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Gold Circuit Electronics

2021 Annual report

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<http://www.gce.com.tw>

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ONE. Letter to Shareholders

I. Operational Status of 2021

2021 marked a strange and changeable year where Taiwan was on a pandemic roller coaster ride. The economy recovered somewhat. Businesses took wasted no time during the pandemic and continued to seek innovations and change for the better. While taking a break, they were getting ready to take on challenges in the future. Some companies, on the other hand, rode along and saw explosive growths on the basis of the strength built over the years; Gold Circuit Electronics is one of them.

Gold Circuit Electronics was originally a company focusing on consumer electronics such as notebook computers, mobile phones, and displays. In light of the prices getting more and more competitive and the lack of powerful financial support or subsidies from the government, however, we decided to innovate and change and it helped us survive in the red ocean. Over the past few years, we have been working on cloud processing and storage and Internet transmission products. Despite the constantly changing consumer electronic products that are available out there and their piling purchase orders, we remain firm on our path. Currently, the changing pandemic and the slowly popular 5G coverage have enabled more and more people to work from home and contributed to the growth in online classrooms. Gold Circuit Electronics saw unprecedented high revenue and profit last year, which is also good news for our vast base of shareholders.

Operational accomplishments of 2021 and the prospects for 2022 are given below:

I. Operational accomplishments of 2021:

(1) Business operation:

In 2021, the total sales value came to \$25,550,218 thousand in Taiwan, a growth of \$3,684,315 thousand and 16.85% from 2020. The sales volume came to 22,639,436 square feet, a growth of 3,309,532 square feet and 17.12% from 2020.

The total sales amounted to \$26,607,474 thousand in Consolidated, a growth of \$3,209,151 thousand and 13.72% from 2020.

(2) Gains or losses (Taiwan):

Operating gross profit: It climbed 17.95% and showed an increase of 350,646 thousand in 2021 from 2020.

Net profit before tax: It climbed 44.15% and showed an increase of 1,041,500 thousand in 2021 from 2020.

Item	2020	2021	Increase (Decrease)	Growth (%)
Operating income	21,865,903	25,550,218	3,684,315	16.85%
Operating cost	19,912,518	23,246,187	3,333,669	
Gross profit	1,953,385	2,304,031	350,646	17.95%
Operating expenses	1,177,326	1,147,453	(29,873)	
Other income and expense/losses	(41,297)	(2,846)	38,451	
Net operating profit	734,762	1,153,732	418,970	57.01%
Net profit (loss) before tax	2,358,814	3,400,314	1,041,500	44.15%
Net profit (loss) for current term	2,066,612	2,926,854	860,242	41.63%

(3) Gains or losses (combined):

Operating gross profit: It climbed 20.42% and showed an increase of 1,080,460 thousand in 2021 from 2020.

Net profit before tax: It climbed 50.06% and showed an increase of 1,350,636 thousand in 2021 from 2020.

Item	2020	2021	Increase (Decrease)	Growth (%)
Operating income	23,398,323	26,607,474	3,209,151	13.72%
Operating cost	18,107,743	20,236,434	2,128,691	
Gross profit	5,290,580	6,371,040	1,080,460	20.42%
Operating expenses	2,172,286	2,245,700	73,414	
Other income and expense/losses	(44,376)	(2,819)	41,557	
Net operating profit	3,073,918	4,122,521	1,048,603	34.11%
Net profit (loss) before tax	2,697,882	4,048,518	1,350,636	50.06%
Net profit (loss) for current term	2,066,612	2,926,854	860,242	41.63%

(4) 2021 budget implementation: No financial forecast has been prepared

(5) Analysis of financial income and expenditure and profitability:

Item	2020	2021
Net operating gain (loss)	3,073,918	4,122,521
Net gains after tax	2,066,612	2,926,854
Mean value of assets	21,278,940	23,314,891
Mean shareholder's equity	8,215,803	10,333,875
Comparison of profitability:		
1. Return on assets	10.34%	12.79%
2. Return on shareholder equity	25.15%	28.32%
3. Net profit rate	8.83%	11.0%
4. Net profit (loss) per share	3.82	5.41

II. 2022 Business Plan

To cope with extreme weathers and global warming and also to answer to the government's goal of net zero emissions by 2050, Gold Circuit Electronics started to hire professional consultants in 2022 to help do a good job in terms of energy conservation and carbon reduction. We also asked our suppliers, customers, investors, and banks what were the ESG items that they cared about the most in order to define the short-term, mid-term, and long-term carbon reduction goals of Gold Circuit Electronics.

Despite the Russia-Ukraine war and other unfavorable factors that await us, such as chip shortage, port congestion, inflation, and rising prices of raw materials this year, as working from home, online classrooms, and 5G coverage get more and more popular, we remain optimistic about the purchase orders we will receive. The Company will also continue to adopt robust policies with an emphasis over quality instead of quantity. The throughput is not expanded significantly. Instead, we work primarily to enhance our technical capabilities and devote ourselves to smart data management by introducing more precise and energy-saving and carbon-reducing equipment as well as adjusting our portfolio for increased production value. It is our hope to reduce carbon emissions while at the same time enhancing profits for a win-win situation.

Chairman Chen-Tse Yang

Manager Chen-Tse Yang

Head of Accounting: Chang-Chin Yang

TWO. Company Profile

I. Date of Establishment

September 5, 1981

II. Company History

1981	The Company was established in September with a capital size of NT\$10 million. The Plant is located in Taoyuan City, with an area of 837.6 ping (1 ping = 3.305785 m ²). The Company is a limited company and mainly produces printed circuit boards.
1982	Obtained American UL certification in June. The capital was increased to NT\$30 million, and the Company was
1984	changed to a joint stock limited company.
1986	Completed the research and development of multilayer boards. The capital is increased to NT\$60 million for the purchase of 503.7
1987	ping of land for offices, dormitories and factories. The capital was increased to NT\$90 million for the purchase of 231.4
1988	ping of land for offices, dormitories and factories. Purchased precision equipment of AOI and CAM. The production capacity was increased to 100,000 ping per month. The capital was increased to NT\$160 million and completed the first
1989	phase of expansion of the Taoyuan Plant. Started production of six-layer boards. The capital was increased to NT\$198 million for purchasing 310.7
1990	ping of land for parking lots. The second phase of the expansion of Taoyuan Plant was completed. Started production of eight-layer boards. The capital was increased to NT\$243.8 million, and the SEC approved
1991	the public offering. The production capacity reached 120,000 ping per month. CommonWealth Magazine ranked the Company No. 816 among Top
1992	1,000 manufacturers. The capital was increased to NT\$300 million, with a production
1993	capacity of 150,000 ping per month. Obtained ISO-9002 certification in June.

- Cooperate with China Computer in the planning by the Bureau of Industry to implement whole-plant automation.
- CommonWealth Magazine ranked the Company No. 681 among Top 1,000 manufacturers.
- 1994 Completed the whole-plant automation planning for the Bureau of Industry.
- The production capacity reached 180,000 ping per month, and the business turnover in August exceeded NT\$100 million for the first time.
- Acquired 152.5 ping for the second plant and 42.7 ping for the motorcycle parking area.
- CommonWealth Magazine ranked the Company No. 628 among Top 1,000 manufacturers.
- The production capacity reached 300,000 square feet per month, and the business turnover in September exceeded NT\$220 million for the first time.
- 1995 Obtained NT\$200 million major investment approval from the Bureau of Industry to increase the introduction of foreign labor.
- Acquired 459 ping of land next to the second plant for parking lots and dormitories for foreign workers.
- CommonWealth Magazine ranked the Company No. 383 among Top 1,000 manufacturers.
- The capital was increased to NT\$600 million. The business turnover in September exceeded NT\$300 million for the first time.
- 1996 Purchased 8121.8 ping of land in Zhongli Industrial Zone, and planned to expand production capacity.
- The Company was selected as a demonstration and counseling plant by the Bureau of Industry, and accepted counseling to establish the ISO 14001 system.
- CommonWealth Magazine ranked the Company No. 282 among Top 1,000 manufacturers, and No. 13 in business performance among Top 1,000 manufacturers.
- 1997 Production capacity reached 450,000 square feet per month in March.
- The capital was increased to NT\$990 million in August, and the business turnover in October exceeded NT\$500 million for the first

	time. Obtained ISO 14001 certification from the Commodity Inspection Bureau in October. Production capacity reached 600,000 square feet per month in November. In December, the business turnover exceeded NT\$600 million for the first time. CommonWealth Magazine ranked the Company No. 186 among Top 1,000 manufacturers. Ranked No. 132 among the 500 International Chinese Entrepreneurs.
1998	The Company's stock was listed in March. The capital was increased to NT\$1,773 million in June. Production capacity reached 900,000 square feet per month in August. CommonWealth Magazine ranked the Company No. 174 among Top 1,000 manufacturers.
1999	Started the production and sales of 16-layer boards in March. Obtained QS-9000 certification in June. The capital was increased to NT\$2,688,800,000 in July. In November, the business turnover exceeded NT\$700 million for the first time. CommonWealth Magazine ranked the Company No. 178 among Top 1,000 manufacturers.
2000	Started the production and sales of 20-layer boards in March. The capital was increased to NT\$3,247,660,000 in August. Started construction of Suzhou Plant in mainland China in October. In November, the business turnover exceeded NT\$1,000,000,000 billion for the first time. CommonWealth Magazine ranked the Company No. 153 among Top 1,000 manufacturers.
2001	In March, President Mao-Hsiung Li retired and Ching-Pei Lin was promoted to Senior Vice President. Obtained TL-9000 certification in August. The capital was increased to NT\$3,908,700,000 in August. In September, the construction of Zhongli Plant III was completed, which provides the private land for the drilling process and staff dormitories.

2002	In April, CEO Chao-Ying Chu joined the Company. A fire broke out in the Plant I on September 1. In October, Deputy Chairman Chiu-Ming Chen joined the Company. The capital was increased to NT\$4,104,135,000 in October. In May, Mr. Chen-Nan Chen was appointed as the president of Suzhou Gold Circuit Electronics Ltd.
2003	In the second quarter, the 10-layer board products of Suzhou Gold Circuit Electronics Ltd. obtained customer certification. In the third quarter, Suzhou Gold Circuit Electronics Ltd. increased production capacity to 450,000 square feet. Successfully imported the ORACLE ERP system in September.
2004	Issued NT\$600 million of convertible corporate bonds in April. The capital was increased to NT\$4,437,475,000 in July. Suzhou Gold Circuit Electronics Ltd. increased production capacity to 600,000 square feet. CommonWealth Magazine ranked the Company No. 182 among Top 1,000 manufacturers.
2005	The capital was increased to NT\$4,889,168,110 in November. Increased investment in the Suzhou Plant to US\$41 million and completed its expansion to 900,000 square feet. The Company's net profit after tax exceeded NT\$1 billion for the first time. CommonWealth Magazine ranked the Company No. 193 among Top 1,000 manufacturers.
2006	The capital was increased to NT\$5,118,080,990 in June. In October, CEO Chao-Ying Chu retired and the position was concurrently taken by Deputy Chairman Chiu-Ming Chen. In the second quarter, the Suzhou Plant increased production capacity to 1,200,000 square feet. In the fourth quarter, the Changshu Plant increased production capacity to 300,000 square feet. CommonWealth Magazine ranked the Company No. 169 among Top 1,000 manufacturers.
2007	The production capacity of the Taiwan Plant was expanded to 900,000

square feet per month.

The Suzhou Plant increased production capacity to 1,500,000 square feet in the fourth quarter.

The Changshu Plant increased production capacity to 1,200,000 square feet in the fourth quarter

CommonWealth Magazine ranked the Company No. 157 among Top 1,000 manufacturers.

2008 The capital was increased to NT\$5,527,528,555 in July.

The production capacity of the Taiwan Plant was expanded to 1,000,000 square feet per month.

Increased investment in the Changshu Plant to US\$30.01 million.

CommonWealth Magazine ranked the Company No. 163 among Top 1,000 manufacturers.

2009 Increased investment in the Suzhou Plant to US\$68 million.

The capital was increased to NT\$5,691,758,410 in October.

CommonWealth Magazine ranked the Company No. 188 among Top 1,000 manufacturers.

2010 Increased investment in the Suzhou Plant to US\$98 million.

In May, the 100%-invested grandson company acquired 100% equity of Hongjie Circuit (Changshu) Co., Ltd. for US\$2. The monthly HDI production capacity reached 50,000 square feet at the end of the year.

CommonWealth Magazine ranked the Company No. 219 among Top 1,000 manufacturers.

2011 Increased investment in Hongjie Circuit (Changshu) Co., Ltd. to US\$13 million, and the monthly HDI capacity reached 200,000 square feet at the end of the year.

November 4,263 thousand treasury stock shares were canceled for capital reduction; the capital stock after the reduction was NT\$5,649,128,410.

CommonWealth Magazine ranked the Company No. 210 among Top 1,000 manufacturers.

2012 In February, Hongjie Circuit (Changshu) Co., Ltd. changed its name to Changshu Gold Circuit Electronics Ltd.

On April 19, a fire broke out in the electroplating line of Changshu Gold Circuit Electronics Ltd.

	Increased investment in Changshu Gold Circuit Electronics Ltd. to US\$20 million.
	CommonWealth Magazine ranked the Company No. 219 among Top 1,000 manufacturers.
2013	On January 1, Mr. Ching-Pei Lin became the CEO of the Company.
	Increased investment in Changshu Gold Circuit Electronics Ltd. to US\$33 million.
	CommonWealth Magazine ranked the Company No. 201 among the top 2,000 manufacturing companies.
2014	The consolidated revenue for the year exceeded NT\$20 billion for the first time.
	CommonWealth Magazine ranked the Company No. 177 among the top 2,000 manufacturing companies.
	Ranked top 10 among listed companies in terms of average employee salary growth in 2014, and was awarded the “Salary Progress Award” of the Taiwan Stock Exchange.
2015	The three plants in Mainland China undertook the automotive board business.
	The copper plate embedded product was successfully developed.
	CommonWealth Magazine ranked the Company No. 174 among Top 2000 manufacturers.
2016	12,666 thousand treasury stock shares of August were canceled for capital reduction; the capital stock after the reduction was NT\$5,522,468,410.
	CommonWealth Magazine ranked the Company No. 172 among Top 2000 manufacturers.
2017	The Audit Committee and Compensation and Remuneration Committee were established in June.
	In November, Chairman Chang-Chih Yang and Deputy Chairman Chiu-Ming Chen retired, and Mr. Chen-Tse Yang was promoted to Chairman.
	In December, CEO Ching-Pei Lin retired.
	CommonWealth Magazine ranked the Company No. 181 among Top 2000 manufacturers.
2018	On January 2, Mr. Sheng-Lang Huang became the CEO of the Company.

In May, Mr. Sheng-Lang Huang resigned as CEO of the Company, and Mr. Chen-Tse Yang concurrently served as CEO.

In October, cancelled 57,590 thousand treasury shares and reduced the corresponding capital; the capital stock after the reduction was NT\$5,464,878,410.

CommonWealth Magazine ranked the Company No. 173 among Top 2000 manufacturers.

2019 The consolidated revenue of December exceeded NT\$2 billion since 2014 again.

CommonWealth Magazine ranked the Company No. 177 among Top 2000 manufacturers.

2020 Consolidated revenue in April hit a monthly record of NT\$2.23 billion.

CommonWealth Magazine ranked the Company No. 146 among Top 2000 manufacturers.

2021 The consolidated revenue of November exceeded NT\$2.5 billion for the first time.

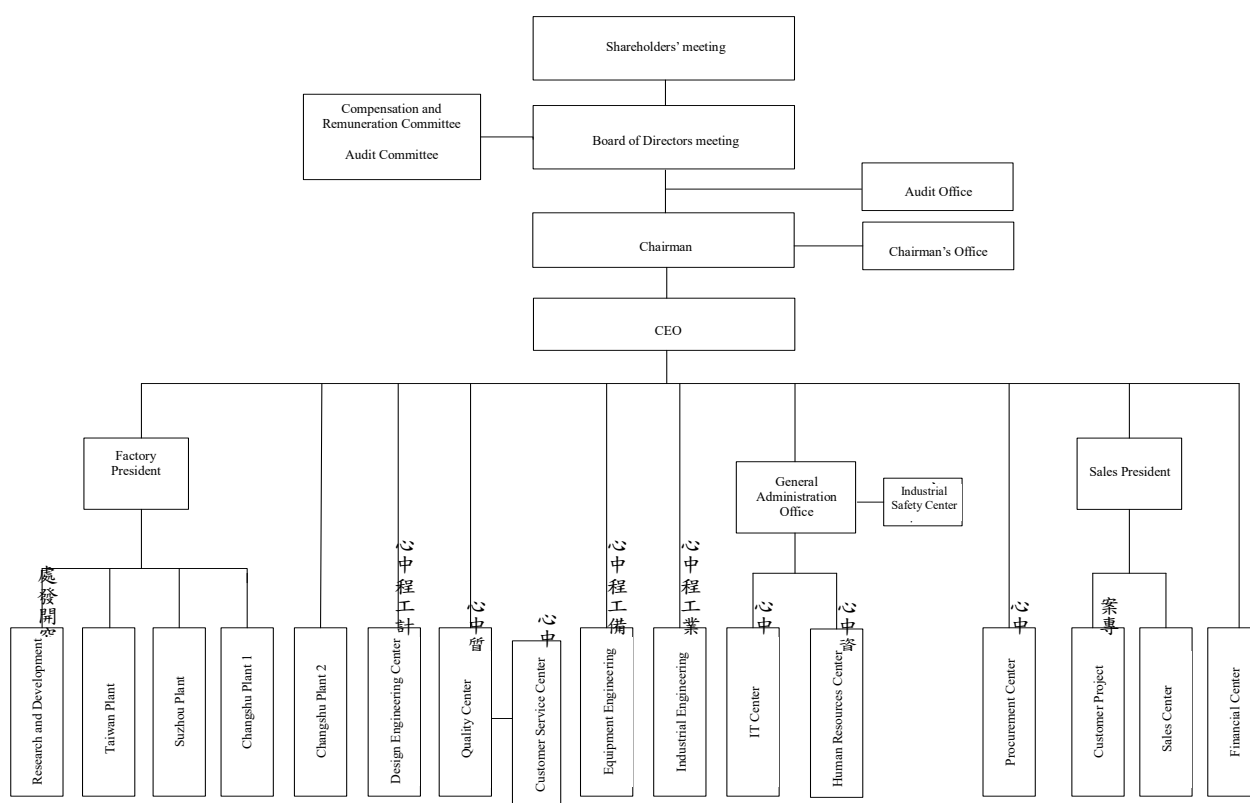
The annual consolidated revenue of NT\$26.6 billion hit a record high.

THREE. Corporate Governance Report

I. Organizational System

1. Organizational Structure

Organizational Chart of Gold Circuit Electronics Ltd.



2. Major Departments and Their Scope of Operation:

Department	Supervisor	Main responsibilities
Shareholders' Meeting		■ The Company's highest decision-making authority ■ Functions in accordance with the Company Act and other applicable laws and regulations
Audit Committee		■ Audits the Company's accounting system, financial standing, financial reporting procedure, and how material financial operations are handled ■ Reviews if the Company's financial report is prepared truthfully,

Department	Supervisor	Main responsibilities
		thoroughly, and transparently ■ Reviews if the acquisition or disposal of assets, trading of derivatives, lending of funds to others, providing others with endorsements or guarantees, and mergers, divisions, acquisitions, or assignment of shares meet regulatory requirements, interpretations through administrative letters, and the Company's internal requirements ■ Other responsibilities as defined in the Articles of Incorporation, Corporate Governance Regulations, or as decided by the Board of Directors.
Compensation and Remuneration Committee		■ Defines and regularly reviews policies, systems, standards, and structures related to the performance evaluation and the salary and compensation of directors, supervisors, and managers. ■ Periodically evaluates and determines the salary and compensation of directors, supervisors, and managers.
Audit Office	Chief Auditor Chun-Hung Kuo	■ Audits and evaluates the internal control system and provides advice based on the analysis/evaluation
Taiwan Plant	President Chin-Sung Tsai	■ Produces/Manufacturers PCBs, prepares quality and production line management and production plans, and maintains equipment
Suzhou Plant	President Chin-Sung Tsai	■ Produces/Manufacturers PCBs, prepares quality and production line management and production plans, and maintains equipment
Changhsu Plant 1	President Chin-Sung Tsai	■ Produces/Manufacturers PCBs, prepares quality and production line management and production plans, and maintains equipment
Changhsu Plant 2	Senior Vice President Te-Ming Yang	■ Produces/Manufacturers PCBs, prepares quality and production line management and production plans, and maintains equipment

Department	Supervisor	Main responsibilities
Quality Center	Senior Vice President Chung-Chih Lung	■ Implements quality control action goal and plan, comprehensively takes care of how the quality system works and quality management-related matters and customer service
General Administration Office	Vice President Sheng-Hsien Lin	■ Plans and implements various human resources management systems ■ Integrates and plans information systems ■ Plans and supervises various environmental protection and industrial safety matters, maintains an optimal work environment and personal safety of employees.
Procurement Center	Assistant Vice President Ta-Kun Yang	■ Purchases high-quality and low-cost raw materials and supplies that meet market demand
Sales Center	President Hsi-Kuei Huang	■ Handles general marketing of various products and customer development
Financial Center	Vice President Chang-Chin Yang	■ Financial operations and planning, funds management and respective accounting affairs, taxation, and other financial/accounting businesses

II. Information of Directors, Supervisors, President, Vice President, Assistant Vice President, and Heads of Various Departments and Branches

April 10, 2022

Title	Nationality or registered domicile	Name	Gender Age	Date of inauguration	Term in office	Initial date of inauguration	Shares held upon inauguration		Current number of shares held		Representative number of shares held		Share held by spouse or underage child		Share held in someone else's name	
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Chairman and CEO	Republic of China	Chen-Tse Yang	Male 52 years old	7/20/2021	3	05/06/1996	19,234,685	3.52%	19,614,685	3.59%	—	—	—	—	—	—
Director and shareholding holding at least 10% of shares	Republic of China	Chang-Chih Yang	Male 75 years old	7/20/2021	3	09/05/1981	107,258,019	19.63%	107,358,019	19.65%	—	—	30,724,300	5.62%	12,236,400	2.24%
Director and Special Assistant	Republic of China	Chang-Ching Yang	Male 61 years old	7/20/2021	3	01/06/1987	2,984,110	0.55%	2,947,110	0.54%	—	—	—	—	—	—
Director and Director	Republic of China	Chen-Jung Yang	Female 50 years old	7/20/2021	3	12/16/1997	7,157,945	1.31%	7,157,945	1.31%	—	—	530,703	0.10%	—	—
Director	Republic of China	King Hsiang Investment Co., Ltd. Representative : Jung-Tung Tsai	Male 69 years old	7/20/2021	3	06/12/2007	5,723,750	1.05%	5,723,750	1.05%	0	0%	—	—	—	—
Director	Republic of China	Lien-Mei Lin	Female 69 years old	7/20/2021	3	06/11/2018	171,449	0.03%	171,449	0.03%	—	—	—	—	—	—
Independent Director	Republic of China	Jen-Jou Hsieh	Male 74 years old	7/20/2021	3	06/12/2017	—	—	—	—	—	—	300,020	0.05%	—	—
Independent Director	Republic of China	Wen-Shih Chiang	Male 81 years old	7/20/2021	3	06/12/2017	4,765	0.00%	4,765	0.00%	—	—	—	—	—	—
Independent Director	Republic of China	Tzu-Ying Lin	Female 60 years old	7/20/2021	3	06/12/2017	—	—	—	—	—	—	—	—	—	—

Title	Name	Major experience/education	Position held in the Company and any other company at present	Other department heads, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks (Note 4)
				Title	Name	Relationship	
Chairman and CEO	Chen-Tse Yang	Department of Business Administration, Chinese Culture University MBA, Pace University, New York Business Specialist, Deputy Manager, Manager, Director, Assistant Vice President, and Senior Vice President of Gold Circuit Electronics Ltd. Chairman (Incumbent) of Gold Circuit Electronics Ltd.	Chairman of Suzhou Gold Circuit Electronics Ltd., Changshu Gold Circuit Electronics Ltd., and Changshu Gold Circuit Technology Co., Ltd. Chairman of King Hsiang Investment Co., Ltd. Director of Chia Hui Investment Co., Ltd.	Director Director	Chang-Chih Yang Chen-Jung Yang	Father-Son Brother-Sister	The Chairman started as a grassroots worker and has worked at respective departments of the Company for nearly 30 years combined. He is familiar with developments in the sector and the scope of operation at each department. He is highly capable of coordinating and has been communicating well with directors and heads of respective departments. People throughout the Company work together. He is also the best president candidate now.
Director	Chang-Chih Yang	Business Administration Department, Tamsui Vocational School Chairman (Former) of Gold Circuit Electronics Ltd.	Director of Suzhou Gold Circuit Electronics Ltd., Changshu Gold Circuit Electronics Ltd., and Changshu Gold Circuit Technology Co., Ltd. Director of King Hsiang Investment Co., Ltd. Chairman of Chia Hui Investment Co., Ltd.	Chairman Director	Chen-Tse Yang Chen-Jung Yang	Father-Son Father-Daughter	

Director	Chang-Ching Yang	Department of Mechanical Engineering, Tamkang University Assistant Manager of Manufacturing, Design Engineering, and Production Control, Manager of the Computer Department, and Special Assistance to the Chairman of Gold Circuit Electronics Ltd. Director, Gold Circuit Electronics Ltd.	Special Assistant to the Chairman of Suzhou Gold Circuit Electronics Ltd.	Vice President of the Finance Department	Chang-Chin Yang	Brothers	
Director	Chen-Jung Yang	Department of Law, National Chung Hsing University Legal Manager, Gold Circuit Electronics Ltd. Spokesman, Gold Circuit Electronics Ltd. Director, Gold Circuit Electronics Ltd.	Director of Suzhou Gold Circuit Electronics Ltd., Changshu Gold Circuit Electronics Ltd., and Changshu Gold Circuit Technology Co., Ltd. Director of King Hsiang Investment Co., Ltd. Director of Chia Hui Investment Co., Ltd.	Director Chairman	Chang-Chih Yang Chen-Tse Yang	Father-Daughter Brother-Sister	
Director	King Hsiang Investment Co., Ltd.	The Company's subsidiary with a direct investment of 99.997%		None	None	None	
	Representative: Jung-Tung Tsai	MBA, Indiana University, USA President, Taishin Bank President, Ta Chong Bank Director, Gold Circuit Electronics Ltd.	Representative of Corporate Director of Vizionfocus Inc. Representative of Corporate Director of Chang Wah Technology Independent Director of Elite Material Co., Ltd. Independent Director of ALi Corporation Independent Director of Mercuries Life Insurance				
Director	Lien-Mei Lin	Ming Chuan Commercial College Sales Department, Compeq Manufacturing Co., Ltd.		None	None	None	

Independent Director	Jen-Jou Hsieh	Industrial Engineering Department, Chung Yuan Christian University EMBA, Sun Yat-Sen University (Guangzhou) President, Commodore International Chairman, Shenzhen Huamao Electronics Co., Ltd. Independent Director, Gold Circuit Electronics Ltd.	None	None	None	None	
Independent Director	Wen-Shih Chiang	Department of Business Management, Tatung University Financial Manager, Chi Wei Technology Co., Ltd. Financial Manager and Audit Manager of Gold Circuit Electronics Ltd. (Retired in 2001) Independent Director, Gold Circuit Electronics Ltd.	None	None	None	None	
Independent Director	Tzu-Ying Lin	Department of Law, National Chung Hsing University Judge of Taoyuan District Court Lawyer of Tzu-Ying Lin Law Firm Independent Director, Gold Circuit Electronics Ltd.	Supervisor of Le Young Construction Co., Ltd.	None	None	None	

Note 1: For corporate shareholders, names of corporate shareholders and representatives shall be listed separately (for a representative of a corporate shareholder, the name of the corporate shareholder shall be specified) and Table 1 below shall be completed.

Note 2: For the duration as director or supervisor of the Company for the first time, any disruption shall be noted and specified.

Note 3: Experience relevant to the current position. The title and the duties shall be specified for any position held during the said period in the CPA firm or any of its affiliates.

Note 4: When the chairman and president or someone charged with equivalent responsibilities (the highest-ranking manager) are the same person, are each other's spouse, or are relatives of the first degree of kinship, the reason, legitimacy, necessity, and countermeasures shall be stated (such as addition of independent directors and with a majority of directors who are not also employees or managers): Mr. Chen-Tse Yang took office as the Company's CEO in November 2017. He has been working for the Company for nearly 30 years and has worked at different departments. Despite the fact that the Chairman and the CEO are the same person, he is the largest shareholder and is capable of communicating with the leaders and managers at respective departments, which makes the directors believe that it is the best arrangement for the Company for the time being. Besides this, the Company has been making profits each year and the three plants in Mainland China have been improving each year. Both the revenue and profits of 2020 were unprecedented in the history of the Company since establishment. The transition is slowly stabilizing to facilitate future succession. The highest-ranking manager will be selected among existing managers. It is expected that after the revisions made to the Articles of Incorporation are approved through the 2022 shareholders' meeting, one independent director will be added for 2023 to achieve the goal of four independent directors in the Company.

Table 1: Major shareholders of corporate shareholders

April 10, 2022

Name of corporate shareholder (Note 1)	Major shareholder of the corporate shareholder (Note 2)	
King Hsiang Investment Co., Ltd.	Gold Circuit Electronics Ltd.	99.997%
	Chang-Chih Yang	0.0005%
	Jui-Ching Li	0.0005%
	Chen-Tse Yang	0.0005%
	Chen-Jung Yang	0.0005%
	Chang-Wang Yang	0.0005%
	Tung-Yang Yang	0.0005%

April 10, 2022

Name of corporate shareholder (Note 1)	Major shareholder of the corporate shareholder (Note 2)	
Chia Hui Investment Co., Ltd.	Chang-Chih Yang	90.0%
	Jui-Ching Li	5.0%
	Chen-Tse Yang	2.5%
	Chen-Jung Yang	2.5%

Note 1: When the director/supervisor is a corporate shareholder, the name of the said corporate shareholder shall be provided.

Note 2: The names of major shareholders (those with a holding ratio among Top 10) and their holding ratios shall be provided. If their major shareholders are also corporations, Table 2 below shall be completed, too.

Note 3: When a corporate shareholder is not a corporation/an organization, the names and holding ratios of the shareholders indicated in the foregoing whose information shall be disclosed will be the name and the funding ratio or donation ratio of the funder or donor.

Table 2: Major shareholder of the primary shareholder in Table 1 that is a corporation

April 10, 2022

Name of corporation (Note 1)	Major shareholder of the corporation and the shareholding ratio (Note 2)	
Gold Circuit Electronics Ltd.	Chang-Chih Yang	19.65 %
	New Labor Pension Fund	7.83 %
	Jui-Ching Li	5.62 %
	Chen-Tse Yang	3.59 %
	Chia Hui Investment Co. Ltd.	2.24 %
	Public Service Pension Fund Management Board	1.60 %
	Mitsubishi UFJ Morgan Stanley Securities Trading Account in the Custody of HSBC	1.58 %
	Old Labor Pension Fund	1.56 %
	Chen-Jung Yang	1.31 %
	UBS SE Investment Account in the Custody of Citibank	1.06 %

Note 1: If a major shareholder shown in Table 1 above is a corporation, the name of the corporation shall be provided.

Note 2: The names of major shareholders (those with a holding ratio among Top 10) and their holding ratios shall be provided.

Note 3: When a corporate shareholder is not a corporation/an organization, the names and holding ratios of the shareholders indicated in the foregoing whose information shall be disclosed will be the name and the funding ratio or donation ratio of the funder or donor.

1. Disclosure of Professionalism of Directors and Supervisors and Independence of Directors:

Name	Criteria	More than five years of work experience and the following professionalism			Fulfillment of independence (Note 2)												Number of companies where the person serves as an independent director
		Lecturer or higher ranking at the business, legal affairs, financial affairs, or accounting department, or other departments relating to corporate operation of public and private colleges and universities	Judge, prosecutor, lawyer, CPA, or other professionals and technicians that have taken and been approved in national exams required for corporate operation	Work experience required for commerce, legal affairs, financial affairs, accounting department, or corporate operations	1	2	3	4	5	6	7	8	9	10	11	12	
Chen-Tse Yang			✓						✓		✓	✓	0		✓	✓	
Chang-Chih Yang			✓						✓		✓	✓	0		✓	✓	
Lien-Mei Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	✓	✓	✓	
Chang-Ching Yang			✓		✓	✓	✓	✓	✓	✓	✓		0	✓	✓	✓	
Chen-Jung Yang			✓						✓		✓	✓	0		✓	✓	
King Hsiang Investment Co., Ltd. Representative: Jung-Tung Tsai			✓	✓	✓		✓	✓	✓	✓	✓	✓	0		✓	✓	2
Jen-Jou Hsieh			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	✓	✓	✓	
Wen-Shih Chiang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	✓	✓	✓	
Tzu-Ying Lin		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	✓	✓	✓	

Note 2: When any of the following conditions is met for each director or supervisor during the two years prior to and during their tenure, please put “✓” in the box beneath the code for each condition.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
- (3) Not a natural person shareholder that holds by himself/herself or by his/her spouse or minor child in someone else’s name more than 1% of all circulating shares of the Company or is on the Top 10 shareholding list.
- (4) Not the spouse, a relative within the second degree of kinship, or a direct blood relative within the third degree of kinship of the managers listed under (1) or those listed under (2) and (3).
- (5) Not a director, supervisor, or employee of an institutional shareholder directly holding at least 5% of the circulating shares of the Company or that ranks Top 5 in shareholding ratio or that assigns a representative to serve as director or supervisor of the Company according to Article 27 Paragraph 1 or 2 of the Company act. (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
- (6) Not a director, supervisor, or employee of another company with the number of directors in the Company or shares entitled to votes accounting for a majority that is controlled by the same person. (The same does not apply, however, to independent directors set up by the Company or its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
- (7) Not a director, supervisor, or employee of another company or institution whose chairman, president, or someone assigned with similar responsibilities is the same person or the spouse of that of the Company. (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)

the Act or the local laws and regulations.)

- (8) Not a director, supervisor, or manager, or shareholder holding at least 5% of shares of a specific company or institution that is financially or commercially related to the Company. (The same does not apply, however, if the said specific company or institution holds at least 20% yet less than 50% of the circulating shares of the Company and to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
- (9) The amount of rewards received for business, legal affairs, financial affairs, and accounting services provided over the past two years to the Company or any of its affiliates.
- (10) Not the spouse or a relative within the second degree of kinship to any other director of the Company.
- (11) None of the conditions indicated under Article 30 of the Company Act.
- (12) Not a government agency, corporation, or its representative set forth in Article 27 of the Company Act.

2. Diversification and Independence of Board of Directors (II)

Members of the Board of Directors shall possess the knowledge, skills and attainments needed to perform their duties.

The capabilities expected of the Board of Directors as a whole for the sake of achieving the ideal goals of corporate governance are as follows:

	Name	Chen-Tse Yang	Chang-Chih Yang	Lien-Mei Lin	King Hsiang Investment Co., Ltd. Representative: Jung-Tung Tsai	Chang-Ching Yang	Chen-Jung Yang	Jen-Jou Hsieh	Wen-Shih Chiang	Tzu-Ying Lin
	Title	Chairman	Director	Director	Director	Director	Director	Independent Director	Independent Director	Independent Director
	Gender	Male	Male	Female	Male	Male	Female	Male	Male	Female
	Employee	v	v			v	v			
1	Capable of making operational judgment	v	v		v	v	v	v		
2	Capable of accounting and financial analyses				v	v			v	
3	Capable of operational management	v	v	v	v	v	v	v	v	v
4	Capable of crisis management	v	v		v	v	v	v	v	v
5	Industrial knowledge	v	v	v	v	v	v	v	v	v
6	International market views	v	v	v	v	v	v	v	v	v
7	Leadership	v	v		v	v	v	v		v
8	Decision-making ability	v	v		v	v		v		
9	Professional legal skills						v			v

Plans succession of Board of Directors members (including at least the Chairman) and important management (including at least the highest-ranking manager) and how the Board of Directors shall work

In succession planning, the successors must have outstanding capabilities required for work, share the same beliefs as the Company, and be honest, righteous, good at communicating, innovation, and trustworthy for customers.

Among the current nine directors are three independent directors. During election/selection, their professional background (law, accounting, industry, finance, marketing, or technology, etc.) and professional skills (the ability to make operational judgment, the ability to analyze accounting and finance, administration and management capabilities, industrial knowledge, international market views, leadership, and decision-making capability) as well as diversification of professionalism and gender equity shall be considered so that more aspects may be covered during the decision-making process.

Besides professional background and skills, members of the Board of Directors must specialize in corporate operation and planning and in the business run. In order for members of the Board of Directors to improve their professionalism and constantly make progress, besides professionalism of each director, finance, risk management, business operation, commerce, legal affairs, accounting, corporate social responsibility, or internal control system or financial reporting-related courses, among others that have to do with the industrial sector that the Company is in, are arranged, at least 6 hours per person per year beside the professionalism of each director, to ensure that members of the Board of Directors possess equivalent industrial knowledge and receive new knowledge.

Most of the important managers of the Company now are those who have been working at respective departments for years, with robust skills and abilities at work. Communications are going smoothly at respective departments; colleagues trust one another and are familiar with how the Company operates and see eye to eye with the corporate culture. Meanwhile, besides current managers, there are reserve managers available at respective departments who are receiving necessary training. Mr. Chen-Tse Yang took office as the Company's CEO in November 2017. He has been working for the Company for nearly 30 years and has worked at different departments. Despite the fact that the Chairman and the CEO are the same person, he is the largest shareholder and is capable of communicating with the leaders and managers at respective departments, which makes the directors believe that it is the best arrangement for the Company for the time being. Besides this, the Company has been making profits each year and the three plants in Mainland China have been improving each year. Both the revenue and profits of 2021 were unprecedented in the history of the Company since establishment. The transition is slowly stabilizing to facilitate future succession. The highest-ranking manager will be selected among existing managers.

