - March 9, 2023	USD 40,000/NTD 1,227,696
Sold forward foreign exchange contracts	Sell USD/Buy CNY	January 31, 2023	USD 6,000/CNY 43,135
Sold forward foreign exchange contracts	Sell USD/Buy CNY	January 31, 2023 – May 26, 2023	USD 35,000/CNY 224,294
<u>December 31, 2021</u>			
Sold forward foreign exchange contracts	Sell USD/Buy NTD	January 3, 2022 – February 15, 2022	USD 24,000/NTD 667,344
Sold forward foreign exchange contracts	Sell USD/Buy CNY	January 12, 202 – February 28, 2022	USD 40,000/CNY 256,706
Sold forward foreign exchange contracts	Sell USD/Buy CNY	January 28, 2022 – April 28, 2022	USD 35,000/CNY 224,294

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

	Currency type	Maturity date	Contract amount (NTD Thousand)
<u>December 31, 2022</u>			
FX swap contracts	Sell USD/Buy NTD	January 31, 2023	USD 44,000/NTD 1,347,036
<u>December 31, 2021</u>			
FX swap contracts	Sell USD/Buy NTD	January 28, 2022 – February 25, 2022	USD 62,000/NTD 1,722,332

The Consolidated 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. Financial Assets Measured at Amortized Cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investment		
Time deposit whose original maturity date exceeds 3 months	<u>\$ 45,100</u>	<u>\$ 31,700</u>

As of December 31, 2022 and 2021, the range of interest rates for time deposits with an initial maturity date exceeding 3 months was an annual rate of 0.86%–1.125% and 0.36%–0.49%, respectively.

IX. Notes receivable, accounts receivable and other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total book value	\$ 9,424	\$ 17,628
Less: Allowance losses	<u>-</u>	<u>-</u>
Generated from operations	<u>\$ 9,424</u>	<u>\$ 17,628</u>
 <u>Accounts receivable</u>		
Measured at amortized cost		
Total book value	\$ 10,842,198	\$ 9,180,804
Less: Allowance losses	<u>(115,206)</u>	<u>(75,140)</u>
Generated from operations	<u>\$ 10,726,992</u>	<u>\$ 9,105,664</u>
 <u>Other receivables</u>		
Business tax refund receivable	\$ 43,861	\$ 38,375
Accounts receivable from sale of scraps	39,887	31,496
Others	<u>4,985</u>	<u>21,333</u>
	<u>\$ 88,733</u>	<u>\$ 91,204</u>

Notes receivable and accounts receivable

The Consolidated Company's average credit period for sale of commodities is 180 days. The notes receivable and accounts receivable are collected without interest. Considering that the Consolidated 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 receivable and accounts receivable, the Consolidated Company took into account and all changes in the quality of credit of the 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 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 Consolidated Company's management holds that the Consolidated Company's credit risk is significantly mitigated.

The Consolidated 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 Consolidated 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.

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

The allowance losses on notes and accounts receivable measured by the Consolidated Company based on the reserve matrix are 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%~0.06%	0%~19.05%	59.96%	73.82%	94.38%~100%	
Total book value	\$ 10,525,322	\$ 218,561	\$ 31,257	\$ 4,529	\$ 62,529	\$ 10,842,198
Allowance losses (lifetime expected credit loss)	(6,068)	(26,155)	(18,741)	(3,343)	(60,899)	(115,206)
Amortized cost	<u>\$ 10,519,254</u>	<u>\$ 192,406</u>	<u>\$ 12,516</u>	<u>\$ 1,186</u>	<u>\$ 1,630</u>	<u>\$ 10,726,992</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%~0.1%	0%~24.84%	0%~80.84%	91.60%	99.82%~100%	
Total book value	\$ 9,027,689	\$ 109,341	\$ 4,888	\$ 655	\$ 38,231	\$ 9,180,804
Allowance losses (lifetime expected credit loss)	(8,487)	(23,896)	(3,935)	(600)	(38,222)	(75,140)
Amortized cost	<u>\$ 9,019,202</u>	<u>\$ 85,445</u>	<u>\$ 953</u>	<u>\$ 55</u>	<u>\$ 9</u>	<u>\$ 9,105,664</u>

The information about changes in allowance losses on notes and accounts receivable is stated as follows:

Accounts receivable

	2022	2021
Balance at start of term	\$ 75,140	\$ 180,852
Add: Impairment loss recognized for the current term (1)	39,549	-
Less: Reversal of impairment loss for the current term (1)	-	(50,106)
Less: Actual offset for the current year (2)	-	(55,287)
Foreign currency exchange difference	517	(319)
Balance – end of period	<u>\$ 115,206</u>	<u>\$ 75,140</u>

- (1) The net amount of the total book value of accounts receivable overdue for more than 90 days from the beginning of year rose on December 31, 2022 by NTD 28,172 thousand and it resulted in the decrease in allowance losses by NTD 25,420 thousand as well. The net amount of the total book value of the accounts receivable overdue for more than 90 days decreased on December 31, 2021 by NTD 57,613 thousand and it resulted in the decrease in allowance losses by NTD 57,677 thousand.
- (2) In 2021, due to the fact that some customers were engaged in liquidation, related accounts receivable were offset and it resulted in allowance losses of NTD 55,287 thousand.

X. Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Finished goods	\$ 2,462,092	\$ 2,025,179
Work in process	2,334,137	1,787,105
Raw materials & supplies	643,342	794,108
Inventories in transit	<u>176,399</u>	<u>215,358</u>
	<u>\$ 5,615,970</u>	<u>\$ 4,821,750</u>

Sales cost is defined as follows:

	<u>2022</u>	<u>2021</u>
Cost of inventory already sold	\$ 24,997,437	\$ 21,264,401
Loss on inventory devaluation (gain from price recovery)	148,583	(9,916)
Income from the sale of scraps and waste materials	(780,146)	(1,069,989)
Others	(<u>308,898</u>)	<u>51,938</u>
	<u>\$ 24,056,976</u>	<u>\$ 20,236,434</u>

XI. Subsidiaries

The subsidiaries included into the consolidated financial reports

The present consolidated financial reports were prepared for the following key entities:

Investor	Name of subsidiary	Business nature	<u>Shareholding ratio</u>		Description
			<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Gold Circuit Electronics Ltd.	King Hsiang Investment Co., Ltd. (hereinafter referred to as King Hsiang Investment)	General investment business	99.997	99.997	
Gold Circuit Electronics Ltd.	Goldex Holding Limited	General investment and international trade business	100.00	100.00	
Goldex Holding Limited	Gold Circuit International Limited (hereinafter referred to as Gold Circuit International Company)	General investment and international trade business	100.00	100.00	
Goldex Holding Limited	Gold Circuit Enterprise Limited (hereinafter referred to as Gold Circuit Enterprise)	General investment and international trade business	100.00	100.00	
Gold Circuit International Company	Suzhou Gold Circuit Electronics Ltd. (hereinafter referred to as Suzhou Gold Circuit Electronics)	Design, produce and sell multi-layer printed circuit boards	100.00	100.00	
Gold Circuit Enterprise	Changshu Gold Circuit Electronics Ltd. (hereinafter referred to as Changshu Gold Circuit Electronics)	Design, produce and sell multi-layer printed circuit boards	100.00	100.00	
Gold Circuit Enterprise	Changshu Gold Circuit Technology Co., Ltd. (hereinafter referred to as Changshu Gold Circuit Technology)	Design, produce and sell multi-layer printed circuit boards	100.00	100.00	

XII. Property, plant and equipment

Self-use

	Own land	Building	Machinery & equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
<u>Cost</u>								
Balance as of January 1, 2022	\$ 701,186	\$4,358,347	\$13,005,678	\$ 64,272	\$ 141,875	\$2,464,113	\$ 218,195	\$20,953,666
Addition	-	-	-	-	-	-	1,475,538	1,475,538
Disposal	-	-	(457,758)	(1,668)	(7,721)	(92,179)	-	(559,326)
Re-categorization	-	18,626	1,210,291	4,605	9,094	277,610	(1,550,113)	(29,887)
Net difference in foreign exchange	-	32,176	132,683	459	1,202	27,326	2,258	196,104
Balance as of December 31, 2022	<u>\$ 701,186</u>	<u>\$4,409,149</u>	<u>\$13,890,894</u>	<u>\$ 67,668</u>	<u>\$ 144,450</u>	<u>\$2,676,870</u>	<u>\$ 145,878</u>	<u>\$22,036,095</u>
<u>Cumulative depreciation and impairment</u>								
Balance as of January 1, 2022	\$ -	\$3,281,762	\$9,899,541	\$ 39,585	\$ 97,549	\$1,956,043	\$ -	\$15,274,480
Disposal	-	-	(411,646)	(1,584)	(7,354)	(89,590)	-	(510,174)
Reclassification	-	-	(757)	-	(265)	757	-	(265)
Depreciation expenditure	-	129,955	512,157	6,009	11,652	175,030	-	834,803
Net difference in foreign exchange	-	21,989	98,757	347	810	20,911	-	142,814
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$3,433,706</u>	<u>\$10,098,052</u>	<u>\$ 44,357</u>	<u>\$ 102,392</u>	<u>\$2,063,151</u>	<u>\$ -</u>	<u>\$15,741,658</u>
Net as of December 31, 2022	<u>\$ 701,186</u>	<u>\$ 975,443</u>	<u>\$3,792,842</u>	<u>\$ 23,311</u>	<u>\$ 42,058</u>	<u>\$ 613,719</u>	<u>\$ 145,878</u>	<u>\$6,294,437</u>
<u>Cost</u>								
Balance as of January 1, 2021	\$ 701,186	\$4,363,671	\$13,027,578	\$ 59,020	\$ 138,055	\$2,586,214	\$ 82,027	\$20,957,751
Addition	-	-	-	-	-	-	918,333	918,333
Disposal	-	-	(503,421)	(4,258)	(14,477)	(313,869)	-	(836,025)
Re-categorization	-	5,720	526,944	9,662	18,710	200,522	(781,874)	(20,316)
Net difference in foreign exchange	-	(11,044)	(45,423)	(152)	(413)	(8,754)	(291)	(66,077)
Balance as of December 31, 2021	<u>\$ 701,186</u>	<u>\$4,358,347</u>	<u>\$13,005,678</u>	<u>\$ 64,272</u>	<u>\$ 141,875</u>	<u>\$2,464,113</u>	<u>\$ 218,195</u>	<u>\$20,953,666</u>
<u>Cumulative depreciation and impairment</u>								
Balance as of January 1, 2021	\$ -	\$3,162,895	\$9,934,478	\$ 38,198	\$ 101,838	\$2,133,974	\$ -	\$15,371,383
Disposal	-	-	(445,994)	(3,996)	(13,964)	(312,492)	-	(776,446)
Depreciation expenditure	-	126,085	445,877	5,500	9,977	141,568	-	729,007
Net difference in foreign exchange	-	(7,218)	(34,820)	(117)	(302)	(7,007)	-	(49,464)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$3,281,762</u>	<u>\$9,899,541</u>	<u>\$ 39,585</u>	<u>\$ 97,549</u>	<u>\$1,956,043</u>	<u>\$ -</u>	<u>\$15,274,480</u>
Net as of December 31, 2021	<u>\$ 701,186</u>	<u>\$1,076,585</u>	<u>\$3,106,137</u>	<u>\$ 24,687</u>	<u>\$ 44,326</u>	<u>\$ 508,070</u>	<u>\$ 218,195</u>	<u>\$5,679,186</u>

There was no sign of impairment in 2022. Therefore, the Consolidated 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	5~20 years
Engineering system	3~25 years
Others	5~15 years
Machinery & equipment	1 year ~14 years
Transportation equipment	2~11 years
Office equipment	2~11 years
Other equipment	1 year ~15 years

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

XIII. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Book value of right-of-use assets		
Land	\$ 137,185	\$ 139,385
Machinery & equipment	<u>31,554</u>	<u>49,758</u>
	<u>\$ 168,739</u>	<u>\$ 189,143</u>
	<u>2022</u>	<u>2021</u>
Depreciation expenses of right-of-use assets		
Land	\$ 4,407	\$ 4,316
Machinery & equipment	<u>18,947</u>	<u>29,492</u>
	<u>\$ 23,354</u>	<u>\$ 33,808</u>

Except for the additions and recognition of depreciation expenditure as listed above, no major sublets and impairment of the right-of-use assets of the Consolidated Company occurred between January 1 and December 31, 2022 and 2021.

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

(II) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Book value of lease liabilities		
Current	<u>\$ 12,284</u>	<u>\$ 17,246</u>
Noncurrent	<u>\$ 3,110</u>	<u>\$ 15,300</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%~3.5%	1.38%~3.5%

(III) Major lessee activities and terms and conditions

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

(IV) Other lease agreement

	<u>2022</u>	<u>2021</u>
Short-term lease expenditure	<u>\$ 3,970</u>	<u>\$ 3,035</u>
Low-value asset lease expenditure	<u>\$ 11,024</u>	<u>\$ 11,856</u>
Total amount of cash (outflow) from lease	<u>(\$ 32,719)</u>	<u>(\$ 36,722)</u>

XIV. Investment property

	<u>Finished investment property</u>
Balance as of January 1, 2021	\$ 577,000
Profit from changes in fair value	<u>900</u>
Balance as of December 31, 2021	577,900
Profit from changes in fair value	<u>(1,700)</u>
Balance as of December 31, 2022	<u>\$ 576,200</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 NTD300 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%.

XV. Other intangible assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Computer software	<u>\$ 42,539</u>	<u>\$ 26,550</u>

Except for the amortization expenditure that was recognized, no major additions, disposals, or impairment of other intangible assets of the Consolidated Company occurred between January 1 and December 31, 2022 and 2021. 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	\$ 13,115	\$ 10,156
Operating expenditure	593	160
R&D expense	2,517	2,585
	<u>\$ 16,225</u>	<u>\$ 12,901</u>

XVI. Other assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Others	<u>\$ 2,934</u>	<u>\$ 15,899</u>
<u>Noncurrent</u>		
Refundable deposit	<u>\$ 10,858</u>	<u>\$ 11,948</u>
Others	<u>-</u>	<u>3,549</u>
	<u>\$ 10,858</u>	<u>\$ 15,497</u>

XVII. Loan

(I) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loans</u> (Note XXVIII)		
Bank loans	<u>\$ 608,641</u>	<u>\$ 497,924</u>
<u>Unsecured loans</u>		
Line of credit loans	<u>1,579,793</u>	<u>843,282</u>
	<u>\$ 2,188,434</u>	<u>\$ 1,341,206</u>

Revolving bank loan interest rate was 1.110%–4.48% and 0.675%–3.7% 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>December 31, 2022</u>	<u>December 31, 2021</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)	1,250,000	-
Syndicated banks including		
Taipei Fubon Bank (9)	-	996,480
Subtotal	<u>2,550,000</u>	<u>1,196,480</u>
Less: current portion	-	253,142
Long-term loans	<u>\$ 3,340,000</u>	<u>\$ 1,624,108</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 fully 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 draw-down, the first term was up to the end of the first 24 months and each term thereafter consists of 3 months. The borrowings are to be paid in installments over a total of 13 terms. 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. NTD360,000 thousand out of the total value of NTD500,000 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 NTD100,000 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. As of 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 NTD300,000 thousand, NTD100,000 thousand has been drawn down; the borrowing period was from October 14, 2022 to October 14, 2025. The cyclical draw-downs 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 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 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).
9. Syndicated borrowings, endorsed and guaranteed by the Company, totaling USD 36,000 thousand, have been drawn down in full; the borrowing period was July 24, 2020 through July 24, 2023. The principal was repayable by 20%, 20% and 60% upon expiration of 24 months, 30 months and 36 months from the date of the first drawdown, respectively. The interest thereon was payable once every 3 months. It was paid off early in June 2022. As of December 31, 2021, the effective annual interest rate was 1.310%–1.815%. The annual consolidated financial ratios on the loans during the effective term were subject to the following restrictions: The current ratio should stay more than 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.

(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 Consolidated Company signed the joint loan contract with syndicated banks such as E-Sun Bank on January 18, 2021. The line of credit for Item A of the said syndicated loan was NTD 625,000 thousand and that for Items B and C totaled no more than NTD 1,250,000 thousand. The loan had to be drawn down within three

months after the date the contract was signed. Failure to do so, the date of the first draw-down will be the end of the three months after the contract was signed. The loan given out under Item A, in particular, could be drawn down cyclically within three years after the date of the first draw-down. The end of 24 months after the date if the first draw-down was the first term. Thereafter, every six months made a term and the line of credit was reduced gradually over three terms; it was reduced by 20% for Term 1 and Term 2, respectively, and 60% for Term 3. Meanwhile, the principal was paid off at once upon expiration of the borrowing period. The loan given out under Item B could be drawn down cyclically within three years after the date of the first draw-down and the principal was paid off at once upon expiration of the borrowing period. The guaranteed line of credit for Item C could be used cyclically within three years after the date of the first draw-down. The Consolidated Company was to issue the promissory notes (stated as long-term notes and bills payable) and various payment obligations were to be fulfilled for the value shown on each note by the given maturity date. The financial ratio restrictions for the syndicated loan were the same as those applied to borrowings from the syndicated banks including E. Sun Bank (8).