2. President, Vice President, Assistant Vice President, and Heads of Various Departments and Branches:

Profile of President, Vice President, Assistant Vice President, and Heads of Respective Departments and Branches

April 10, 2022

Title (Note 1)	Name	<u>Gender</u>	Nationality	Date Elected (Inaugurated)	Shares held		Shares held by the spouse or any underage child		Shares held in someone else's name	
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Sales President	Hsi-Kuei Huang	Male	Republic of China	07/04/2002	714	0%	—	—	—	—
Factory President	Chin-Sung Tsai	Male	Republic of China	06/16/2013	286,618	0.05%	—	—	—	—
Senior Vice President	Te-Ming Yang	Male	Republic of China	09/09/2015	0	0%	—	—	—	—
Senior Vice President	Chung-Chih Lung	Male	Republic of China	12/01/2017	50,000	0.01%	—	—	—	—
Vice President	Min-Cheng Liu	Male	Republic of China	12/01/2006	406,558	0.07%	—	—	—	—
Vice President	Chang-Chin Yang	Male	Republic of China	07/01/1991	1,372,043	0.25%	120,394	0.02%	—	—
Vice President	Sheng-Hsien Lin	Male	Republic of China	08/01/2014	139,000	0.03%	—	—	—	—
Assistant Vice President	Shun-Chien Li	Male	Republic of China	12/01/2006	25,372	0.05%	—	—	—	—
Assistant Vice President	Sung-Ying Li	Male	Republic of China	12/01/2006	0	0%	—	—	—	—
Assistant Vice President	Ta-Kun Yang	Male	Republic of China	08/16/2015	235,000	0.04%	—	—	—	—
Assistant Vice President	Cheng-Hsuen Chung	Male	Republic of China	09/01/2016	40,000	0.01%	—	—	—	—
Assistant Vice President	Jui-Pin Lee	Male	Republic of China	08/16/2018	0	0%	—	—	—	—
Assistant Vice President	Chih-Kung Hu	Male	Republic of China	01/11/2019	0	0.01%	—	—	—	—
Chief Auditor	Chun-Hung Kuo	Male	Republic of China	11/12/2015	40,000	0.01%	35,276	0.01%	—	—

Title (Note 1)	Name	Major Experience / Education (Note 2)	Position held in any other company at present	Manager who is the spouse or a relative within the second degree of kinship		
				Title	Name	Relationship
Sales President	Hsi-Kuei Huang	National Tsing Hua University Senior Vice President of Gold Circuit Electronics Ltd.	None	—	—	—
Factory President	Chin-Sung Tsai	Graduate Institute of Chemical Engineering, Yuan Ze University Manager, Director, and Assistant Vice President of Gold Circuit Electronics Ltd.	None	—	—	—
Senior Vice President	Te-Ming Yang	MBA, University of Leicester Chief Operating Officer, Bull Will Co., Ltd President of Suzhou Gold Circuit Electronics Ltd.	None	—	—	—
Senior Vice President	Chung-Chih Lung	Industrial Engineering Department, Chung Yuan Christian University Vice President of Quality Assurance, Tripod Technology Corporation Assistant Vice President of Quality Assurance, Compeq Manufacturing Co., Ltd.	None	—	—	—
Vice President	Min-Cheng Liu	Tatung University Manager, Director, and Assistant Vice President of Gold Circuit Electronics Ltd.	None	—	—	—
Vice President	Chang-Chin Yang	Department of Accounting, Tamkang University Manager, Director, and Assistant Vice President of Gold Circuit Electronics Ltd.	None	Director	Chang-Ching Yang	Brothers
Vice President	Sheng-Hsien Lin	Manager, Director, and Assistant Vice President of Gold Circuit Electronics Ltd.	None	—	—	—
Assistant Vice President	Shun-Chien Li	Graduate Institute of Business Administration, Chung Yuan Christian University	None	—	—	—

		Manager and Director of Gold Circuit Electronics Ltd.				
Assistant Vice President	Sung-Ying Li	U. of Missouri-Columbia, USA, Chemical Engineering, Ph.D. Manager and Director of Gold Circuit Electronics Ltd.	None	—	—	—
Assistant Vice President	Ta-Kun Yang	Department of Industrial Administration, Chung Hua University EMBA, National Chiao Tung University Manager and Director of Gold Circuit Electronics Ltd. Director of Changshu Plant 2 of Gold Circuit Electronics Ltd.	None	—	—	—
Assistant Vice President	Cheng-Hsuen Chung	Department of Business Administration, National Chiao Tung University Manager and Director of Gold Circuit Electronics Ltd.	None	—	—	—
Assistant Vice President	Jui-Pin Lee	Chien Hsin University of Science and Technology Manager and Director of Gold Circuit Electronics Ltd.	None	—	—	—
Assistant Vice President	Chih-Kung Hu	Chien Hsin University of Science and Technology Manager and Director of Gold Circuit Electronics Ltd.	None	—	—	—
Chief Auditor	Chun-Hung Kuo	Master's Degree, New York University Tandon School of Engineering Consultant of Gold Circuit Electronics Ltd. Product R&D Manager of IWICS Taiwan Corporation Executive Vice President of Ivan Information Technology Company	None	—	—	—

3. Remuneration Paid to Directors, Supervisors, President, and Vice President over the Past Year

A. Remuneration to Directors, Supervisors, President and Vice President:

(1-2) Remuneration to directors (including independent directors) (**Disclose the names separately**)

NTD thousand

Job title	Name	Remuneration to directors								Ratio of the sum of A, B, C, and D to net profit after tax (Note 10) (%)		Related remuneration to those who are also employees								Ratio of the sum of A, B, C, D, E, F, and G to net profit after tax (Note 10)		Claim of remuneration from re-invested businesses other than subsidiaries (Note 11)
		Reward (A) (Note 2)		Retirement and pension (B)		Remuneration to directors (C) (Note 3)		Operational expenditure (D) (Note 4)				Salary, bonus, and special expenditure (E) (Note 5)		Retirement and pension (F)		Remuneration to employees (G) (Note 6)						
		The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)			The Company	All companies included in the financial report (Note 8)	The Company	All companies included in the financial report (Note 7)	The Company		All companies included in the financial report (Note 7)				
										Amount of cash bonus	Amount of stock bonus					Amount of cash bonus	Amount of stock bonus					
Chairman	Chen-Tse Yang	2160	2160	0	0	23333	23333	0	0	0.87%	0.87 %	22427	22427	0	0	4109	0	4109	0	1.78 %	1.78 %	0
Director	Chang-Chih Yang																					
Director	Lien-Mei Lin																					
Director	King Hsiang Investment Co., Ltd. Representative: Jung-Tung Tsai																					
Director	Chang-Ching Yang																					
Director	Chen-Jung Yang	Lien-Mei Lin and Jung-Tung Tsai are not employees and hence are not entitled to related remunerations										Jen-Jou Hsieh, Wen-Shih Chiang, and Tzu-Ying Lin are not employees and hence are not entitled to related remunerations	0.45 %	0.45 %	0							
Independent Director	Jen-Jou Hsieh																					
Independent Director	Wen-Shih Chiang																					
Independent Director	Tzu-Ying Lin																					
1. Article 7 of the Company’s Compensation and Remuneration Committee Organic Rules and the Board of Directors Performance Evaluation Guidelines stipulate that the remuneration to directors shall be determined with reference to the industrial practice and taking into consideration the attendance rate, personal performance, and corporate operational performance. 2. Besides those disclosed in the above table, remuneration paid to directors in the most recent year for having provided services to all companies covered in the financial statement (such as working as a consultant who is not an employee at the parent company/all affiliates/reinvested businesses included in the financial statements): None.																						

Remuneration bracket table

Bracket by which remuneration is paid to individual directors of the Company	Name of director			
	Sum of the first four types of remuneration (A+B+C+D)		Sum of the first seven types of remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the financial report (Note 9) H	The Company (Note 8)	All companies included in the financial report (Note 9)
Less than \$ 1,000,000.00				
\$1,000,000.00 (inclusive) – \$2,000,000.00 (exclusive)	—	—	—	—
\$2,000,000.00 (inclusive) – \$3,500,000.00 (exclusive)	—	—	—	—
\$3,500,000.00 (inclusive) – \$5,000,000.00 (exclusive)	Chen-Tse Yang, Chang-Chih Yang, Lien-Mei Lin, Jung-Tung Tsai, Chang-Ching Yang, Chen-Jung Yang, Jen-Jou Hsieh, Wen-Shih Chiang, Tzu-Ying Lin	Chen-Tse Yang, Chang-Chih Yang, Lien-Mei Lin, Jung-Tung Tsai, Chang-Ching Yang, Chen-Jung Yang, Jen-Jou Hsieh, Wen-Shih Chiang, Tzu-Ying Lin	Lien-Mei Lin, Jung-Tung Tsai, Jen-Jou Hsieh, Wen-Shih Chiang, Tzu-Ying Lin	Lien-Mei Lin, Jung-Tung Tsai, Jen-Jou Hsieh, Wen-Shih Chiang, Tzu-Ying Lin
\$5,000,000.00 (inclusive) – \$10,000,000.00 (exclusive)	—	—	Chang-Chih Yang, Chen-Jung Yang, Chang-Ching Yang	Chang-Chih Yang, Chen-Jung Yang, Chang-Ching Yang
\$10,000,000.00 (inclusive) – \$15,000,000.00 (exclusive)	—	—		
\$15,000,000.00 (inclusive) – \$30,000,000.00 (exclusive)			Chen-Tse Yang	Chen-Tse Yang
Total	9	9	9	9

Note 1: Names of directors shall be listed separately (both the name of the corporation and its representative shall be listed for a corporate shareholder) and individual payments made shall be summarized and disclosed accordingly. If a director is also the President or the Vice President, this table and Table (3-1) below or Tables (3-2-1) and (3-2-2) below shall be completed.

Note 2: Remuneration to directors for the past year (including salaries for directors, differential pays, severance pays, various types of bonuses, and rewards)

Note 3: The remuneration to directors approved by the Board of Directors and distributed in the past year.

Note 4: Related operational expenditure incurred by directors in the most recent year (including transportation, special expenditure, various allowances, dormitory, and company cars, among other supplies in kind) When houses, automobiles, and other transportation tools or expenses that are specific to individuals are provided, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline, and other payments shall be disclosed. If a driver is assigned, too, please also indicate in the note related compensation payable by the Company to the driver, which, however, is not included as part of the remuneration.

- Note 5: The salaries for directors, differential pays, severance pays, various types of bonuses, rewards, transportation, special expenditure, various allowances, dormitory, and company cars, among other supplies in kind, among others to directors who are also employees in the most recent year (including the President, Vice President, other managers, and employees). When houses, automobiles, and other transportation tools or expenses that are specific to individuals are provided, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline, and other payments shall be disclosed. If a driver is assigned, too, please also indicate in the note related compensation payable by the Company to the driver, which, however, is not included as part of the remuneration.
- Note 6: For directors who are also employees in the most recent year (including the President, Vice President, other managers, and employees), to receive employee bonuses (including stock bonus and cash bonus), the value of employee bonuses proposed to be distributed as approved by the Board of Directors prior to the shareholders' meeting as part of the proposal on distribution of earnings over the past year shall be disclosed. If it is impossible to estimate the value, the value that intends to be assigned this year shall be calculated proportionally according to the actual value distributed last year and Table 1-3 shall be completed, too.
- Note 7: The total value of various types of remuneration paid to the Company's directors by all companies (including the Company) in the consolidated statement shall be disclosed.
- Note 8: For the total value of various remuneration paid to each director by the Company, disclose the name of the director in the respective bracket.
- Note 9: The total value of various types of remuneration paid to each of the Company's directors by all companies (including the Company) in the consolidated statement; the name of the director shall be disclosed in the bracket he/she belongs.
- Note 10: After-tax net profit refers to that shown over the past year.
- Note 11: a. For this field, the value of related remuneration from re-invested businesses other than the subsidiaries or the parent company that the Company's directors received shall be specified. (If none, indicate "none.")
b. If the Company's directors received related remuneration from re-invested businesses other than the subsidiaries, such remunerations shall be consolidated in Field J of the bracket table and the field name shall be changed to "or all re-invested businesses of the parent company."
c. Remuneration is the compensation, rewards, employee bonuses, and payments from performing tasks received by the Company's directors for serving as director, supervisor, or manager in a re-invested business other than the subsidiaries or the parent company.
- * The remuneration disclosed herein differs from the idea of income as indicated in the Income Tax Act. Therefore, this table is meant for information disclosure only, not for taxation.

(2-2) Remuneration to supervisors: **(Disclose the names separately):**

Not applicable. The Company had a comprehensive re-election on June 12, 2017; the Audit Committee was established to replace the supervisory system.

(3-2) Remuneration to the President and Vice President (overview and range, with disclosure of the names)

NTD thousand

Job title	Name	Salary (A) (Note 2)		Retirement and pension (B)		Bonus and special expenditure (C) (Note 3)		Amount of remuneration to employees (D) (Note 4)				Ratio of the sum of A, B, C, and D to net profit after tax (%) (Note 8)		Remuneration paid to directors from an Invested Company Other than the Company's Subsidiary <u>or</u> <u>the parent</u> <u>company</u> (Note 9)
		The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company		All companies included in the financial report (Note 5)		The Company	All companies included in the financial report (Note 5)	
								Amount of cash bonus	Amount of stock bonus	Amount of cash bonus	Amount of stock bonus			
Chairman and CEO	Chen-Tse Yang	30181	31110	0	0	70960	70960	16798	0	16798	0	4.03%	4.06%	0
Sales President	Hsi-Kuei Huang													
Factory Affairs President	Chin-Sung Tsai													
Senior Vice President	Te-Ming Yang													
Senior Vice President	Chung-Chi h Lung													
Vice President	Min-Cheng Liu													
Vice President	Sheng-Hsie n Lin													
Vice President	Chang-Chi n Yang													

* Regardless of the title, any position equivalent to President, Vice President (such as President, Chief Executive Officer, Executive Director) should be disclosed.

Remuneration bracket table

Range of Remuneration Paid to the President and Vice Presidents of the Company	Name of President and Vice President	
	The Company (Note 6)	All companies included in the financial report (Note 7) E.
Less than \$ 1,000,000.00	—	—
\$1,000,000.00 (inclusive) – \$2,000,000.00 (exclusive)	—	—
\$2,000,000 (inclusive) – \$3,500,000 (exclusive)	Te-Ming Yang	—
\$3,500,000.00 (inclusive) – \$5,000,000.00 (exclusive)		Te-Ming Yang
\$5,000,000.00 (inclusive) – \$10,000,000.00 (exclusive)		
\$10,000,000.00 (inclusive) – \$15,000,000.00 (exclusive)	Chang-Chin Yang, Sheng-Hsien Lin, Chung-Chih Lung, Min-Cheng Liu	Chang-Chin Yang, Sheng-Hsien Lin, Chung-Chih Lung, Min-Cheng Liu
\$15,000,000.00 (inclusive) – \$30,000,000.00 (exclusive)	Chen-Tse Yang, Hsi-Kuei Huang, Chin-Sung Tsai	Chen-Tse Yang, Hsi-Kuei Huang, Chin-Sung Tsai
\$30,000,000.00 (inclusive) – \$50,000,000.00 (exclusive)	—	—
Total	8	8

Note 1: Names of the President and Vice President shall be listed separately and individual payments made shall be summarized and disclosed accordingly. If a director is also the President or Vice President, this table and Tables (1-1) and (1-2) above should be completed. Note

2: The salaries, differential pays, and severance pays of the President and the Vice President over the past year shall be provided.

Note 2: The salaries, differential pays, and severance pays of the President and the Vice President over the past year shall be provided.

Note 3: Various types of bonuses, rewards, transportation, special expenditure, various allowances, dormitory, and company cars, among other supplies in kind paid to the President and Vice President over the past year and other rewards shall be provided. When houses, automobiles, and other transportation tools or expenses that are specific to individuals are provided, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline, and other payments shall be disclosed. If a driver is assigned, too, please also indicate in the note related compensation payable by the Company to the driver, which, however, is not included as part of the remuneration. Remuneration In addition, the value of compensation recognized according to IFR2 “share-based payment,” including employee stock option certificate, restricted employee shares, and shares subscribed upon increased capital in cash, shall be included in the calculation of remuneration, too.

- Note 4: Employee remuneration (including stock and cash) distributed to the President and Vice President through the Board of Directors in recent years. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally and Exhibit 1-3 shall be completed, too. Net profit after tax refers to that in the most recent year. When the International Financial Reporting Standard is already adopted, net profit after tax refers to that shown in the individual financial statement of the most recent year.
- Note 5: The total value of various types of remuneration paid to the Company's President and Vice President by all companies (including the Company) in the consolidated statement shall be disclosed.
- Note 6: For the total value of various types of remuneration paid to each president and vice president by the Company, disclose the name of the president and vice president in the respective bracket.
- Note 7: The total value of various types of remuneration paid to each of the Company's president and vice president by all companies (including the Company) in the consolidated statement shall be disclosed; the name of the president and vice president shall be disclosed in the bracket he/she belongs.
- Note 8: Net profit after tax refers to that in the most recent year. When the International Financial Reporting Standard is already adopted, net profit after tax refers to that shown in the individual financial statement over the past year.
- Note 9: a. For this field, the value of related remuneration from re-invested businesses other than the subsidiaries that the Company's president and vice president received shall be specified.
- b. If the Company's president and vice president received related remuneration from re-invested businesses other than the subsidiaries, such remuneration shall be consolidated in Field E of the bracket table and the field name shall be changed to "all re-invested businesses."
- c. Remuneration is the compensation, rewards (including employees, directors, and supervisors), and payments from performing duties at work received by the Company's President and Vice President for serving as director, supervisor, or manager in a re-invested business other than the subsidiaries.
- * The remuneration disclosed herein differs from the idea of income as indicated in the Income Tax Act. Therefore, this table is meant for information disclosure only, not for taxation.

(4-1) Remuneration to Top 5 among TWSE/TPEX-Listed Companies (overview and range, with disclosure of the names) (Note 1)

NTD thousand

Job title	Name	Salary (A) (Note 2)		Retirement and pension (B)		Bonus and special expenditure (C) (Note 3)		Amount of remuneration to employees (D) (Note 4)				Ratio of the sum of A, B, C, and D to net profit after tax (%) (Note 6)		Remuneration paid to directors from an Invested Company Other than the Company's Subsidiary or the parent company (Note 7)
		The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company		All companies included in the financial report (Note 5)		The Company	All companies included in the financial report (Note 5)	
								Amount of cash bonus	Amount of stock bonus	Amount of cash bonus	Amount of stock bonus			
Chairman and CEO	Chen-Tse Yang	22180	22180	0	0	56520	56520	12580	0	12580		3.12%	3.12%	0
Sales President	Hsi-Kuei Huang													
Factory Affairs President	Chin-Sung Tsai													
Senior Vice President	Chung-Chih Lung													
Vice President	Min-Cheng Liu													

Note 1: The so-called "Top 5 department heads with the highest remuneration" refer to managers in the Company. As for the criteria for determining if someone is a manager, the scope of application for the term "manager" as specified in the Taiwan Finance Certificate III No. 0920001301 letter dated March 27, 2003 from the Securities and Futures Bureau, Ministry of Finance. As for the rules for determining "Top 5 with the highest remuneration," it is based on the sum of salary, retirement and pension, bonus and special expenditure of all companies included in the Consolidated Financial Statement and the employee remuneration (that is, the sum of A, B, C, and D) and the highest five are chosen. If a director is also one of the department heads mentioned above, this table and the Table (1-1) above should be completed.

Note 2: The salary, differential pay, and severance pay of the Top 5 department heads with the highest remuneration in the past year.

Note 3: The various types of bonuses, rewards, transportation, special expenditure, various allowances, dormitory, and company cars, among other supplies in kind paid to Top 5 department heads with the highest remuneration in the past year and other rewards. When houses, automobiles, and other transportation tools or expenses that are specific to individuals are provided, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline, and other payments shall be disclosed. If a driver is assigned, too, please also indicate in the note related compensation payable by the Company to the driver, which, however, is not included as part of the remuneration. In addition, the value of compensation recognized according to IFR2 "share-based payment," including employee stock option certificate, restricted employee shares, and shares subscribed upon increased capital in cash, shall be included in the calculation of remuneration, too.

Note 4: Employee remuneration (including stock and cash) distributed to Top 5 department heads with the highest remuneration in the past year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally and Table 1-3 shall be completed, too.

Note 5: The total value of the various types of remunerations paid to Top 5 department heads with the highest remuneration of the Company by all companies (including the Company) included in the Consolidated Statement shall be disclosed.

Note 6: After-tax net profit refers to that shown in the parent company-only or individual financial statement of the past year.

B. Names of managers assigned with employee bonuses and the distribution:

Unit: NTD thousand

	Job title (Note 1)	Name (Note 1)	Amount in stock	Cash value	Total	Ratio of sum to net profit after tax (%)
Manager	Sales President	Hsi-Kuei Huang	0	21,071	21,071	0.72%
	Factory President	Chin-Sung Tsai				
	Senior Vice President	Te-Ming Yang				
	Senior Vice President	Chung-Chih Lung				
	Vice President	Min-Cheng Liu				
	Vice President	Chang-Chin Yang				
	Vice President	Sheng-Hsien Lin				
	Assistant Vice President	Shun-Chien Li				
	Assistant Vice President	Sung-Ying Li				
	Assistant Vice President	Ta-Kun Yang				
	Assistant Vice President	Cheng-Hsuen Chung				
	Assistant Vice President	Jui-Pin Lee				
	Assistant Vice President	Chih-Kung Hu				
13 in total			0	21,071	21,071	0.72%

Note 1: Individual names and titles shall be disclosed yet the profits distributed may be summarized.

Note 2: Employee remuneration (in stock and in cash) distributed to managers as approved by the Board of Directors over the past year. If it is impossible to estimate the value, the value that intends to be assigned this year shall be calculated proportionally according to the actual value distributed last year. Net profit after tax refers to that in the most recent year. When the International Financial Reporting Standard is already adopted, net profit after tax refers to that shown in the individual financial statement over the past year.

Note 3: The scope of application for managers is based on the Taiwan Finance Certificate III No. 0920001301 letter dated March 27, 2003. It is as follows:

- (1) President and equivalent
- (2) Vice President and equivalent
- (3) Assistant Vice President and equivalent
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Other people entitled to manage affairs and sign on behalf of the Company

Note4: If directors, the President, and the Vice President receive the remuneration to employees (in stock and in cash), besides Exhibit 1-2, this table shall be completed as well.

4. Compare and describe separately the analysis of ratios of the total remuneration paid to directors, supervisors, the President, the Vice President of the Company in the past two years by the Company and all companies in the consolidated statement to after-tax net profit and describe correlation among the remuneration payment policy, standards and combination, remuneration establishment procedures, and management performance rewards and risks in the future.

- (1) Analysis of ratios of the total remuneration paid to directors, supervisors, the President, and the Vice President by the Company and all companies included in the consolidated statement to net profit after tax over the past two years:

	NTD thousand			
	The Company		All companies included in the financial report	
	Director (Note 1)	President and Vice President	Director (Note 1)	President and Vice President
2021 Remuneration	38,600	117,939	38,600	118,868
Net profit after tax for 2021	2,926,854	2,926,854	2,926,854	2,926,854
Ratio of sum to net profit after-tax	1.32%	4.03%	1.32%	4.06%
2020 Remuneration	25,090	77,353	25,090	78,282
Net profit after tax for 2020	2,066,612	2,066,612	2,066,612	2,066,612
Ratio of sum to net profit after-tax	1.21%	3.74%	1.21%	3.79%

Note 1: The remuneration to directors includes that to the directors who are also managers.

Note 2: The Company set up the Audit Committee on June 12, 2017 to replace the supervisory system.

- (2) Correlation among the remuneration payment policy, standards and combination, remuneration establishment procedures, and management efficacy and risks in the future: The Company's Compensation and Remuneration Committee functions in compliance with applicable laws and regulations such as the "Securities and Exchange Act" and the "Gold Circuit Electronics Ltd. Compensation and Remuneration Committee Organic Rules" and is responsible for establishing and periodically reviewing whether or not to continue applying the "Compensation and Remuneration Guidelines for Board Directors and Functional Committees" and the "High-ranking Manager Compensation and Remuneration Policy" and submitting its advice and improvement proposals to the Board of Directors. Proposals submitted in 2021 were as follows:

Compensation and Remuneration Committee	Contents of the proposal and subsequent management
01/09/2021	Points 1 to 4 of the Year-end Bonus Distribution Guidelines defined on 1/12/2002 were followed for the year-end bonus worth 3 months of base salary distributed and Article 8 was followed to set aside an amount to be the special reward for each department to retain outstanding talent.
11/09/2021	Whether or not to continue applying the “Compensation and Remuneration Guidelines for Board Directors and Functional Committees” and the “High-ranking Manager Compensation and Remuneration Policy” was discussed and the advice and improvement proposals were submitted to the Board of Directors.
01/18/2022	Points 1 to 4 of the Year-end Bonus Distribution Guidelines defined on 1/12/2002 were followed for the year-end bonus worth 4.0 months of base salary distributed and Article 8 was followed to set aside an amount to be the special reward for each department to retain outstanding talent.

III. Status of Corporate Governance

1. Operational Status of the Board of Directors

(1) Information on the Operational Status of the Board of Directors

The Board of Directors meet 9 times (A) over the past year up to 04/30/2022. All directors and supervisors in the meetings attended each of the meetings (attendance rate of 100%) as follows:

Job title	Name (Note 1)	Actual attendance frequency B	Attendance by proxy	Actual attendance (seated) rate (%) (B/A) (Note 2)	Remarks
Chairman	Chen-Tse Yang	9	0	100%	Extended term in office upon re-election on 7/20/2021
Director	Chang-Chih Yang	9	0	100%	Extended term in office upon re-election on 7/20/2021
Director	Lien-Mei Lin	9	0	100%	Extended term in office upon re-election on 7/20/2021
Director	Chang-Ching Yang	7	0	77.78%	Extended term in office upon re-election on 7/20/2021
Director	Chen-Jung Yang	9	0	100%	Extended term in office upon re-election on 7/20/2021
Director	King Hsiang Investment Co., Ltd. Representative: Jung-Tung Tsai	9	0	100%	Extended term in office upon re-election on 7/20/2021
Independent Director	Jen-Jou Hsieh	9	0	100%	Extended term in office upon re-election on 7/20/2021
Independent Director	Wen-Shih Chiang	9	0	100%	Extended term in office upon re-election on 7/20/2021
Independent Director	Tzu-Ying Lin	9	0	100%	Extended term in office upon re-election on 7/20/2021

Other matters that should be documented:

I. When the operation of the Board of Directors is found with one of the following conditions, the date, session No., details of proposals, opinions of all independent directors and how the Company handles the opinions shall be stated.

Board of Directors meeting	Contents of the proposal	Opinions from independent directors	How opinions from independent directors are handled
1/15/2021 (12th)	1. Reporting on coverage of directors by liability insurance	None	Not applicable
	1. Distribution ratio of 2020 remuneration to employees and that to directors	None	Not applicable
	2. Compensation and Remuneration Committee resolution of year-end bonus	None	Not applicable
	3. Line of credit for financing and guarantee applied for with the bank	None	Not applicable
3/22/2021 (13th)	1. Reporting on conclusions reached in audits performed by the CPAs	None	Not applicable
	2. Board of Directors performance self-evaluation report	None	Not applicable

	1. Date, time, venue, and main contents of the 2021 General Shareholders' Meeting	None	Not applicable
	2. 2020 Financial Statements and Business Report	None	Not applicable
	3. Distribution of 2020 earnings	None	Not applicable
	4. Cash assigned with capital reserve	None	Not applicable
	5. Distribution of 2020 remuneration to employees and that to directors	None	Not applicable
	6. Issuance of Internal Control Declaration	None	Not applicable
	7. Evaluation of independence of 2020 CPAs	None	Not applicable
	8. Preparation of the "Financial Statement Preparation Procedure Management Guidelines" and the "Regulations Governing Transactions with Related Parties" and accordingly revision of related procedures within the internal control and accounting systems.	None	Not applicable
	9. Revision of the "Internal Audit Enforcement Rules"	None	Not applicable
	10. Revision of the Articles of Incorporation	None	Not applicable
	11. Funds lent to Suzhou Gold Circuit Electronics Ltd. for repayment of existing loans	None	Not applicable
	12. Funds lent to Changshu Gold Circuit Technology for repayment of existing loans	None	Not applicable
	13. Line of credit for financing and guarantee applied for with the bank	None	Not applicable
	14. Duration, openings available, and venue for nominating director (including independent director) candidates	None	Not applicable
	15. List of director (including independent director) candidates nominated by the Board of Directors	None	Not applicable
	16. Lifting of the business strife restriction of some new directors	None	Not applicable
05/11/2021 (14th)	1. Review of the Consolidated Financial Statement for the first quarter of 2021.	None	Not applicable
	2. Funds lent to Changshu Gold Circuit Technology for repayment of existing loans	None	Not applicable
	3. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	None	Not applicable
07/01/2021 (15th)	1. Redetermination of date, time, venue, and main contents of the 2021 General Shareholders' Meeting	None	Not applicable
7/20/2021 (1st)	1. Election of Chairman of the Company	None	Not applicable
08/10/2021 (2nd)	1. Reporting on the implementation of the "Smart Wealth Management Plan"	None	Not applicable
	1. Review of the Financial Report for the first half of 2021.	None	Not applicable
	2. Hiring of three members of the Compensation and Remuneration Committee	None	Not applicable
	3. Revision of the internal control over the "Purchase and Payment Cycle" and approval of new "Authorization Chart"	None	Not applicable
	4. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	None	Not applicable
11/09/2021 (3rd)	1. Reporting on the implementation of the honest operation policy, safeguard solutions, and supervision	None	Not applicable

	1. Review of the Consolidated Financial Statement for the third quarter of 2021.	None	Not applicable
	2. 2022 Audit Plan	None	Not applicable
	3. Resolutions reached in the first meeting of the Compensation and Remuneration Committee for the current intake	None	Not applicable
	4. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	None	Not applicable
01/18/2022 (4th)	1. Reporting on coverage of directors by liability insurance	None	Not applicable
	1. Distribution ratio of 2021 remuneration to employees and that to directors	None	Not applicable
	2. Resolutions reached in the second meeting of the Compensation and Remuneration Committee for the current intake	None	Not applicable
	3. Line of credit for financing and guarantee applied for with the bank	None	Not applicable
3/21/2022 (5th)	1. Date, time, venue, and main contents of the 2022 General Shareholders' Meeting	None	Not applicable
	2. 2021 Financial Statements and Business Report	None	Not applicable
	3. Distribution of 2021 earnings	None	Not applicable
	4. Capital Reduction in Cash	None	Not applicable
	5. Distribution of 2021 remuneration to employees and that to directors	None	Not applicable
	6. Issuance of Internal Control Declaration	None	Not applicable
	7. Evaluation of independence of 2022 CPAs	None	Not applicable
	8. Revision of the Articles of Incorporation	None	Not applicable
	9. Revision of the "Procedure for the Acquisition or Disposal of Assets"	None	Not applicable
	10. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	None	Not applicable

II. For the enforcement of recusal upon conflicts of interest among directors, the name of the director, details of the proposal, reason for the recusal, and participation in the voting session or not shall be described:

1. During the meeting on January 15, 2021, distribution of year-end bonus for 2020 and manager performance evaluation and compensation and remuneration were discussed. Chairman Chen-Tse Yang and Directors Chen-Jung Yang, Chang-Chih Yang, and Chang-Ching Yang, who were also employees of Gold Circuit Electronics Ltd. in Taiwan excused themselves from the discussions and voting session concerning their own salary. Director Jen-Jou Hsieh as designated by Chairman Chen-Tse Yang served as the acting chair during the discussions and voting session. The proposal was approved unanimously.

2. Three members of the Company's Compensation and Remuneration Committee were assigned on August 10, 2021.

Mr. Jen-Jou Hsieh, Mr. Wen-Shih Chiang, and Attorney Tzu-Ying Lin, who attended the meeting and were independent directors of the Company excused themselves from the

discussions and voting session as required by the Rules of Procedure for Board of Directors' Meetings. The proposal was approved unanimously by the remainder of the directors.

3. During the meeting on January 18, 2022, distribution of year-end bonus for 2021 and manager performance evaluation and compensation and remuneration were discussed. Chairman Chen-Tse Yang and Directors Chen-Jung Yang, Chang-Chih Yang, and Chang-Ching Yang, who were also employees of Gold Circuit Electronics Ltd. in Taiwan excused themselves from discussions and voting concerning their own salary. Director Jen-Jou Hsieh as designated by Chairman Chen-Tse Yang served as the acting chair during the discussions and voting session. The proposal was approved unanimously.

- III. TWSE/TPEX-listed companies shall disclose the evaluation cycle and duration, and scope, approach, and content of the evaluation, among other information, of the reviews performed independently by the Board of Directors or peer reviews and complete the (2) Board of Directors Evaluation in Table 2: See the table below:

(2) Board of Directors Evaluation

Evaluation cycle (Note 1): At least once a year			
Evaluation duration (Note 2): January 1, 2021 through December 31, 2021			
<u>Scope of evaluation</u> (Note 3)	<u>Evaluation method</u> (Note 4)	<u>Highlights of evaluation</u> (Note 5)	<u>Assessment outcome</u>
Overall Board of Directors Performance Evaluation	The Board of Directors meetings unit performs the evaluation reflective of the actual operation of the Board of Directors	It consisted of five domains; they are described as follows: Involvement in Corporate Operation Improved Decision-making Quality of the Board of Directors Composition and Structure of Board of Directors Election of its directors and continuing education for them Internal Control	The total score was 89, showing that the Board of Directors was functioning fairly soundly as a whole in honor of corporate governance.
Individual Board of Directors Members Performance Evaluation	Performed by respective members of the Board of Directors	It consisted of six domains; they are described as follows: Keeping track of corporate goals and missions Awareness of the duties of directors Involvement in Corporate Operation Management of internal relations and communication Director's professionalism and continuing education	The mean score was a whole was 93, showing that directors had consistently positive feedback on the efficacy and outcome of respective indicators under review.
Contents of the above-mentioned performance evaluation and advice will be brought forth in			

the Board of Directors meeting in March 2022.

II. Measures Expected to be Taken by the Company:

1. The mean weighted average valid score of the 2021 Self-evaluation Questionnaire for the Performance of Board of Directors recovered from each of the directors was 89 and items that required reinforcement after analysis are
 - (1) Question 25 “The Board of Directors has had a sufficient number of independent directors in place that meets applicable requirements (such as: when the Chairman and the Vice President are the same person, the number of independent directors shall be increased?)
 - (2) Question 30 “There are no more than two directors who are each other’s spouse or relative within the second degree of kinship so that directors can function independently and objectively.”
2. The mean weighted average valid score of the 2021 Self-evaluation Questionnaire for the Performance of Directors recovered from each of the directors was 93; there were no items that scored lower.

To sum up, the performance evaluations performed of the Board of Directors and its members throughout 2021 rendered matters pending improvement primarily including: For issues concerning the relationship among members of the Board of Directors and the Chairman and President being the same person, the Company is expected to revise related requirements and will add one independent director in 2023.

Evaluation cycle (Note 1): At least once a year			
Evaluation duration (Note 2): January 1, 2020 through December 31, 2020			
<u>Scope of evaluation</u> (Note 3)	<u>Evaluation method</u> (Note 4)	<u>Highlights of evaluation</u> (Note 5)	<u>Assessment outcome</u>
Overall Board of Directors Performance Evaluation	The Board of Directors meetings unit performs the evaluation reflective of the actual operation of the Board of Directors	It consisted of five domains; they are described as follows: Involvement in Corporate Operation Improved Decision-making Quality of the Board of Directors Composition and Structure of Board of Directors Election of its directors and continuing education for them Internal Control	The total score was 90.7, showing that the Board of Directors was functioning fairly soundly as a whole in honor of corporate governance.
Individual Board of	Performed by respective	It consisted of six domains;	The mean score was a whole was 93.7, showing that

Directors Members Performance Evaluation	members of the Board of Directors	they are described as follows: Keeping track of corporate goals and missions Awareness of the duties of directors Involvement in Corporate Operation Management of internal relations and communication Director's professionalism and continuing education	directors had consistently positive feedback on the efficacy and outcome of respective indicators under review.
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Contents of the above-mentioned performance evaluation and advice will be brought forth in the Board of Directors meeting in March 2021.

II. Measures Expected to be Taken by the Company:

1. The mean weighted average valid score of the 2020 Self-evaluation Questionnaire for the Performance of Board of Directors recovered from each of the directors was 90.7 and items that required reinforcement after analysis are
 - (1) Question 15 "Adequate frequency of Board of Directors meetings" (3 as medium for at least 6 times a year, for example).
 - (2) Question 25 "The Board of Directors has had a sufficient number of independent directors in place that meets applicable requirements (such as: when the Chairman and the Vice President are the same person, the number of independent directors shall be increased?)"
 - (3) Question 30 "There are no more than two directors who are each other's spouse or relative within the second degree of kinship so that directors can function independently and objectively."
2. The mean weighted average valid score of the 2020 Self-evaluation Questionnaire for the Performance of Directors recovered from each of the directors was 93.7; there were no items that scored lower.

To sum up, the performance evaluations performed of the Board of Directors and its members throughout 2020 rendered matters pending improvement primarily including: First, the Board of Directors did not meet frequently enough: The Company will increase the meeting frequency this year; Second, for issues concerning the relationship among members of the Board of Directors and the Chairman and President being the same person, the Company is expected to one independent director in 2023. In addition, although the requirement for continuing education of directors is fulfilled, it can be reinforced further. The Company will adequately provide respective directors with course information to hopefully help the Board of Directors make the best of its function and bring the Company towards a higher level of corporate governance.

Evaluation cycle (Note 1): At least once a year			
Evaluation duration (Note 2): January 1, 2019 through December 31, 2019			
<u>Scope of evaluation</u> (Note 3)	<u>Evaluation method</u> (Note 4)	<u>Highlights of evaluation</u> (Note 5)	<u>Assessment outcome</u>
Overall Board of Directors Performance Evaluation	The Board of Directors meetings unit performs the evaluation reflective of the actual operation of the Board of Directors	It consisted of five domains; they are described as follows: Involvement in Corporate Operation Improved Decision-making Quality of the Board of Directors Composition and Structure of Board of Directors Election of its directors and continuing education for them Internal Control	The total score was 90, showing that the Board of Directors was functioning fairly soundly as a whole in honor of corporate governance.
Individual Board of Directors Members Performance Evaluation	Performed by respective members of the Board of Directors	It consisted of six domains; they are described as follows: Keeping track of corporate goals and missions Awareness of the duties of directors Involvement in Corporate Operation Management of internal relations and communication Director's professionalism and continuing education	The mean score was a whole was 95, showing that directors had consistently positive feedback on the efficacy and outcome of respective indicators under review.
Contents of the above-mentioned performance evaluation and advice will be brought forth in the Board of Directors meeting in May 2020. II. Measures Expected to be Taken by the Company: - The mean weighted average valid score of the 2019 Self-evaluation Questionnaire for the Performance of Board of Directors recovered from each of the directors was 90 and items that required reinforcement after analysis are - Question 15 "Adequate frequency of Board of Directors meetings" (3 as medium for at least 6 times a year, for example). - Question 25 "The Board of Directors has had a sufficient number of independent directors in place that meets applicable requirements (such as: when the Chairman and the Vice President are the same person, the number of independent directors shall be increased?)			