E-Sun syndicated loan - guaranteed issuance of promissory notes were issued under Item C of the syndicated loan, with a contract underwriting period of 5 years; the loan period, however, may not be exceeded. As of December 31, 2022, 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.

XVIII. Accounts Payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts payable</u>		
Generated from operations	<u>\$ 5,660,421</u>	<u>\$ 5,502,050</u>

XIX. Other liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Other payables		
Salary and bonus payable	\$ 1,176,713	\$ 905,094
Repairs and maintenance payable	315,354	306,603
Processing fees payable	194,389	228,052
Equipment accounts payable	383,607	268,302

Consumables payable	54,535	66,809
Commission payable	150,561	96,512
Pension fund payable	10,363	11,251
Interest payable	10,164	3,644
Damages payable	159,041	164,844
Others	<u>423,495</u>	<u>418,207</u>
	<u>\$ 2,878,042</u>	<u>\$ 2,469,318</u>

Other liabilities		
Others	<u>\$ 197,552</u>	<u>\$ 108,933</u>

Noncurrent

Other liabilities		
Guarantee deposit received	<u>\$ 105,010</u>	<u>\$ 78,056</u>

XX. Provision for liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Sales returns and allowances	<u>\$ 252,214</u>	<u>\$ 179,552</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.

XXI. Post-retirement benefit plans

(I) Defined contribution plan

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

(II) Defined benefit plan

The pension system implemented by the Consolidated Company based on the "Labor Standards Act" is a defined benefit plan managed by the government. The pension benefits a participant receives were determined based on an employee's number of years of service and average compensation for the six-month period prior to retirement. Those companies have an amount equivalent to 2% of the total monthly salary of employees appropriated and deposited in the specific account with Bank of Taiwan in the name of Labor Pension Reserve Committee. Before the end of

the fiscal year, if the pension account balance is insufficient to pay for the employees expecting to retire in the following year, the spread amount should be deposited in a lump sum before the end of March in the following year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for management. The Consolidated Company exercised no influence on the right of the Bureau in its investment management strategy.

The amount of defined benefit plan recognized in the consolidated balance sheet is shown below:

	<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, 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>

(To be continued)

(Continued)

	Present value of the defined benefit obligations	Fair value of the planned assets	Net defined benefit liabilities
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>
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			
— 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	-
Balance as of December 31, 2022	<u>\$ 340,553</u>	<u>(\$ 267,452)</u>	<u>\$ 73,101</u>

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

	2022	2021
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>

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

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.5%	0.5%
Anticipated increase in salaries	2.000%	2.000%

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

	<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

XXII. Equity

(I) Capital stock

Common stock

	<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. 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	<u>71</u>	<u>71</u>
	<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 adequate subject to the future funding needs and level of dilution of capital stocks. Among the other things, the cash dividend shall be no less than 10% of the total distribution for the current year.

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 Corporation 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	\$ 296,218	\$ 167,997
Cash dividend	\$ 1,202,274	\$ 546,488
Cash assigned with capital reserve	\$ -	\$ 273,244
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	\$ 463,353
Cash dividend	\$ 1,721,437
Cash dividend per share (NTD)	\$ 3.5

(IV) Other equities

- Exchange differences from conversion of financial reports of overseas operating entities

	2022	2021
Balance at start of term	(\$ 27,260)	(\$ 12,702)
Incurred for the current term		

	<u>2022</u>	<u>2021</u>
Conversion differences of overseas operating entities	18,825	(14,558)
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	(\$ <u>10,570</u>)	(\$ <u>10,570</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

<u>Causes of Redemption</u>	<u>The stocks of parent company held by the subsidiaries (thousand shares)</u>	<u>Total (thousand shares)</u>
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:

<u>Name of subsidiary</u>	<u>Shares (thousand)</u>	<u>Book value</u>	<u>Market price</u>
<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.

XXIII. Net profit from continuing operating units

(I) Other gains and (expenses and losses) - net

	<u>2022</u>	<u>2021</u>
Other gains	\$ 107,611	\$ 78,828
Other expenses and losses	(<u>93,695</u>)	(<u>81,647</u>)
	<u>\$ 13,916</u>	(<u>\$ 2,819</u>)

(II) Interest income

	<u>2022</u>	<u>2021</u>
Bank deposit	<u>\$ 62,826</u>	<u>\$ 16,385</u>

(III) Other income

	<u>2022</u>	<u>2021</u>
Lease income	\$ 11,926	\$ 11,803
Others	<u>81,682</u>	<u>84,017</u>
	<u>\$ 93,608</u>	<u>\$ 95,820</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	(\$ 436,596)	\$ 102,009
Net gain (or loss) from foreign currency exchange	761,549	(161,356)
Loss on disposal of property, plant and equipment	(34,633)	(44,197)
(Loss) Gain from fair value adjustment of investment property	(1,700)	900
Others	(<u>3,118</u>)	(<u>16,100</u>)
	<u>\$ 285,502</u>	<u>(\$ 118,744)</u>

(V) Financial cost

	<u>2022</u>	<u>2021</u>
Bank loan interest	\$ 88,928	\$ 63,570
Interest of lease liabilities	338	737
Other interest expenses	2,021	3,611
Less: The amount of the cost of assets meeting requirements	(<u>972</u>)	(<u>454</u>)
	<u>\$ 90,315</u>	<u>\$ 67,464</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	\$ 743,111	\$ 653,210
Operating expenses	<u>115,046</u>	<u>109,605</u>
	<u>\$ 858,157</u>	<u>\$ 762,815</u>

Summarization of the
amortization expenses by
functions

Operating costs	\$ 13,115	\$ 10,156
Operating expenses	<u>3,110</u>	<u>2,745</u>
	<u>\$ 16,225</u>	<u>\$ 12,901</u>