- (3) Question 30 “There are no more than two directors who are each other’s spouse or relative within the second degree of kinship so that directors can function independently and objectively.”
- (4) The mean weighted average valid score of the 2019 Self-evaluation Questionnaire for the Performance of Directors recovered from each of the directors was 95 and items that required reinforcement after analysis primarily included Question 37 “Directors have attended diversified courses besides their own professional capabilities, with adequate hours completed on continuing education each year.”

To sum up, the performance evaluations performed of the Board of Directors and its members throughout 2019 rendered primarily the following two results:

1. The Board of Directors did not meet frequently enough and the relationship among directors and the Chairman and President being the same person; the Company will consider to adequately increase the meeting frequency and the necessity to adjust nomination of members for the Board of Directors of the next intake. It is believed for the time being that the current arrangements are better.
2. Continuing education for directors needs to be reinforced. The Company will adequately provide respective directors with course information to hopefully help the Board of Directors make the best of its function and bring the Company towards a higher level of corporate governance.

IV. Reinforced assessments of functional objectives (such as setting up the Audit Committee, promoting information transparency) of the Board of Directors and implementation status of the objectives of the specific year and over the past year:

1. The Board of Directors approved the setup of the Corporate Governance Officer on March 25, 2019.
2. The “Board of Directors Performance Evaluation Guidelines” and the “Standard Operating Procedure for Processing Requirements of the Board Directors” were defined on March 25, 2019.
3. The Company’s “Ethical Corporate Management Panel” already reported to the Board of Directors the “2020 ethical corporate management implementation status, measures adopted, and implementation efficacy” during the 11th meeting on November 6, 2020.
4. The Company’s “Ethical Corporate Management Panel” already reported to the Board of Directors the “2021 ethical corporate management policy, safeguard solutions, and supervision status” during the third meeting on November 9, 2021.
5. The Company’s “Sustainable Development Committee” reported to the Board of Directors the implementation status of ESG on May 10, 2022, including the overall strategic direction, goal setting, and progress update, GHG inventory check findings, and green electricity purchase project implementation, etc.
6. Once revision of the Articles of Incorporation is approved during the 2022 shareholders’ meeting, one independent director will be added for 2023 to achieve the goal of four independent directors.

2. Operational Status of the Audit Committee and Participation of Supervisors in the Operations of the Board of Directors

Composition of the Audit Committee

Status (Note 1)	Criteria Name	Work experience and professionalism
Independent Director (Convener)	Jen-Jou Hsieh	Industrial Engineering Department, Chung Yuan Christian University EMBA, Sun Yat-Sen University (Guangzhou) President, Commodore International Chairman, Shenzhen Huamao Electronics Co., Ltd. Independent Director, Gold Circuit Electronics Ltd.
Independent Director (Member)	Wen-Shih Chiang	Department of Business Management, Tatung University Financial Manager, Chi Wei Technology Co., Ltd. Financial Manager and Audit Manager of Gold Circuit Electronics Ltd. (Retired in 2001) Independent Director, Gold Circuit Electronics Ltd.
Independent Director (Member)	Tzu-Ying Lin	Department of Law, National Chung Hsing University Judge of Taoyuan District Court Lawyer of Tzu-Ying Lin Law Firm Independent Director, Gold Circuit Electronics Ltd. Supervisor of Le Young Construction Co., Ltd.

Involvement of the Audit Committee in the Operation of the Board of Directors

The Committee met five times in total over the past year from January 1, 2021 through April 30, 2022 and attendance of independent directors in the meetings is as follows:

Job title	Name	Actual attendance (seated) frequency	Attendance by proxy	Actual seated rate (%)	Remarks
Independent Director	Jen-Jou Hsieh	5	0	100.0%	7/20/2021 Extended term in office upon election
Independent Director	Wen-Shih Chiang	5	0	100.0%	7/20/2021 Extended term in office upon election
Independent Director	Tzu-Ying Lin	5	0	100.0%	7/20/2021 Extended term in office upon election
Other matters that should be documented: I. When the operation of the Audit Committee is found with one of the following					

conditions, the date, session No., details of proposals, decisions made by the Audit Committee, and how the Company addressed opinions from the Audit Committee in the Board of Directors' meeting shall be stated: All of the major proposals were approved unanimously by the Audit Committee in 2021; there were no matters that were not approved by the Audit Committee and hence decided through consent by two-thirds or more of all directors. See the table below.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act.

(II) Besides those mentioned in the foregoing, other resolutions with approval by two-thirds and more of all directors despite the failure to be approved by the Audit Committee.

Board of Directors meeting	Contents of the proposal and subsequent management	Matters under Article 14-5 of the Securities and Exchange Act	Resolutions with approval by two-thirds and more of all directors despite the failure to be approved by the Audit Committee
3/22/2021 (Seventh)	1. Review of 2020 Financial Statements and Consolidated Financial Statements 2. Review of 2020 earnings distribution proposal 3. Review of distribution of cash with capital reserve 4. Review of distribution of 2020 remuneration to employees and that to directors 5. Issuance of Internal Control Declaration 6. Review of independence of 2020 CPAs 7. Review of the Preparation of the "Financial Statement Preparation Procedure Management Guidelines" and the "Regulations Governing Transactions with Related Parties" and accordingly revision of related procedures within the internal control and accounting systems 8. Review of the revision of the "Internal Audit Enforcement Rules" 9. Review of revision of the Articles of Incorporation 10. Funds lent to Suzhou Gold Circuit Electronics for repayment of existing loans 11. Funds lent to Changshu Gold Circuit Technology for repayment of existing loans 12. Line of credit for financing and guarantee applied for with the bank	V V V V V V V V V V V V	None
	Decision made by the Audit Committee (3/22/2021): It was approved by the Audit Committee unanimously. How the Company addressed opinions from the Audit Committee: It was approved unanimously by all attending directors.		
05/11/2021 (8th)	1. Ratification of the Consolidated Financial Statement for the first quarter of 2021. 2. Review of the delegation of CPAs and	V V	None

	public expenditure 3. Funds lent to Changshu Gold Circuit Technology for repayment of existing loans 4. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	V V	
	Decision made by the Audit Committee (5/11/2021): It was approved by the Audit Committee unanimously. How the Company addressed opinions from the Audit Committee: It was approved unanimously by all attending directors.		
08/10/2021 (1st)	1. 2021 Financial Report for the first half of 2021 2. Revision of the internal control over the “Purchase and Payment Cycle” and approval of new “Authorization Chart” 3. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	V V V	None
	Decision made by the Audit Committee (8/10/2021): It was approved by the Audit Committee unanimously. How the Company addressed opinions from the Audit Committee: It was approved unanimously by all attending directors.		
11/09/2021 (2nd)	1. Consolidated Financial Statement for the third quarter of 2021. 2. 2022 Audit Plan 3. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	V V V	None
	Decision made by the Audit Committee (11/9/2021): It was approved by the Audit Committee unanimously. How the Company addressed opinions from the Audit Committee: It was approved unanimously by all attending directors.		
3/21/2022 (3rd)	1. Review of 2021 Financial Statements and Consolidated Financial Statements 2. Review of 2021 earnings distribution proposal 3. Capital Reduction in Cash. 4. Review of distribution of 2021 remuneration to employees and that to directors 5. Issuance of Internal Control Declaration 6. Review of independence of 2022 CPAs 7. Revision of the Articles of Incorporation 8. Revision of the “Procedure for the Acquisition or Disposal of Assets” 9. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	V V V V V V V	None
	Decision made by the Audit Committee (3/21/2022): It was approved by the Audit Committee unanimously. How the Company addressed opinions from the Audit Committee: It was approved unanimously by all attending directors.		
II. For the recusal upon conflicts of interest among independent directors, the name of the director, details of the proposal, reason for the recusal, and participation in the voting process or not shall be described: None			
III. Communication among the independent directors, the head of internal audit, and the			

CPAs (important matters communicated, method, and results of the communication over the financial standing and business operation of the Company, etc.):

(I) Communication between independent directors and the Internal Audit Officer

- The Audit Office audits the internal control cycle and management guidelines according to the annual plan and prepares the “Internal Audit Plan,” which is to be submitted to the Chairman for approval and to each Audit Committee member for the latter’s reference by the end of the next month after the audit is completed.
- The Internal Audit Officer reports audit operations during each Audit Committee meeting (at least four times) and communicates face to face with independent directors.
- In cases of major violations discovered by the internal audit staff and major damages suffered by the Company, reports will be prepared immediately submitted and respective Audit Committee members will be notified.

Communications between independent directors and the Internal Audit Officer in 2021 are summarized as follows:

Date	Communication method	Matters being communicated	Independent director Recommendation
03/22/2021	1. General audit report 2. Case discussion	1. Reporting on audit operations at the three plants in Mainland China in November and December 2020 2. Reporting on audit operations at the three plants in Mainland China in January and February 2021 3. Improvement solutions have been introduced for deficiencies found in audits and brought forth during monthly audit meetings to be discussed; they are to be followed up and double checked later. 4. Issuance of “2020 Internal Control System Declaration”	1. None.
05/11/2021	1. General audit report 2. Case discussion	1. Reporting on audit operations at the three plants in Mainland China in March and April 2021 2. Improvement solutions have been introduced for deficiencies found in audits and brought forth during monthly audit meetings to be discussed; they are to be followed up and double checked later.	1. None.
08/10/2021	1. General audit report 2. Case discussion	1. Reporting on audit operations at the three plants in Mainland China in May, June, and July 2021 2. Improvement solutions have been introduced for deficiencies found in audits and brought forth during monthly audit meetings to be discussed; they are to be followed up and double checked	1. None.

		later.	
11/09/2021	1. General audit report 2. Case discussion	1. Reporting on audit operations at the three plants in Mainland China in August, September, and October 2021. 2. Improvement solutions have been introduced for deficiencies found in audits and brought forth during monthly audit meetings to be discussed; they are to be followed up and double checked later.	1. None.

(II) Communications between independent directors and the CPAs

1. The CPAs reports financial statement audit or review findings during Audit Committee meetings on a quarterly basis and other matters to be communicated as required by applicable laws and regulations. Independent directors can express their opinions during the process to facilitate discussions and additional information to be provided by the CPAs.
2. In cases of significant unique financial and operational conditions, the CPAs will report them to the Audit Committee in real time.
3. For important relevant issues, the Board of Directors will also invite the CPAs to be seated and provide professional opinions so that the CPAs get more opportunities to interact with directors/independent directors.
4. The Company's independent directors are communicating smoothly and optimally with the CPAs.

Communications between independent directors and the CPAs in 2021 and 2022 are summarized as follows:

Date	Focus of the communication
1/15/2021	The CPAs communicated with the Company's directors and independent directors on the key audit matter – income recognition: When the subsidiary in Mainland China actually ships goods, the inventory control is transferred and the income from the triangle trade of the Company 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. For the recognition of income, 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 Gold Circuit Electronics Ltd. 2. Select revenue samples and execute the substantive test of details to obtain audit evidence to support the execution of customer orders, approval, and accuracy of income incurred. 3. Samples were selected from the income statement of the triangle trade to verify the shipping receipts and supporting documents from the subsidiaries in Mainland China for confirmation over whether the conditions for recognizing income was fulfilled or not.
01/18/2022	The CPAs communicated governance matters that they became aware of while planning an audit of the Group's 2021 financial statements with the Audit Committee 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 or not and includes it as a key audit matter in order to know related internal control design recognized under income from sales and evaluate and test the validity of the design and its implementation. 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.	
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Supervisors' Involvement in the Board of Directors' Operations

Not applicable. The Company had a comprehensive re-election on June 12, 2017; the Audit Committee was established to replace the supervisory system.

3. Corporate Governance Implementation Status and Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons:

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Brief Description	
I. Does the Company establish and disclose its corporate governance principles in accordance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”?	Yes		The Company approved through its Board of Directors on March 21, 2016 the “Corporate Governance Best-Practice Principles” and disclosed them on its website and the MOPS.	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
II. Shareholding Structure and Shareholder Equity (I) Does the Company establish internal operating procedures for handling shareholder suggestions, questions, disputes or lawsuits and implement the procedures?	Yes		The Company has spokespersons and acting spokespersons in place. If shareholders have advice or disputes, they shall let the spokesperson know and the latter will address them. In cases of lawsuits, on the other hand, the legal affairs unit will take care of related legal matters.	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
(II) Does the Company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	Yes		For years, the Company’s major shareholders have been steady and focused and these major shareholders work with one another pleasantly. Changes in the shares held by insiders (directors, managers, and shareholders holding 10% or more of the total shares) are declared on a monthly basis on websites designated by the Securities and Futures Bureau and the MOPS.	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Brief Description	
(III) Has the Company established and implemented risk management and firewall mechanisms with its affiliates?	Yes		The Company and its affiliates work independently. Each has its related internal control system to be followed. The Company also follows applicable regulatory requirements set forth in the “Regulations for Monitoring Subsidiaries.”	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
(IV) Has the company established internal rules against insiders trading with undisclosed information?	Yes		The Company has established internal regulations such as the Personnel Regulations to prevent insiders from buying and selling securities taking advantage of information yet to be released on the market to make profits. In addition, in order to create an optimal significant internal information processing and disclosure mechanism, to ensure the consistency and accuracy of the information released externally by the Company, and to reinforce insider trading regulations, the “Anti-Insider Trading Management Operating Procedure” is established to be followed.	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
III. Composition and Responsibilities of the Board of Directors (I) Has the Board of Directors developed diversification policies for its composition and set substantial management goals and enforced them?	Yes		The diversification policy is defined under Chapter 3 “Reinforced Function of Board of Directors” of the Company’s “Corporate Governance Best-Practice Principles.” Currently the Board of Directors consist of nine directors, including three	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Brief Description	
			independent directors and six regular directors. They possess abundant experience and professionalism in fields such as finance/banking, legal affairs, commerce, and PCB management. In addition, the Company cares about gender equality in the composition of its Board of Directors; the target ratio of female directors is 33% and above. <u>Fulfilled: The re-election in 2018 already rendered three female directors; the ratio is greater than 33%.</u> The <u>goal</u> in 2023 is to elect an additional independent director. <u>Fulfilled: The revision of the Articles of Incorporation was approved through the 2022 shareholders' meeting</u>	are fulfilled.
(II) Does the Company voluntarily establish other functional committees in addition to the Compensation and Remuneration Committee and the Audit Committee that are established as required by laws?	Yes		The Company only has the Compensation and Remuneration Committee and the Audit Committee now.	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
(III) Has the Company established standards and method for evaluating the performance of the Board of Directors, and does the Company implement the performance evaluation periodically and submit results of the performance evaluation	Yes		On March 25, 2019, the Board of Directors defined the "Board of Directors Performance Evaluation Guidelines" and the 2021 Board of Directors performance evaluation was	Requirements of the Corporate Governance Best-Practice Principles for

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Brief Description	
to the Board of Directors, and use them for reference while deciding compensation and rewards for individual directors and nominating them for a second term in office? (IV) Does the Company regularly evaluate the independence of CPAs?	Yes		completed on January 1, 2022. Results of the performance evaluation were brought forth during the Board of Directors meeting on March 21, 2022. The Company evaluated the independence and competency of the CPAs at least once a year. The evaluation form consists of 14 indicators and the CPAs are asked to issue the Independence Declaration. The Audit Committee performed the evaluation and the results were presented to the Board of Directors on March 19, 2021 and March 21, 2022. The 14 indicators are listed below. <u>No material direct or indirect material financial interests between the members of the Audit Service Group and their family members, other co-practicing CPAs and their family members, accounting firms and their affiliates and the Company.</u> <u>No close business relationship between the accounting firm or members of the Audit Service Group and the Company or any of its affiliates.</u> <u>No serving as the Company's director, supervisor or holding of any position with significant impacts on the case being audited over the past two years by members of the Audit Service Group.</u> The above are the 14 indicators.	TWSE/TPEX-Listed Companies are fulfilled. Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
IV. For TWSE/TPEX-listed companies, is there an exclusive (combined) unit or person for corporate governance to take charge of related matters	Yes		The Company already decided through its Board of Directors on 3/25/2019 to set up the Corporate Governance Officer, who is responsible mainly for	Requirements of the Corporate Governance Best-Practice

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Brief Description	
(including without limitation providing directors and supervisors with materials required for them to carry out their tasks, taking care of Board of Directors' meetings and shareholders' meetings as required by law, registering the company and changing registered information, preparing minutes of Board of Directors' meetings and shareholders' meetings)?			providing directors with the materials for them to fulfill their duties at work, assisting directors in complying with laws and regulations, and handling matters related to Board of Directors meetings and shareholders' meetings as required by law. Vice President Chang-Chin Yang of the Finance Department also serves as the Corporate Governance Officer as he possesses at least 3 years of work experience in public companies dealing with stock affairs and meetings. <u>Operational status in 2021 is provided below:</u> 1. Provided directors with materials needed for them to fulfill their duties 2. Arranged continuing education for directors (all directors fulfilled the hours of continuing education as required) 3. Prepared the Board of Directors' meeting agenda and notifies directors of it seven days in advance. Convened the meeting and provided meeting materials. If recusal of interest is required, reminded the specific director in advance and completed the meeting minutes 4. Helped with the procedures, resolutions, and compliance of the Board of Directors'	Principles for TWSE/TPEX-Listed Companies are fulfilled.

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons									
	Yes	No	Brief Description										
			meetings and shareholders’ meetings; 5. Took care of releasing information on important decisions made by the Board of Directors 6. Took care of releasing information on important decisions made by the Board of Directors 7. Registered the date of the shareholders’ meeting in advance as required by law, preparing the notice, the rules of procedure, and the meeting minutes 8. Organized the annual Board of Directors and its members performance evaluations 9. Took care of corporate information disclosure and web page maintenance 10. Completed 12 hours of continuing education in 2021 for the Corporate Governance Officer. See the form attached below: <table border="1"> <tr> <th>Course title</th> <th>Duration of continuing education</th> <th>Hours involved</th> </tr> <tr> <td>The 13th Taipei Corporate Governance Forum</td> <td>09/01/2021</td> <td>6 hours</td> </tr> <tr> <td>How to cope with common deficiencies in the preparation of the IFRS financial report</td> <td>12/12/2021</td> <td>6 hours</td> </tr> </table>	Course title	Duration of continuing education	Hours involved	The 13th Taipei Corporate Governance Forum	09/01/2021	6 hours	How to cope with common deficiencies in the preparation of the IFRS financial report	12/12/2021	6 hours	
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Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Brief Description	
V. Has the company established a communication channel and build a designated section on its website for stakeholders (including, without limitation, shareholders, employees, customers, and suppliers) and properly respond to corporate social responsibility issues that stakeholders are concerned about?				Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
Stakeholder	Stakeholder engagement		Communication method and response method	
Customer	Product quality Customer service Green product		Visits among high-ranking supervisors, new technology and new product development status report Telephone, email, mutual visit, meeting	
Investor	Financial performance Corporate governance Company Development and Future Prospect		Market Observation Post System Investor conference/workshop Exclusive section for stakeholders on the Company's website Shareholders' meeting	
Employees	Labor-management relations Employee welfare Employee opinions and related advice Spontaneous involvement in process improvement		Labor-management meeting Employee workshop Complaint-filing and advice-providing poll QCC-related event	
Supplier	Supplier screening criteria Supplier sustainable management		Supplier assembly Supplier training	
Society	Societal involvement Environmental policy		Public charity event/visit Waste service provider audit	
Bank	Corporate governance Risk management Compliance		Visit, meeting Written materials Market trend analysis	

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons												
	Yes	No	Brief Description													
V. Has the company established a communication channel and build a designated section on its website for stakeholders (including, without limitation, shareholders, employees, customers, and suppliers) and properly respond to corporate social responsibility issues that stakeholders are concerned about?	Yes		<table><tr><td>Shareholders</td><td>Issues of interest: Financial performance/corporate governance</td></tr><tr><td colspan="2">1. Shareholders' meetings are held in the middle of each year to truthfully communicate complete financial information and future developments of the Company with all shareholders. 2. The Company has the spokesperson and the exclusive section for stakeholders in place on the website to facilitate communications</td></tr><tr><td>Employees</td><td>Issues of interest: Employee welfare/labor-management relations</td></tr><tr><td colspan="2">1. Labor-management meetings are held on a quarterly basis 2. Employee workshops are held on a quarterly basis 3. There is the complaint-filing and advice-providing poll (checked on a daily basis) for employees to provide their feedback and related advice 2. There is the incentive system for those proposing improvements and colleagues are encouraged to proactively take part in respective improvement efforts throughout the plant 5. QCC-related events are promoted to encourage spontaneous involvement in improvements among the colleagues</td></tr><tr><td>Customer</td><td>Issues of interest: Customer relation management Hazardous substances/supply chain management</td></tr><tr><td colspan="2">1. The RBA self-inspection status at each plant of the Company is disclosed to customers through RBA-promoted network platforms 2. Corporate development blueprints and new product R&D status, reliability, and lead time are communicated through the various meetings with customers</td></tr></table>	Shareholders	Issues of interest: Financial performance/corporate governance	1. Shareholders' meetings are held in the middle of each year to truthfully communicate complete financial information and future developments of the Company with all shareholders. 2. The Company has the spokesperson and the exclusive section for stakeholders in place on the website to facilitate communications		Employees	Issues of interest: Employee welfare/labor-management relations	1. Labor-management meetings are held on a quarterly basis 2. Employee workshops are held on a quarterly basis 3. There is the complaint-filing and advice-providing poll (checked on a daily basis) for employees to provide their feedback and related advice 2. There is the incentive system for those proposing improvements and colleagues are encouraged to proactively take part in respective improvement efforts throughout the plant 5. QCC-related events are promoted to encourage spontaneous involvement in improvements among the colleagues		Customer	Issues of interest: Customer relation management Hazardous substances/supply chain management	1. The RBA self-inspection status at each plant of the Company is disclosed to customers through RBA-promoted network platforms 2. Corporate development blueprints and new product R&D status, reliability, and lead time are communicated through the various meetings with customers		Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
Shareholders	Issues of interest: Financial performance/corporate governance															
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Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons								
	Yes	No	Brief Description									
			<table><tr><td>Supplier</td><td>Issues of interest: Supplier management Supplier screening criteria</td></tr><tr><td colspan="2">1. Supplier general assemblies are held each year where operational performance of the preceding year and corporation operation and development goals for the new year are communicated to suppliers 2. Supplier training is held from time to time on topics such as RBA requirements, GHG emission inventory check and reduction, among others.</td></tr><tr><td>Community</td><td>Issues of interest: Societal involvement/environmental policy</td></tr><tr><td colspan="2">Societal involvement and environmental protection events as well as subsidies for financially disadvantaged children's meals at school are proactively promoted</td></tr></table>	Supplier	Issues of interest: Supplier management Supplier screening criteria	1. Supplier general assemblies are held each year where operational performance of the preceding year and corporation operation and development goals for the new year are communicated to suppliers 2. Supplier training is held from time to time on topics such as RBA requirements, GHG emission inventory check and reduction, among others.		Community	Issues of interest: Societal involvement/environmental policy	Societal involvement and environmental protection events as well as subsidies for financially disadvantaged children's meals at school are proactively promoted		
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Community	Issues of interest: Societal involvement/environmental policy											
Societal involvement and environmental protection events as well as subsidies for financially disadvantaged children's meals at school are proactively promoted												
VI. Does the Company designate a professional stock affairs agency to deal with affairs relating to shareholders' meetings?	Yes		The Company has Chinatrust Commercial Bank to take care of shareholders' related affairs.	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.								
VII. Disclosure of Information (I) Has the Company established a corporate website to disclose information regarding its financial, business and corporate governance status?	Yes		The Company's website www.gce.com is available in both China and English. Besides related finance, operations, and other information, the policy and declaration of corporate social responsibilities is disclosed to specify the ethical norms that the Company follows.	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.								

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Brief Description	
(II) Does the Company adopt other ways of disclosing information (e.g. maintaining an English website, appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on company website)?	Yes		Related finance, operations, and information that are available on the Company's website: www.gce.com.tw are available in Chinese and English. There is a person at each department to take charge of collecting and disclosing information of the Company and the responsible person at the Information Technology Department is to post it periodically on the website.	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
(III) Does the Company announce and declare its Annual Financial Statement within two months after a fiscal year ends and announce and declare the financial statements for the first, second, and third quarters and operational status of each month earlier than the required deadline?	Yes		It is expected to be implemented by the Company next year.	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
VIII. Is there any other important information available to facilitate a better understanding of the company's corporate governance operational status (including without limitation employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	Yes		1. Rights of employees: The Company has a section for human resources on its website, which helps visitors know the human resources policy, employee benefits, manpower analysis at each plant, and current openings available at the Company. 2. Employee care: The welfare system and optimal educational training system that contribute to an enriched and steady life of employees help build a mutual-trust and reliable optimal relationship. Employees are subsidized,	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Brief Description	
			for example, for club events and cultural/entertaining activities, annual travels, physical checkups and medical advice, rent if they are not living in the Company's dormitories, and daily care and parking lot for those living in the Company's dormitories. 3. Investor relations: The Company has spokespersons and acting spokespersons to take care of related matters. 4. Supplier relations: Sustainable partnerships are built with suppliers and social responsibilities and EICC are extended to next-stage suppliers. Policies are communicated to and educational training is provided to suppliers periodically. The training covers the following: A. Labor and moral (including EICC) awareness, policies and goals, achievement and constant improvement goals. B. GHG control goals C. EICC action expected to be taken by suppliers 5. Rights of stakeholders: The stakeholders may communicate with and advise the Company in order to protect the expected legal rights. 6. Continuing education of directors and supervisors:	

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Brief Description	
			The Company's directors and supervisors attend continuing education courses periodically each year. The courses available in 2021 are as follows: Details are given in the table below. 7. Implementation of the risk management policy and risk evaluation criteria: By the end of January each year, the Human Resources Department summarizes results of risk (risk score = frequency*severity) evaluations from the preceding year and, based on the risk control class, periodically follows up on improvement results and revises the operating procedure. 8. The Company has its directors and supervisors covered by liability insurance at the end of each year.	
IX. Does the Company have the Corporate Governance Self-evaluation Report or that prepared by a professional service provider? (If es, please specify opinions from the Board of Directors, the self-evaluation or outsourced evaluation results, primary deficiencies or suggestions and improvements) (Note 2)	Yes		The Company's Corporate Governance Evaluation Report is prepared in accordance with the Electronic Industry Code of Conduct (EICC). The Report is submitted to the Management Board before March each year for review.	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Brief Description	

Table 2: Continuing education of directors and supervisors: The Company's directors and independent directors attend continuing education courses periodically each year. All of them completed 6 hours of continuing education in 2021. The courses available in 2021 are as follows:

Name	Name	Organizer	Course title	Hours involved
Independent Director	Jen-Jou Hsieh	NCKU Research & Development Foundation	Responsibilities of Directors and Supervisors from the KY Case	3.0
		Taiwan Corporate Governance Association	Operation and Decision-making Power of Board of Directors	3.0
Independent Director	Wen-Shih Chiang	Securities and Futures Institute	The 13th Taipei Corporate Governance Forum	3.0
		Securities and Futures Institute	Intellectual Property Management from Director's Perspective	3.0
Independent Director	Tzu-Ying Lin	Securities and Futures Institute	The 13th Taipei Corporate Governance Forum	6.0
Director	Chang-Chih Yang	Taiwan Corporate Governance Association	Role of Directors in Corporate Management and Corporate Governance	3.0
		Taiwan Academy of Banking and Finance	Corporate Governance Lecture (113th Issue)	3.0
Director	Chen-Tse Yang	Taiwan Corporate Governance Association	Family Business Governance Framework and Case Study	3.0
			Quick Interpretation and Get Ready for Corporate Governance 3.0.	3.0
Director	Lien-Mei Lin	Taiwan Corporate Governance Association	Responsibilities of Directors/Supervisors and Highlights of Revisions Made to the Securities Investor and Futures Trader Protection Act	3.0
		Securities and Futures Institute	The 13th Taipei Corporate Governance Forum	3.0
		Taiwan Corporate Governance Association	17Th (2021) Corporate Governance Summit – Practice ESG to Accomplish Governance and Sustainable Development	6.0
Director	Chang-Chin Yang	R.O.C. Accounting Research and Development Foundation	Directors' Supervision on Fulfillment of ESG	3.0
			TCFD and SASB Emphasis over ESG Indicators and Their Link to Financial Disclosure	3.0
		Taiwan Independent Director Association	2021 ESG Sustainability Action Seminar	3.0
Director	Jung-Tung Tsai	Taiwan Corporate Governance Association	Accelerator for Corporate Sustainability – CSR, ESG, and SDGS	3.0
			How to Take Care of Win-Win-Win Situation among Being Smart, Safety, and Risk in Digital Transformation	3.0
		Taiwan Insurance Institute	Ethical Corporate Management and Anti-money Laundering	3.0
Director	Chen-Jung Yang	Taiwan Digital Governance Association	Impacts of Commercial Courts on the Operation of the Board of Directors and the Fulfillment of Duties by Directors	3.0
		Deloitte Taiwan	Practical Legal Skills Expected of Sales Supervisor in Mainland China	3.0

4. Composition, Responsibilities, and Operations of the Compensation and Remuneration Committee or Nomination Committee, If Available:

(1) Composition of Compensation and Remuneration Committee

Status (Note 1)	Criteria Name	Work experience and professionalism	Fulfillment of independence (Note 2)										Number of other public companies with membership in the Compensation and Remuneration Committee also held	Remarks (Note 3)
			1	2	3	4	5	6	7	8	9	10		
Independent Director (Convener)	Jen-Jou Hsieh	Industrial Engineering Department, Chung Yuan Christian University EMBA, Sun Yat-Sen University (Guangzhou) President, Commodore International Chairman, Shenzhen Huamao Electronics Co., Ltd. Independent Director, Gold Circuit Electronics Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	0	✓	0	-
Independent Director (Member)	Wen-Shih Chiang	Department of Business Management, Tatung University Financial Manager, Chi Wei Technology Co., Ltd. Financial Manager and Audit Manager of Gold Circuit Electronics Ltd. (Retired in 2001) Independent Director, Gold Circuit Electronics Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	0	✓	0	-
Independent Director (Member)	Tzu-Ying Lin	Department of Law, National Chung Hsing University Judge of Taoyuan District Court Lawyer of Tzu-Ying Lin Law Firm Independent Director, Gold Circuit Electronics Ltd. Supervisor of Le Young Construction Co., Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	0	✓	0	-

Note 1: Provide “director, independent director, or other” for “Status.”

Note 2: When any of the following conditions is met for each member during the two years prior to and during their tenure, please check “✓☐” in the box underneath each conditional code.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
- (3) Not a natural person shareholder that holds by himself/herself or by his/her spouse or minor child in someone else’s name more than 1% of all circulating shares of the Company or is on the Top 10 shareholding list.
- (4) Not the spouse, a relative within the second degree of kinship, or a direct blood relative within the third degree of kinship of the managers listed under (1) or those listed under (2) and (3).
- (5) Not a director, supervisor, or employee of an institutional shareholder directly holding at least 5% of the circulating shares of the Company or that ranks Top 5 in shareholding ratio or that assigns a representative to serve as director or supervisor of the Company according to Article 27 Paragraph 1 or 2 of the Company act. (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
- (6) Not a director, supervisor, or employee of another company with the number of directors in the Company or shares entitled to votes accounting for a majority that is controlled by the same person. (The same does not apply, however, to independent directors set up by the Company or its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
- (7) Not a director, supervisor, or employee of another company or institution whose chairman, president, or someone assigned with similar responsibilities is the same person or the spouse of that of the Company. (The same does not apply, however, to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
- (8) Not a director, supervisor, or manager, or shareholder holding at least 5% of shares of a specific company or institution that is financially or commercially related to the Company. (The same does not apply, however, if the said specific company or institution holds at least 20% yet less than 50% of the circulating shares of the Company and to independent directors set up by the Company and its parent company or subsidiary or a subsidiary that shares the same parent company according to the Act or the local laws and regulations.)
- (9) The amount of rewards received for business, legal affairs, financial affairs, and accounting services provided over the past two years to the Company or any of its affiliates.
- (10) None of the conditions indicated under Article 30 of the Company Act.

Note 3: If the member is a director, please specify if the requirements in Article 6 Paragraph 5 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” are fulfilled.

(2) Composition of the Nomination Committee: The Company is yet to set up the Nomination Committee

(2) Information on the Operational Status of the Compensation and Remuneration Committee

- I. The Company's Compensation and Remuneration Committee has three members in total.
- II. Current members will serve from June 11, 2018 to June 11, 2021 and from July 20, 2021 to July 20, 2024 for those of the fourth and fifth intakes. Over the past year (2021) to end of April 2022, the Compensation and Remuneration Committee met three times in total. Attendance of the members is as follows:

Operational Status of the Compensation and Remuneration Committee

Job title	Name	Actual attendance frequency (B)	Attendance by proxy Frequency	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Jen-Jou Hsieh	3	0	100.0%	Extended term in office upon re-election on 8/10/2021
Member	Tzu-Ying Lin	3	0	100.0%	Extended term in office upon re-election on 8/10/2021
Member	Wen-Shih Chiang	3	0	100.0%	Extended term in office upon re-election on 8/10/2021

Other matters that should be documented:

- I. In the event that the Board of Directors does not adopt or revises advice from the Compensation and Remuneration Committee, the date, session number, details of proposals, decisions made by the Board of Directors, and how the Company addressed opinions from the Compensation and Remuneration Committee shall be stated (in the event that the compensation and remuneration approved by the Board of Directors are better than as advised by the Compensation and Remuneration Committee, the difference and the reason shall be specified): None
- II. For decisions made by the Compensation and Remuneration Committee, as long as there are members objecting or having their reservations that are recorded or stated in writing, the date of the Compensation and Remuneration Committee meeting, the session number, contents of the proposal, and how opinions from all members and from opposing members are handled should be described: None

Compensation and Remuneration Committee	Contents of the proposal and subsequent management	Decisions made	How the Company addressed opinions from the Compensation and Remuneration Committee
01/15/2021	Points 1 to 4 of the Year-end Bonus Distribution Guidelines defined on 1/12/2002 were followed for the year-end bonus worth 3 months of base salary distributed and Article 8 was followed to set aside an amount to be the special reward for each department to retain outstanding talent.	It was approved by the Committee unanimously	It was brought forth to the Board of Directors and was approved by all attending directors
11/09/2021	The "Compensation and Remuneration Guidelines for Board Directors and Functional Committees" and the "High-ranking Manager Compensation and Remuneration Policy"	It was approved by the Committee unanimously	It was brought forth to the Board of Directors and was approved by

		were discussed as usual and some of the clauses were revised reflective of the Articles of Incorporation.		all attending directors
	01/18/2022	Points 1 to 4 of the Year-end Bonus Distribution Guidelines defined on 1/12/2002 were followed for the year-end bonus worth 4 months of base salary distributed and Article 8 was followed to set aside an amount to be the special reward for each department to retain outstanding talent.	It was approved by the Committee unanimously	It was brought forth to the Board of Directors and was approved by all attending directors

Note:

- (1) In the event that members of the Compensation and Remuneration Committee resign before the end of a year, the date of resignation shall be indicated in the remarks field. The actual attendance rate (%) is calculated by the number of Compensation and Remuneration Committee meetings held during service and the actual attendance frequency in the meetings.
- (2) In the event that members of the Compensation and Remuneration Committee are re-elected before the end of a year, both the new and old members of the Compensation and Remuneration Committee shall be listed and whether one is new or old or is serving a second term and the date of the re-election shall be indicated in the remarks field. The actual attendance rate (%) is calculated by the number of Compensation and Remuneration Committee meetings held during service and the actual attendance frequency in the meetings.
- (3) Information on the operational status of the Nomination Committee: The Company does not have a Nomination Committee.