(VII) Employee benefits expenditure

	<u>2022</u>	<u>2021</u>
Post-employment benefits (Note XXI)		
Defined contribution plan	\$ 70,056	\$ 70,091
Defined benefit plan	<u>1,944</u>	<u>1,909</u>
	72,000	72,000
Resignation benefits	2,131	23
Other employee benefits	<u>5,695,964</u>	<u>4,987,857</u>
Total of employee benefit expenses	<u>\$ 5,770,095</u>	<u>\$ 5,059,880</u>
Summarization by functions		
Operating costs	\$ 4,394,789	\$ 3,879,812
Operating expenses	<u>1,375,306</u>	<u>1,180,068</u>
	<u>\$ 5,770,095</u>	<u>\$ 5,059,880</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 profit before tax and before the remuneration to employees and that to directors is deducted for the current year shall be set aside to be the remuneration to employees and that to directors. The remuneration to employees and that to directors for 2022 and 2021 was approved by the Board of Directors, respectively, on March 9, 2023 and March 21, 2022 as follows:

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

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

(IX) Gains (Losses) from foreign currency exchange

	<u>2022</u>	<u>2021</u>
Total profit of exchange in foreign currencies	\$ 2,289,365	\$ 444,992
Total loss of exchange in foreign currencies	(<u>1,527,816</u>)	(<u>606,348</u>)
Net profit (loss)	<u>\$ 761,549</u>	<u>(\$ 161,356)</u>

XXIV. 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 incurred for the current term	\$ 1,374,441	\$ 878,342
Undistributed earnings levied	78,230	43,263
Adjustment of previous year(s)	29,977	(33,086)
Others	<u>2,988</u>	<u>7,257</u>
	<u>1,485,636</u>	<u>895,776</u>
Deferred income tax		
Those incurred for the current term	<u>334,822</u>	<u>225,888</u>
	<u>334,822</u>	<u>225,888</u>
The income tax expenses recognized into profit and/or loss	<u>\$ 1,820,458</u>	<u>\$ 1,121,664</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>\$ 6,388,333</u>	<u>\$ 4,048,518</u>
Income tax expenses for net profit before tax calculated at the statutory tax rate	\$ 2,203,789	\$ 1,420,807
Expenses and losses which could not be reduced from tax	2,091	1,676
Income exempted from income tax	1,881	463
Undistributed earnings levied	78,230	43,263
Land value increment tax of investment property	(89)	(1,092)
Deductible temporary differences not recognized	(495,544)	(276,687)
Loss credit not recognized	(2,865)	(40,937)
The income tax expenses of previous year(s) adjusted in the present year	29,977	(33,086)
Others	<u>2,988</u>	<u>7,257</u>
The income tax expenses recognized into profit and/or loss	<u>\$ 1,820,458</u>	<u>\$ 1,121,664</u>

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

(II) Income tax recognized into other comprehensive income

	<u>2022</u>	<u>2021</u>
<u>Deferred income tax</u>		
Incurred for the year		
— 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>\$ 14,304</u>	<u>\$ 8,832</u>

(III) 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 comprehensiv e 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	22,091	27,310	-	49,401
Exchange gains or losses	1,162	5,426	-	6,588
Financial assets at fair value through profit or loss	-	982	-	982
Provision for liabilities	35,717	(13,687)	-	22,030
Defined benefit retirement plan	27,999	-	(27,999)	-
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference between fixed assets and idle assets	98	342	-	440
Provision of compensation loss	34,761	(1,649)	-	33,112
Others	48,463	8,628	2,109	59,200
	<u>\$ 298,232</u>	<u>(\$ 96,089)</u>	<u>(\$ 25,890)</u>	<u>\$ 176,253</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Portions of profits or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	\$ -	\$ 54,545	\$ -	\$ 54,545
Financial assets at fair value through profit or loss	1,839	(1,839)	-	-
Defined benefit retirement plan	-	14,762	(11,586)	3,176
Tax difference between fixed assets and idle assets	884	(821)	-	63
Investment property	83,422	(89)	-	83,333
Others	49,650	147,866	-	197,516
	<u>\$ 135,795</u>	<u>\$ 214,424</u>	<u>(\$ 11,586)</u>	<u>\$ 338,633</u>

2021

	Balance - beginning of year	Recognized into profit and/or loss	Recognized into other comprehensiv e 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	20,316	1,775	-	22,091
Exchange gains or losses	4,633	(3,471)	-	1,162
Provision for liabilities	8,601	27,116	-	35,717
Defined benefit retirement plan	36,831	-	(8,832)	27,999
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference between fixed assets and idle assets	41,460	(41,362)	-	98
Provision of compensation loss	15,057	19,704	-	34,761
Others	8,972	39,491	-	48,463
	<u>\$ 488,732</u>	<u>(\$ 181,668)</u>	<u>(\$ 8,832)</u>	<u>\$ 298,232</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Financial assets at fair value through profit or loss	\$ -	\$ 1,839	\$ -	\$ 1,839
Tax difference between fixed assets and idle assets	116	768	-	884
Investment property	84,514	(1,092)	-	83,422
Others	176	49,474	-	49,650
	<u>\$ 84,806</u>	<u>\$ 50,989</u>	<u>\$ -</u>	<u>\$ 135,795</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Offset of loss		
Due in 2022	\$ -	\$ 155,181
Due in 2023	-	560,579
	<u>\$ -</u>	<u>\$ 715,760</u>
Deductible temporary differences		
Overseas subsidiaries	\$ 2,800,000	\$ 1,260,000
Others	-	202,263
	<u>\$ 2,800,000</u>	<u>\$ 1,462,263</u>

- (V) 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 NTD4,028,000 thousand.