5. Sustainable development promotional status and deviations from sustainable development of TWSE/TPEX-Listed Companies and reasons:

<u>Action item</u>	<u>Implementation</u> status (Note 1)			Deviation from <u>sustainable development</u> best-practice principles for TWSE/TPEX listed companies and reasons
	Yes	No	Brief Description	
I. Does the Company have the <u>governance framework in place to help promote sustainable developments and have a exclusive (auxiliary) unit for promoting sustainable developments</u> and have the Board of Directors to empower high-ranking management to take care of it and report the progress to the Board of Directors?	V		The Company formed the Gold Circuit Electronics Sustainable Development Committee on 3/3/2022. Chairman Chen-Tse Yang assigned Vice President Sheng-Hsien Lin to serve as the chairman of the Committee, Director Ying-Shun Hsu to centrally handle sustainable developments and take charge of promoting, planning, and communicating on the operations of respective groups under the Committee. The members, on the other hand, are the highest-ranking supervisor at each department. They jointly examine the core competences of the Company and define long-term and mid-term strategic directions and developmental goals. Meanwhile, seven groups are set up to address ESG issues, including the Environmental, Health, and Safety Group, the Energy Management Group, the Green Supply Chain Group, the Innovations Management Group, the Corporate Governance Group, the Human Rights Public Interest Group, and the Information Security Group. Each group has its own supervisor and members and includes the persons in charge of all projects at the Operation Department of the Company. They are responsible for verifying the scope of operation for the ESG issues, implementing the	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

			management policy, and collecting data. The Gold Circuit Electronics Sustainable Development Committee reports to the Board of Directors the implementation status of ESG at least once a year and the Board of Directors provides supervision. It reported to the Board of Directors the most recently on 5/10/2022 and it covered the overall strategic direction, goal setting, and progress update, GHG inventory check findings, and green electricity purchase project implementation, etc.	
<u>II.</u> Does the Company perform risk assessments when dealing with environmental, social, and corporate governance-related issues that concern the Company's operations according to the materiality principle and define related risk management policies or strategies? (Note <u>2</u>)	V		The Company identifies major issues each year externally by observing, tracking, and analyzing market dynamics and industrial trends and internally through operational data analysis, interviews with the persons in charge of respective departments, and questionnaires. Operation-wise, there are the Financial Risk Assessment Procedure and the Environment, Safety, and Health Hazard Risk and Labor and Moral Risk Evaluation and Management Procedures in place and scores are given reflective of the risk class: high/medium/low/mild before it is presented during each year's management review meeting and controlled accordingly. The annual improvement goals are discussed and the annual risk goals for the specific year are defined.	Requirements of Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
<u>III.</u> Environmental Issues (I) Has the Company developed an appropriate environmental management system reflective of the industrial characteristics?	V		In the promotion of environment, safety, and health, besides domestic applicable laws and regulations, the Company promotes the international Environment, Safety, and Health Management that was certified by ISO 14001 in October 1997 in order to consolidate environmental protection and reduce impacts on the	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

			environment. Meanwhile, the OSHA 18001 (currently ISO 45001) Occupational Safety and Health International Management System certification was acquired in April 2006 to provide employees with a healthy, safe, and clean work environment. The certifications of both management systems are still valid. (The ISO 14001 Certificate is valid through 8/20/2024 and the ISO 45001 Certificate is valid through 9/30/2023) The exclusive industrial safety and environmental protection units are responsible for promoting and enforcing environmental protection, safety, and health-related measures.	
(II)	Is the Company devoted to improving the <u>energy utilization efficiency</u> and using renewable materials with minimal impacts on the environment?	V	The Company has the raw materials and supplies reduction and waste reduction projects in place, such as waste reduction and recycling of up to 90% for waste electronic products and consumables and recycling and reuse of at least 10% of process discharged water. The recycling rate throughout the Group fulfilled in 2021 already reached the goal 96.32% and recycling and reuse rate of waste throughout the Group reached 14.2%. For improved energy use efficiency, the Energy Management System was established in 2021 and the ISO 50001 energy management qualification was obtained on November 23 and improvements are constantly made to advance energy efficiency management. For detailed goals and fulfillment status, refer to Gold Circuit's Sustainable Development Report (Corporate Social Responsibility Report).	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
(III)	Does the Company evaluate potential risks and opportunities now	V	The Company has been answering the CDP Supply Chain Questionnaire since 2013. The Questionnaire covers climate	Requirements of the Sustainable Development Best-Practice

and in the future brought about by climate change for the corporation and adopt related responsive measures?			change strategy, climate change risks and opportunities, GHG emissions disclosure, reduction goals and performance, as well as management policy on carbon-related issues. We not only address the concerns and expectations of customers/international investors but also examine further the impacts of climate change on the Company and take related countermeasures. The Company formed the Gold Circuit Electronics Sustainable Development Committee to check the operations regarding climate change and identifying the risks, including the analysis of the direct or indirect impacts brought about by extreme weathers and the risks and opportunities brought about by regulatory, technical, or market demand transformational impacts and other humanity, social aspects for the Company's operational activities. Based on the analysis findings, the risk management strategy plan is prepared to be at the core of the climate change action for strengthened climate change governance of the Company and for evaluating financial correlation as well as bringing down risks and keeping track of business opportunities.	Principles for TWSE/TPEX-Listed Companies are fulfilled.
(IV) Does the Company tally the total greenhouse gas emissions, water consumption, and waste generated over the past two years and have greenhouse gas reduction, water reduction, or other waste management policies in place?	V		The Company has carbon reduction/waste reduction/water reduction goals in place and the status of achievement is examined periodically. For detailed data on the GHG inventory check and reduction of water consumed and waste generated, refer to Gold Circuit's Sustainable Development Report (Corporate Social Responsibility Report). Gold Circuit's GHG inventory checks of 2019 and 2020 showed total emissions throughout the Group of 360,876 tons of CO₂e and 384,177 tons of CO₂e. For the	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

			emissions in 2021, the addition of Scope 3 involved a wider range and the emissions are being verified by a third party. Water consumption came to 7,187,147 tons and 7,443,736 tons, respectively, throughout the Group in 2020 and 2021. Waste throughout the group totaled 66,795 tons and 69,658 tons, respectively. In terms of sources of emissions, contributions mainly came from externally purchased electricity, accounting for 85%–90% of total emissions. To reduce environmental impacts caused by GHG emissions from the Company's operations, we continued to enforce energy-saving and carbon reduction strategies that can effectively reduce the emissions. Goals are set and tracked. Substantial measures include replacement with energy-saving lights, elimination of old air-conditioners, and public equipment.	
IV. Social Issues (I) Has the Company developed related management policies and procedures in accordance with applicable laws and regulations and the International Bill of Human Rights?	V		The Company defines its human resources policies according to internationally accepted standards and the RBA CoC as its commitment to protecting the human rights of workers: (1). All works has to be done voluntarily (including interns and students in the industry–academia collaborative program) and workers, with reasonable notice, are entitled to leave their job at any time or terminate their labor contract and will not be revenged in any way. (2). No child labor (3). The Company strictly follows regulatory requirements and RBA requirements. The Labor Standards Act stipulate that monthly overtime shall not	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

			exceed 46 hours. According to the RBA requirements, on the other hand, unless in an emergency or in an abnormal condition, weekly working hours (including overtime) may not exceed 60 hours and workers shall be allowed to take at least one day off a week. (4). The Company pays salaries/wages to its employees as required by law. Applicable laws and regulations include those governing the minimum wage, overtime, and statutory benefits. (5). Human rights treatment and no illegal harassment (6). Non-discrimination (7). Free association (8). Diversified composition of staff (9). Equal job opportunities and prohibition against any form of discrimination and harassment and commitment to a discrimination and harassment-free work environment (10) Employees are encouraged to report on any discriminatory, harassing, retaliating, or threatening acts (11). Provide employees with a suitable workplace The Company has the “Labor Risk Assessment and Management Procedure” in place and human right risk is evaluated periodically each year, with substantial management solutions introduced in case of high risk. For educational training on human rights, the RBA course is included in the orientation training and is a mandatory course for all employees to complete each year.	
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(II) Does the Company define and enforce reasonable employee welfare measures (including compensation, leave, and other benefits, among others) and the operational performance or accomplishments are adequately reflected in the employees' compensation?	V	The Company has the "Compensation Management Regulations" and the "Annual Salary Raise Operating Procedure" in place. Salary raise is based on employees' devotion to their work, fulfillment of their duties, their performance and contribution as well as their future developmental potential and the salary level on the market. In addition, there are the "Year-end Bonus Distribution Guidelines." With earnings at the end of a year, 12% of the earnings after tax will be allocated as the rewards for colleagues' hard work throughout the year. With earnings at the end of each month, the "Production/Performance Bonus Distribution Guidelines" are followed and the production/performance bonus is distributed. The Company's indirect staff is entitled to two days off each week and direct staff follows the four working days followed by two days off. For the other types of leaves, follow applicable requirements of the Labor Standards Act.	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
(III) Does the Company provide employees with a safe and healthy work environment as well as periodic safety and health education?	V	For the health and safety of employees, Gold Circuit provides a bright and clean work environment. The Company inspects the work environment once every six months as required by law, including the measurements of temperature/humidity, illumination, noise, and poisonous and harmful items. All meet national standards and are within the allowed concentration range. In addition, reflections and improvements are made reflective of the findings indicated in the report and historical records. Besides necessary educational training and protective equipment provided to employees, work	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

		safety and health staff tours around the field from time to time to check various fire prevention equipment and measures and educates employees on their awareness about the various hazardous operations and preventive measures so that they are no longer exposed to dangerous working environments and operating sites. Gold Circuit gives employees health exams and special health checkups each year and provides employees with correct health knowledge based on advice of medical specialists and also provides information on what the Company does to promote a healthy workplace. In light of the implementation of applicable laws and regulations on maternity protection, the Company has added multiple nursery rooms so that employees have safe places for them to pump breast milk and preserve it while on the premises. Meanwhile, to protect the mother and the fetus, it is strictly prohibited for pregnant and breastfeeding women to engage themselves in dangerous or harmful tasks or work night shifts. For employee occupational hazards-related data and corrective actions, refer to Gold Circuit's Sustainable Development Report (Corporate Social Responsibility Report).	
(IV) Has the Company established an effective training program that helps employees develop skills over the course of their career?	V	Employees are invaluable assets and complete talent development plans are something that the Company values. In order to provide employees with sound educational training, the courses below have been planned. They cover three levels, training for newcomers, general training for all employees, and professional training. The training can also be in-service or non-service training	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

			and personal continuing education. In addition, there are Gold Circuit study groups that help promote corporate culture and employee solidarity. The Company introduced MyClass, the Gold Circuit Digital Academy as part of e-learning, which, along with occupational planning, will hopefully help employees with spontaneous learning in a more diversified and more flexible way.	
(V)	Does the Company comply with laws and international standards concerning customer health and safety, customer privacy, marketing, and labeling of products and services and define related policies and complaint-filing procedures to protect the rights of consumers <u>or</u> <u>customers</u> ?	V	The Company is a PCB manufacturer in the mid-stream of various electronic products. Its <i>downstream customers</i>, on the other hand, are suppliers of various types of electronic products. The products are not sold directly to general consumers. Promotional advertisements to be released, however, are to be confirmed first by the legal affairs department. Products will also be tested as required by law and by customers. All employees need to attend cognitive educational training on the Personal Data Protection Act and on information security policies in order to help protect the privacy of customers. Customers have been important to Gold Circuit. We have specific customer complaint-filing channels and procedures in place to allow rapid processing outcome.	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(VI)	Does the Company define supplier management policies and require that suppliers follow applicable regulations in issues such as environmental protection, occupational safety and health, or human rights of	V	Besides practicing ESG itself, the Company hopes that suppliers work together to fulfill their social and environmental responsibilities and follow common international purchase practices. Each supplier is asked to sign and return the RBA Letter of Undertaking each year. The ratio of the Letter of Undertaking signed and sent back among Top 30 suppliers is greater than 99%. For new suppliers, it will be	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

workers and how are they implemented?			evaluated first if ISO 9001, ISO 14001, and IATF16949 certifications have been obtained and their supporting documents will be evaluated first. The control period is one month prior to the expiration date. Meanwhile, corresponding suppliers will be audited according to the Supplier Evaluation Form each year. The Purchase Unit follows the requirements of the “Operating Procedure for the Control of Restricted Hazardous Substances (Hss).” In the event that suppliers violate applicable control criteria, they cannot be included as qualified HFS suppliers. Social responsibilities and RBA are extended to next-stage suppliers. Policies are communicated to and educational training are provided to suppliers periodically. The training covers the following: A. Labor and moral (including RBA) awareness, policies and goals, their fulfillment, continuous improvement goals B. GHG control goals C. Expected RBA action from suppliers	
V. Does the Company prepare the <u>Sustainability Report</u> or other reports disclosing non-financial information of the Company by referring to international general principles or guidelines in the preparation of reports? Are there opinions from a third-party qualification unit to validate or guarantee the said reports?	v		The Company prepared its Sustainability Report (Corporate Social Responsibility Report) with reference to the GRI standard.	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
VI. If the Company has established its own <u>sustainable development</u> principles according to the <u>Sustainable Development</u> Best-Practice Principles for TWSE/TPEx-Listed Companies,				

please describe the differences between its implementation and the established principles: Requirements of Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

With regard to the Company's sustainable development and corporate social responsibilities, refer to the Sustainability Report (Corporate Social Responsibility Report).

VII. Other Important Information to Help Understand Implementation Status in the Promotion of Sustainable Developments:

1. Gold Circuit Electronics commits to following the RBA CoC (formerly EICC), sets goals on labor, environment, safety, and ethics, and constantly follows up on and improves them. Taiwan, Suzhou, and Changshu Plant 1 won the silver medal during the VAP audit in 2020 and have been highly recognized by customers. In addition, the Gold Circuit Group conducted audits in a total of 47 suppliers (including manpower service providers) in terms of society and environmental protection in 2021 and demanded that they continued to enforce and seek improvements. It is our hope to fulfill the commitment to corporate sustainable development together with suppliers.
2. Gold Circuit Electronics is proactively enforcing energy-saving and carbon reduction plans. Illuminating equipment throughout the Group is updated and energy-consuming equipment and hosts are being replaced as part of the energy-saving correction project. Energy and electricity-saving ideas are formed through training. The working pattern is adjusted to go with the energy and electricity-saving proposal. The overall carbon emissions of the Group showed slight increases with the throughput. Gold Circuit Electronics will continue to seek improvements in 2021. For detailed information, please refer to Gold Circuit's Sustainable Development Report (Corporate Social Responsibility Report).
3. Gold Circuit Electronics continues to be devoted to waste reduction and recycling of waste electronic products and consumables (the recycling rate each year exceeds 90%) in order to reduce environmental pollutions and hazards. The Group achieved the recycling goal of 96.31% in 2021. Efforts will be continued to achieve this recycling goal in 2022.
4. As far as cherishing water resource is concerned, Gold Circuit Electronics continues to recycle and reuse process discharged water in order to minimize environmental impacts and promises to achieve the annual recycling and reuse goal of 8%. The recycling and reuse rate throughout the Group in 2021, in fact, reached 14.2%.
5. Gold Circuit Electronics has been adhering to the highest safety standards about its plants. In compliance with multiple fire prevention measures promoted in Taiwan and Mainland China, safety and health are ensured. The Taiwan Plant received the Outstanding Thank-you Medal from the Industrial Development Bureau under the Ministry of Economic Affairs. In addition, it received the "Healthy Workplace Certification – Health Activation Symbol" from the Ministry of Health and Welfare in 2019 and 2021. All have proven the emphasis that Gold Circuit has over employees' health and safety.
6. Gold Circuit Electronics cares about talent attainment and development very much. In 2021, it was recognized by the Bureau of Vocational Training, Council of Labor Affairs, Executive Yuan and received the Bronze Medal Certificate for the TTQS review. The benefits of various types of internal training are enhanced and so is the overall competitive advantages of the Company. Multiple training projects are promoted one after another so that employees have the opportunity to get exposed to multiple production tools and management practices. Departments get to exchange with one another their learning

experiences and technical service. This helps constantly enhance human resources.

7. MAJOR public interest sponsorships, aids to the minorities, emergency rescue, disaster rescue, and educational promotion. Humanity care in honor of the Company's belief in "treat others like yourself" as is shown below:

2020

Donated to	Amount (NTD)
Andrew Charity Association	1,000,000
Christian Mountain Children's Home	1,000,000
Friends of the Police Association	200,000
TPCA Environment Foundation "Environment Charity Program"	40,000

2021

Donated to	Amount (NTD)
Andrew Charity Association	1,000,000
Christian Mountain Children's Home	1,000,000
Friends of the Police Association	200,000
TPCA Environment Foundation "Environment Charity Program"	40,000
National Taiwan University Hospital	500,000

8. If the product or corporate social responsibility report contains qualifications by related qualifying bodies, they shall be specified:

No.	Criteria	Taiwan Plant	Suzhou Plant	Changshu Plant 1	Changshu Plant 2
1	ISO 9001:2015	2023.4.25	2024.06.04	2022.07.12	2023.4.24
2	ISO 14001:2015	2024.8.20	2023.10.20	2022.08.09	2023.4.24
3	ISO 45001:2018	2023.9.30	2023.1.22	2022.08.03	2023.4.25
4	QC080000:2017	2022.5.21	2023.7.02	2022.09.22	2023.8.28
5	ISO/IEC 27001:2013	2023.1.07.	NA	NA	NA
6	IATF 16949:2016	2022.11.14	NA	2024.3.09	2024.3.09
7	ISO 50001:2018	2024.11.23	2022.12.18	2025.1.25	NA

6. Fulfillment of Ethical Corporate Management and Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons.

Assessed Item	Operational status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/GTS M Listed Companies and Reasons
	Yes	No	Brief Description	
I. Establishment of Ethical Corporate Management Policy and Proposal				
(I) Has the Company defined ethical corporate management policies approved by the Board of Directors and declared its ethical corporate management policies and procedures as well as the commitment of its Board of Directors and high-ranking management to implementing the management policies in its rules and external documents?	Yes		(I) The Company defines its “Ethical Corporate Management Best-Practice Principles” where it is defined that directors, managers, or employees, while conducting business, may not provide, promise, ask for, or accept any unjustified interest directly or indirectly. The Board of Directors and the management are both proactively fulfilling their commitment to the management policy.	The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
(II) Has the Company established an evaluation mechanism for unethical behavioral risks that helps periodically analyze and evaluate operational activities of relatively high unethical behavioral risks within the scope of operation and defined a solution to prevent against unethical behaviors accordingly that covers at least the preventive measures against respective acts under Article 7	Yes		(II) The Company has the “Moral Risk Evaluation and Management Procedures” in place and scores are given reflective of the risk class: high/medium/low/mild before it is presented according to the operating procedure and controlled. During each year’s management review meeting, the annual improvement goals are discussed and the annual risk goals for the specific	The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

Assessed Item		Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies. (III) Has the Company specified the operating procedures, behavioral guide, punishment for violators, and the disciplinary and complaint-filing system in case of violation in the proposal to prevent against unethical behaviors, and enforced them, and periodically reflected upon and amended the foregoing solution?	Yes (III)	year are defined. In order to fulfill the management beliefs and policies mentioned in the preceding article, the Company has the “Corporate Ethical Norms” and the “Moral Risk Evaluation and Management Procedures” in place. They define the operating procedures, behavioral guide, punishments for violators, and the complaint-filing system as reinforced safeguard measures. The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
II. Consolidation of Ethical Corporate Management (I) Has the Company evaluated the ethical records of parties it does business with and stipulated ethical conduct clauses in business contracts? (II) Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management and report its	Yes Yes (I) (II)	Terms and conditions of ethical corporate behaviors are defined in the Company’s Corporate Ethical Norms, Purchase Policies, and Practitioner’s Work Rules. The [Chairman’s Office] summarized the ethical corporate management policy, safeguard solutions, and implementation status on November 9, 2021 and The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled. The Ethical Corporate Management Best-Practice Principles for

Assessed Item		Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
		reported it to the Board of Directors.
(III) Has the Company ethical management policy and solution to prevent against unethical behaviors and the status of implementation to the Board of Directors periodically (at least once a year)?	Yes	TWSE/TPEX-Listed Companies are fulfilled.
(IV) Has the Company established policies to prevent against conflicts of interest, provided appropriate channels for filing related complaints and implemented the policies accordingly?	Yes	The [Chairman's Office] completes the Investigation Report within 1 month following receipt of reports of suspicious violations of ethical norms such as accepting/offering bribes and introduces the disciplinary procedure.
(V) Has the Company created effective accounting and internal control systems to consolidate ethical corporate management and does the internal audit unit stipulate related audit plans according to the evaluation results of unethical behavioral risks and inspect periodically compliance with the solution to prevent against unethical behaviors or authorize the CPAs to perform inspections?	Yes	The Company defined applicable operating procedures such as the "Corporate Ethical Norms" on 9/1/2004. 1. The labor and corporate ethics risk evaluation was performed in 2021 and the result was low risk. 2. The number of reports received through internal/external whistle-blowing channels in 2021 was 0. 3. The number of reports concerning corporate ethics and ethical corporate management in 2021 was 0.
(V) Does the Company hold internal and external		The Human Resources Department introduces the

Assessed Item	Operational status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons												
educational training on ethical management regularly?	Yes		action plan and reports it to the management each year according to the corporate ethics policy to ensure continuous improvements. Meanwhile, internal training courses are organized periodically, such as corporate ethical norms and EICC training courses for Top 10 suppliers as mentioned above. <table><tr><th>Date/Hours</th><th>Number of people</th><th>Subject</th></tr><tr><td>April–September 2021 2188</td><td>2188</td><td>RBA (EICC) Code of Conduct</td></tr><tr><td>November–December 2021 573</td><td>573</td><td>Corporate Ethics (Including Insider Trading Act)</td></tr><tr><td>October 25, 2021 70</td><td>35 from Top 10 suppliers</td><td>Greenhouse Gas Inventory Check and RBA (EICC) Communication and Business Secret Protection Policy</td></tr></table>	Date/Hours	Number of people	Subject	April–September 2021 2188	2188	RBA (EICC) Code of Conduct	November–December 2021 573	573	Corporate Ethics (Including Insider Trading Act)	October 25, 2021 70	35 from Top 10 suppliers	Greenhouse Gas Inventory Check and RBA (EICC) Communication and Business Secret Protection Policy	Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
Date/Hours	Number of people	Subject														
April–September 2021 2188	2188	RBA (EICC) Code of Conduct														
November–December 2021 573	573	Corporate Ethics (Including Insider Trading Act)														
October 25, 2021 70	35 from Top 10 suppliers	Greenhouse Gas Inventory Check and RBA (EICC) Communication and Business Secret Protection Policy														
III. Whistle-blowing System of the Company																
(I) Does the Company have substantial reporting and incentive systems in place, provide convenient reporting channels, and assign appropriate specialists investigate reported matters?	Yes		The Company has the whistle-blowing and reward systems in place where details about where to report suspicious violations of ethical norms such as accepting/offering briberies. The whistle-blowing window: Window: Chairman’s Office Vice President Sheng-Hsien Lin Telephone: 03-4612541-21211 Email:ss_Lin.gce.com.tw (See the table below)	The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.												
(II) Has the Company established any standard operating procedures, subsequent measures to be adopted after the	Yes		The Company has the “Moral Risk Evaluation and Management Procedures” and the “How to Report Violations and Protection for Whistle-blowers” in place.	The Ethical Corporate Management Best-Practice Principles												

Assessed Item	Operational status	Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/GTS M Listed Companies and Reasons
investigation is completed, or confidentiality mechanisms for handling reported matters? (III) Does the Company assure employees who reported on malpractices that they will not be improperly treated for making such reports?	Yes The status and safety of the whistle-blower are specified in the Company's "How to Report Violations and Protection for Whistle-blowers."	for TWSE/TPEX-Listed Companies are fulfilled. The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
IV. Reinforced Information Disclosure (I) Has the company disclosed information regarding its ethical corporate management principles and implementation status on its website and the MOPS?	Yes The corporate ethics policy and procurement policy of the Company are released on its website. It is specified that all business interactions and relations shall honor the criteria of honesty and integrity. Any and all forms of corruption, blackmailing, and embezzlements are strictly prohibited.	The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
V. If the company has its own Ethical Management Principles established according to the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies, please describe the differences between its implementation and the principles: The Company defined its corporate ethical norms in honor of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies" and the Company's directors, managers, and employees truthfully abide by and do not violate ethical norms.		
VI. Other important information that helps understand the implementation of ethical corporate management of the company (such as the communication of the Company's commitment to ethical corporate management and policy to its business partners and invitation of the business partners to attend educational training and reflection upon and revision of the Ethical Corporate Management Best-Practice Principles):		

Assessed Item	Operational status	Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/GTS M Listed Companies and Reasons
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The Human Resources Department introduces the action plan and reports it to the management each year according to the corporate ethics policy to ensure continuous improvements. Meanwhile, internal training courses are organized periodically, such as corporate ethical norms and EICC training courses for Top 10 suppliers as mentioned above.

The Company also has the “Labor Behavior and Ethical Norm Correction and Preventive Measures Management Procedure”

Date of educational training	Course title	Trainees	Number of hours acquired on training/headcount
2021 April – September	RBA (EICC) Code of Conduct	All employees	2188hrs/2188 people
2021 November–December	Corporate Ethical Norms	Supervisors, managers, and engineers (Level 4 of duty and above)	573hrs/573 people
2021 October 25	Greenhouse Gas Inventory Check and RBA (EICC) Communication and Business Secret Protection Policy	Top 20 suppliers on-site service providers and contractors/agencies	70hrs/35 people

Purpose: This Procedure is prepared in order to address and investigate hazards that have actually occurred or are potentially against labor behavior and ethical requirements.

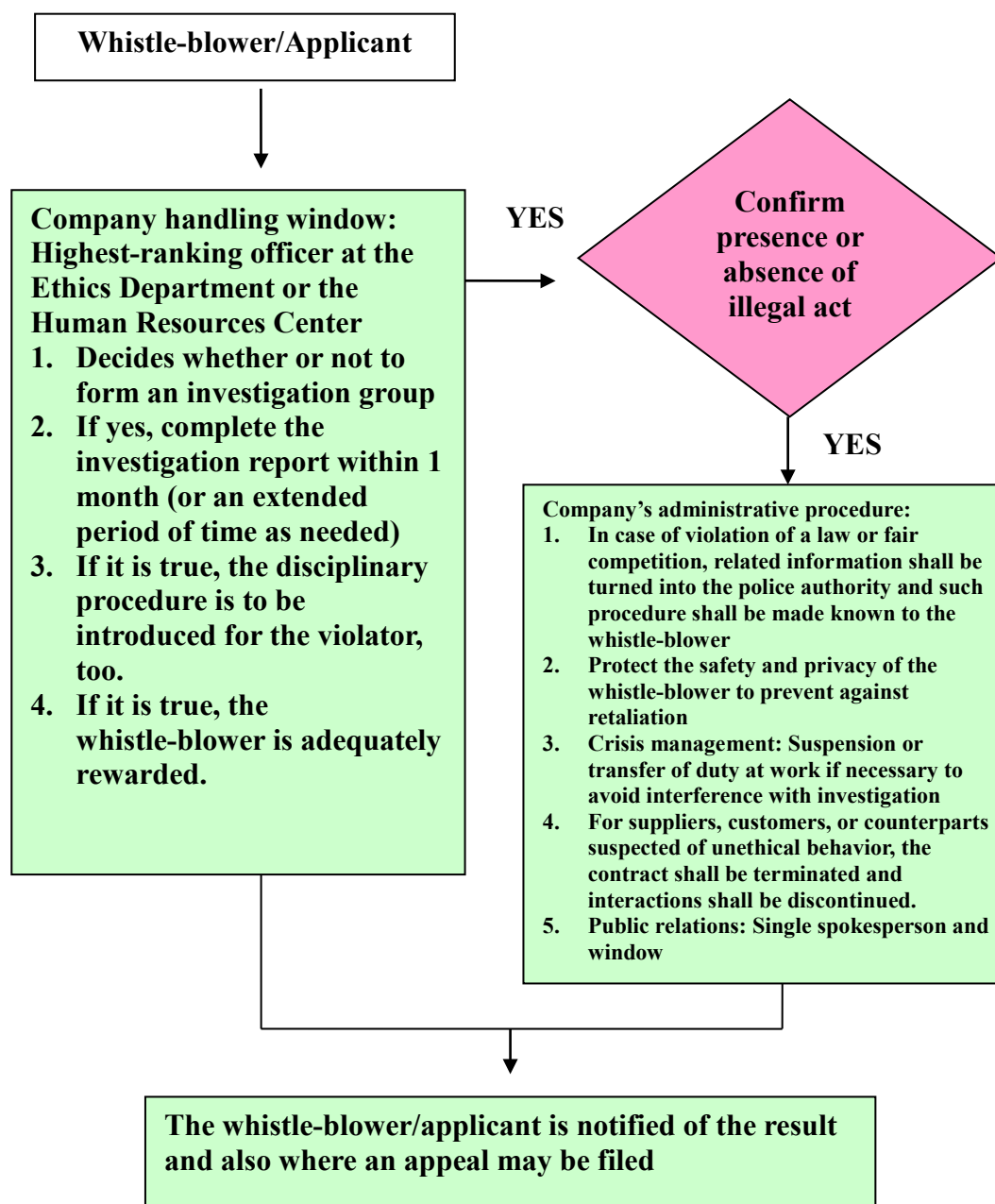
Scope of Application: Any non-compliance with the Gold Circuit Electronics labor behavior and ethical norms and regulatory requirements, the EICC, and social responsibility requirements set forth in contracts with customers.

Clarification:

1. The flowchart of the Labor Behavior and Ethical Norm Correction and Preventive Measures Management Procedure is provided in Attachment I.
2. Labor behavior and ethical norm correction and preventive measures are to be initiated and periodically audited by the Human Resources Department. Upon discovery of non-compliance that has occurred or is underlying, the “Internal Deficiency Correction Request Form (AP-10-12-02)” may be completed and handed to the person in charge of the unit for cause analysis, substantial corrective actions (or

Assessed Item	Operational status	Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/GTS M Listed Companies and Reasons
	preventive measures). The Human Resources Department is responsible for tracking and confirming the outcome. If the corrective action cannot be completed by a given deadline, the reasons shall be specified and the corrective plan needs to be defined and it shall continue to be followed up by the Human Resources Department. 3. If it is an external audit unit (including customers, government agencies, or third-party impartial auditors), corrective measures and plans shall be provided as requested by a given deadline. 4. The responsible unit for the “Internal Deficiency Correction Request Form (AP-10-12-02)” as mentioned above shall respond by a given deadline. 5. The foregoing form is to be retained at the Human Resources Department for three years.	

Ethical norm violation (including suspicious violation) investigation flowchart:



The Company honors its management beliefs in honesty and integrity and is known for its ethical and accountable attitude. In order to fulfill the management belief and policy in the preceding article, the Company and the Group's "Corporate Ethical Norms" were defined to specifically govern the operating procedures and behavioral guides for directors, supervisors, managers, employees, and substantial controllers while they perform their duties.

7. How they may be found shall be disclosed if the Refer to company has established Corporate Governance Principles and related regulations: Refer to the Company's website where it says about what to be disclosed as part of financial information (<http://www.gce.com.tw>).
8. Other important information sufficient to boost knowledge of how corporate governance works may be disclosed together: Please refer to "Corporate Governance Implementation Status and Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons – Item VII."

9. The following matters shall be disclosed for the implementation status of the Internal Control System:
(1). Declaration on Internal Control.

Gold Circuit Electronics Ltd. Internal Control System Declaration

Date: March 21, 2022

For the Company's internal control system of 2021, it is hereby declared as follows according to self-assessment findings:

- I. The Company knows that establishing, enforcing, and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers and has such a system in place already. It is meant to reasonably ensure fulfillment of the operational efficacy and efficiency (including profits, performance, and protection of asset security), reporting reliability, timeliness, transparency, and compliance with applicable regulations and laws and regulatory requirements, among other goals.
- II. The internal control system has its inherited restrictions that cannot be overcome with improved design. An effective internal control system can also only reasonably ensure the fulfillment of the three goals stated above and its effectiveness may change as the environment or situation changes. There is a self-surveillance mechanism, however, built inside the internal control system of the Company that helps the Company take a corrective action against deficiencies confirmed.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Governing Regulations for Public Company's Establishment of Internal Control System" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. For the above-mentioned items, refer to the requirements in the "Governing Regulations."
- IV. The Company has already adopted the aforesaid items to evaluate the effectiveness in the design and implementation of its internal control system.
- V. Pursuant to the results of the above-mentioned evaluations, the Company is of the view that the design and implementation of its internal control system as of December 31, 2021 (including its supervision and management of subsidiaries), including its awareness of the extent by which the operating effects and efficiency goals are fulfilled, reliability of reports, and compliance with relevant laws and regulations, are such that it is effective and capable of reasonably ensuring that the aforementioned goals can be achieved.
- VI. This declaration constitutes a major part of the Company's Annual Report and the Company's Prospectus that are made available to the public. In case of falsification or concealment, among other illegal conditions, with the above-mentioned released contents,

liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act will be sought.

- VII. This Declaration was approved at the meeting of the Company's Board of Directors on March 21, 2022 with no directors expressing dissent out of the 9 Directors in attendance.

Gold Circuit Electronics Ltd.

Chairman: Chen-Tse Yang signature/seal

President: Chen-Tse Yang signature/seal

- (2). If review of the internal audit system is outsourced to CPAs as an exception, the CPA Review Report shall be disclosed: Not applicable

10. Any legal sanctions against the Company or its internal personnel, or any disciplinary action taken by the Company against its internal personnel for violating internal control requirements in the past year up to the date the Annual Report was printed: None

11. Important decisions reached in shareholders' meetings and made by the Board of Directors in the most recent year up to the date the Annual Report was printed.

Name of Meeting	Date	Important resolutions	Implementation status
Board of Directors meeting	01/15/2021 (12 th)	1. Reporting on coverage of directors by liability insurance 2. Distribution ratio of 2020 remuneration to employees and that to directors 3. Resolution of year-end bonus reached during the sixth meeting of the current Compensation and Remuneration Committee (2018-2021) 4. Line of credit for financing and guarantee applied for with the bank	1. Insured value of US\$ 8 million was approved. 2. Ratio of 7% in the distribution of the remuneration to employees and 1% to directors were approved. 3. Three months of base salary as the year-end bonus was approved unanimously. 4. The proposal was approved as is by all attending directors
Board of Directors meeting	3/22/2021 (13 th)	1. Date, time, venue, and main contents of the 2021 General Shareholders' Meeting. 2. Review of 2020 Financial Statements and Consolidated Financial Statements. 3. Ratification of 2020 earnings distribution proposal 4. Cash assigned with capital reserve 5. Distribution of 2020 remuneration to employees and that to directors 6. Issuance of Internal Control Declaration 7. Evaluation of independence of 2020 CPAs 8. Preparation of the "Financial Statement Preparation Procedure Management Guidelines" and the "Regulations Governing Transactions with Related Parties" and accordingly revision of related procedures within the internal control and accounting systems.	1. The proposal was approved as is by all attending directors 2. The proposal was approved as is by all attending directors. 3. Cash dividends distributed with earnings of NTD 1.0 4. Cash assigned with capital reserve of NTD 0.5 5. The proposal was approved as is by all attending directors 6. The proposal was approved as is by all attending directors 7. The proposal was approved as is by all attending directors 8. The proposal was approved as is by all attending directors

Name of Meeting	Date	Important resolutions	Implementation status
		9. Revision of the “Internal Audit Enforcement Rules” 10. Revision of the Articles of Incorporation 11. Funds lent to Suzhou Gold Circuit Electronics Ltd. for repayment of existing loans 12. Funds lent to Changshu Gold Circuit Technology for repayment of existing loans 13. Line of credit for financing and guarantee applied for with the bank. 14. Duration, openings available, and venue for nominating director (including independent director) candidates 15. List of director (including independent director) candidates nominated by the and approval Board of Directors intended to be brought forth for approval. 16. Lifting of the business strife restriction of some new directors	9. The proposal was approved as is by all attending directors 10. The proposal was approved as is by all attending directors 11. The proposal was approved as is by all attending directors 12. The proposal was approved as is by all attending directors 13. The proposal was approved as is by all attending directors 14. The proposal was approved as is by all attending directors 15. The proposal was approved as is by all attending directors 16. The proposal was approved as is by all attending directors
Board of Directors meeting	05/11/2021 (14 th)	1. Review of the Consolidated Financial Statement for the first quarter of 2021. 2. Funds lent to Changshu Gold Circuit Technology for repayment of existing loans 3. Line of credit for financing and guarantee applied for with the bank	1. The proposal was approved as is by all attending directors 2. The proposal was approved as is by all attending directors 3. The proposal was approved as is by all attending directors
Board of Directors meeting	07/01/2021 (15 th)	1. Redetermination of date, time, venue, and main contents of the 2021 General Shareholders’ Meeting	1. The shareholders’ meeting was rescheduled for 7/20/2021.

Name of Meeting	Date	Important resolutions	Implementation status																						
Shareholders' meeting	7/20/2021	1. Ratification of 2020 statements and reports 2. Ratification of cash dividends distributed with 2020 earnings of NTD 1.0 3. Cash assigned with capital reserve of NTD 0.5 4. Revision of the Articles of Incorporation Re-election of nine directors (including three independent directors) of the Company 6. Lifting of business strife limitation for current directors	The proposal was approved as is by 97.31% of the shares held by attending shareholders. The proposal was approved as is by 97.31% of the shares held by attending shareholders. The proposal was approved as is by 97.42% of the shares held by attending shareholders. The proposal was approved as is by 97.42% of the shares held by attending shareholders. Election outcome: <table><tr><th>Elected as</th><th>Name</th></tr><tr><td>Director</td><td>Chen-Tse Yang</td></tr><tr><td>Director</td><td>Chang-Chih Yang</td></tr><tr><td>Director</td><td>King Hsiang Investment Co., Ltd. Representative: Jung-Tung Tsai</td></tr><tr><td>Director</td><td>Lien-Mei Lin</td></tr><tr><td>Director</td><td>Chen-Jung Yang</td></tr><tr><td>Director</td><td>Chang-Chin Yang</td></tr><tr><td>Independent Director</td><td>Jen-Jou Hsieh</td></tr><tr><td>Independent Director</td><td>Wen-Shih Chiang</td></tr><tr><td>Independent Director</td><td>Tzu-Ying Lin</td></tr><tr><td></td><td></td></tr></table>	Elected as	Name	Director	Chen-Tse Yang	Director	Chang-Chih Yang	Director	King Hsiang Investment Co., Ltd. Representative: Jung-Tung Tsai	Director	Lien-Mei Lin	Director	Chen-Jung Yang	Director	Chang-Chin Yang	Independent Director	Jen-Jou Hsieh	Independent Director	Wen-Shih Chiang	Independent Director	Tzu-Ying Lin		
Elected as	Name																								
Director	Chen-Tse Yang																								
Director	Chang-Chih Yang																								
Director	King Hsiang Investment Co., Ltd. Representative: Jung-Tung Tsai																								
Director	Lien-Mei Lin																								
Director	Chen-Jung Yang																								
Director	Chang-Chin Yang																								
Independent Director	Jen-Jou Hsieh																								
Independent Director	Wen-Shih Chiang																								
Independent Director	Tzu-Ying Lin																								
Board of Directors meeting	7/20/2021 (1 th)	2. Election of Chairman of the Company	1. All directors referred Mr. Chen-Tse Yang to be the Chairman of the Company.																						
Board of Directors meeting	8/10/2021 (2 th)	1. Reporting on the implementation of the “Smart Wealth Management Plan” 1. Review of the consolidated financial statement for the first half of 2021. 2. Hiring of three members of the Compensation and Remuneration Committee 3. Revision of the internal control over the “Purchase and Payment Cycle” and approval of new “Authorization Chart” 4. Line of credit for financing and guarantee applied for with the bank.	1. The proposal was approved as is by all attending directors 1. The proposal was approved as is by all attending directors 2. Mrs. Jen-Jou Hsieh, Mr. Wen-Shih Chiang, and Attorney Tzu-Ying Lin had their term in office extended upon re-election 3. The proposal was approved as is by all attending directors 4. The proposal was approved as is by all attending directors																						

Name of Meeting	Date	Important resolutions	Implementation status
Board of Directors meeting	11/09/2021 (3 th)	1. Reporting on the implementation of the honest operation policy, safeguard solutions, and supervision 1. Review of the Consolidated Financial Statement for the third quarter of 2021. 2. Review of the 2022 Audit Plan 3. Resolutions reached in the first meeting of the Compensation and Remuneration Committee for the current intake (2021–2024) 4. Line of credit for financing and guarantee applied for with the bank.	1. The proposal was approved as is by all attending directors 1. The proposal was approved as is by all attending directors 2. The proposal was approved as is by all attending directors 3. The proposal was approved as is by all attending directors 4. The proposal was approved as is by all attending directors
Board of Directors meeting	01/18/2022 (4 th)	1. Reporting on coverage of directors by liability insurance 2. Distribution ratio of 2021 remuneration to employees and that to directors 3. Resolutions reached in the second meeting of the Compensation and Remuneration Committee for the current intake (2021-2024) 4. Line of credit for financing and guarantee applied for with the bank	1. Insured value of US\$10 million was approved. 2. NT\$240,000,000 as the remuneration to employees and NT\$35,000,000 as that to directors to be set aside 3. Four months of base salary as the year-end bonus was approved unanimously. 4. The proposal was approved as is by all attending directors
Board of Directors meeting	3/21/2022 (5 th)	1. Date, time, venue, and main contents of the 2022 General Shareholders' Meeting 2. 2021 Financial Statements and Business Report 3. Distribution of 2021 earnings 4. Capital reduction in cash 5. Distribution of 2021 remuneration to employees and that to directors 6. Issuance of Internal Control Declaration 7. Evaluation of independence of 2022 CPAs 8. Revision of the Articles of Incorporation 9. Revision of the "Procedure for the Acquisition or Disposal of Assets" 10. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	1. The proposal was approved as is by all attending directors 2. The proposal was approved as is by all attending directors 3. Cash dividends distributed with earnings of NTD 2.2 4. Expected capital reduction ratio of around 10%; it is expected that NTD 1 per share will be returned 5. The proposal was approved as is by all attending directors 6. The proposal was approved as is by all attending directors 7. The proposal was approved as is by all attending directors 8. The proposal was approved as is by all attending directors 9. The proposal was approved as is by all attending directors 10. The proposal was approved as is by all attending directors

12. Different opinions of directors or supervisors that are recorded and stated in writing on important decisions made by the Board of Directors over the past year up to date the Annual Report was printed: This did not happen.

13. Summary of resignations and dismissals of the Company's Chairman, President, head of accounting, head of finance, head of internal audit, and head of R&D in the most recent year up to the date the Annual Report was printed: This did not happen.

IV. Public Expenditure on Attesting CPAs

1. Non-audit and audit expenditure paid to the CPAs, their firms, and their affiliates

Name of Accounting Firm	Name of CPA	CPA's Audit Duration	Audit expenditure (NTD thousand)	Non-audit expenditure (NTD thousand)	Remarks
Deloitte Taiwan	Chao-Ling Chen Jui-Nan Chang	1/1/2021– 12/31/2021	8,828	173	

2. The accounting firm is changed and the audit expenditure in the year of replacement is reduced compared to that in the preceding year: None; not applicable

3. When the audit expenditure is reduced by more than 15% from the preceding year, the value reduced, the ratio, and the cause shall be disclosed: None; not applicable

V. Information on Replacement of CPAs

Replacement of the CPA over the past two years and thereafter: The Company has had CPAs Chao-Ling Chen and Jui-Nan Chang as the attesting CPAs since the adjustment of internal duties of Deloitte Taiwan in the first quarter of 2019.

VI. Company's Chairman, President, Financial or Accounting Affairs Manager who has Served in the Firm that the CPAs belong or Any of its Affiliates in the Most Recent Year

None

VII. Changes in the transfer and pledge of equity among directors, supervisors, managers, and shareholders with a holding ratio exceeding 10% in the past year and up to the date the Annual Report was printed

Title	Name	2021		Current year (as of April 10)	
		Number of shares held Increase (decrease)	Pledged Increase (decrease)	Number of shares held Increase (decrease)	Pledged Increase (decrease)
Chairman and CEO	Chen-Tse Yang	380,000	0	0	0
Director and shareholding holding at least 10% of shares	Chang-Chih Yang	100,000	0	0	0
Director	Chang-Chin Yang	0 (37,000)	0	-	-
Director	Chen-Jung Yang	0	0	0	0
Director	Lien-Mei Lin	0	0	0	0
Director	King Hsiang Investment Co., Ltd. Representative: Jung-Tung Tsai	0	0	0	0
Independent Director	Jen-Jou Hsieh	0	0	0	0
Independent Director	Wen-Shih Chiang	0	0	0	0
Independent Director	Tzu-Ying Lin	6,000 (6,000)	0	0	0
President of the Sales Center	Hsi-Kuei Huang	0	0	0	0
President of the Factory Affairs Center	Chin-Sung Tsai	0	0	0 (144,000)	0
Senior Vice President	Te-Ming Yang	0	0	0	0
Senior Vice President	Chung-Chih Lung	0	0	0	0
Vice President	Min-Cheng Liu	0	0	0	0
Vice President	Sheng-Hsien Lin	0	0	0 (72,000)	0
Vice President and Corporate Governance Officer and Head of Finance/Accounting	Chang-Chin Yang	0 (81,000)	0	0	0
Assistant Vice President	Shun-Chien Li	0 (202,000)	0	0 (31,000)	0
Assistant Vice President	Sung-Ying Li	0	0	0	0
Assistant Vice President	Ta-Kun Yang	0	0	0	0
Assistant Vice President	Cheng-Hsuen Chung	0	0	0	0
Assistant Vice President	Jui-Pin Lee	0	0	0	0
Assistant Vice President	Chih-Kung Hu	0	0	0	0
Chief Auditor	Chun-Hung Kuo	0	0	0	0

VIII. Information of relationship among Top 10 shareholders who are related, spouses, or relatives within the second degree of kinship.

Relationship among Top 10 shareholders in terms of the holding ratio

Name (Note 1)	Shareholder Shares held		Shares held by the spouse or any underage child		Total shares held in someone else's name		The title or name and relationship among shareholders in the Top 10 shareholding list who are related as defined in Financial Accounting Standard 6, spouse to each other, or relatives within the second degree of kinship.		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (Name)	Affiliation	
Chang-Chih Yang	107,358,019	19.65%	30,724,300	5.62%	12,236,400	2.24 %	Jui-Ching Li Chen-Tse Yang Chen-Jung Yang	Couple Father-Son Father-Dau ghter	
New labor pension fund	42,767,162	7.83 %					None	None	
Jui-Ching Li	30,724,300	5.62%	107,358,019	19.65%	12,236,400	2.24 %	Chang-Chih Yang Chen-Tse Yang Chen-Jung Yang	Couple Mother and Son Mother and Daughter	
Chen-Tse Yang	19,614,685	3.59%	-	-	-	-	Chang-Chih Yang Jui-Ching Li Chen-Jung Yang	Father-Son Mother and Son Brother-Si ster	
Chia Hui Investment Co. Ltd. Representative: Chang-Chih Yang	12,236,400	2.24%					Jui-Ching Li Chen-Tse Yang Chen-Jung Yang	Couple Father-Son Father-Dau ghter	
Public Service Pension Fund Management Board	8,749,000	1.60 %	-	-	-	-	None	None	
Mitsubishi UFJ Morgan Stanley Securities Trading Account in the Custody of HSBC	8,628,000	1.58%					None	None	
Old Labor Pension Fund	8,524,162	1.56%					None	None	
Chen-Jung Yang	7,157,945	1.31%	530,703	0.10%			Chang-Chih Yang Jui-Ching Li Chen-Tse Yang	Father-Dau ghter Mother and Daughter Brother-Si ster	
UBS SE Investment Account in the Custody of Citibank	5,816,393	1.06%	-	-	-	-	None	None	

Note 1: Names of shareholders shall be listed separately (both the name of the corporation and its representative shall be listed for a corporate shareholder).

IX. Number of shares held by the Company, the Company's directors, supervisors, managers, and directly or indirectly controlled businesses and the consolidated general holding ratio.

12/31/2021

Re-invested business	Investment made by the Company		Investment by the directors, supervisor, manager, and directly or indirectly controlled business		Comprehensive investment	
	Share(s)	Shareholding ratio	Share(s)	Shareholding ratio	Share(s)	Shareholding ratio
King Hsiang Investment Co., Ltd.	19,999,400	99.997%	400	0.0015%	19,999,800	99.999%
Goldex Holding Limited	196,910,000	100.00%	-	-	196,910,000	100.00%
Gold Circuit International Limited	98,000,000	100.00%	-	-	98,000,000	100.00%
Gold Circuit Enterprise Limited	93,010,000	100.00%	-	-	93,010,000	100.00%
Suzhou Gold Circuit Electronics Ltd.	98,000,000	100.00%	-	-	98,000,000	100.00%
Changshu Gold Circuit Electronics Ltd.	30,010,000	100.00%	-	-	30,010,000	100.00%
Changshu Gold Circuit Technology Co., Ltd.	33,000,000	100.00%	-	-	33,000,000	100.00%

FOUR. Capital and Shares

I. Source of Capital Stock

Unit: NTD thousand

MM/YYYY	Issue price	Approved capital stock		Paid-in capital stock		Remarks		
		Share(s)	Amount	Share(s)	Amount	Capital stock source	Using properties other than cash to write off the stock value	Others
September 1981	10	1,000,000	10,000	1,000,000	10,000	Established	—	—
December 1984	10	3,000,000	30,000	3,000,000	30,000	Capital increase in cash 20,000	—	—
October 1987	10	6,000,000	60,000	6,000,000	60,000	Capital increase in cash 30,000	—	—
October 1988	10	9,000,000	90,000	9,000,000	90,000	Capital increase in cash 30,000	—	—
August 1989	10	12,000,000	120,000	12,000,000	120,000	Capital increase in cash 30,000	—	—
December 1989	10	16,000,000	160,000	16,000,000	160,000	Capital increase in cash 40,000	—	—
June 1990	10	19,800,000	198,000	19,800,000	198,000	Capital increase in cash 38,000	—	—
October 1991	10	30,000,000	300,000	24,348,000	243,480	Earnings-transferred capital increase 45,480	—	—
August 1993	10	30,000,000	300,000	30,000,000	300,000	Earnings-transferred capital increase 56,520	—	—
September 1996	10	60,000,000	600,000	60,000,000	600,000	Capital increase in cash 49,500 Earnings-transferred capital increase 250,500	—	—
August 1997	10	99,000,000	990,000	99,000,000	990,000	Capital increase in cash 48,000 Earnings-transferred capital increase 342,000	—	—
June 1998	10	300,000,000	3,000,000	177,300,000	1,773,000	Capital increase in cash 265,000 Earnings-transferred capital increase 396,000 Capital reserve 99,000 Employee bonus 23,000	—	—
July 1999	10	480,000,000	4,800,000	268,880,000	2,688,800	Earnings-transferred capital increase 531,900 Capital reserve 354,600 Employee bonus 29,300	—	—
August 2000	10	480,000,000	4,800,000	324,766,000	3,247,660	Earnings-transferred capital increase 403,320 Capital reserve 134,440 Employee bonus 21,100	—	—
August 2001	10	650,000,000	6,500,000	390,870,000	3,908,700	Earnings-transferred capital increase 454,672.4 Capital reserve 162,383 Employee bonus 43,984.6	—	—
October 2002	10	650,000,000	6,500,000	410,413,500	4,104,135	Capital reserve 195,435	—	—
July 2004	10	650,000,000	6,500,000	443,747,500	4,437,475	Capital increase in cash 333,340	—	—
October 2004	10	650,000,000	6,500,000	443,932,684	4,439,327	Corporate bond conversion 1,852		
September 2005	10	650,000,000	6,500,000	479,862,631	4,798,626	Earnings-transferred capital increase 221,966.34 Corporate bond conversion 137,333.13		
November	10	650,000,000	6,500,000	488,916,811	4,889,168	Corporate bond conversion 90,541.8		

MM/YYYY	Issue price	Approved capital stock		Paid-in capital stock		Remarks		
		Share(s)	Amount	Share(s)	Amount	Capital stock source	Using properties other than cash to write off the stock value	Others
2005								
February 2006	10	650,000,000	6,500,000	504,575,660	5,045,756	Corporate bond conversion 156,588.49		
April 2006	10	650,000,000	6,500,000	511,691,920	5,116,920	Corporate bond conversion 71,162.60		
June 2006	10	650,000,000	6,500,000	511,808,199	5,118,082	Corporate bond conversion 1,162.79		
August 2008	10	650,000,000	6,500,000	552,752,855	5,527,529	Earnings-transferred capital increase 409,446.56		
October 2009	10	650,000,000	6,500,000	569,175,841	5,691,758	Earnings-transferred capital increase 164,229.86		
November 2011	10	650,000,000	6,500,000	564,912,841	5,649,128	Cancellation of treasury stock 42,630.00		
August 2016	10	650,000,000	6,500,000	552,246,841	5,522,468	Cancellation of treasury stock 126,660.00		
October 2018	10	650,000,000	6,500,000	546,487,841	5,464,878	Cancellation of treasury stock 57,590.00		

Type of share

June 8, 2022

Type of share	Approved capital stock			Remarks
	Outstanding shares	Shares yet to be issued	Total	
Registered common stock	546,487,841	103,512,159	650,000,000	

II. Shareholder Structure

June 8, 2022

Shareholder Structure	Government agencies	Financial institutions	Other corporations	Individuals	Foreign institutions and aliens	Treasury stock	Total
Quantity							
Number of people	1	27	280	41,539	228	0	42,075
Number of shares held	5	22,364,594	151,768,030	265,026,487	107,328,725	0	546,487,841
Shareholding ratio	0%	4.09%	27.77%	48.50%	19.64%	0%	100.00%

III. Decentralization of Shareholders

Decentralization of equity

Denominated value of NT\$10			June 8, 2022
Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1 – 999	22,773	2,168,201	0.40%
1,000 – 5,000	16,239	29,323,809	5.36%
5,001 – 10,000	1,600	12,311,378	2.25%
10,001 – 15,000	425	5,365,707	0.98%
15,001 – 20,000	259	4,792,505	0.88%
20,001 – 30,000	174	4,421,726	0.81%
30,001 – 40,000	107	3,830,171	0.70%
40,001 – 50,000	61	2,834,734	0.52%
50,001 – 100,000	145	10,561,228	1.93%
100,001 – 200,000	102	14,150,067	2.59%
200,001 – 400,000	67	19,385,060	3.55%
400,001 – 600,000	20	9,387,558	1.72%
600,001 – 800,000	18	12,992,763	2.38%
800,001 – 1,000,000	11	9,983,056	1.83 %
1,000,001 and more	74	404,979,878	74.10 %
Total	42,075	546,487,841	100.00 %

IV. List of Major Shareholders

		June 8, 2022
Share	Number of shares held	Shareholding ratio
Name of major shareholder		
Chang-Chih Yang	107,358,019	19.65 %
New Labor Pension Fund	42,767,162	7.83 %
Jui-Ching Li	30,724,300	5.62 %
Chen-Tse Yang	19,614,685	3.59 %
Chia Hui Investment Co. Ltd.	12,236,400	2.24 %
Public Service Pension Fund Management Board	8,749,000	1.60 %
Mitsubishi UFJ Morgan Stanley Securities Trading Account in the Custody of HSBC	8,628,000	1.58 %
Old Labor Pension Fund	8,524,162	1.56 %
Chen-Jung Yang	7,157,945	1.31 %
UBS SE Investment Account in the Custody of Citibank	5,816,393	1.06 %

V. Related information of market considerations per share, net value, earnings, and dividends for the past two years

Year		2020	2021	March 31, 2022
Item				
Market price per share	Maximum	60.70	84.20	88.70
	Minimum	13.50	38.65	71.00
	Mean	36.19	64.14	80.99
Market price net worth	Before distribution	17.13	21.09	22.97
	After distribution	-	-	-
Earnings per share	Weighted average number of shares (thousand shares)	540,764 thousand shares	540,764 thousand shares	540,764 thousand shares
	Earnings Per Share	3.82	5.41	1.50
Dividends per share	Cash dividend	1.50	2.20	—
	Free share assignment	Stock dividend with earnings	1.00	2.20
		Stock dividend with capital reserve	0.50	—
	Cumulative unpaid dividend		—	—
Analysis of Return on Investment	Price-to-earning ratio (Note 1)	9.47	11.86	53.99
	Price-to-dividend ratio (Note 2)	24.13	29.15	—
	Cash dividend yield rate (Note 3)	4.15%	3.43%	—

Note 1: P/E ratio = the average closing price per share of the year/earnings per share.

Note 2: Price-to-dividend ratio = mean closing price per share of the year/cash dividends per share.

Note 3: Cash dividends yield rate = cash dividends per share/mean closing price per share of the year.

VI. Company's Dividend Policy and Implementation Status: The dividend policy defined in the Articles of Incorporation and the intended dividends to be distributed through the current shareholders' meeting shall be disclosed. When major changes to the dividend policy are expected, clarifications shall be provided:

1. The Company's dividend policy:

If the Company makes profits for the year, 5% to 10% shall be set aside to be the remuneration to employees and it shall be distributed in stock or in cash as determined by the Board of Directors. The recipients may also include employees of affiliates who meet certain criteria. With the same profits indicated above, the Company may have the Board of Directors to decide the remuneration to directors no greater than 1%. The distribution of employees' remuneration and directors' remuneration shall be reported to the shareholders' meeting.

In cases of accumulated deficits, on the other hand, the Company shall first retain the value sufficient to offset the deficits and then set aside the remuneration to employees and that to directors according to the ratios indicated in the foregoing.

If there is a surplus in the Company's annual final accounts, the Company shall first pay taxes and make up for the cumulative losses, and then allocate 10% as the legal reserve and make a provision for or reverse the special reserve as required by law or by the competent authority. If there is still a surplus, the balance shall be

added to the cumulative undistributed earnings of the previous year and the Board of Directors shall prepare the distribution proposal and bring it forth during the shareholder's meeting for a resolution before it may be distributed.

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 prepare the earnings distribution proposal. The dividends will be distributed in the form of stock dividend or cash dividend adequately subject to the future funding needs and the 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.

2. Distribution of dividends intended to be proposed and discussed during the current shareholders' meeting:

The 2021 earnings distribution proposal of the Company, as decided by the Board of Directors on March 31, 2022, includes the intended cash dividends per share worth NTD2.20 to be distributed to the shareholders with the earnings and a total of NT\$1,202,273,250. It will be brought forth during the shareholder's meeting.

- VII. Impacts of free share assignment intended through the current shareholders' meeting on the Company's operational performance and earnings per share

No share assignment is involved this time. Therefore, it is not applicable.

- VIII. Remuneration to employees and that to directors

1. Percentage or range of remuneration to employees and that to directors as stated in the Articles of Incorporation:

Clause 20 of the Articles of Incorporation stipulates that, with profits, the Company shall set aside 5% to 10% to be the remuneration to employees and it shall be distributed in stock or in cash as determined by the Board of Directors. The recipients may also include employees of affiliates who meet certain criteria. With the same profits indicated above, the Company may have the Board of Directors to decide the remuneration to directors no greater than 1%. The distribution of employees' remuneration and directors' remuneration shall be reported to the shareholders' meeting.

In cases of accumulated deficits, on the other hand, the Company shall first retain the value sufficient to offset the deficits and then set aside the remuneration to employees and that to directors according to the ratios indicated in the foregoing.

Clause 20-1 of the Articles of Incorporation stipulates that, with a surplus in the Company's annual final accounts, the Company shall first pay taxes and make up for the cumulative losses, and then allocate 10% as the legal reserve and make a

provision for or reverse the special reserve as required by law or by the competent authority. If there is still a surplus, the balance shall be added to the cumulative undistributed earnings of the previous year and the Board of Directors shall prepare the distribution proposal and bring it forth during the shareholder's meeting for a resolution before it may be distributed.

Clause 20-2 of Articles of Incorporation stipulates that 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 prepare the earnings distribution proposal. The dividends will be distributed in the form of stock dividend or cash dividend adequately subject to the future funding needs and the 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.

2. Accounting measures adopted in case of any difference between the basis for estimating the amount of remuneration to employees and that to directors, basis for calculating the number of shares included in the distribution of remuneration for employees, and the actual value distributed and their estimates of the current term:

No shares are assigned to be the remuneration to employees for the current term and hence it is not applicable.

3. Approval of distribution of remuneration by the Board of Directors:

- (1) Remunerations to employees and that to directors distributed in cash or stock:

Clause 20 of the Articles of Incorporation stipulates that, with profits, the Company shall set aside 5% to 10% to be the remuneration to employees and it shall be distributed in stock or in cash as determined by the Board of Directors. The recipients may also include employees of affiliates who meet certain criteria. With the same profits indicated above, the Company may have the Board of Directors to decide the remuneration to directors no greater than 1%.

The Company intends to set aside NT\$240,000,000 as the remuneration to employees and NT\$35,000,000 as that to directors for 2021.

- (2) Amount of remuneration to employees distributed in stock and the ratio of the amount to the sum of the net profit after tax as shown in the standalone or individual financial report for the current term and sum of remuneration to employees: No shares are assigned to be the remuneration to employees for the current term and hence it is not applicable.

4. When there is difference between the actual distributed amount of remuneration to employees and that to directors (including the number, amount, and price of shares distributed) and the recognized remuneration to employees and that to directors over the past year, the difference, cause for the difference, and how it is handled shall also be specified:

The Board of Directors intends to distribute the remuneration to employees

worth NT\$150,428,325 and that to directors worth NT\$21,489,761 in cash for 2020.

The original estimated remuneration to employees was NT\$146,315,459, with a difference of NT\$4,112,866 and that to directors was NT\$20,902,209, with a difference of NT\$587,552. The difference from the book-kept value will be considered as accounting estimate change and be recognized as the gain/loss for 2021.

IX. Buyback of corporate shares

Prior efforts in buying back treasury stock shares are completed.

X. Corporate bonds

The Company does not issue corporate bonds and hence it is not applicable.

XI. Preferred stock

The Company does not issue preferred stock shares and hence it is not applicable.

XII. Global depository receipts

The Company does not issue global depository receipts and hence it is not applicable.

XIII. Employee share subscription warrants

The Company does not issue employee share subscription warrants and hence it is not applicable.

XIV. M&A (including consolidation, acquisition, and severance)

No M&A has occurred and hence it is not applicable.

XV. Implementation of Capital Utilization Plan

The Company does not raise funds and hence it is not applicable.

FIVE. Operational Overview

I. Scope of Operation

(I) Scope of Operation:

1. Main scope of operation:

1. CC01080 Electronic Components Manufacturing.
2. CC01110 Computer and Peripheral Equipment Manufacturing.
3. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
4. CA04010 Surface Treatments.
5. F119010 Wholesale of Electronic Materials.
6. F219010 Retail Sale of Electronic Materials.
7. F401010 International Trade.
8. I501010 Product Designing.
9. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Operational weight: (Consolidated)

Unit: NTD thousand

Principal business	2020 (Consolidated)		2021 (Consolidated)	
	Revenue	Operational weight	Revenue	Operational weight
Two-layer printed circuit board	39,116	0.17%	60,658	0.23%
Multi-layer printed circuit board	23,359,207	99.83%	26,546,816	99.97%
Total	23,398,323	100.00%	26,607,474	100.00%

3. Current products and new products planned to be developed:

Current products of the Company are two-layer printed circuit boards and multi-layer printed circuit boards. The Company's products are mainly communication and computer-related, such as servers, internet boards, notebook computer boards, base stations, mobile phones, and tablets. We have been growing towards cloud products over the past few years, including cloud servers, storage equipment boards, connected internet equipment boards, and consumer products, such as notebook computer boards and automobile boards, among other high value-added ones.

(II). Industrial Overview:

1. Current Status and Development of the Industry

The COVID-19 pandemic has been ongoing for more than two years. Most recently, countries are suffering because of the new variant Omicron. Unlike some countries, Taiwan, under the joint efforts of the government, the industry, and the people, did not only keep it at bay and manage to keep business as usual, but also rendered outstanding results in the economic growth

rate, foreign trade, investment, and consumption. The economic growth rate, for example, hit a record high of 6.28% over the past 11 years. The gross domestic product (GDP), in particular, broke the USD 30 thousand threshold for the first time, showing initial efficacy in the economic structural transformation of the nation and further resilience despite the pandemic.

For 2022, thanks to the returning domestic spending power, the continuous investments in Taiwan of international manufacturers, and the extended global digital transformation tendency, the economic growth rate of the nation was up to 6.28% in 2021. Even under the high criteria from the preceding term, the Directorate General of Budget, Accounting and Statistics of the Executive Yuan estimated that our economic growth will likely exceed 4% just like last year and will be better than expected again.

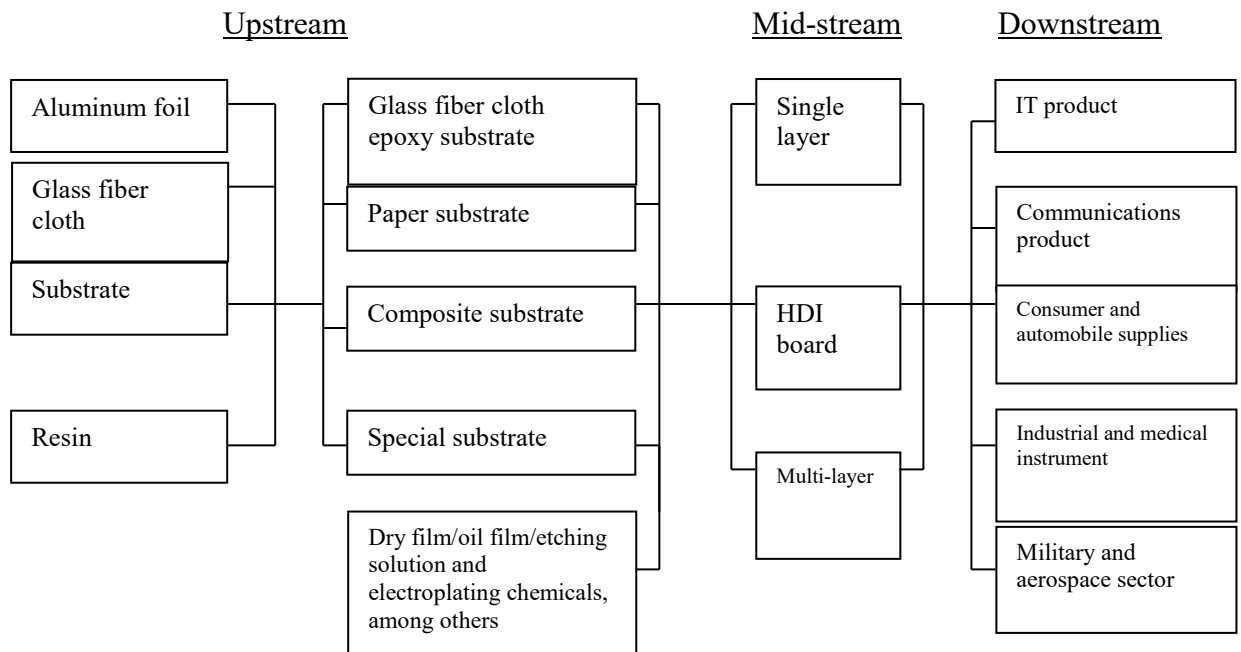
The global circuit board sector achieved the ultrahigh growth rate of 20.6% in 2021, with a production value arriving at USD 84 billion (including that from the assembly of back-end elements of circuit board manufacturers), mainly because of substrates that serve as the locomotive in driving the production value and also the growths in multi-layer boards and flexible boards driven by related terminal applications.

2021 marked a fruitful year for the PCB sector in Taiwan. The overall production value, domestic and international, of the industrial chain set a new record of NTD 1.28 trillion at a high growth rate of 24%, showing the resilience of the PCB sector in the pandemic.

2. Correlation among Upstream, Mid-stream, and Downstream of the Industry

The Company mainly manufactures and sells two-layer and multi-layer printed circuit boards. Our upstream primary raw materials include substrates, film, aluminum foil, dry film, oil film, and etching solution, and other chemicals, covering petrochemical, metal, and electronic parts sectors. The downstream customers, on the other hand, include the IT sector, the telecommunications sector, consumer electronics, and industrial and medical instruments, among other fields. Printed circuit boards mainly play the role of loading electronic parts and relay transmission. General IT, telecommunications, and consumer products rely on PCBs to support electronic elements and for wiring purpose. PCBs are indispensable primary fundamental parts of all electronic products.

The upstream, midstream, and downstream of the sector that the Company belongs to are illustrated below:



3. Various Development Trends of Products

Despite the ups and downs in the strengths of respective factors that drove growths in the global PCB sector in 2021, overall, the upward tendency of the production value remained. As a result, despite the risk of unexpected discontinuation and the underlying issue of shortage in materials, among other negative factors, it is expected that their impacts on the growth rate in production value would be minimal. According to the sales of terminal products and the fact that products are turning electronic, it is estimated that the production value of PCBs around the world will still fall at around 10% in 2022. Nevertheless, the sales are affected by forces majeure such as economic situation and geopolitics. When they are headed in the right direction, the spending power will be superior to current estimates. The production value of PCBs around the world will optimally see a growth rate of 13%, too. In the contrary, if the negative factors gain the upper hand, the growth will be undesirable and be only around 5% throughout the year.

In the case of smart phones, which secure the largest share on the market, for example, the shipment size of 2021 exceeded 1.5 billion units, which not only broke away from the declines in the preceding two years but also meant an overall growth rate of up to 7.4% driven by 5G mobile phones. Notebook computers, on the other hand, saw a shipment size that grew significantly by 13.1% to reflect the demand that had continued since working/learning from home. Servers, on the other hand, remained on the steady growing tracks as usual. Despite the unsurprising high growths, a growth rate of nearly 4% was

also a main reason for the steady growth of server boards in 2021. For game consoles and automobiles whose shipments have been falling short of meeting the demand due to the shortage in some parts, their growth rates reached 16.6% and 11.0%, too. An overview of the terminal electronic products as mentioned above, the growing tendency can still be maintained in 2022. 5G mobile phones, in particular, will exceed 50%. Overall, the estimated growth rate of smart phones will further exceed that in 2021. Driven by the new platform structure, further shipment demand is expected for servers. The growth rate will exceed prior ones of 6% in 2022. Therefore, when observed by the factor of shipment size of terminal electronic products, despite the fact that the growths in the shipments of respective products will not consistently exceed those in 2021, they remain quite good and will still help with the growth of the whole PCB sector positively in 2022.

4. Competition in the Sector

In 2021, although Mainland China managed to maintain its high growth rate, driven by substrates in Japan and Korea and by both the HDI and substrates in Taiwan, the growths fulfilled in Taiwan, Korea, and Japan were actually quite comparable to that in Mainland China. Despite the proactive efforts made by Mainland China to stay ahead, the terminal demand in 2021 was in favor of the product structures in Taiwan, Japan, and Korea. As far as the market share was concerned, Japan and Korea already hit the bottom and the growth margin in Mainland China slowed down, too.

(III). Technical and Research and Development Overview:

1. Research and development expenses and technologies or products successfully developed over the past year

R&D expenditure spent over the past year

Unit: NTD thousand

Item	Year	2019	2020	2021	2022 March 31
R&D expense (consolidated)		471,004	533,478	623,220	170,543
Operating income (consolidated)		18,990,719	23,398,323	26,607,474	7,240,458
Ratio of R&D expense to operating income		2.48%	2.28%	2.34%	2.36%

2. Technologies or products successfully developed

1	Back drill stub length low loss technology certified by customer
2	Minimal mechanical drill hole 0.15 mm technology certified by customer
3	Back drill test technology introduced for mass production
4	BGA flatness technology and tested for mass production
5	Eagle stream server plate material certification completed
6	High-frequency and high-speed electrical measurement update and introduced for mass production

3. Future research and development are headed in the following direction:

1	Cross slotted hole vertical conduction technology development	20,000
2	Back drill automatic detection depth control technology development	20,000
3	High-order HDI deep blind hole technology and equipment development	120,000
4	High-density wafer test board technology development	35,000
5	Minimal mechanical drill diameter 0.15 mm high aspect ratio 30 technology development	20,000
6	High aspect ratio local electroplating technology development	20,000
7	Next generation server material application and technology development	20,000
8	Multiple net via technology development	10,000
9	Metal conductive highly heterogeneous combination thermocompression bonding technology development	30,000
10	800G Netcom board technology development and electrical research	10,000
11	Second generation compression pre-processing solution applied into high frequency circuit board	20,000
12	Low-track satellite and surface receiver Air Gap technology development	10,000
	Total Amount	335,000

(IV) Long-term and Short-term Business Development Plans:

1. Short-term business development plan:

A. Continue to enhance higher-layer, thick copper, and HDI production technology

The development of high-level and high value-added products is headed towards light weight, thinness, short and small size, and high reliability in electronic systems. PCBs' technology is improved, with higher-density wiring, thin and fine circuits, small holes, and highly reliable thick copper. As is needed for cloud technology, the demand for high-layer server and Netcom PCBs will certainly climb.

Having devoted professional R&D manpower over the long term and constantly improved the production technology, the Company is now capable of mass production applying highly difficult processes such as micro-hole, fine-line, and 52-layer and thick copper ones.

B. Improved lead time

Lead time is equally important as quality for customers. Customers' production lines cannot be down as it is associated with tangible and intangible losses for customers. Our customers are mostly international well-known heavyweights. With more customers, however, it is not always possible to serve existing customers to their satisfaction and it may hence be impossible to secure purchase orders from existing customers. Therefore, we must carefully select customers and give them best service by improving the production schedule in order to increase on-time delivery of customer orders.

C. Improved process yield rate to bring down production cost

Increasing the production efficiency, reducing the manufacturing time, and improved process yield rate help bring down the rejection rate and the production cost and expedite deliveries to meet the needs of customers.

D. Bring down operating expenses

Continue to explore new suppliers and new materials in order to bring down the cost of raw materials. Research, development, and produce higher value-added products in Taiwan and lower-end products in Mainland China where the production cost is lower.

E. Streamline manpower to increase productivity

The Zhongli Plant will be devoted mainly to the production of high value-added products in the future, with an emphasis over quality instead of quantity. The manpower will not be increased yet the production value each person contributes will be further enhanced. The product structure of the plant in Mainland China, on the other hand, will be optimized; it will become a smart plant that requires less manpower and is more automated and more environmental.

2. Long-term business development plan

A. Continue to work towards higher-end boards, such as:

- * IT board – Workstations servers that require 20-52-layer boards.
- * Internet – Networking, router, 400/800 G Netcom boards, high-end storage equipment.
- * 20-51 Layer-Backplane industrial computers
- * Communication board – Build-up boards, 5G base station boards
- * Wafer test board – Wafer production instrument test boards, semi-conductor equipment boards, IC test boards

B. Seek to expand the number of purchase orders for high value-added cloud server boards, Netcom, base station boards

C. Shorten lead time to improve customer satisfaction

II. Market and Production/Distribution Overview

(I) Market Analysis:

1. Where products, services are primarily sold or provided:

Unit: NTD thousand

Item	Domestic	America	Asia	Mainland China	Other regions	Total
2021	5,804,198	3,004,874	8,065,096	9,312,237	421,069	26,607,474
2020	3,628,596	3,306,113	6,146,185	9,500,356	817,073	23,398,323

2. Market share

Respective PCB plants in TWSE-TPEX-listed company (Consolidated)
sales

Unit: NTD 100 million

Manufacturer	2019	Market share	2020	Market share	2021	Market share
Compeq Manufacturing Co., Ltd.	562	8.8%	605	9.1%	630	8.0%
Nan Ya Plastics Corporation	311	4.9%	385	5.8%	522	6.7%
Gold Circuit Electronics Ltd.	190	3.0%	234	3.5%	266	3.4%
WUS Printed Circuit Co., Ltd.	51	0.8%	48	0.7%	53	0.7%
Unimicron Technology Corp.	825	12.9%	879	13.2%	1046	13.4%
Hannstar Board Corporation	431	6.7%	457	6.8%	570	7.3%
Unitech Printed Circuit Board Corp.	224	3.5%	144	2.2%	135	1.7%
Tripod Technology Corporation	545	8.5%	555	8.3%	630	8.0%
CHIN POON Industrial Co., Ltd.	178	2.8%	153	2.3%	162	2.1%
Taiwan Printed Circuit Board Techvest Co., Ltd.	217	3.4%	228	3.4%	275	3.5%

Manufacturer	2019	Market share	2020	Market share	2021	Market share
Dynamic Electronics Co., Ltd.	137	2.1%	126	1.9%	158	2.0%
Kinsus Interconnect Technology Corp.	223	3.5%	271	4.1%	357	4.6%
Others	2498	37.9%	2587	52.2%	3026	38.6%
Total	6392	100.0%	6672	100.0%	7830	100.0%

Source: Printed Circuit Board Information; Industrial Economics & Knowledge Center, ITRI; TPCA

3. Future Supply and Demand and Growth on the Market:

Despite the fact that the world is still significantly affected by the pandemic in 2021, at the turn of technology generations and under the powerful terminal demand, PCB plants grew against all odds. Quite a few businesses turned in unprecedented high grades. The Taiwan Printed Circuit Association (TPCA) estimates that the cross-strait production value created by Taiwanese businesses in 2021 broke the threshold of NTD 800 billion for the first time and hit historical highs to reach at NTD 821.1 billion. Prismark estimates that the PCB sector in 2022 is likely to grow by 5–6%.

Despite the fact that the demand remains very strong, undesirable macroeconomic factors remain, such as the pandemic, uneven supply, transport, and rising prices of raw materials, etc.

It is expected that a high two-digit growth rate will remain for the coming 3 to 5 years for the PCB sector. Besides continuous growths in the market demand for automobile boards, for the coming 5 years, there will be over 200 IoT (Internet of Things) novel applications beyond imagination now. With the arrival of the IoT, cloud technology, and Industry 4.0, the demand for high-order servers and upgrading of the network switch will climb. The rise in the application of the IoT and Big Data will also inspire the demand for related niche PCBs. The TPCA indicates that with official commissioning of 5G and the increase in the number of countries with 5G infrastructures in place, related 5G applications are slowly taking shape, too. A newly built base station or updated communication equipment will give rise to enormous new demand for PCBs; it is not only about the quantity but also because of the new requirements for product specifications that drive manufacturers to make investments for the sake of welcoming 5G business opportunities anticipated.

4. Competitive Niche

(1) Optimal production technology and R&D capability

Over the past few years, accomplishments have been made outside the market for notebook boards. Besides existing booming shipments of notebook boards, growths are also significant in server and switch boards. The sudden increase in the shipments of Whitley platforms and 400G switches in 2021, in particular, pushed growths further in 2021 without being affected by the high baseline of 2020.

The two major CPUs will have the next-generation platforms Eagle Stream and Genoa introduced in 2022, which will add momentum to the Company's operation. Because of the expectation that demand for Netcom and server boards in 2022 will remain strong, the throughput of inner layers in Taiwan and expansion of inner layers/compression/electroplating throughputs in the Suzhou Plant and the addition of new throughputs and the continued server conversion fad are supporting the demand for notebook boards in 2022. Switch 100G is still the mainstream on the market. The volume of 400G switches will hopefully continue and the extended performance from the replacement of Whitley and Eagle Stream new platforms gives hopes for creating new high values of server boards.

(2) Robust sales capabilities and maintenance of optimal long-term collaborative partnerships

We are the largest server PCB manufacturer in Taiwan and international server businesses around the world are our primary customers. Exports have been accounting for 80% and above over the past few years and sales have been meant for well-known heavyweights and assembly service providers. Our customers come from all sectors, IT, communication, and internet and are located in respective continents. We have also formed optimal relationships with them after having worked with them for a long time.

(3) Division of labor across the strait to realize flexible adjustment between production and management

As electronic manufacturers move westbound to set up their facilities, after the Zhongli Plant, we built the Suzhou Plant in Mainland China in 2000. Mass production began for the Changshu Plant and for Changshu Second Plant in 2011 after the HDI throughput was expanded. Now, the overall monthly throughput in Mainland China can reach NTD 3 million square feet, accounting for at least 60% of the Group's overall monthly throughput of 4 million square feet, which not only brings down the cost effectively but also enables

adjustment of the shipping site reflective of the customers' operational model in order to keep track of the stability of purchase orders.