(VI) Authorization of income tax

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

XXV. Earnings Per Share

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

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

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

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)	515,578	540,764
Impacts of potential common stock with diluting effects:		
Remuneration to employees	4,578	3,521
Weighted average number of common stock shares used to calculate the diluted earnings per share (EPS)	520,156	544,285

If the Consolidated Company may choose to issue employee remunerations in the form of shares or cash, in the calculation of diluted earnings per share, it is assumed that issuance of shares will be adopted for employee remunerations and the weighted

average circulating shares are included in the calculation when the said common stock exercises the diluting effect in order to calculate the diluted earnings per share. When diluted earnings per share are calculated prior to issuance of shares as employee remunerations as determined in the following year, the diluting effect from the said potential common stock shall continue to be taken into consideration, too.

XXVI. Capital risk management

The Consolidated 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 Consolidated Company's capital structure consisted of their 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 Consolidated Company to comply with any other external capital requirements.

XXVII. Financial instruments

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

The management of the Consolidated 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 assets at fair value through profit or loss</u>			
Derivative financial instruments	\$ -	\$ 40,166	\$ 40,166
Non-derivative financial instruments			
— TWSE/TPEX-listed and emerging stocks	<u>3,136</u>	<u>-</u>	<u>3,136</u>
Total	<u>\$ 3,136</u>	<u>\$ 40,166</u>	<u>\$ 43,302</u>

Financial liabilities at fair value through profit or loss

Derivative financial instruments	\$ -	\$ 4,908	\$ 4,908
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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	\$ -	\$ 21,451	\$ 21,451
Non-derivative financial instruments			
— TWSE/TPEX-listed and emerging stocks	4,240	-	4,240
Total	\$ 4,240	\$ 21,451	\$ 25,691

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	\$ 43,302	\$ 25,691
Financial liabilities measured at amortized cost (Note 1)	16,855,084	13,075,251
<u>Financial liabilities</u>		

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
At fair value through profit or loss		
At fair value through profit or loss compulsorily	4,908	-
Measured at post-amortization cost (Note 2)	14,172,023	12,517,879

Note 1: The balances included the financial assets at amortized costs, such as cash & cash equivalents, time deposit with initial maturity date more than three months away, notes receivable, accounts receivable, other receivables and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term loans, short-term notes and bills payable, notes payable, accounts payable, other payables, long-term borrowings (including those due within a year), and guarantee deposits received.

(IV) The objectives and policies of financial risk management

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

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

The Consolidated Company's exposure to the market risk over related financial instruments and the management and measurement methods adopted by the Consolidated 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 Consolidated Company the risk of foreign exchange rate changes therefor. About 97.59% of the Consolidated Company's sales were not denominated in the functional currency adopted by the group entity engaged in the relevant transaction. About 37.07% of the costs of goods sold were not denominated in the functional currency adopted by the group entity engaged in the relevant transaction. Insofar as it is permitted by policies, the Consolidated Company utilized forward foreign exchange contracts to help manage the risk.

For the book value of the Consolidated Company's non-functional currency-denominated monetary assets and liabilities (including the non-functional currency-denominated monetary items already written off in the consolidated financial statements), please see Note XXX.

Sensitivity analysis

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

The following table details the Consolidated Company's sensitivity analysis in the case of the increase or decrease in NTD, USD, and CNY (functional currency) against the relevant foreign currency by 2%. 2%

means the sensitivity ratio applied by the Consolidated Company when they reported the foreign exchange rate risk to the management within the Group, 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		Effect of JPY	
	2022	2021	2022	2021
Exchange gains or losses	(\$ 203,627) (i)	(\$ 135,358) (i)	\$ 1,133 (ii)	\$ 63 (ii)

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

The Consolidated Company's sensitivity to exchange rates declined for the current term, primarily as a result of the increase in the bank loans denominated in USD of subsidiaries that led to the decrease in balance of net assets of the Consolidated Company denominated in USD.

(2) Interest rate risk

The interest rate risk arose as a result of the loans bearing interest accruing at fixed interest rate and floating interest rate borrowed by the Consolidated Company. The Consolidated Company manages the interest rate risk by maintaining a suitable combination of fixed and floating interest rates.

The book values of the Consolidated Company's financial assets and financial liabilities with exposure to 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	\$ 15,394	\$ 32,457
With cash flow interest rate risk		
— Financial assets	6,019,077	3,848,807
— Financial liabilities	5,528,434	4,468,456

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

If the interest rate increases/decreases by 50 base points and all the other variables remain unchanged, the Consolidated Company's net profit before tax would decrease/increase by NTD 442 thousand and NTD 5,002 thousand, respectively, for 2022 and 2021 primarily as a result of the Consolidated Company's exposure to the risk of change in interest rates for demand deposits and borrowings.

2. Credit risk

The credit risk denotes the risk that the Consolidated 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 Consolidated Company might be exposed to from the financial loss caused by the counterpart failing to fulfill obligations or the financial guarantee provided by

the Consolidated Company primarily came from the book value of notes and accounts receivable recognized on the Consolidated Balance Sheet.

Operation-related Credit Risk

The outstanding accounts receivable of the Consolidated 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 74% and 72% while the credit risk of the other accounts receivable was relatively insignificant.

In order to mitigate the credit risk, on the balance sheet date, the Consolidated Company 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 Consolidated Company managed and maintained sufficient cash and cash equivalent to support the Group's business operations and minimize the impact of changes in cash flow. The Consolidated 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 Consolidated Company, bank loans functioned as a key source of liquidity. Please refer to Note (2) "Financing limit" .

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

Non-derivative financial liabilities remaining contract maturity analysis was prepared in accordance with the earliest payment date expected of the Consolidated Company and the undiscounted cash flows (including principal and estimated interest) of financial liabilities.