5. Advantageous and Disadvantageous Factors for Future Developments and Countermeasures

(1). Advantageous factors:

- A. The upstream, midstream, and downstream of the domestic sector are integrated thoroughly and make it highly competitive.
- B. Server and Netcom boards are targeted on the market for new products; they can grow significantly at any time with the development of the cloud technology.
- C. Customers are mostly world-famous heavyweights in the information and communication electronic sector, which helps the Company obtain the latest R&D information and keep track of the developmental direction in the future.

(2). Disadvantageous Factors and Countermeasures:

- A. Highly polluting sector, subject to high environmental protection criteria and associated with high prevention and control costs.

Countermeasures:

- a. Minimize impacts of GHG effects; recycle heat discharged by boilers; reduce carbon emissions by at least 120 tons a month.
- b. Minimize impacts of wastewater on the environment; reduce the concentration of copper ions in the effluent to below 1.5 mg/l.
- c. Reuse and recycle waste: Reduce film slags by 50%.
- B. Huge investment in capital expenditure, high depreciation, slow recovery of rewards.

Countermeasures:

- a. Prevent against excessive capital expenditure and support temporary shortage in production by outsourcing.
- b. Sell idle equipment to minimize fixed depreciation stress.
- C. Expansion of throughput of domestic PCB manufacturers in Mainland China to result in a price war in the sector.

Countermeasures:

- a. Strengthen purchase order lead time to satisfy customers' needs.
- b. Strengthen target management to reduce scraps.
- c. Enhance technology to secure sales of higher value-added boards.
- D. Rising labor cost and manpower shortage along the coast in Mainland China.

Countermeasures:

- a. Increase the ratio of automated production in order to reduce dependency on manpower.
- b. Stabilize quality and improve the management efficiency.

E. Slowdown in the growths of terminal products

Countermeasures:

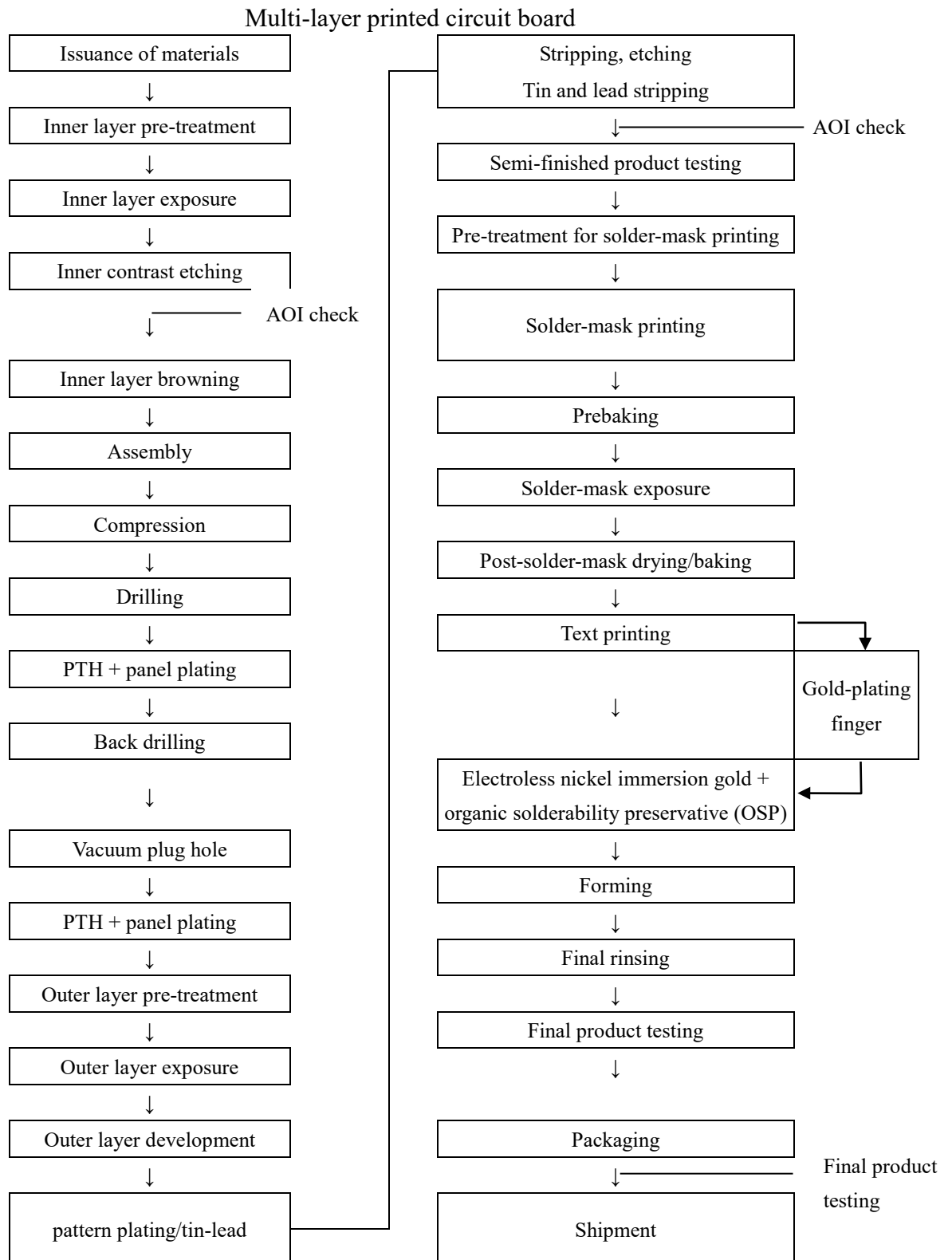
- a. Develop new fields of application.
- b. Enter niche market

(II) purposes and production processes of main products:

1. Purposes of main products

Main product	Main purpose
Printed circuit board	Personal computers, fax machines, industrial automated equipment, digital control equipment, communication equipment, smart phones, servers, industrial computers, semi-conductor test equipment

2. Production/Preparation processes



(III). Supply of Main Raw Materials:

We are a professional PCB producer/manufacturer. A PCB primarily consists of a substrate, a film, a copper foil, a dry film, and various electroplating chemicals. They are purchased from various suppliers within the nation; the supply has been optimal and steady over the long term. The primary raw materials, substrates and films, for example, are supplied by well-known and reputed large suppliers in the nation that have maintained optimal and long-term steady supply and demand relations with us. Their prices also adequately reflect the market situation for the IT electronics sector. In addition, all of them are located in adjacent counties and cities in northern parts of Taiwan. Given their adjacent locations, time efficiency is precisely controlled for their supplies to save the warehousing cost.

Interference from COVID-19 and the resultant shortage in raw materials and supplies, insufficient containers for transport, rising prices of raw materials and supplies, uncertainty with exchange rates, and increasing transportation costs remained in 2021. These posed intangible pressure and challenges for PCB manufacturers. It is expected that the weight of high-order circuits will climb again in 2022 with the increase of high-order terminal shipments. It will also have a positive effect on the growth of the production value as a whole. What is worth noting, however, is that the spread of the Russian–Ukraine war has made the skyrocketing prices of raw materials and supplies worse. Besides possible impacts on the profits available for manufacturers, it is also a negative factor for the global economy except that the consequences will be up to subsequent developments of the war and how long it will last.

(IV). Main purchases and sales customers over the past two years:

A. List of main suppliers over the past two years (accounting for 10% or more of net purchases)

Unit: NTD thousand

	2020 (Consolidated)				2021 (Consolidated)				As of the end of the first quarter of 2022 (Consolidated)			
Item	Title	Amount	% in purchases	Relationship with the issuer	Title	Amount	% in purchases	Relationship with the issuer	Title	Amount	% in purchases	Relationship with the issuer
1	A	1,275,879	10.15%	None	A	1,450,971	9.25%	None	A	467,139	10.97%	None
	Others	11,296,907	89.85%	None	Others	14,237,690	90.75%	None	Others	3,790,380	89.03%	None
	Sum	12,572,786	100.00%		Sum	15,688,661	100.00%		Sum	4,257,519	100.00%	

1: List the names of suppliers accounting for at least 10% of the total purchases over the past two years and the value and ratio of their purchases. When the names of suppliers or counterparts may not be disclosed as agreed in contracts are individuals and non-related parties, however, they may be replaced by a code.

B. List of main customers over the past two years (accounting for 10% or more of net sales)

Unit: NTD thousand

	2020 (Consolidated)				2021 (Consolidated)				As of the end of the first quarter of 2022 (Consolidated)			
Item	Title	Amount	% in sales	Relationship with the issuer	Title	Amount	% in sales	Relationship with the issuer	Title	Amount	% in sales	Relationship with the issuer
1	A	4,206,966	17.98%	None	B	4,799,008	18.04%	None	A	1,976,580	27.30%	None
2	B	3,343,985	14.29%	None	A	4,727,105	17.77%	None	B	1,054,942	14.57%	None
3	C	2,862,746	12.23%	None	C	3,054,650	11.48%	None	C	725,259	10.02%	None
	Others	12,984,626	55.50%	None	Others	14,026,711	52.71%	None	Others	3,477,820	48.11%	None
	Sum	23,398,323	100.00%		Sum	26,607,474	100.00%		Sum	7,240,458	100.00%	

Note 1: List the names of customers accounting for at least 10% of the total sales over the past two years and the value and ratio of their sales. When the names of customers or counterparts may not be disclosed as agreed in contracts are individuals and non-related parties; however, they may be replaced with a code.

(V). Production volumes/values over the past two years

(Unit: NTD 1,000)

Year	2020 (Consolidated)		2021 (Consolidated)	
Product	Quantity (SQFT)	Amount	Quantity (SQFT)	Amount
Printed circuit board	19,656,261	18,969,285	22,105,861	21,452,645

(VI). Sales/values over the past two years

(Unit: NTD 1,000)

Year	2020 (Consolidated)		2021 (Consolidated)	
Product	Quantity (SQFT)	Amount	Quantity (SQFT)	Amount
Printed circuit board	20,983,164	23,398,323	24,069,389	26,607,474

III. Information of employees over the past two years up to date the Annual Report was printed:

Year		2020	2021	3/31/2022
Employees Number of people (Consolidated)	Indirect employees	1493	1538	1553
	Direct labor	5967	5866	5581
	Total	7460	7404	7134
Mean age		31.3	30.7	30.9
Mean years in service		4.2	4.6	4.8
Education Distribution	Ph.D.	1	1	1
	Master's Degree	86	94	91
	University/College	1951	1960	1960
	Senior High School	2360	2271	2196
	Senior High School and below	3062	3078	2886

IV. Information on Environmental Protection Expenditure:

(I). Losses suffered over the past year up to the Annual Report as a result of environmental pollution and countermeasures:

Year	Description	Countermeasure	Amount involved in punishment
2021	None	None	None
As of 3/31/2022	None	None	None

(II). Expected capital expenditure on environmental protection for the coming two years

Year	Anti-pollution equipment to be purchased	Expected improvement	Amount
2023	Cost of care of wastewater equipment	Keep equipment functional as usual in compliance with environmental protection requirements and environmental policies	About NT\$ 25,590 thousand
	Cost of replacement and care of wastewater activated carbon	Keep equipment functional as usual in compliance with environmental protection requirements and environmental policies	
	Cost of care of waste gas scrubbers	Keep equipment functional as usual with reduced pollution done to the atmosphere in compliance with environmental policies	
	Cost of care of dust collecting equipment	Keep equipment functional as usual with reduced pollution done to the atmosphere in compliance with environmental policies	
	Cost of care of electrolytic copper recycling equipment	Implement pollution reduction and recycling environmental protection policies	
	Cost of care of hot air solder leveling (HASL) waste gas electrostatic equipment	Keep equipment functional as usual with reduced pollution done to the atmosphere	
	Cost of care of cooling tower water-saving sand filters	Save water consumption in compliance with the government's waste reduction policy	
	Cost of care of water recycling equipment	Keep wastewater equipment functional in compliance with environmental protection requirements	
	Cost of service of wastewater TOC/CU online monitoring instruments	Monitor quality of wastewater to facilitate operation and management in compliance with environmental policies	
	Cost of service of waste solution pressurizing flotation equipment	Improve wastewater operation and management by improving wastewater COD and CU	
2022	Cost of care of wastewater equipment	Keep equipment functional as usual in compliance with environmental protection requirements and environmental policies	About NT\$ 27,230 thousand
	Cost of replacement and care of wastewater activated carbon	Keep equipment functional as usual in compliance with environmental protection requirements and environmental policies	

Year	Anti-pollution equipment to be purchased	Expected improvement	Amount
	Cost of care of waste gas scrubbers	Keep equipment functional as usual with reduced pollution done to the atmosphere in compliance with environmental policies	
	Cost of care of dust collecting equipment	Keep equipment functional as usual with reduced pollution done to the atmosphere in compliance with environmental policies	
	Cost of care of electrolytic copper recycling equipment	Implement pollution reduction and recycling environmental protection policies	
	Cost of care of hot air solder leveling (HASL) waste gas electrostatic equipment	Keep equipment functional as usual with reduced pollution done to the atmosphere	
	Cost of care of cooling tower water-saving sand filters	Save water consumption in compliance with the government's waste reduction policy	
	Cost of care of water recycling equipment	Keep wastewater equipment functional in compliance with environmental protection requirements	
	Cost of service of wastewater TOC/CU online monitoring instruments	Monitor quality of wastewater to facilitate operation and management in compliance with environmental policies	
	Cost of service of waste solution pressurizing flotation equipment	Improve wastewater operation and management by improving wastewater COD and CU	
	Cost of care of wastewater equipment	Keep equipment functional as usual in compliance with environmental protection requirements and environmental policies	

V. Labor–management Relations:

- (I). Various employee benefits, continuing education, training, retirement system available at the Company and their implementation and the agreement between the employer and employees:

1. Employee benefits:

Gold Circuit hopes to create profits together with the whole employees. We value sharing profits with colleagues. With operational goals fulfilled, colleagues get to share the fruits of success accomplished by the Company. A certain ratio of the profits will be set aside to be the production prize and year-end bonus as an incentive for colleagues to keep working hard. There are other measures such as a salary raise among the employees and the production bonus system as well as subsidies for weddings, funerals, and celebrations.

Scholarships are available for the employees and their children.

Employee travels are subsidized to help them relax physically and mentally while not working.

Various types of events and clubs available throughout the plant are subsidized.

The Employee Welfare Committee has grants for occasions such as weddings, funerals, hospitalization, and childbirth. Gift monies are given out to employees for their birthday, for the three major festivals, and for the Labor Day to celebrate with them and to show appreciation of their hard work. Efforts are continued to approach prospective contractors and welfare agencies and hold exhibitions and sales events internally so that colleagues are entitled to more discounts and preferred deals.

We value employee educational training and provide pre-service and in-service training as well as career development planning and diversified learning opportunities. Multiple in-service training on labor safety, environmental protection, and quality control, among others, are held on a yearly basis and the E-learning platform is introduced to boost the flexibility and efficiency in time devoted to learning. We encourage spontaneous enrichment of employees by providing external occupational skills training courses that will hopefully enhance their professionalism and core competency.

2. Work environment and personal safety

The Company cares about welfare planning for its people and has been devoted to creating an environment where the physical and mental fitness of employees is cared for, their personal needs are fulfilled, and they can work worry-free.

Besides social security that is taken care of as required by the Labor

Standards Act and other applicable laws and regulations, we organize Group Insurance and periodic health checkups for employees. Employees subject to Class 2 health management are all included in the personal health guidance project in order to provide them with an even more normalized and comprehensive health safety management system.

For the health and safety of employees, Gold Circuit provides a bright and clean work environment. The Company inspects the work environment once every six months as required by law, including the measurements of temperature/humidity, illumination, noise, and poisonous and harmful items. All meet national standards and are within the allowed concentration range. In addition, reflections and improvements are made reflective of the findings indicated in the report and historical records. Besides necessary educational training and protective equipment provided to employees, work safety and health staff tours around the field from time to time to check various fire prevention equipment and measures and educates employees on their awareness about the various hazardous operations and preventive measures so that they are no longer exposed to dangerous working environments and operating sites. Gold Circuit gives employees health exams and special health checkups each year and provides employees with correct health knowledge based on advice of medical specialists and also provides information on what the Company does to promote a healthy workplace.

In light of the implementation of applicable laws and regulations on maternity protection, the Company has added multiple nursery rooms so that employees have safe places for them to pump breast milk and preserve it while on the premises. Meanwhile, to protect the mother and the fetus, it is strictly prohibited for pregnant and breastfeeding women to engage themselves in dangerous or harmful tasks or work night shifts. During maternity health protection, the factory health nurse provides spontaneous care and health education information required for breastfeeding and for the mother. Besides friendly maternity protective equipment and space, Gold Circuit has physicians based on site to confirm the various operating and work environments for pregnant and post-pregnancy colleagues and employees, unit heads, physicians, nurses, and industrial safety staff work together on evaluating maternity protection to ensure that female colleagues are entitled to optimal care.

In addition, the on-site service provided by general practitioners and occupational doctors 6 times a month gives employees access to professional advice on how to care for themselves. The Company also seeks to improve and evaluate the site according to the doctor's advice. The Medical Room provides employees with information on healthcare from time to time, too, so that they can absorb and receive correct and valid information on health and safety.

The new system of “one fixed day off and one flexible rest day per week” began on December 23, 2016 in Taiwan. Gold Circuit started to adjust its shifts in as early as two years ago by adding manpower to get ready for the revisions made to labor laws and regulations, that is, 40 working hours per week. The system adopted is superior to regulatory requirements; it is “working four days followed by two days off” to allow employees to have more time on leave that they can spent with their families or use to enjoy themselves.

3. Retirement system:

Requirements of the Labor Standards Act and the Labor Pension Act are followed; 2% of the total monthly salary is set aside to be the pension reserve for employees that apply the old system. For those applicable under the new system, on the other hand, 6% of their monthly insured salary is allocated to their personal pension account.

4. Important labor–management agreements:

The Company has been managing labor–management relations on the belief of co-existence and co-prosperity, looking at the employer and employees as one. As a result, opinions of employees are highly valued. Employees can reflect issues encountered in life and at work at any time through official and non-official communication channels available at the Company. The Company and the employees get to know each other better and be more understanding towards each other taking advantage of such bilateral communication opportunities, build a consensus, and render optimal results together.

- (1) Departmental meeting: Such meetings are focused on communications over issues encountered at work by employees, the configuration of manpower, discovery of underlying causes, communication of policies, and evaluation of their implementation so that employees are fully aware of operational techniques, safety and health, and quality management and consistent decisions and coherence may be achieved among intra-departmental, inter-departmental, and external meetings.
- (2) Employee Welfare Committee meeting: Members of the Committee are elected among employees who possess more knowledge and experience and are more capable of communication. During a meeting, members representing the labor and the management can discuss welfare measures extensively and in depths and also issues encountered by employees at work and in life insightfully and listen to each other’s opinions. Through this coordination and communication model, both the employer and the employees get to strengthen the trust and understanding they have

towards each other. The meetings are an importance source of reference in management and administration.

- (3) Labor–management meeting: This bridge of communication between the labor and the management helps coordinate labor–management relations, boost labor–management cooperation, and enhance efficiency at work. Based on the labor dynamics, production plans, and business overview that are presented, labor conditions, labor welfare planning, and revisions that shall be made to the work rules, the work environment, and production conditions, among others, are discussed.

- 5. Losses suffered by the Company as a result of labor–management disputes over the past two years up to the date when the Annual Report was printed; disclose also the estimated amounts and countermeasures now and those that occur in the future: None.

VI. Information and Communication Security Management:

(I) Specify the information and communication security risk management framework, the information and communication security policy, the substantial management plans, and resources to be devoted to information and communication security management. etc.

1. Information and Communication Security Risk Management Framework

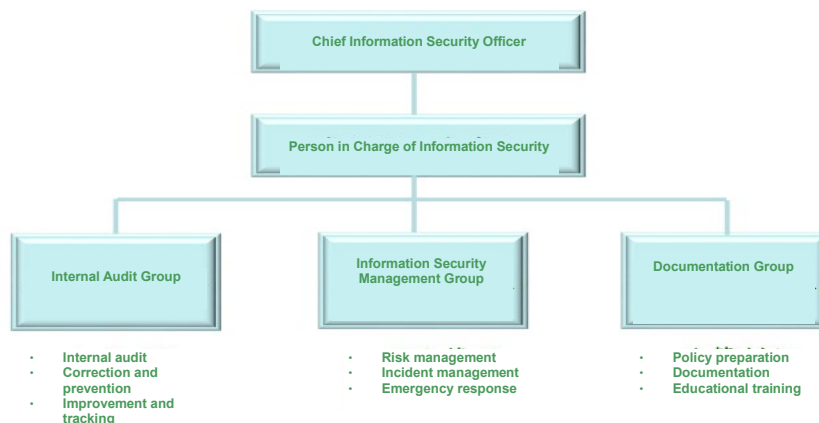
(1). Information Security Management System Framework

The ISO 27001 Information Security Management System that consists primarily of 5 major steps (1. Define the information security policy; 2. Define the goal and scope of the Information Security Management System; 3. Risk evaluation; 4. Implement information security; and 5. Audit) is enforced and control and evaluation continued.

(2). Risk evaluation and management

Evaluate risks in a scientific way associated with the scope of implementation of the Information Security Management System and plan the risk prevention plan. Validity of risk management is confirmed through the administration and review performed by the Information Security Promotion Organization to examine whether risk protective measures can effectively reduce related risks and help achieve expected goals or not.

(3). Information Security Promotion Organization



2. Information Security Policy

To ensure the security of information and data, systems, equipment, and network-based communications, to effectively reduce theft, improper use, leakage, alteration, or destruction of information-related assets as a result of human negligence, intentional or natural disasters, and to create an Information Security Management System, the Information Security Policy (the “Policy”) is particularly defined. For matters not specified herein, other governmental laws and regulations on information security are to be followed to accomplish information confidentiality, integrity, and usefulness.

The Policy is reviewed periodically each year by the Information Security Promotion Organization and is to be adequately revised reflective of organizational, operational, regulatory changes or changes in the physical environment. The Policy is to be

announced and implemented following approval by the convener of the Information Security Promotion Organization; the same applies when the Policy is amended.

- Respective information security management requirements of the Company have to be based on applicable governmental laws and regulations (such as the Criminal Code, the Patent Act, the Trademark Act, the Copyright Act, the Personal Data Protection Act, and the Trade Secrets Act).
- The Information Security Promotion Organization is responsible for setting up and implementing the Information Security System.
- Information security educational training is provided periodically to communicate information security policies and related implementation requirements.
- The management mechanism for information hardware facilities and software is created to centralize distribution and effectively utilize resources.
- The new information system shall include information security factors before it is created to prevent against conditions that will jeopardize system security.
- Physical and environmental safety protective measures are created for the computer room and they are cared for periodically.
- The access to use the Information System and network service is specifically defined in order to prevent unauthorized access.
- The internal audit plan for information security is defined. How personal computers are used and implementation of the Information Security System are inspected periodically.
- The Business Continuity Plan (BCP) for information security is defined and rehearsed practically to ensure continuous operations of the Company.
- Everyone is responsible for maintaining information security and shall abide by applicable information security management requirements.

The Information Security Policy shall be evaluated periodically in order to reflect the government's information security policies, laws and regulations, and technologies and the latest operational status of the Company and the feasibility and effectiveness of the Company's information security practice shall be ensured.

3. Substantial Management Solutions

Cybersecurity	A. Real-time trend analysis of important host warning systems and abnormal activities B. Enhanced network firewall and network control to prevent computer viruses from spreading to other units or other premises C. Strengthened identity authentication for improved information security strength
Device Security	A. Terminal anti-virus measures created for the specific type of computer to improve detection of malware activities B. Virus scanning upon entry of units to site to prevent against entrance of units containing malware to the Company
App Security	A. Developmental program version control and web source code quality analysis B. Periodic monthly vulnerability scanning and annual outsourced penetration testing C. Continuously reinforced app security control mechanism and integrated developmental flows and platforms

Reinforced Data Security Protection Technology	A. Business secrets and classified data communication and inventory check B. Document classification and data encryption control and effective tracking C. Control over sending of mails, mail audit mechanism, mail backup, mail advanced protection D. Reinforced remote backup mechanism
Educational Training and Communication	A. Enhanced awareness among employees of mail-mediated social engineering attacks and defensive detection of phishing mails B. Periodic courses on the awareness and communication of business secrets and information security, at least 2 hours a year. C. Information security risk alert notice and information security communication mail sent from time to time

4. Resources devoted to the management of information and communication security

Certification	• ISO/IEC27001:2013 for information security [December 2021]
Policy	• ISMS guidelines x 24 copies (4 copies revised in 2021) • Business Secrets Management Regulations (10 copies added in 2021)
Training and Communication	• Periodic courses on the awareness and communication of business secrets and information security (twice in 2021) • Rehearsals among employees against mail-mediated social engineering attacks [twice in 2021] • Information security risk alert notice and information security communication mail [9 times in 2021] • Rehearsals on emergency response to business secret infringement events [once in 2021] • Rehearsals on how to recover from information security disasters [16 times in 2021]

(II) List the losses as a result of major information and communication security events, their possible impacts, and countermeasures over the past year up to the date when the Annual Report was printed; if reasonable estimation is impossible, why it is impossible shall be specified:

None.

The Company did not suffer losses from significant information and communication safety incidents.

VII. Important Contracts

Nature of contract	Parties to the contract	Start / End Dates	Main contents	Restrictions
Transaction Contract	Orbotech Asia Ltd..	2020.05.14 ~ 2021.09.08	Inner layer DI exposure unit BMI automatic line	None
Transaction Contract	Orbotech Asia Ltd..	2020.05.14 ~ 2021.09.13	Outer layer DI exposure unit BMI automatic line	None
Transaction Contract	Shinwu Machinery Trading Co., Ltd	2020.04.10 ~ 2021.09.22	Mitsubishi CO2 laser drilling machine	None

SIX. Financial Overview

I. Condensed Balance Sheet and Condensed Comprehensive Income Statement of the Past Five Years

(I) Consolidated Condensed Balance Sheet - International Financial Reporting Standard

Unit: NTD thousand

Item \ Year		Financial data of the past 5 years (IFRS)					First quarter of 2022 (Note 1) Reviewed by the CPAs
		2017	2018	2019	2020	2021	
Current assets		13,267,313	13,554,433	13,774,664	14,726,407	18,162,077	20,001,771
Real estate properties, plants, and equipment		6,574,274	6,180,508	5,595,078	5,586,368	5,679,186	5,974,842
Intangible assets		31,416	29,479	20,431	18,500	26,550	27,067
Others assets (Note 1)		1,382,594	1,431,128	1,518,211	1,318,221	1,112,472	1,052,522
Total assets		21,255,597	21,195,548	20,908,384	21,649,496	24,980,285	27,056,202
Current liabilities	Before distribution	10,588,307	11,421,919	10,871,241	9,203,124	10,274,232	11,718,856
	After distribution	-	-	-	-	(Note 2)	-
Long-term liabilities		3,349,803	2,279,445	2,465,000	2,797,588	2,874,108	2,491,378
Other liabilities		517,083	441,701	406,173	383,148	429,831	425,450
Total liabilities	Before distribution	14,455,193	14,143,065	13,742,414	12,383,860	13,578,171	14,635,684
	After distribution	-	-	-	-	(Note 2)	-
Equities attributable to the owner of the parent company		6,800,404	7,052,483	7,165,970	9,265,636	11,402,114	12,420,518
Capital stock		5,522,469	5,464,879	5,464,879	5,464,879	5,464,879	5,464,879
Additional paid-in capital		1,468,074	1,471,233	1,471,233	1,471,233	1,206,574	1,206,574
Retained earnings	Before distribution	(237,729)	(16,715)	98,468	2,155,492	4,571,187	5,382,030
	After distribution	-	-	-	-	(Note 2)	-
Other equities		216,627	231,563	229,867	272,509	257,951	465,512
Treasury stock		(169,037)	(98,477)	(98,477)	(98,477)	(98,477)	(98,477)
Non-controlling interest		-	-	-	-	-	-
Equities Total	Before distribution	6,800,404	7,052,483	7,165,970	9,265,636	11,402,114	12,420,518
	After distribution	-	-	-	-	(Note 2)	-

Note 1: Other assets in 2017, 2018, 2019, 2020, 2021, and the first quarter of 2022 included investment-oriented real estate properties worth NT\$ 546,400 thousand, NT\$ 572,800 thousand, NT\$ 574,400 thousand, NT\$ 577,000 thousand, NT\$ 577,900 thousand, and NT\$ 577,900 thousand, respectively.

Note 2: The 2021 earnings distribution proposal was brought forth during the Board of Directors meeting and is yet to be approved through the shareholders' meeting.

(II) Consolidated Condensed Income Statement - International Financial
Reporting Standard

Unit: NTD thousand

Item \ Year	Financial data of the past 5 years (IFRS)					First quarter of 2022 reviewed by the CPAs
	2017	2018	2019	2020	2021	
Operating income	19,166,120	20,596,419	18,990,719	23,398,323	26,607,474	7,240,458
Gross profit	1,882,825	3,000,150	2,490,615	5,290,580	6,371,040	1,666,942
Operating loss or profit	(80,070)	773,866	669,405	3,073,918	4,122,521	1,066,891
Non-operating income and expenditure	(182,543)	(453,459)	(399,205)	(376,036)	(74,003)	46,783
Net profit before tax	(262,613)	320,407	270,200	2,697,882	4,048,518	1,113,674
Net profit for the current term from continued operating units	(269,103)	228,870	129,726	2,066,612	2,926,854	810,843
Discontinued units-incurred losses	0	0	0	0	0	
Net profit (loss) for the current term	(269,103)	228,870	129,726	2,066,612	2,926,854	810,843
Other combined gains or losses for the current term (net value after-tax)	(46,077)	7,080	(16,239)	33,054	20,771	207,561
Total combined gains or losses for the current term	(315,180)	235,950	113,487	2,099,666	2,947,625	1,018,404
Net profit belonging to the owner of the parent company	(269,103)	228,870	129,726	2,066,612	2,926,854	810,843
Net profit belonging to the non-controlling interest	0	0	0	0	0	0
Total comprehensive losses or gains belonging to the owners of the parent company	(315,180)	235,950	113,487	2,099,666	2,947,625	1,018,404
Total combined profits or losses belonging to non-controlling interests	0	0	0	0	0	
Earnings Per Share	(0.50)	0.42	0.24	3.82	5.41	1.50

(III) Consolidated Condensed Balance Sheet - International Financial Reporting
Standard

Unit: NTD thousand

Item \ Year		Financial data of the past 5 years (IFRS)				
		2017	2018	2019	2020	2021
Current assets		9,786,435	9,788,901	11,448,008	11,770,633	14,264,162
Investments applying the equity method		511,248	354,239	739,258	2,627,936	4,873,407
Real estate properties, plants, and equipment		2,569,693	2,538,938	2,379,241	2,476,950	2,460,514
Intangible assets		19,435	17,141	11,191	9,238	16,394,
Others assets (Note 1)		1,066,262	1,178,247	1,215,795	1,058,214	859,238
Total assets		13,953,073	13,877,466	15,793,493	17,942,971	22,473,715
Current liabilities	Before distribution	4,758,184	5,086,894	5,833,376	6,604,017	8,690,030
	After distribution	-	-	-	-	(Note 2)
Long-term liabilities		2,013,579	1,394,853	2,465,000	1,772,308	2,076,924
Other liabilities		380,906	343,236	329,147	301,010	304,647
Total liabilities	Before distribution	7,152,669	6,824,983	8,627,523	8,677,335	11,071,601
	After distribution	-	-	-	-	(Note 2)
Equities attributable to the owner of the parent company		6,800,404	7,052,483	7,165,970	9,265,636	11,402,114
Capital stock		5,522,469	5,464,879	5,464,879	5,464,879	5,464,879
Additional paid-in capital		1,468,074	1,471,233	1,471,233	1,471,233	1,206,574
Retained earnings	Before distribution	(237,729)	(16,715)	98,468	2,155,492	4,571,187
	After distribution	-	-	-	-	(Note 2)
Other equities		216,627	231,563	229,867	272,509	257,951
Treasury stock		(169,037)	(98,477)	(98,477)	(98,477)	(98,477)
Non-controlling interest		-	-	-	-	
Equities Total	Before distribution	6,800,404	7,052,483	7,165,970	9,265,636	11,402,114
	After distribution	-	-	-	-	(Note 2)

Note 1: Other assets in 2017, 2018, 2019, 2020, and 2021 included investment-oriented real estate properties worth NT\$ 546,400 thousand, NT\$ 572,800 thousand, NT\$ 574,400 thousand, NT\$ 577,000 thousand, and NT\$ 577,900 thousand, respectively.

Note 2: The 2021 earnings distribution proposal was brought forth during the Board of Directors meeting and is yet to be approved through the shareholders' meeting.

(IV) Standalone Condensed Income Statement - International Financial Reporting Standard

Unit: NTD thousand

Item \ Year	Financial data of the past 5 years (IFRS)				
	2017	2018	2019	2020	2021
Operating income	15,312,742	16,904,716	16,317,433	21,865,903	25,550,218
Gross profit	1,521,011	2,131,036	1,249,062	1,953,385	2,304,031
Operating loss or profit	440,067	917,886	285,561	734,762	1,153,732
Non-operating income and expenditure	(704,131)	(606,860)	(83,407)	1,624,052	2,246,582
Net profit before tax	(264,064)	311,026	202,154	2,358,814	3,400,314
Net profit for the current term from continued operating units	(269,103)	228,870	129,726	2,066,612	2,926,854
Discontinued units-incurred losses	-	-	-	-	-
Net profit (loss) for the current term	(269,103)	228,870	129,726	2,066,612	2,926,854
Other combined gains or losses for the current term (net value after-tax)	(46,077)	7,080	(16,239)	33,054	20,771
Total combined gains or losses for the current term	(315,180)	235,950	113,487	2,099,666	2,926,854
Net profit belonging to the owner of the parent company	-	-	-	-	-
Net profit belonging to the non-controlling interest	-	-	-	-	-
Total comprehensive losses or gains belonging to the owners of the parent company	-	-	-	-	-
Total combined profits or losses belonging to non-controlling interests	-	-	-	-	-
Earnings Per Share	(0.50)	0.42	0.24	3.82	5.41

(V). Names of CPAs for the past 5 years and their opinions:

Year	Attesting CPA	Audit opinions
2021	Chao-Ling Chen, Jui-Nan Chang	Unqualified opinion
2020	Chao-Ling Chen, Jui-Nan Chang	Unqualified opinion
2019	Chao-Ling Chen, Jui-Nan Chang	Unqualified opinion
2018	Sheng-Hsiung Yao, Jui-Nan Chang	Unqualified opinion
2017	Sheng-Hsiung Yao, Chiang-Pao Liu	Unqualified opinion

II. Financial Analysis of the Past Five Years
(1) Consolidated Financial Analysis - International Financial Reporting Standard

Analysis Item \ Year (Note 1)		Financial data of the past five years (Note 1) (IFRS adopted in 2013 onwards)					First quarter of 2022 reviewed by the CPAs
		2017	2018	2019	2020	2021	
Financial structure	Liability-to-asset ratio (%)	68.01	66.73	65.73	57.20	54.36	54.09
	Ratio of long-term capital to fixed assets (%)	154.39	150.99	172.13	215.94	251.38	249.58
Solvency	Current ratio (%)	125.10	118.54	126.71	160.02	176.77	170.68
	Quick ratio (%)	90.38	83.37	97.51	122.03	125.92	122.03
	Interest Protection Multiples	-0.09	2.11	2.02	17.02	60.60	77.65
Operating Capacity	Receivables turnover (frequency)	3.08	3.41	2.93	3.44	3.35	3.05
	Average collection days	118	107	125	106	109	120
	Inventory turnover (frequency)	6.18	5.46	5.37	6.22	5.12	4.4
	Payables turnover (frequency)	4.30	4.29	3.93	4.40	4.33	3.78
	Average days of sales	59	67	68	59	71	83
	Real estate properties, plant and equipment turnover (frequency)	2.86	3.23	3.23	4.19	4.72	4.97
	Total assets turnover (frequency)	0.89	0.96	0.90	1.10	1.14	1.19
Profitability	Return on assets (%)	-0.33	2.16	1.65	10.34	12.79	12.64
	Return on shareholder equity (%)	-3.87	3.30	1.82	25.15	28.32	27.23
	Ratio of net profit before tax to paid-in capital size (%)	-4.76	5.86	4.94	49.37	74.08	81.51
	Net profit rate (%)	-1.40	1.11	0.68	8.83	11.00	11.20
	Earnings per share (NTD)	-0.5	0.42	0.24	3.82	5.41	1.50
Cash flow	Cash flow ratio (%)	11.25	7.26	16.12	32.47	23.26	9.03
	Cash flow adequacy ratio (%)	138.36	141.36	161.20	168.82	118.45	138.52
	Cash re-investment ratio (%)	4.46	3.21	6.82	10.75	5.24	3.41
Leverage	Operating leverage	-27.17	4.54	11.47	3.56	3.11	3.20
	Financial leverage	0.25	1.59	1.65	1.06	1.02	1.01

Please explain reasons for the changes in respective financial ratios over the past two years. (The analysis may be waived if the increase/decrease falls short of 20%)

Interest Protection Multiples: Due to the fact that net profit before income tax and interest expenses this year was increased significantly this year, interest protection multiples grew compared to last year.
Net profit rate and earnings per share: It is because the revenue and net profit this year climbed compared to last year.
Cash flow ratio: The increased inventory and issuance of cash dividends this year led to the decrease in the cash flow ratio compared to last year.

(2) Standalone Financial Analysis - International Financial Reporting Standard

Year (Note 1) Analytical item (Note 2)		Financial data of the past five years (Note 1)				
		2017	2018	2019	2020	2021
Financial structure %	Debt-to-assets ratio	51.26	49.18	54.63	48.36	49.26
	Ratio of long-term capital to fixed assets	343.00	332.71	404.79	445.63	547.81
Solvency %	Current ratio	205.68	192.44	196.25	178.23	164.14
	Quick ratio	165.87	152.15	164.43	145.10	125.68
	Interest Protection Multiples	-29.85	6.05	4.31	44.5	115.88
Operating Capacity	Receivables turnover (frequency)	3.21	3.58	2.92	3.52	3.42
	Average collection days	113.75	102.04	124.94	103.60	106.79
	Inventory turnover (frequency)	8.54	7.96	8.15	10.65	8.90
	Payables turnover (frequency)	4.52	4.89	3.91	4.44	4.28
	Average days of sales	43	46	45	34	41
	Real estate properties, plant and equipment turnover (frequency)	6.06	6.62	6.64	9.01	10.35
	Total assets turnover (frequency)	1.06	1.21	1.10	1.30	1.26
Profitability	Return on assets (%)	-1.51	1.99	1.21	12.51	14.60
	Return on shareholder equity (%)	-3.87	3.30	1.82	25.15	28.32
	Ratio of net profit before tax to paid-in capital size (%)	-4.78	5.69	3.70	43.16	62.22
	Net profit rate (%)	-1.76	1.35	0.80	9.45	11.46
	Earnings per share (NTD)	-0.50	0.42	0.24	3.82	5.41
Cash flow	Cash flow ratio (%)	18.38	14.58	10.43	26.17	3.54
	Cash flow adequacy ratio (%)	159.09	142.76	146.56	155.76	79.55
	Cash re-investment ratio (%)	5.38	4.82	3.62	8.61	1.25
Leverage	Operating leverage	3.4	2.26	6.34	2.51	1.24
	Financial leverage	1.17	1.07	1.27	1.08	1.03

Note 1: The Company did not re-evaluate its assets and hence it is not applicable.