Therefore, the Consolidated Company may be required to immediately repay the bank loan that 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 was prepared on 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	\$ 759,650	\$ 4,065,705	\$ 1,986,029	\$ 537,736	\$ -
Lease liabilities	1,472	2,951	7,861	3,110	-
Floating interest rate instruments	573,597	607,770	1,007,067	-	-
Fixed interest rate instruments	-	-	-	3,340,000	-
	<u>\$ 1,334,719</u>	<u>\$ 4,676,426</u>	<u>\$ 3,000,957</u>	<u>\$ 3,880,846</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>\$ 12,284</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	\$ 310,141	\$ 4,157,460	\$ 2,175,041	\$ 410,088	\$ -
Lease liabilities	1,425	2,856	12,965	15,300	-
Floating interest rate instruments	217,265	646,264	477,677	-	-
Fixed interest rate instruments	-	-	-	3,127,250	-
	<u>\$ 528,831</u>	<u>\$ 4,806,580</u>	<u>\$ 2,665,683</u>	<u>\$ 3,552,638</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>\$ 17,246</u>	<u>\$ 15,300</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	\$ 4,129,795	\$ 3,289,762
— Not yet drawn down	<u>6,715,144</u>	<u>6,475,759</u>
	<u>\$ 10,844,939</u>	<u>\$ 9,765,521</u>
Secured bank overdraft		
— Already drawn down	\$ 1,398,641	\$ 1,178,694
— Not yet drawn down	<u>1,561,692</u>	<u>1,287,890</u>
	<u>\$ 2,960,333</u>	<u>\$ 2,466,584</u>

XXVIII. Transactions-related party

Upon consolidation, the transactions, balances in accounts, gains, expenses and losses existing between the Company and its subsidiaries (as the Company's related parties) were written out in full and, therefore, are not disclosed in this Note.

Remuneration to the 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:

XIX. 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	545,072	604,544
Right-of-use assets	<u>117,300</u>	<u>118,764</u>
	<u>\$ 1,310,672</u>	<u>\$ 1,371,608</u>

XXX. Important Matters

The amount of unused letters of credit issued by the Consolidated 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
EUR	177	802
USD	9,740	131

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

The following information was summarized according to the foreign currencies other than the functional currencies of the Consolidated 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

<u>Foreign currency</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 415,211	30.71(USD:NTD)	\$ 12,751,130
USD	254,661	6.9646(USD:CNY)	7,820,639
CNY	3,513	4.408(CNY:NTD)	15,485
EUR	887	32.72(EUR:NTD)	29,023
EUR	1,954	7.4229(EUR:CNY)	63,935
JPY	64,400	0.2324(JPY:NTD)	14,967
			<u>\$ 20,695,179</u>

<u>Foreign currency</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	\$ 266,420	30.71 (USD: NTD)	\$ 8,181,758
USD	71,919	6.9646(USD: CNY)	2,208,632
CNY	22	4.408(CNY: NTD)	97
EUR	2,302	32.72 (EUR: NTD)	75,321
JPY	243,860	0.2324 (JPY: NTD)	56,673
JPY	64,400	0.0524(JPY: CNY)	14,967
			<u>\$ 10,537,448</u>

December 31, 2021

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 367,934	27.68 (USD: NTD)	\$ 10,184,413
USD	217,393	6.376 (USD: CNY)	6,017,438
CNY	39,064	4.341 (CNY: NTD)	169,596
EUR	900	31.32 (EUR: NTD)	28,188
EUR	3,081	7.2197 (EUR: CNY)	96,497
			<u>\$ 16,496,132</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	240,564	27.68 (USD: NTD)	\$ 6,658,812
USD	100,258	6.376(USD: CNY)	2,775,141
EUR	1,149	31.32 (EUR: NTD)	35,987
JPY	13,190	0.2405 (JPY: NTD)	3,172
			<u>\$ 9,473,112</u>

XXXII. Noted 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-end (exclusive of investments in subsidiaries, affiliated companies, and joint ventures): 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 NTD300 million or more than 20% of the paid-in capital: N/A.
 6. Amount on disposal of real estate reaching NTD300 million or more than 20% of the paid-in capital: N/A.
 7. Purchase/sale amount of transactions with related parties reaching NTD100 million or more than 20% of the paid-in capital: See Attachments 4 and 8.
 8. Accounts receivable-related party reaching NTD100 million or more than 20% of the paid-in capital: See Attachment 9.
 9. Engagement in trading of derivatives: Note VII.

10. Other information: Amount of the business relationship and major transactions between parent company and subsidiaries and among subsidiaries: See Attachment 12.

11. 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 13.

XXXIII. Information by Segment

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

Gold Circuit Electronics Ltd. and its subsidiaries

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. and its subsidiaries
Endorsement and guarantee made for others
January 1 to December 31, 2022

Attachment 2

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

No.	Endorsement and guarantee Name	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 endorsements/guarantees toward subsidiary(ies) (Note 3)	As a subsidiary's endorsements/guarantees toward its parent company (Note 3)	As the endorsements/guarantees toward the Mainland China area. (Note 3)
		Name	Affiliation										
0	Gold Circuit Electronics Ltd.	Goldex Holding Limited	Subsidiary wholly invested 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. and its subsidiaries
Marketable securities held – end of year
December 31, 2022

Attachment 3

Unit: NTD thousand

Holder	Type and name	Relationship with 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	-	10.290	-	
					<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. and its subsidiaries

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. and its subsidiaries
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			Investment gain (loss) of the investee	Investment gain (loss) recognized for the current period (Note 1)	Remarks
				End of the current period	End of the previous period	Number of shares	Percentage (%)	Book value			
Gold Circuit Electronics Ltd.	King Hsiang Investment Co., 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. Box 362, 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	Turst Net Chambers Lotemau Centre, P.O.Box 1225, 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, 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 of King Hsiang Investment Co., Ltd. recognized for the current term, NTD 7,763 thousand, includes the investment gain recognized adopting the equity method, NTD 22,686 thousand, and reversal of the financial asset appraisal 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. and its subsidiaries
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.	Gold Circuit International Limited	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

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. and its subsidiaries
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. and its subsidiaries

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. and its subsidiaries
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 (Note 1)	Overdue accounts receivable - related party		Amounts received in subsequent period - related party	Allowance loss
					Amount	Accounting treatment		
Suzhou Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Accounts receivable \$ 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. and its subsidiaries
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. and its subsidiaries

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. and its subsidiaries

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

January 1 to December 31, 2022

Attachment 12

Unit: NTD thousand

No. (Note 1)	Name of trader	Trading counterpart	Relationship with the trader (Note 2)	Transaction			
				Title	Amount	Trading conditions	Percentage in total consolidated operating revenue or total assets % (Note 3)
0	Gold Circuit Electronics Ltd.	King Hsiang Investment Co., Ltd.	1	Other revenue	\$ 24	Equivalent to those applicable to a non-related party	-
		Suzhou Gold Circuit Electronics Ltd.	1	Accounts receivable	73,778	Equivalent to those applicable to a non-related party	-
				Other receivables	24,081	Equivalent to those applicable to a non-related party	-
				Accounts payable	4,402,324	Equivalent to those applicable to a non-related party	15
				Sales revenue	105,564	Equivalent to those applicable to a non-related party	-
				Cost of goods sold	11,493,931	Equivalent to those applicable to a non-related party	35
				Interest revenue	69	Equivalent to those applicable to a non-related party	-
				Other revenue	2,619	Equivalent to those applicable to a non-related party	-
		Changshu Gold Circuit Electronics Ltd.	1	Accounts receivable	1,172	Equivalent to those applicable to a non-related party	-
				Accounts payable	1,137,871	Equivalent to those applicable to a non-related party	4
				Other receivables	10	Equivalent to those applicable to a non-related party	-
				Sales revenue	20,920	Equivalent to those applicable to a non-related party	-
				Cost of goods sold	6,283,149	Equivalent to those applicable to a non-related party	20
		Changshu Gold Circuit Technology Co., Ltd.	1	Accounts receivable	68	Equivalent to those applicable to a non-related party	-
				Other receivables	119	Equivalent to those applicable to a non-related party	-
				Accounts payable	184,526	Equivalent to those applicable to a non-related party	1
				Sales revenue	5,517	Equivalent to those applicable to a non-related party	-
				Cost of goods sold	1,687,159	Equivalent to those applicable to a non-related party	5

No. (Note 1)	Name of trader	Trading counterpart	Relationship with the trader (Note 2)	Transaction			
				Title	Amount	Trading conditions	Percentage in total consolidated operating revenue or total assets % (Note 3)
1	Goldex Holding Limited	Suzhou Gold Circuit Electronics Ltd.	3	Interest revenue	\$ 3,094	Equivalent to those applicable to a non-related party	-
		Changshu Gold Circuit Electronics Ltd.	3	Interest revenue	981	Equivalent to those applicable to a non-related party	-
		Changshu Gold Circuit Technology Co., Ltd.	3	Interest revenue	2,112	Equivalent to those applicable to a non-related party	-
		Gold Circuit Enterprise Limited	3	Interest revenue	6,534	Equivalent to those applicable to a non-related party	-
		Gold Circuit International Limited	3	Interest revenue	1,698	Equivalent to those applicable to a non-related party	-
				Interest receivable	174	Equivalent to those applicable to a non-related party	-
				Other receivables	92,130	Equivalent to those applicable to a non-related party	-
2	Gold Circuit Enterprise Limited	Gold Circuit International Limited	3	Interest revenue	3,719	Equivalent to those applicable to a non-related party	-
				Interest receivable	231	Equivalent to those applicable to a non-related party	-
				Other receivables	79,846	Equivalent to those applicable to a non-related party	-
				Interest revenue	236	Equivalent to those applicable to a non-related party	-
3	Suzhou Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	3	Accounts receivable	3,716	Equivalent to those applicable to a non-related party	-
				Other receivables	799,975	Equivalent to those applicable to a non-related party	3
				Accounts payable	121,662	Equivalent to those applicable to a non-related party	-
				Other payables	1,049	Equivalent to those applicable to a non-related party	-
				Sales revenue	18,495	Equivalent to those applicable to a non-related party	-
		Changshu Gold Circuit Electronics Ltd.	3	Cost of goods sold	166,054	Equivalent to those applicable to a non-related party	1
				Interest receivable	5,088	Equivalent to those applicable to a non-related party	-
				Interest revenue	4,874	Equivalent to those applicable to a non-related party	-
				Accounts receivable	26,611	Equivalent to those applicable to a non-related party	-
				Other receivables	5,711	Equivalent to those applicable to a non-related party	-
				Accounts payable	334,096	Equivalent to those applicable to a non-related party	1

No. (Note 1)	Name of trader	Trading counterpart	Relationship with the trader (Note 2)	Transaction			
				Title	Amount	Trading conditions	Percentage in total consolidated operating revenue or total assets % (Note 3)
4	Changshu Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	3	Other payables	\$ 1,900	Equivalent to those applicable to a non-related party	-
				Sales revenue	111,729	Equivalent to those applicable to a non-related party	-
				Cost of goods sold	672,993	Equivalent to those applicable to a non-related party	2
				Accounts receivable	2,547	Equivalent to those applicable to a non-related party	-
				Other receivables	1,100,855	Equivalent to those applicable to a non-related party	4
				Accounts payable	42	Equivalent to those applicable to a non-related party	-
				Other payables	13,140	Equivalent to those applicable to a non-related party	-
				Interest receivable	21,810	Equivalent to those applicable to a non-related party	-
				Sales revenue	3,275	Equivalent to those applicable to a non-related party	-
				Cost of goods sold	23,227	Equivalent to those applicable to a non-related party	-
				Interest revenue	29,771	Equivalent to those applicable to a non-related party	-

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

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

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

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

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

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

Attachment 13

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%