Note 2: The following calculation formula shall be shown at the end of the Annual Report:

1. Financial structure

(1) Liability-to-asset Ratio = total liabilities/ total assets

(2) Ratio of long-term capital to real estate properties, plants, and equipment = (Total equities + Non-current liabilities)/Net value of real estate properties, plants, and equipment

2. Solvency

(1) Current ratio = Current assets/current liabilities.

(2) Quick Ratio = (Current assets — Inventory — Advance payments)/ Current liabilities.

(3) Interest protection multiples = Net profit before income tax and interest expenses/ Interest expenditure for the current term

3. Management ability

(1) Receivables (including accounts receivable and receivable notes from operations) turnover = Net sales value/ mean balance of receivables of each term (including accounts receivable and receivable notes from operations).

(2) Average collection days = 365/Receivables turnover

(3) Inventory turnover = Sales cost/Mean inventory

(4) Payables (including accounts payable and payable notes from operations) turnover = Net sales value/ mean balance of payables of each term (including accounts payable and payable notes from operations).

- (5) Average sales days = $365/\text{Inventory turnover}$
- (6) Real estate properties, plants, and equipment turnover = $\text{Net sales value}/\text{Mean amount of real estate properties, plants, and equipment}$
- (7) Total assets turnover = $\text{Net sales value}/\text{Mean total assets}$

4. Profitability

- (1) Return on assets = $[\text{Loss/gain after tax} + \text{Interest expense} \times (1 - \text{tax rate})]/\text{Mean assets on average}$
- (2) Return on equity = $\text{Loss/gain after tax}/\text{mean total equities}$
- (3) Net profit rate = $\text{Loss/gain after tax}/\text{Net sales}$
- (4) Earnings per share = $(\text{Gain/loss belonging to the owner of the parent company} - \text{Preferred stock dividends})/\text{Weighted average number of outstanding issues. (Note 4)}$

5. Cash flow

- (1) Cash flow ratio = $\text{Net cash flow from business activities}/\text{Current liabilities}$
- (2) Net cash flow adequacy ratio = $\text{Net cash flow from business activities over the past five years}/(\text{capital expenditure} + \text{increase in inventory} + \text{cash dividends}) \text{ over the past five years.}$
- (3) Cash reinvestment ratio = $(\text{Net cash flow from business activities} - \text{cash dividends})/(\text{Gross value of real estate properties, plants, and equipment} + \text{long-term investment} + \text{other non-current assets} + \text{operating capital}) \text{ (Note 5)}$

6. Leverage:

- (1) Operating leverage = $(\text{Net operating income} - \text{Change in operating costs and expenses})/\text{Operating interest (Note 6).}$
- (2) Financial leverage = $\text{Operating interest}/(\text{Operating interest} - \text{Interest expense}).$

Note 4: Pay particular attention to the following while deciding the formula for calculating the earnings per share as given above:

1. Use the weighted-average common stock shares instead of the outstanding shares at the end of the year.
2. With capital increase in cash or trading of treasury stock shares, the duration of their circulation shall be considered in the calculation of the weighted average number of shares.
3. With earnings-transferred capital increase or capital reserve-transferred capital increase, while calculating the earnings per share for a year or for half a year, adjustments shall be made retroactively reflective of the capital increase ratio; there is no need to consider the duration of issuance upon capital increase.
4. If the preferred stock shares are cumulative preferred stock shares that cannot be converted, the dividends for the specific year (distributed or not) shall be subtracted from the net profit after tax or the net loss after tax shall be added. If the preferred stock shares are not cumulative in nature, on the other hand, with net profit after tax, the said preferred stock shall be subtracted from the net profit after tax; in case of deficit, on the other hand, no adjustments are needed.

Note 5: Pay particular attention to the following while deciding during cash flow analysis:

1. Net cash flows from business activities are those shown in the Cash Flow Statement.
2. Capital expenditure refers to the cash out-flows to capital investments each year.
3. The increase in inventory is included only when the balance at end of term is greater than that at start of term; if the inventory is reduced at the end of the year, it is counted as zero.
4. Cash dividends include those for common stock and preferred stock shares.
5. Gross amount of real estate properties, plants, and equipment is the total of real estate properties, plants, and equipment before cumulative depreciation is subtracted.

Note 6: The issuer shall divide respective operating costs and operating expenses by their nature to fixed and variable ones. If estimates or subjective judgments are involved, attention shall be paid to their legitimacy and consistency.

Note 7: When the Company's shares are not denominated or the denomination per share is not NTD 10.00, the ratio to the paid-in capital as mentioned in the foregoing shall be calculated with the ratio of equities belonging to the owner of the parent company as shown in the Balance Sheet instead.

III. Audit Committee's Review Report

GOLD CIRCUIT ELECTRONICS LTD.

Audit Committee's Audit Report

The 2021 Business Report, financial statements, and earnings distribution proposal, among others, were prepared and submitted by the Board of Directors. The financial statements, in particular, have been audited by certified public accountants Chao-Ling Chen and Jui-Na Chang at Deloitte Taiwan and an audit report was issued accordingly.

The above-mentioned business report, financial statements and earnings distribution proposal have been audited by the Audit Committee and are determined to be compliant with applicable regulatory requirements of the Company Act. As such, presentations are provided above as required by Article 219 of the Company Act.

Please review and approve.

To

2022 General Shareholders' Meeting

GOLD CIRCUIT ELECTRONICS LTD.

Jen-Jou Hsieh, Convener of Audit Committee

March 21, 2022

IV. Financial Report from Past Year

Audit Report

To Gold Circuit Electronics Ltd.,

Audit opinions

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

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

Bases for the Audit Opinions

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

Key Audit Matters

Key audit matters are those determined by us as the CPAs based on our professionalism to be the most important in the audit of the 2021 parent company-only financial reports of Gold Circuit Electronics Ltd. Such matters were addressed throughout the audit of the parent company-only financial reports and during the formation of audit opinions. We do not express separate opinions regarding these matters.

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

Recognition of Income

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

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

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

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

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

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

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

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

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

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

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

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

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

We decided the key audit matters for the 2021 parent company-only financial reports of Gold Circuit Electronics Ltd. from matters communicated on with the governance unit. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Deloitte & Touche
CPA Chao-Ling Chen

CPA Jui-Nan Chang

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

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

March 22, 2022

Parent Company-only Balance Sheet of
Gold Circuit Electronics Ltd.
December 31, 2021 and 2020

Unit: NTD thousand

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

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

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

January 1 to December 31, 2021 and 2020

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

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

(To be continued)

(Continued)

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

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

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

January 1 to December 31, 2021 and 2020

Unit: NTD thousand

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

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

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

January 1 to December 31, 2021 and 2020

Unit: NTD thousand

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

(To be continued)

(Continued)

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

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

Gold Circuit Electronics Ltd.
Notes to Parent Company Only Financial Statements
January 1 to December 31, 2021 and 2020
(Expressed in Thousand New Taiwan Dollars, unless specified otherwise)

I. Company History

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

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

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

II. Dates and Procedures for Approving Financial Statements

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

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

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

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

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

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

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

- (1) Modify the hedging relationship as required to reflect the interest rate benchmark reform and consider such modification as an extension of the exiting hedging relationship.
- (2) Designate new benchmark interest rates reasonably expected to be changed as separate components in the identification of risks within 24 months to be the items to be hedged as part of underlying components of risks not specified in the contract.

- (3) Recognize the amount already accumulated as part of the cash flow hedging instrument gains or losses to be based on the revised new benchmark interest rate after the cash flow hedging relationship is revised.
- (4) Divide the items to be hedged in a set of items subject to impacts from the interest rate benchmark reform into two sub-groups, that is, contracts that have been changed to be linked to another benchmark interest rate and those yet to be changed and assign the benchmark interest rate risk to be circumvented to for each sub-group.

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

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

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

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

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

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

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

1. IFRS Annual improvements in 2018-2020

Several of the IFRSs were improved and amended in 2018-2020. The amendments to IFRS 9 “Financial Instruments,” in particular, are meant to evaluate if there are material changes to the swaps of financial liabilities or revisions to provisions and to compare if a difference of 10% exists in the

discounted cash flow between new and old contracts (including the net amount of payments made or collected from signing or revising a contract). The payments made or collected as mentioned in the foregoing shall only include those between the borrower and the lender.

2. Amendment to IFRS 3 “Reference to the Conceptual Framework”

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

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

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

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

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

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

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

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

Newly released/amended/revised standards and their interpretations	The effective date promulgated by IASB (Note 1)
IFRS 10 and IAS 28 amendment “Assets sales or	To be determined

Newly released/amended/revised standards and their interpretations	The effective date promulgated by IASB (Note 1)
contribution between the investor and the affiliated company or joint venture.”	
IFRS 17 “Insurance Contracts”	Sunday, January 1, 2023
Amendment to IFRS 17	Sunday, January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	Sunday, January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	Sunday, January 1, 2023
Amendment to IAS 1: “Disclosure of Accounting Policies”	Sunday, January 1, 2023 (Note 2)
Amendment to IAS 8: “Definition of Accounting Estimate”	Sunday, January 1, 2023 (Note 3)
Amendment to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	Sunday, January 1, 2023 (Note 4)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) The Company changed its accounting policies during the reporting period and the said changes resulted in material changes of information provided in financial statements.
- (2) The Company chooses its applicable accounting policies from options allowed under the Standard.

- (3) The accounting policies are established by the Company in compliance with IAS 8 “Accounting Policies, Changes in Accounting Estimates, and Errors” due to the lack of requirements of specific standards.
 - (4) The Company discloses applicable accounting policies that are decided to require utilization of material judgment or assumptions; or
 - (5) Complicated accounting processing requirements are involved and users of the Financial Statement rely on such information in order to know the said material transactions, other matters, or conditions.
4. Amendment to IAS 8: “Definition of Accounting Estimate”

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

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

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

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

IV. Summary of Significant Accounting Policies

(I) Compliance Statement

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

(II) Compilation Basis

Except for the financial instruments measured at fair value, investment properties, and the net defined benefit liabilities recognized at fair value after the

project assets are deducted from the current value of defined benefit obligations, this parent company only financial statement has been duly prepared on the grounds of historical costs.

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

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

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

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

Current assets include:

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

non-current liabilities include:

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

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

(IV) Foreign currency

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

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

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

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

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

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

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

(V) Inventories

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

(VI) Invested subsidiaries

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

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

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

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

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

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

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

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

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

(VII) Real estate properties, plants, and equipment

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

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

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

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

(VIII) Investment property

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

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

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

(IX) Intangible assets

1. Individually acquired

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

2. Derecognition

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

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

The Company evaluates on the date shown on each balance sheet whether there are any signs showing that real estate, plants, and equipment, right-of-use assets, and intangible assets might have been impaired. With presence of any sign of impairment, the recoverable amount of such assets is estimated. In the event that the recoverable

amount of individual assets could not be estimated, the Company estimated the recoverable amount of the units that yielded cash belonging to the assets. Shared assets are amortized to the respective cash generating units on a reasonable and consistent basis.

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

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

(XI) Financial instruments

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

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

1. Financial assets

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

(1) Type of measure

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

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

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

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

B. Financial assets measured at amortized cost

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

- a. Held under a certain business model that aims to hold financial assets in order to benefit from contractual cash flows; and
- b. The contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount.

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

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

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

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

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

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

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

Investments in equity instruments measured at fair value through other combined gains or losses are measured at fair value,

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

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

(2) Impairment of Financial Assets and Assets

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

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

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

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

(3) Derecognition of financial assets

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

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

2. Equity instruments

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

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

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

3. Financial liabilities

(1) Subsequent measurement

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

Financial liabilities measured at fair value through gains or losses

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

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

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

(2) Derecognition of financial liabilities

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

4. Derivative financial instruments

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

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

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

(XII) Provision for liabilities

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

(XIII) Recognition of income

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

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

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

Sales income

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

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

(XIV) Lease

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

1. The Company was the Lessor.

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

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

2. The Company was the Lessee.

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

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

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

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

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

(XV) Borrowing Cost

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

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

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

(XVI) Government Subsidies

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

Government subsidies concerning gains are recognized systematically as other income during the period where related costs they are meant to offset are recognized by the Company as expenses. Government subsidies on the condition that the Company shall acquire non-current assets by purchasing or building them or in any

other way mean that the less items for the book value of the said non-current assets are recognized and the subsidies are recognized under gains or losses within the durable period of the said assets by reducing the cost of depreciation or amortization for non-current assets.

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

(XVII) Employee Welfare

1. Short-term employee benefits

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

2. Benefits after severance/retirement

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

The defined benefit cost under the defined benefit retirement plan (including the service cost, net interest, and re-measurement amount) are based on the actuary of projected unit credit method. The service cost (including current service cost), and net interest on the net defined benefit liabilities (assets) are recognized under employee benefit expenditure at the time of occurrence. The re-measurement amount (including actuarial gains or losses and projected ROA net of applicable interest) is recognized under other combined gains or losses and included as part of retained earnings at the time of occurrence and is not re-categorized under gains or losses later.

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

3. Resignation benefits

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

(XVIII) Income tax

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

1. Income tax for the year

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

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

2. Deferred income tax

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

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

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

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

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

3. Current and deferred income tax

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

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

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

Where the Company adopted accounting policies, where the relevant information was found hardly available from other sources, the management must come to relevant

judgments, estimates, and hypotheses based on historical experiences and other relevant factors. Actual consequences might differ from estimates.

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

Major sources of estimates and uncertainties of hypotheses

Estimated impairment of financial assets

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

VI. Cash and Cash Equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and working capital	\$ 865	\$ 1,179
Bank's notes and current deposits	1,476,067	2,277,552
Cash equivalents (investment due within three (3) months in the date of initial maturity).		
Bank time deposit	<u>13,032</u>	<u>10,943</u>
	<u>\$ 1,489,964</u>	<u>\$ 2,289,674</u>

VII. Financial instruments at fair value through gains or losses

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets-current</u>		
Measured at fair value through gains or losses compulsorily		
Derivative financial instruments (not designated for hedging purpose)		
– Forward foreign exchange contracts (1)	\$ 3,024	\$ -
– FX swap contracts (2)	<u>6,172</u>	<u>-</u>
Subtotal	<u>\$ 9,196</u>	<u>\$ -</u>

Financial liabilities – Current

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

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

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

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

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

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

VIII. Notes receivable, accounts receivable and other accounts receivables

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

Notes receivable and accounts receivable

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

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

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

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

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

December 31, 2021

Accounts receivable

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

December 31, 2020

Accounts receivable

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

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

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

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

IX. Inventories

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

Sales cost is defined as follows:

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

X. Investment under equity method

<u>Invested subsidiaries</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-public/non-OTC companies		
King Hsiang Investment Co.	\$ 31,357	\$ 25,934
Goldex Holding Limited	<u>4,842,050</u>	<u>2,602,002</u>
	<u>\$ 4,873,407</u>	<u>\$ 2,627,936</u>
	<u>Percentage of equity and voting right</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
King Hsiang Investment Co.	99.97%	99.997%
Goldex Holding Limited	100.000%	100.000%

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

XI. Property, Plant, and Equipment

Self-use

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

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

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

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

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

XII. Lease Agreement

(I) Right-of-use assets

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

(II) Lease liabilities

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Machinery & equipment	1.38%~2.68%	1.38%~2.68%

(III) Major lessee activities and terms and conditions

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

(IV) Other information about the lease

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

XIII. Investment property

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

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

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

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

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

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

The rent prevailing in the area where the investment property was located was about NTD 0.497 thousand per ping, while that for any comparable object on the market was about NTD 0.483 thousand – NTD 0.641 thousand per ping (1 ping = 3.305785 m²).

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

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

XIV. Other intangible assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Computer software	<u>\$ 16,394</u>	<u>\$ 9,238</u>

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

Summarization of amortization expenditure by function:

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

XV. Other assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Others	<u>\$ 12,076</u>	<u>\$ 10,728</u>
<u>Noncurrent</u>		
Refundable deposit	<u>\$ 1,415</u>	<u>\$ 1,415</u>

XVI. Loan

(I) Short-term borrowings

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

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

(II) Long-term borrowings

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

1. Land and buildings are set as the collaterals for secured borrowings. The total value of NTD 700,000 thousand has been drawn down in full. The borrowing period began on September 6, 2019 and ended on September 6, 2024, with interests paid on a monthly basis. From the date of the first draw-down, the first term was up to the end of the first 24 months and each term thereafter consists of 3 months. The borrowings are to be paid in installments over a total of 13 terms. As of December 31, 2021 and 2020, the effective annual interest rates were 1.2% and 1.4%, respectively.
2. Land and buildings are set as the collaterals for secured borrowings. The total value of NTD 350,000 thousand has been drawn down in full. The borrowing period was from April 30, 2017 to April 30, 2020. Prior to expiration, the borrowing period had been extended to April 29, 2024. The line of credit was reduced by NTD 50,000 thousand at the end of 12 months and 18 months, respectively, from the initial date of utilization. It has been drawn down cyclically within 3 years since April 30, 2017, with interests paid on a monthly basis, and will be paid off at once upon maturity. As of December 31, 2021 and 2020, the effective annual interest rates were 1.288% and 1.387%, respectively.

Quarterly consolidated financial ratios on the said borrowings during the borrowing period are subject to the following restrictions: The ratio of the sum of cash and cash equivalents and EBITDA (net income, income tax expenditure, financial costs (interest expenditure), depreciation expenditure and amortization expenditure) to long-term borrowings due within a year remain at 120% and above.

3. Syndicated borrowings, endorsed and guaranteed by the Company, totaling USD 1,450,000 thousand, have been drawn down in full; the borrowing period was January 1, 2019 through January 7, 2022. The principal is repayable by 20%, 20% and 60% at the end of 24, 30, and 36 months, respectively, from the date of the first draw-down, with interests paid on a monthly basis. It was paid off only in February 2021. As of December 31, 2020, the effective annual interest rate was 1.895%. Annual consolidated financial ratios on the said borrowings during the borrowing period are subject to the following restrictions: The current ratio remains at least 100%. The ratio of financial liabilities (less cash and cash equivalents) to the net value of tangible assets as defined in the borrowing contract remains below 110%. The interest coverage ratio (Earnings before interest, tax, and amortization of depreciation) remains at least 2.5 times. The net value of tangible assets remains at least NTD 6,200,000 thousand.
4. Credit-based borrowings, totaling NTD 60,000 thousand, have been drawn down in full; the borrowing period was from April 30, 2019 to April 30, 2022. Since the date of borrowing, interests had been paid on a monthly basis and paid off early in September 2021 according to the balance of borrowings and at the interest rate agreed upon for loans. As of December 31, 2020, the effective annual interest rate was 1.45%. The restrictions imposed on the financial ratios thereof were as same as those applied to the loans from syndicated banks including E.SUN Bank (3).
5. For the credit-based borrowings, totaling NTD 225,000 thousand, NTD 200,000 thousand have been drawn down; the borrowing period was from November 23, 2021 to November 23, 2023. Since the date of borrowing, interests had been paid on a monthly basis according to the balance of borrowings and at the interest rate agreed upon for loans and the principal is to be paid off at once upon maturity. As of December 31, 2021, the effective annual interest rate was 1.10%.

(III) Long-term notes and bills payable

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

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

XVII. Accounts Payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Accounts payable</u>		
Generated from operations	<u>\$ 6,434,435</u>	<u>\$ 4,421,565</u>

XVIII. Other liabilities

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

Noncurrent
Other liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Guarantee deposit received	<u>\$ 859</u>	<u>\$ 859</u>

XIX. Liability reserve

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Returns and allowances	<u>\$ 167,544</u>	<u>\$ 137,009</u>

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

XX. Post-retirement Benefit Plans

(I) Defined contribution plans

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

(II) Defined benefit plan

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

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

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

The net defined benefit liabilities show the following changes:

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

(To be continued)

(Continued)

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

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

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

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

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor Affairs uses the labor pension fund for investment in domestic and foreign equity

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

2. Interest rate risk: The decrease of the interest rate of government bonds will cause the present value of the defined benefit obligations to go up; however, the return on the debt of the plan assets will go up too; therefore, they will mutually offset the impact on the net defined benefit liabilities.
3. Salary risk: The calculation of the present value of defined benefit obligation is based on the salaries of the members in the plan of the future. As such, an increase of the salaries of the members of the plan is bound to increase the present value of defined benefit obligation.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.5%	0.5%
Anticipated increase in salaries	2.000%	2.000%

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate		
Increase 0.25%	(\$ 11,434)	(\$ 11,401)
Decrease 0.25%	<u>\$ 11,901</u>	<u>\$ 11,883</u>
Anticipated increase in salaries		
Increase 0.25%	<u>\$ 11,515</u>	<u>\$ 11,499</u>
Decrease 0.25%	(<u>\$ 11,123</u>)	(<u>\$ 11,094</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, 2021</u>	<u>December 31, 2020</u>
Amount projected for appropriation in 1 year	<u>\$ 26,032</u>	<u>\$ 24,389</u>
Average maturity of defined benefit obligation	11.1 years	11.6 years

XXI. Equity

(I) Capital Stock

Common shares

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Authorized shares (thousand)	<u>750,000</u>	<u>750,000</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</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>546,488</u>	<u>546,488</u>
Issued and outstanding share capital	<u>\$ 5,464,879</u>	<u>\$ 5,464,879</u>

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

(II) Capital Reserve

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

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

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

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

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

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

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

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

(IV) Other equities

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

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

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

	2021	2020
Balance at start of term	(\$ 10,570)	(\$ 570)
Unrealized gains or losses		

	<u>2021</u>	<u>2020</u>
Equity Instrument	<u>-</u>	<u>(10,000)</u>
Other comprehensive profits or losses of current term	<u>-</u>	<u>(10,000)</u>
Balance at end of term	<u>(\$ 10,570)</u>	<u>(\$ 10,570)</u>

3. Real estate properties revaluation surplus

	<u>2021</u>	<u>2020</u>
Balance at start of term	<u>\$ 295,781</u>	<u>\$ 295,781</u>
Balance at end of term	<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, 2020	<u>5,724</u>	<u>5,724</u>
Number of shares as of December 31, 2020	<u>5,724</u>	<u>5,724</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>

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, 2021</u>			
King Hsiang Investment Co.	5,724	<u>\$ 435,005</u>	<u>\$ 435,005</u>
<u>December 31, 2020</u>			
King Hsiang Investment Co.	5,724	<u>\$ 289,049</u>	<u>\$ 289,049</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 shares of the Company held by the subsidiaries are treated as treasury stock shares and entitled to the rights vested in shareholders except for the privilege of cash capitalization and voting right.

XX. Net profit from continued operating units

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

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

(II) Interest income

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

(III) Other income

	<u>2021</u>	<u>2020</u>
Lease income	\$ 2,610	\$ 2,543
Others	38,288	47,253
	<u>\$ 40,898</u>	<u>\$ 49,796</u>

(IV) Other gains (or losses)

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

(V) Financial cost

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

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

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

(VI) Depreciation and amortization

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

(VII) Employee welfare expenditure

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

(VIII) Remuneration to employees and that to directors

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

Estimated ratio

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

Amount

	2021	2020
Remuneration to employees	<u>\$ 240,000</u>	<u>\$ 146,315</u>
Remuneration to directors	<u>\$ 35,000</u>	<u>\$ 20,902</u>

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

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

(IX) Gains (Losses) from foreign currency exchange

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

XXIII. Income tax for continuing operations

(I) Income tax recognized under gains or losses

Main components of income tax expenditure are as follows:

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

(To be continued)

(Continued)

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

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

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

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

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

(III) Income tax for the year assets and liabilities

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

(IV) Deferred income tax assets and liabilities

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

2021

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

(To be continued)

(Continued)

	Balance – beginning of year	Recognized under gains or losses	Recognized under other combined gains or losses	Balance – end of year
Provision of compensation loss	15,057	19,704	-	34,761
Expected credit impairment loss	5,379	(5,379)	-	-
Others	3,592	(1,311)	-	2,281
	<u>\$ 441,132</u>	<u>(\$ 191,969)</u>	<u>(\$ 8,832)</u>	<u>\$ 240,331</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Investment property	\$ 84,514	(\$ 1,092)	\$ -	\$ 83,422
Financial assets measured at fair value through gains or losses	-	1,839	-	1,839
Others	-	5,657	-	5,657
	<u>\$ 84,514</u>	<u>\$ 6,404</u>	<u>\$ -</u>	<u>\$ 90,918</u>
<u>2020</u>				
	Balance – beginning of year	Recognized under gains or losses	Recognized under other combined gains or losses	Balance – end of year
<u>Deferred income tax assets</u>				
Temporary difference				
Portions of gains or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	\$ 477,912	(\$ 129,550)	\$ -	\$ 348,362
Loss on inventory devaluation	12,954	3,463	-	16,417
Exchange gains or losses	20,735	(16,102)	-	4,633
Provision for liabilities	28,508	(24,184)	-	4,324
Defined benefit retirement plan	34,434	-	2,397	36,831
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference on idle capacity	455	1,582	-	2,037
Provision of compensation loss	3,422	11,635	-	15,057
Expected credit impairment loss	-	5,379	-	5,379
Others	6,289	(2,697)	-	3,592
	<u>\$ 589,209</u>	<u>(\$ 150,474)</u>	<u>\$ 2,397</u>	<u>\$ 441,132</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Investment property	\$ 83,956	\$ 558	\$ -	\$ 84,514
Others	5,095	(5,095)	-	-
	<u>\$ 89,051</u>	<u>(\$ 4,537)</u>	<u>\$ -</u>	<u>\$ 84,514</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences not recognized – overseas subsidiaries	<u>\$ 1,260,000</u>	<u>\$ 2,390,000</u>

- (VI) Authorization of income tax

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

XXIV. Earnings Per Share

	Unit: NTD per share	
	<u>2021</u>	<u>2020</u>
Basic EPS	<u>\$ 5.41</u>	<u>\$ 3.82</u>
Diluted earnings per share	<u>\$ 5.38</u>	<u>\$ 3.80</u>

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

Net profit of the year

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

Share(s)

	Unit: 1,000 shares	
	<u>2021</u>	<u>2020</u>
Weighted average number of common shares used to calculate basic earnings per share (EPS)	540,764	540,764
Impacts of potential common stock with diluting effects:		
Remuneration to employees	<u>3,521</u>	<u>3,311</u>
Weighted average number of common stock shares used to calculate the diluted earnings per share (EPS)	<u>544,285</u>	<u>544,075</u>

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

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

XXV. Disposal of investments in subsidiaries – loss of control

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

XXVI. Capital risk management

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

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

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

XXVII. Financial instruments

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

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

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

1. Fair value hierarchy

December 31, 2021

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

December 31, 2020

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

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

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

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

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

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

(IV) Financial Risk Management Purpose and Policy

The Company manages the foreign currency exchange rate risk, interest rate risk, and the price risk, credit risk, and liquidity risk of equity instruments in order to minimize the potential undesirable impacts of uncertainties on the market on the financial performance of the Company. Important financial planning of the Company is subject to review by the Audit Committee and/or the Board of Directors according

to applicable regulations and the internal control system. When implementing a financial plan, the Company strictly follows applicable financial standards for the management of financial risk and division of responsibilities.

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

1. Market risk

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

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

(1) Exchange rate risk

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

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

Sensitivity Analysis

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

The following table details the Company's sensitivity analysis when the exchange rate of NTD (functional currency) versus each concerning foreign currency increases or decreases by 2%. 2% means the sensitivity ratio applied by the Company when it reported the foreign exchange rate risk to the management, and also the management's evaluation on reasonable changes of the foreign exchange rate. The sensitivity analysis only covers outstanding foreign currency monetary items and forward foreign exchange contracts designated to hedge against cash flows, and their conversions at the end of the year are

adjusted by the change in exchange rate of 2%. The positive figures in the following table indicate the amount decreased for the net profit before tax when NTD appreciates by 2% versus respective related currencies; when NTD depreciates by 2% versus respective foreign currencies, the impacts on the net profit before tax will be the negative of the same amount.

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

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

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

(2) Interest rate risk

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

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

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

Sensitivity Analysis

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

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

2. Credit risk

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

Operation-related credit risk

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

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

3. Liquidity risk

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

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

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

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the earliest payment date expected of the Company and the undiscounted cash flows (including principal and estimated interest) of financial liabilities. Therefore, borrowings from banks that the Company may be asked to pay back

immediately are listed within the earliest duration shown in the table below and chances for banks to exercise the said right immediately are not considered. The other non-derivative financial liabilities maturity analysis is prepared in accordance with the agreed repayment date.

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

December 31, 2021

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

Further information about lease liabilities maturity analysis is given below:

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

December 31, 2020

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

Further information about lease liabilities maturity analysis is given below:

	Less than 1 year	1 year–5 years	5 years–10 years	10 years–15 years	15 years–20 years	Over 20 years
Lease liabilities	<u>\$ 12,563</u>	<u>\$ 15,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing ratio

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank overdraft (to be reviewed annually)		

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
– Already drawn down	\$ 1,800,000	\$ 1,510,000
– Not yet drawn down	<u>3,417,880</u>	<u>2,143,352</u>
	<u>\$ 5,217,880</u>	<u>\$ 3,653,352</u>
Secured bank overdraft		
– Already drawn down	\$ 694,294	\$ 964,486
– Not yet drawn down	<u>756,476</u>	<u>605,514</u>
	<u>\$ 1,450,770</u>	<u>\$ 1,570,000</u>

XXVIII. Transactions-related party

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

(I) Related party name and affiliation

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

(II) Operating income

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

(III) Purchases

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

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

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

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

(V) Payables to related parties

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

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

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

<u>Type of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Accounts receivable – related party</u>		
Changshu Gold Circuit Technology Co., Ltd.	\$ 290,440	\$ 437,995
Suzhou Gold Circuit Electronics Ltd.	276,800	512,640
	<u>\$ 567,240</u>	<u>\$ 950,635</u>
<u>Interest receivable</u>		
Changshu Gold Circuit Technology Co., Ltd.	\$ 4,275	\$ 5,222

Type of related party	December 31, 2021	December 31, 2020
Suzhou Gold Circuit Electronics Ltd.	<u>2,537</u> <u>\$ 6,812</u>	<u>9,959</u> <u>\$ 15,181</u>

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

The loans to subsidiaries were all unsecured ones.

(VII) Endorsement and guarantee

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

(VIII) Other

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

(IX) Remuneration to the primary management

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

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

XXIX. Pledged assets

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

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

XXX. Important matters, if any

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

<u>Currency</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
JPY	\$ 13,460	\$ 4,830
USD	131	135
EUR	802	-

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

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

December 31, 2021

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

December 31, 2020

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

XXXII. Important Post-term Matters

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

XXXIII. Notes to Disclosures

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

10. Information on reinvested businesses: Attachment 6.
- (III) Information about investment in Mainland China
1. The name of the investee in Mainland China, main items involved in the scope of operation, paid-in capital size, investment method, capital importation/exportation, holding ratio, investment profits and losses, book value of investments at end of term, repatriated investment profits or losses, and investment ceiling value for Mainland China: Attachment 11.
 2. Major transactions and their values, payment terms, unrealized profits or losses that have incurred directly or indirectly through a third region with the investee in Mainland China: Attachment 12.
 3. Direct, or indirect through a third region endorsement, guarantee or provision of collateral made with the investee in the Mainland China: Attachment 2.
 4. Direct, or indirect through a third region financing with the investee in the Mainland China: Attachment 7.
 5. Other transactions that produce material effects to the income or financial condition in the current period: N/A.
- (IV) Information of major shareholders: Names and shareholding quantities and ratios of shareholders that hold at least 5% of the equity: Attachment 13.

Gold Circuit Electronics Ltd.
Fund loaned to others
January 1 through December 31, 2021

Attachment 1

Unit: NTD thousand, USD thousand, and CNY thousand

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

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

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

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

- (1) Business association
- (2) Short-term financing needed

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

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

- (1) For the borrower trading with the Company, the limit of funds lent shall be no more than the amount of purchases or that of sales between the Company and the borrower over the past year or for the current year up to lending of the funds, whichever is higher.
- (2) Where short-term financing is needed, the limit of funds lent may not exceed 40% of the Company’s net value in the most recent financial statements audited or certified by the CPA (for Q3 of 2021).

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

Gold Circuit Electronics Ltd.
Endorsement and Guarantee Made for Others
January 1 through December 31, 2021

Attachment 2

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

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

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

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

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

Gold Circuit Electronics Ltd.
Marketable securities held – end of year
December 31, 2021

Attachment 3

Unit: NTD thousand

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

Gold Circuit Electronics Ltd.

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

January 1 through December 31, 2021

Attachment 4

Unit: NTD thousand

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

Gold Circuit Electronics Ltd.

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

December 31, 2021

Attachment 5

Unit: NTD thousand

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

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

Gold Circuit Electronics Ltd.
Information related to the reinvested companies... such as names and locations, etc.
January 1 through December 31, 2021

Table 6

Unit: NTD thousand

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

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

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

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

Attachment 7 Unit: NTD thousand, USD thousand, and CNY thousand

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

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

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

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

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

Table 8

Unit: NTD thousand

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

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

Attachment 9

Unit: NTD thousand

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

Gold Circuit Electronics Ltd.
Reaching NTD 100 Million or 20% of Paid-in Capital and Above
December 31, 2021

Attachment 10

Unit: NTD thousand

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

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

Gold Circuit Electronics Ltd.
Information about Investment in Mainland China
January 1 through December 31, 2021

Attachment 11

Unit: NTD thousand/USD thousand

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

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

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

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

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

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

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

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

Gold Circuit Electronics Ltd.

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

January 1 through December 31, 2021

Attachment 12

Unit: NTD thousand

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

Gold Circuit Electronics Ltd.
Information of Major Shareholders
December 31, 2021

Attachment 13

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

V. Financial Difficulties Encountered by the Company and Its Affiliates During the Most Recent Fiscal Year Up to the Date of Publication of the Annual Report

Declaration on Consolidated Reports of Affiliates

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

Declared by:

Company: Gold Circuit Electronics Ltd.

Responsible Person: Cheng-Tse Yang

March 22, 2022

Audit Report

To Gold Circuit Electronics Ltd.

Audit opinions

We have audited the Consolidated Balance Sheet of Gold Circuit Electronics Ltd. and the subsidiaries (Gold Circuit Electronics Group) on December 31, 2021 and 2020 and the Consolidated Comprehensive Income Statement, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Consolidated Financial Reports (including summaries of major accounting policies) from January 1 to December 31, 2021 and 2020.

In our opinion, the major issues of said financial reports prove to have been duly worked out in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and International Financial Reporting Standards Interpretations Committee's Interpretations (IFRSIC) and Standing Interpretation Committee's Interpretative Announcement (SIC) recognized and issued into effect by the Financial Supervisory Commission, Executive Yuan (FSC), presenting fairly the consolidated financial position of Gold Circuit Electronics Group on December 31, 2021 and 2020 and the consolidated results of financial performance and consolidated cash flow for the periods starting from January 1 till December 31, 2021 and 2020.

Bases for the Audit Opinions

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

Key Audit Matters

Key audit matters are those determined by us as the CPAs based on our professionalism to be the most important in the audit of the 2021 consolidated financial reports of the Gold Circuit Electronics Group. These matters were addressed in the content of our audit of the consolidated

financial reports as a whole, and in forming our opinion thereon, and we do not provide opinions on those matters separately.

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

Recognition of Income

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

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

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

Other Matters

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

Responsibilities of Management and Governance Unit for Consolidated Financial Reports

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

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

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

CPA's Responsibilities in Auditing Consolidated Financial Reports

We audit the consolidated financial reports in order to be reasonably convinced as to whether the consolidated financial reports as a whole contain material misstatements due to

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

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

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

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

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

We decided the key audit matters for the 2021 consolidated financial reports of the Gold Circuit Electronics Group from matters communicated on with the governance unit. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Deloitte & Touche

CPA Chao-Ling Chen

CPA Jui-Nan Chang

Financial Supervisory Commission's
Written Approval No.

FSC SFB IV No. 0930160267

Securities and Futures Commission's written
approval No:

Tai-Cai-Zheng-Liu-Zi No. 0920123784

March 22, 2022

Consolidated Balance Sheet of
Gold Circuit Electronics Ltd. and Subsidiaries
December 31, 2021 and 2020

Unit: NTD thousand

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

The notes enclosed are part of the consolidated financial reports.

Consolidated Comprehensive Income Statement of
Gold Circuit Electronics Ltd. and Subsidiaries
January 1 to December 31, 2021 and 2020

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

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

(To be continued)

(Continued)

Code		2021		2020	
		Amount	%	Amount	%
7900	Net profit before tax from continuing operation	\$ 4,048,518	15	\$ 2,697,882	12
7950	Income tax expenditure (Notes IV and XXIV)	<u>1,121,664</u>	<u>4</u>	<u>631,270</u>	<u>3</u>
8000	Continuing operation net profit for the year	<u>2,926,854</u>	<u>11</u>	<u>2,066,612</u>	<u>9</u>
	Other combined gains or losses				
8310	Not reclassified to profit and loss:				
8311	Defined benefit plan re-measurement amount (Note XXI)	44,161	-	(11,985)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other combined gains or losses	-	-	(10,000)	-
8349	Incomes tax related to titles not subject to reclassification	(8,832)	-	2,397	-
8360	Items that may be reclassified under gains or losses later:				
8361	Exchange differences from conversion of financial reports of overseas operating entities	(<u>14,558</u>)	<u>-</u>	<u>52,642</u>	<u>-</u>
8300	Other combined gains or losses (net amount after tax) of the year	<u>20,771</u>	<u>-</u>	<u>33,054</u>	<u>-</u>
8500	Total combined gains or losses of the year	<u>\$ 2,947,625</u>	<u>11</u>	<u>\$ 2,099,666</u>	<u>9</u>
	The net earnings belong to:				
8610	Owners of the Company	<u>\$ 2,926,854</u>	<u>11</u>	<u>\$ 2,066,612</u>	<u>9</u>
	The total combined gains or losses belong to:				
8710	Owners of the Company	<u>\$ 2,947,625</u>	<u>11</u>	<u>\$ 2,099,666</u>	<u>9</u>
	EPS (Note XXV)				
	From continuing operations				
9710	Basic	<u>\$ 5.41</u>		<u>\$ 3.82</u>	
9810	dilution	<u>\$ 5.38</u>		<u>\$ 3.80</u>	

The notes enclosed are part of the consolidated financial reports.

Consolidated Statement of Changes in Equity of
Gold Circuit Electronics Ltd. and Subsidiaries
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

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

The notes enclosed are part of the consolidated financial reports.

Gold Circuit Electronics Ltd. and Subsidiaries

Consolidated Statement of Cash Flow

January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Code		2021	2020
	Cash flow from operating activities		
A10000	Net profit before tax for the year	\$ 4,048,518	\$ 2,697,882
A20010	Income charges (credits):		
A20300	Expected credit impairment loss		
	(gain on recovery of impairment)	(50,106)	64,220
A20100	Depreciation expenditure	762,815	716,824
A20200	Amortization expenditure	12,901	13,623
A20900	Financial cost	67,464	167,968
A29900	Provision (reversal) for liabilities	23,540	(1,046)
A21200	Interest income	(16,385)	(21,362)
A21300	Dividend income	(54)	-
A23800	Gain on price recovery from		
	inventory devaluation and		
	obsolescence	(9,916)	(11,812)
A22500	Loss on disposal of real estate		
	properties, plants, and equipment	44,197	68,271
A23100	Net gain from the disposal of		
	financial assets	-	(466)
A20400	Net loss (gain) from financial assets		
	measured at fair value through		
	gains or losses	(18,268)	19,469
A20400	Net (gains) losses from financial		
	liabilities measured at fair value		
	through gains or losses	(13,804)	13,804
A24100	Net (gains) losses from foreign		
	currency exchange	(8,237)	4,379
A24600	Gain from fair value adjustment of		
	Investment property	(900)	(2,600)
A30000	Net change in operating assets and		
	liabilities		
A31130	Notes receivable	45,517	(32,456)
A31150	Accounts receivable	(2,344,994)	31,244
A31180	Other receivables	88,045	(118,700)
A31200	Inventories	(1,732,708)	(324,315)
A31230	Prepayments	3,743	2,149
A31240	Other current assets	(55)	4,260
A32130	Notes payable	-	(1,565)
A32150	Accounts payable	1,660,676	(543,064)
A32180	Other payables	440,886	589,990
A32230	Other current liabilities	33,633	18,395
A32240	Net defined benefit liabilities	(24,339)	(23,650)
A33000	Cash yielded in business operation	3,012,169	3,331,442
A33200	Interest collected	16,400	21,348
A33500	Income tax paid	(639,068)	(364,148)
AAAA	Net cash inflow from operating		
	activities	<u>2,389,501</u>	<u>2,988,642</u>

(To be continued)

(Continued)

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

The notes enclosed are part of the consolidated financial reports.

Gold Circuit Electronics Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2021 and 2020

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

I. Company History

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

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

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

II. Dates and Procedures for Approving Financial Statements

The consolidated financial reports were approved by the Board of Directors on March 21, 2022.

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

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

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

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

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

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

- (1) Modify the hedging relationship as required to reflect the interest rate benchmark reform and consider such modification as an extension of the existing hedging relationship.
- (2) Designate new benchmark interest rates reasonably expected to be changed as separate components in the identification of risks within 24 months to be the items to be hedged as part of underlying components of risks not specified in the contract.

- (3) Recognize the amount already accumulated as part of the cash flow hedging instrument gains or losses to be based on the revised new benchmark interest rate after the cash flow hedging relationship is revised.
- (4) Divide the items to be hedged in a set of items subject to impacts from the interest rate benchmark reform into two sub-groups, that is, contracts that have been changed to be linked to another benchmark interest rate and those yet to be changed and assign the benchmark interest rate risk to be circumvented to for each sub-group.

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

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

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

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

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

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

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

1. IFRS Annual improvements in 2018-2020

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

payments made or collected as mentioned in the foregoing shall only include those between the borrower and the lender.

2. Amendment to IFRS 3 “Reference to the Conceptual Framework”

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Amendment clarifies that in order to determine whether a liability should be classified as non-current, it is necessary to evaluate whether the Consolidated Company has the right to defer settlement of the liability for at least 12 months after the reporting period, at the end of the reporting period. If the Consolidated Company has such right at the end of the reporting period to defer settlement of the liability after the reporting period, the liability should be classified as non-current, irrelevant with whether the Consolidated Company is

expected to exercise the right or not. The Amendment also clarifies that if the Consolidated Company may retain the right to defer settlement of a liability only upon compliance with specific terms, it must comply with such specific terms at the end of the reporting period, even if the lender will not test its compliance until a later date.

The Amendment requires that for the purpose of classification of liabilities, said settlement refers to the discharge from liability through the transfer to the trading counterpart of cash, other economic resources, or the Consolidated Company's equity instruments. Notwithstanding, where, according to the terms and conditions of liabilities, the liabilities might be paid off at the discretion of the trading counterpart through the transfer of the Consolidated Company's equity instruments and said discretion is stated into equity separately under IAS 32 "Financial Instruments: Presentation," the classification of liabilities would remain unaffected by said terms and conditions.

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

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

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

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

- (1) The Consolidated Company changed its accounting policies during the reporting period and the said changes resulted in material changes of information provided in financial statements.
- (2) The Consolidated Company chooses its applicable accounting policies from options allowed under the Standard.
- (3) The accounting policies are established by the Consolidated Company in compliance with IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors" due to the lack of requirements of specific standards.
- (4) The Consolidated Company discloses applicable accounting policies that are decided to require utilization of material judgment or assumptions; or
- (5) Complicated accounting processing requirements are involved and users of the Financial Statement rely on such information in order to know the said material transactions, other matters, or conditions.

4. Amendment to IAS 8: “Definition of Accounting Estimate”

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

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

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

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

IV. Summary of Significant Accounting Policies

(I) Compliance Statement

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

(II) Compilation Basis

Except for the financial instruments measured at fair value, investment properties, and the net defined benefit liabilities recognized at fair value after the project assets are deducted from the present value of defined benefit obligations, the consolidated financial reports have been duly prepared on the grounds of historical costs.

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

1. Degree 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment)

2. Degree 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Degree 3 input value: the unobservable input value of asset or liability.

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

Current assets include:

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

Non-current liabilities include:

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

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

(IV) Grounds of consolidation

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

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

When the Consolidated Company loses control of a subsidiary, the disposal of gains or losses is the difference between the following two: (1) the sum of the fair value of

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

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

(V) Foreign currency

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

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

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

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

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

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

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

(VI) Inventory

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

(VII) Property, plant, and equipment

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

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

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

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

(VIII) Investment property

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

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

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

(IX) Intangible assets

1. Individually acquired

Intangible assets that are acquired alone with limited durability are initially recognized by their cost and later by the value with their cost less cumulative depreciation and cumulative impairment loss. Intangible assets within the durability period are amortized on the straight-line basis. The Consolidated Company reviews at least on the end date of each year the estimated durability

period, residual value, and depreciation method and postpones impacts where changes in accounting estimates apply. Intangible assets with indefinite durability are recognized with the cost less cumulative impairment loss.

2. Derecognition

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

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

The Consolidated Company evaluates on the date shown on each balance sheet whether there are any signs showing that real estate properties, plants, and equipment, right-of-use assets, of investment-oriented real estate properties and intangible assets might have been impaired. With presence of any sign of impairment, the recoverable amount of such assets is estimated. If it is still impossible to estimate the recoverable value of individual assets, the Consolidated Company estimates the recoverable value of the cash generating unit of such asset. Shared assets are amortized to the respective cash generating units on a reasonable and consistent basis.

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

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

(XI) Financial instruments

Financial assets and financial liabilities are recognized onto the Consolidated Balance Sheet when the Consolidated Company becomes a party to the contract of the financial instruments.

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

1. Financial assets

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

(1) Type of measure

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

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

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

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

B. Financial assets measured at amortized cost

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

- a. Held under a certain business model that aims to hold financial assets in order to benefit from contractual cash flows; and
- b. The contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount.

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

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

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

Credit-impaired financial assets mean that issuers or debtors already suffered major financial difficulties or contract violations or it is very likely that the debtor will file for bankruptcy or other

financial restructures or the active market for financial assets disappears as a result of financial difficulties.

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

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

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

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

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

(2) Impairment of Financial Assets and Assets

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

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

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

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

(3) Derecognition of financial assets

The Consolidated Company only derecognizes financial assets when contractual rights from cash flows of financial assets become invalid or financial assets are transferred and nearly all risks and rewards associated with ownership of the said assets have been transferred to another enterprise.

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

2. Equity instruments

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

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

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

3. Financial liabilities

(1) Subsequent measurement

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

Financial liabilities measured at fair value through gains or losses

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

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

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

(2) Derecognition of financial liabilities

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

4. Derivative financial instruments

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

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

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

(XII) Provision for liabilities

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

(XIII) Recognition of income

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

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

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

Sales income

The sales income is from the sale of electronic equipment and products such as printed circuit boards. Upon arrival of products at the location designated by a customer, the customer is entitled to set the price and use the products and is primarily responsible for their re-sale and undertakes the obsolescence risk; this is when income and accounts receivable are recognized by the Consolidated Company.

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

(XIV) Lease

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

1. Consolidated Company as the lessor

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

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

2. Consolidated Company was the lessee.

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

The right-of-use assets are initially measured at cost (including the initial measured amount of lease liabilities) and later at the amount after the cost less cumulative depreciation and cumulative impairment loss, with lease liabilities remeasured adjusted. The right-of-use assets are individually expressed in the Consolidated Balance Sheet.

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

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

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

(XV) Borrowing Cost

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

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

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

(XVI) Government Subsidies

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

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

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

(XVII) Employee Welfare

1. Short-term employee benefits

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

2. Benefits after severance/retirement

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

The defined benefit cost under the defined benefit retirement plan (including the service cost, net interest, and re-measurement amount) are based on the actuary of projected unit credit method. The service cost (including current service cost), and net interest on the net defined benefit liabilities (assets) are recognized under employee benefit expenditure at the time of occurrence. The re-measurement amount (including actuarial gains or losses and projected ROA net of applicable interest) is recognized under other combined gains or losses and included as part of retained earnings at the time of occurrence and is not re-categorized under gains or losses later.

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

3. Resignation benefits

The Consolidated Company recognizes the severance benefit obligation in the offer where severance benefits may not be recalled or in the recognition of related restructuring costs (whichever occurs first).

(XVIII) Income tax

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

1. Income tax for the year

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

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

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

2. Deferred income tax

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

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

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

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

Deferred income tax assets and liabilities are measured at the tax rate for the specific term when liabilities are expected to be paid off or assets are expected to be realized. The said tax rate is based on the tax rate that is included in legislation or practically included in legislation and the tax law on the balance sheet date. Deferred income tax liabilities and assets are measured to reflect the Consolidated Company's taxation consequences for the book value of the assets expected to be collected or liabilities expected to be paid off on the

balance sheet date. Where the investment-oriented real estate properties measured at fair value are non-depreciating assets or the economic model held does not deplete nearly all economic benefits of the said assets with time, the Consolidated Company collects their book value by selling them hypothetically.

3. Current and deferred income tax

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

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

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

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

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

Major sources of estimates and uncertainties of hypotheses

Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Consolidated Company's hypotheses about the default rate and defaults loss rate. The Consolidated Company takes into consideration the historical experiences, existing market conditions, and forward-looking information and renders hypotheses accordingly and selects estimated input values for the impairment. For important hypotheses and input values adopted, refer to Note XXVIII. If the actual cash flows in the future are less than expected, material impairment loss may occur.

VI. Cash and Cash Equivalents

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

VII. Financial instruments at fair value through gains or losses

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets – current</u>		
Measured at fair value through gains or losses compulsorily		
Derivative financial instruments (not designated for hedging purpose)		
– Forward foreign exchange contracts (1)	\$ 15,279	\$ 5,205
– FX swap contracts (2)	6,172	-
Non-derivative financial assets		
– TWSE / TPEX-listed stocks	<u>4,240</u>	<u>2,218</u>
	<u>\$ 25,691</u>	<u>\$ 7,423</u>
<u>Financial liabilities – Current</u>		
Measured at fair value through gains or losses compulsorily		
Derivative financial instruments (not designated for hedging purpose)		
– Forward foreign exchange contracts (1)	\$ -	\$ 9,220
– FX swap contracts (2)	<u>-</u>	<u>4,584</u>
	<u>\$ -</u>	<u>\$ 13,804</u>

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

	Currency	Maturity date	Contract amount (NTD Thousand)		
<u>December 31, 2021</u>					
Sold forward foreign exchange contracts	USD versus NTD	01/03/2022 – 02/15/2022	USD	24,000/NTD	667,344
Sold forward foreign exchange contracts	USD versus CNY	01/12/2022 – 02/28/2022	USD	40,000/CNY	256,706
Sold forward foreign exchange contracts	USD versus CNY	01/28/2022 – 04/28/2022	USD	35,000/CNY	224,294
<u>December 31, 2020</u>					
Sold forward foreign exchange contracts	USD versus NTD	01/04/2021–04/06/2021	USD	44,000/NTD	1,243,900
Sold forward foreign exchange contracts	USD versus CNY	01/27/2021–02/26/2021	USD	37,000/CNY	242,979

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

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

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

VIII. Financial Assets Measured at Amortized Cost

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

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

IX. Notes receivable, accounts receivable and other accounts receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total book value	\$ 17,628	\$ 63,145
Less: Allowance losses	-	-
Generated from operations	<u>\$ 17,628</u>	<u>\$ 63,145</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total book value	\$ 9,180,804	\$ 6,891,097
Less: Allowance losses	(75,140)	(180,852)
Generated from operations	<u>\$ 9,105,664</u>	<u>\$ 6,710,245</u>
<u>Other receivables</u>		
Business tax refund receivable	\$ 38,375	\$ 26,076
Receivables from sale of scraps	31,496	41,765
Others	21,333	111,423
	<u>\$ 91,204</u>	<u>\$ 179,264</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. The Consolidated Company trades mainly with domestic and international well-known companies and organizes with sound credit ratings and hence no major credit risk is expected. While deciding the recoverability of notes receivable and accounts receivable, the Consolidated Company takes into consideration any change in the quality of credit to notes and accounts receivable from the initial credit date to the balance sheet date. Historical experiences have shown optimal recovery of notes and accounts receivable in most cases.

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

The Consolidated Company recognizes allowance losses on notes and accounts receivable based on the lifetime expected credit loss. Lifetime expected credit loss is calculated applying the provision matrix and takes into consideration prior violations of the customer and current financial and industrial/economic conditions as well as the recoverable amount. As the Consolidated Company's credit loss history shows no significant difference in the loss patterns of different customer bases, the provision matrix does not further divide the customer bases; the expected credit loss is defined only according to the number of days past due for notes and accounts receivable.

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

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

December 31, 2021

Accounts receivable

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

December 31, 2020

Accounts receivable

	Not past due	1-60 days past due	61-90 days past due	91-120 days past due	Past due for more than 120 days	Total
Expected credit loss (ECL) rate	0.18%~0.49%	57.51%	100%	100%	100%	
Total book value	\$ 6,676,191	\$ 112,289	\$ 6,118	\$ 1,651	\$ 94,848	\$ 6,891,097
Allowance losses (lifetime expected credit loss)	(13,663)	(64,572)	(6,118)	(1,651)	(94,848)	(180,852)
Amortized cost	<u>\$ 6,662,528</u>	<u>\$ 47,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,710,245</u>

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

Accounts receivable

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

- (1) Compared to the balance in the beginning of the year, the total book value of accounts receivable that were more than 90 days past due on December 31, 2021 decreased by NTD 57,613 thousand and it resulted in a net reduction in allowance losses by NTD 57,677 thousand; the total book value of accounts receivable that were more than 90 days past due on December 31, 2020 increased by NTD 1,952 thousand and it resulted in a net increase in allowance losses by NTD 1,952 thousand.
- (2) In 2021, due to the fact that some customers were engaged in liquidation, related accounts receivable were offset and it resulted in allowance losses of NTD 55,287 thousand.

X. Inventory

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

Sales cost is defined as follows:

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

XI. Subsidiary

Subsidiaries included in consolidated financial reports

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

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

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

XII. Property, Plant, and Equipment

Self-use

	Own land	Building	Machinery & equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
<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 exchange difference	-	(11,044)	(45,423)	(152)	(413)	(8,754)	(291)	(66,077)
Balance as of December 31, 2021	\$ 701,186	\$ 4,358,347	\$ 13,005,678	\$ 64,272	\$ 141,875	\$ 2,464,113	\$ 218,195	\$ 20,953,666
<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 exchange difference	-	(7,218)	(34,820)	(117)	(302)	(7,007)	-	(49,464)
Balance as of December 31, 2021	\$ -	\$ 3,281,762	\$ 9,899,541	\$ 39,585	\$ 97,549	\$ 1,956,043	\$ -	\$ 15,274,480
Net value as of December 31, 2021	\$ 701,186	\$ 1,076,585	\$ 3,106,137	\$ 24,687	\$ 44,326	\$ 508,070	\$ 218,195	\$ 5,679,186
<u>Cost</u>								
Balance as of January 1, 2020	\$ 701,186	\$ 4,324,896	\$ 13,468,545	\$ 53,105	\$ 130,755	\$ 2,475,941	\$ 119,171	\$ 21,273,599
Addition	-	-	-	-	-	-	742,483	742,483
Disposal	-	-	(1,198,385)	(7,424)	(7,058)	(34,357)	-	(1,247,224)
Re-categorization	-	6,907	617,605	12,900	13,183	119,891	(781,324)	(10,838)
Net exchange difference	-	31,868	139,813	439	1,175	24,739	1,697	199,731
Balance as of December 31, 2020	\$ 701,186	\$ 4,363,671	\$ 13,027,578	\$ 59,020	\$ 138,055	\$ 2,586,214	\$ 82,027	\$ 20,957,751
<u>Cumulative depreciation and impairment</u>								
Balance as of January 1, 2020	\$ -	\$ 3,015,973	\$ 10,512,292	\$ 41,142	\$ 99,494	\$ 2,009,620	\$ -	\$ 15,678,521
Disposal	-	-	(1,106,708)	(7,005)	(6,600)	(30,699)	-	(1,151,012)
Depreciation expenditure	-	125,775	415,287	3,677	7,964	134,153	-	686,856
Net exchange difference	-	21,147	113,607	384	980	20,900	-	157,018
Balance as of December 31, 2020	\$ -	\$ 3,162,895	\$ 9,934,478	\$ 38,198	\$ 101,838	\$ 2,133,974	\$ -	\$ 15,371,383
Net amount as of December 31, 2020	\$ 701,186	\$ 1,200,776	\$ 3,093,100	\$ 20,822	\$ 36,217	\$ 452,240	\$ 82,027	\$ 5,586,368

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

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

Building	
Main building of plants	11–55 years
Electromechanical & power equipment	5–20 years
Engineering system	3–25 years
Others	5–15 years
Machinery & equipment	1 year – 14 years
Transportation equipment	2–11 years
Office equipment	2–11 years
Other equipment	1 year – 15 years

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

XIII. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Book value of right-of-use assets		
Land	\$ 139,385	\$ 144,473
Machinery & equipment	<u>49,758</u>	<u>68,646</u>
	<u>\$ 189,143</u>	<u>\$ 213,119</u>
	<u>2021</u>	<u>2020</u>
Depreciation expenditure of right-of-use assets		
Land	\$ 4,316	\$ 4,259
Machinery & equipment	<u>29,492</u>	<u>25,709</u>
	<u>\$ 33,808</u>	<u>\$ 29,968</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, 2021 and 2020.

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

(II) Lease liabilities

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</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 agreements

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

XIV. Investment property

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
External appraisal service	<u>\$ 577,900</u>	<u>\$ 577,000</u>

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

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

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

The rent prevailing in the area where the investment property was located was about NTD 0.497 thousand per ping, while that for any comparable object on the market was about NTD 0.483 thousand–NTD 0.641 thousand per ping (1 ping = 3.305785 m²).

The projected future cash inflow from investment-oriented real estate properties includes rent income and deposit interest income less loss from idle assets. The rent income is evaluated based on the rent prevailing locally or that for any comparable

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

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

XV. Other intangible assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Computer software	<u>\$ 26,550</u>	<u>\$ 18,500</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, 2021 and 2020. Amortization expense was appropriated on a straight-line basis within 1–5 useful years.

Summarization of amortization expenditure by function:

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

XVI. Other assets

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

XVII. Borrowings

(I) Short-term borrowings

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

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

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

(II) Long-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured borrowings</u> (Note 30)		
Mega International Commercial Bank (1)	\$ 430,770	\$ 700,000
KGI Bank (2)	<u>250,000</u>	<u>250,000</u>
Subtotal	<u>680,770</u>	<u>950,000</u>
<u>Unsecured borrowings</u>		
Syndicated banks including Taipei Fubon Bank (3)	996,480	1,025,280
Syndicated banks including E. Sun Bank (4)	-	1,450,000
Agricultural Bank of Taiwan (5)	-	60,000
CTBC (6)	<u>200,000</u>	<u>-</u>
Subtotal	<u>1,196,480</u>	<u>2,535,280</u>
Less: current portion	<u>253,142</u>	<u>687,692</u>
Long-term borrowings	<u>\$ 1,624,108</u>	<u>\$ 2,797,588</u>

1. Land and buildings are set as the collaterals for secured borrowings. The total value of NTD 700,000 thousand has been drawn down in full. The borrowing period began on September 6, 2019 and ended on September 6, 2024, with interests paid on a monthly basis. From the date of the first draw-down, the first term was up to the end of the first 24 months and each term thereafter consists of 3 months. The borrowings are to be paid in installments over a total of 13 terms. As of December 31, 2021 and 2020, the effective annual interest rates were 1.2% and 1.4%, respectively.
2. Land and buildings are set as the collaterals for secured borrowings. The total value of NTD 350,000 thousand has been drawn down in full. The borrowing period was from April 30, 2017 to April 30, 2020. Prior to expiration, the borrowing period had been extended to April 29, 2024. The line of credit was reduced by NTD 50,000 thousand at the end of 12 months and 18 months, respectively, from the initial date of utilization. It has been drawn down cyclically within 3 years since April 30, 2017, with interests paid on a monthly basis, and will be paid off at once upon maturity. As of December 31, 2021 and 2020, the effective annual interest rates were 1.288% and 1.387%, respectively. Quarterly consolidated financial ratios on the said borrowings during the borrowing period are subject to the following restrictions: The ratio of the sum of cash and cash equivalents and EBITDA (net income, income tax expenditure, financial costs (interest expenditure), depreciation expenditure and amortization expenditure) to long-term borrowings due within a year remain at 120% and above.

3. Syndicated borrowings, endorsed and guaranteed by the Company, totaling USD 36,000 thousand, have been drawn down in full; the borrowing period was July 24, 2020 through July 24, 2023. The principal is repayable by 20%, 20% and 60% at the end of 24, 30, and 36 months, respectively, from the date of the first draw-down, with interests paid on a monthly basis. As of December 31, 2021 and 2020, the effective annual interest rates were 1.310%–1.815% and 1.815%– 2.114%. Annual consolidated financial ratios on the said borrowings during the borrowing period are subject to the following restrictions: The current ratio remains at least 100%. The ratio of financial liabilities (less cash and cash equivalents) to the net value of tangible assets as defined in the borrowing contract remains below 110%. The interest coverage ratio (Earnings before interest, tax, and amortization of depreciation) remains at least 2.5 times. The net value of tangible assets remains at least NTD 6,200,000 thousand.
4. Syndicated borrowings, endorsed and guaranteed by the Company, totaling USD 1,450,000 thousand, have been drawn down in full; the borrowing period was January 1, 2019 through January 7, 2022. The principal is repayable by 20%, 20% and 60% at the end of 24, 30, and 36 months, respectively, from the date of the first draw-down, with interests paid on a monthly basis. It was paid off early in February 2021. As of December 31, 2020, the effective annual interest rate was 1.895%. The restrictions imposed on the financial ratios thereof were the same as those applied to borrowings from syndicated banks including Taipei Fubon Bank (3).
5. Credit-based borrowings, totaling NTD 60,000 thousand, have been drawn down in full; the borrowing period was from April 30, 2019 to April 30, 2022. Since the date of borrowing, interests had been paid on a monthly basis and paid off early in September 2021 according to the balance of borrowings and at the interest rate agreed upon for loans. As of December 31, 2020, the effective annual interest rate was 1.45%. The restrictions imposed on financial ratios thereof were the same as those applied to borrowings from syndicated banks including Taipei Fubon Bank (3).
6. For the credit-based borrowings, totaling NTD 225,000 thousand, NTD 200,000 thousand have been drawn down; the borrowing period was from November 23, 2021 to November 23, 2023. Since the date of borrowing, interests had been paid on a monthly basis according to the balance of borrowings and at the interest rate agreed upon for loans and the principal is to be paid off at once upon maturity. As of December 31, 2021, the effective annual interest rate was 1.10%.

(III) Long-term notes and bills payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
E-Sun Syndicated Loan –		
Guaranteed Issuance of		
Promissory Notes	\$ 1,250,000	\$ -
Less: Unamortized discount		
(stated as prepayments)	(<u>3,378</u>)	-
	<u>\$ 1,246,622</u>	<u>\$ -</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. Failing to do so, the date of the first draw-down will be the end of the three months after the contract was signed. The loan given out under Item A, in particular, could be drawn down cyclically within three years after the date of the first draw-down. The end of 24 months after the date of the first draw-down was the first term. Thereafter, every six months made a term and the line of credit was reduced gradually over three terms; it was reduced by 20% for Term 1 and Term 2, respectively, and 60% for Term 3. Meanwhile, the principal was paid off at once upon expiration of the borrowing period. The loan given out under Item B could be drawn down cyclically within three years after the date of the first draw-down and the principal was paid off at once upon expiration of the borrowing period. The guaranteed line of credit for Item C could be used cyclically within three years after the date of the first draw-down. The Consolidated Company was to issue the promissory notes (stated as long-term notes and bills payable) and various payment obligations were to be fulfilled for the value shown on each note by the given maturity date. The financial ratio restrictions for the syndicated loan were the same as those applied to borrowings from the syndicated banks including E. Sun Bank (4).

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

XVIII. Accounts Payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Accounts payable</u>		
Generated from operations	<u>\$ 5,502,050</u>	<u>\$ 3,841,374</u>

XIX. Other liabilities

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

(To be continued)

(Continued)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other liabilities		
Others	<u>\$ 108,933</u>	<u>\$ 75,300</u>
<u>Noncurrent</u>		
Other liabilities		
Guarantee deposit received	<u>\$ 78,056</u>	<u>\$ 75,534</u>
XX. <u>Provision for liabilities</u>		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Returns and allowances	<u>\$ 179,552</u>	<u>\$ 156,064</u>

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

XXI. Post-retirement Benefit Plans

(I) Defined contribution plan

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

(II) Defined benefit plan

The pension system implemented by the Consolidated Company based on the "Labor Standards Act" is a defined benefit plan managed by the government. The pension benefits a participant receives were determined based on an employee's number of years of service and average compensation for the six-month period prior to retirement. Those companies have an amount equivalent to 2% of the total monthly salary of employees appropriated and deposited in the specific account with Bank of Taiwan in the name of Labor Pension Reserve Committee. Before the end of the fiscal year, if the pension account balance is insufficient to pay for the employees expecting to retire in the following year, the spread amount should be deposited in a lump sum before the end of March in the following year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for management. The Consolidated Company exercised no influence on the right of the Bureau in its investment management strategy.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of the defined benefit obligations	\$ 417,249	\$ 466,631
Fair value of the planned assets	(<u>216,569</u>)	(<u>197,451</u>)
Shortfall in contribution	200,680	269,180
Limit of assets	<u>-</u>	<u>-</u>
Net defined benefit liabilities	<u>\$ 200,680</u>	<u>\$ 269,180</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, 2020	<u>\$ 457,133</u>	(<u>\$ 176,288</u>)	<u>\$ 280,845</u>
Service cost			
Service cost in current period	1,165	-	1,165
Interest expenditure (income)	<u>2,907</u>	(<u>1,416</u>)	<u>1,491</u>
Recognized under gains or losses	<u>4,072</u>	(<u>1,416</u>)	<u>2,656</u>
Re-measurement amount			
ROE on planned assets (except the amount of net interest)	-	(5,714)	(5,714)
Actuarial losses			
– change in the assumption of the census	542	-	542
– changes in financial assumptions	11,399	-	11,399
– adjustment through experience	5,758	-	5,758
Recognized under other combined gains or losses	17,699	(5,714)	11,985
Contributed by employer	-	(26,306)	(26,306)
Benefits paid	(12,273)	12,273	-
Balance as of December 31, 2020	\$ 466,631	(\$ 197,451)	\$ 269,180
Balance as of January 1, 2021	\$ 466,631	(\$ 197,451)	\$ 269,180
Service cost			
Service cost in current period	971	-	971
Interest expenditure (income)	1,986	(1,048)	938

(To be continued)

(Continued)

	Present value of the defined benefit obligations	Fair value of the planned assets	Net defined benefit liabilities
Recognized under gains or losses	2,957	(1,048)	1,909
Re-measurement amount			
ROE on planned assets (except the amount of net interest)	-	(2,402)	(2,402)
Actuarial losses			
– change in the assumption of the census	9,975	-	9,975
– changes in financial assumptions	-	-	-
– adjustment through experience	(51,734)	-	(51,734)
Recognized under other combined gains or losses	(41,759)	(2,402)	(44,161)
Contributed by employer	-	(26,248)	(26,248)
Benefits paid	(10,580)	10,580	-
Balance as of December 31, 2021	<u>\$ 417,249</u>	<u>(\$ 216,569)</u>	<u>\$ 200,680</u>

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

	2021	2020
Summarization by functions		
Operating cost	\$ 1,359	\$ 1,910
Promotional expenditure	105	136
Operating expenditure	168	232
R&D expense	277	378
	<u>\$ 1,909</u>	<u>\$ 2,656</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, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.5%	0.5%
Anticipated increase in salaries	2.000%	2.000%

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

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

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

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

XXII. Equity

(I) Capital stock

Common shares

	<u>December 31, 2021</u>	<u>December 31, 2020</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>546,488</u>	<u>546,488</u>
Issued and outstanding share capital	<u>\$ 5,464,879</u>	<u>\$ 5,464,879</u>

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

(II) Capital Reserve

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

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

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

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

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

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

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

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

(IV) Treasury Stock

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

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

Name of subsidiary	Shares (thousand)	Book value	Market price
<u>December 31, 2021</u>			
King Hsiang Investment Co.	5,724	<u>\$ 435,005</u>	<u>\$ 435,005</u>
<u>December 31, 2020</u>			
King Hsiang Investment Co.	5,724	<u>\$ 289,049</u>	<u>\$ 289,049</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 shares of the Company held by the subsidiaries are treated as treasury stock shares and entitled to the rights vested in shareholders except for the privilege of cash capitalization and voting right.

XXIII. Net profit from continuing operations

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

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

(II) Interest income

	<u>2021</u>	<u>2020</u>
Bank deposit	<u>\$ 16,385</u>	<u>\$ 21,362</u>

(III) Other income

	<u>2021</u>	<u>2020</u>
Lease income	\$ 11,803	\$ 11,444
Others	<u>84,017</u>	<u>84,619</u>
	<u>\$ 95,820</u>	<u>\$ 96,063</u>

(IV) Other gains (or losses)

	<u>2021</u>	<u>2020</u>
Gains from the disposal of financial assets		
Financial assets measured at fair value through gains or losses compulsorily	\$ -	\$ 423
Financial assets measured at amortized cost	-	43
Gains from financial assets and financial liabilities		
Financial assets measured at fair value through gains or losses compulsorily	102,009	76,924
Net loss from foreign currency exchange	(161,356)	(330,512)
Loss on disposal of real estate properties, plants, and equipment	(44,197)	(68,271)
Gain from fair value adjustment of Investment property	900	2,600
Others	<u>(16,100)</u>	<u>(6,700)</u>
	<u>(\$ 118,744)</u>	<u>(\$ 325,493)</u>

(V) Financial cost

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

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

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

(VI) Depreciation and amortization

	2021	2020
Summarization of the depreciation expenses by functions		
Operating cost	\$ 653,210	\$ 615,140
Operating expenses	<u>109,605</u>	<u>101,684</u>
	<u>\$ 762,815</u>	<u>\$ 716,824</u>
Summarization of the amortization expenses by functions		
Operating cost	\$ 10,156	\$ 11,412
Operating expenses	<u>2,745</u>	<u>2,211</u>
	<u>\$ 12,901</u>	<u>\$ 13,623</u>

(VII) Employee welfare expenditure

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

(VIII) Remuneration to employees and that to directors

According to the Articles of Incorporation, no less than 5%–10% and no more than 1% of the profit before tax and before the remuneration to employees and that to directors is deducted for the current year shall be set aside to be the remuneration to employees and that to directors. The remuneration to employees and that to directors for 2021 and 2020 was approved by the Board of Directors, respectively, on March 21, 2022 and March 22, 2021 as follows:

Estimated ratio

	<u>2021</u>	<u>2020</u>
Remuneration to employees	6.53%	6.81%
Remuneration to directors	0.95%	0.97%

Amount

	<u>2021</u>	<u>2020</u>
	<u>Cash</u>	<u>Cash</u>
Remuneration to employees	<u>\$ 240,000</u>	<u>\$ 146,315</u>
Remuneration to directors	<u>\$ 35,000</u>	<u>\$ 20,902</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>2021</u>	<u>2020</u>
Total gains from foreign currency exchange	\$ 444,992	\$ 770,299
Total losses from foreign currency exchange	(<u>606,348</u>)	(<u>1,100,811</u>)
Net losses	(<u>\$ 161,356</u>)	(<u>\$ 330,512</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>2021</u>	<u>2020</u>
Income tax for the year		
Those incurred for the current term	\$ 878,342	\$ 483,726
Undistributed earnings levied	43,263	-
Adjustment of previous year(s)	(33,086)	(10,541)
Others	<u>7,257</u>	<u>12,314</u>
	<u>895,776</u>	<u>485,499</u>
Deferred income tax		
Those incurred for the current term	225,888	145,213
Others	<u>-</u>	<u>558</u>
	<u>225,888</u>	<u>145,771</u>
Income tax expenditure recognized under gains or losses	<u>\$ 1,121,664</u>	<u>\$ 631,270</u>

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

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

	<u>2021</u>	<u>2020</u>
Income tax expenditure recognized under gains or losses	<u>\$ 1,121,664</u>	<u>\$ 631,270</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 under other combined gains or losses

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

(III) Income tax for the year assets and liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Income tax assets for the current period		
Tax refund receivable	<u>\$ -</u>	<u>\$ 15,670</u>
Income tax liabilities for the current term		
Income tax payable	<u>\$ 402,785</u>	<u>\$ 172,865</u>

(IV) Deferred income tax assets and liabilities

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

2021

	<u>Balance – beginning of year</u>	<u>Recognized under gains or losses</u>	<u>Recognized under other combined gains or losses</u>	<u>Balance – end of year</u>
<u>Deferred income tax assets</u>				
Temporary difference				
Portions of gains or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	\$ 348,362	(\$ 224,921)	\$ -	\$ 123,441
Loss on inventory devaluation	20,316	1,775	-	22,091
Exchange gains or losses	4,633	(3,471)	-	1,162
Provision for liabilities	8,601	27,116	-	35,717
Defined benefit retirement plan	36,831	-	(8,832)	27,999

	Balance – beginning of year	Recognized under gains or losses	Recognized under other combined gains or losses	Balance – end of year
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 measured at fair value through gains or losses	\$ -	\$ 1,839	\$ -	\$ 1,839
Tax difference between fixed assets and idle assets	116	768	-	884
Investment property	84,514	(1,092)	-	83,422
Others	176	49,474	-	49,650
	<u>\$ 84,806</u>	<u>\$ 50,989</u>	<u>\$ -</u>	<u>\$ 135,795</u>

2020

	Balance – beginning of year	Recognized under gains or losses	Recognized under other combined gains or losses	Balance – end of year
<u>Deferred income tax assets</u>				
Temporary difference				
Portions of gains or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	\$ 477,912	(\$ 129,550)	\$ -	\$ 348,362
Loss on inventory devaluation	17,242	3,074	-	20,316
Exchange gains or losses	20,735	(16,102)	-	4,633
Provision for liabilities	34,852	(26,251)	-	8,601
Defined benefit retirement plan	34,434	-	2,397	36,831
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference between fixed assets and idle assets	516	40,944	-	41,460
Provision of compensation loss	3,422	11,635	-	15,057
Others	53,494	(44,522)	-	8,972
	<u>\$ 647,107</u>	<u>(\$ 160,772)</u>	<u>\$ 2,397</u>	<u>\$ 488,732</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Tax difference between fixed assets and idle assets	\$ 491	(\$ 375)	\$ -	\$ 116
Investment property	83,956	558	-	84,514
Others	5,136	(4,960)	-	176
	<u>\$ 89,583</u>	<u>(\$ 4,777)</u>	<u>\$ -</u>	<u>\$ 84,806</u>

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

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

- (VI) Authorization of income taxes

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

XXV. Earnings per share

		Unit: NTD per share
	<u>2021</u>	<u>2020</u>
Basic EPS	<u>\$ 5.41</u>	<u>\$ 3.82</u>
Diluted earnings per share	<u>\$ 5.38</u>	<u>\$ 3.80</u>

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

Net profit of the year

	<u>2021</u>	<u>2020</u>
Net profit belonging to the owner of the Company	<u>\$ 2,926,854</u>	<u>\$ 2,066,612</u>
Net profit used to calculate the basic and diluted earnings per share	<u>\$ 2,926,854</u>	<u>\$ 2,066,612</u>

Share(s)

Unit: 1,000 shares

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

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

XXVI. Disposal of Subsidiaries

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

(I) Consideration collected

	Silver Industrial Limited
Cash	<u>\$ 24,976</u>

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

	Silver Industrial Limited
Current assets	
Cash	<u>\$ 24,976</u>
Net assets that are disposed of	<u>\$ 24,976</u>

(III) Gains from disposing of subsidiaries

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

(IV) Net cash inflows from disposing of subsidiaries

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

XXVII. Capital Risk Management

The Consolidated Company manages its capital to assure that, insofar as various entities within the Group continued operations, the returns to shareholders could be maximized through optimal balances in liabilities and equities.

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

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

XXVIII. Financial Instrument

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

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

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

1. Fair value hierarchy

December 31, 2021

	Degree 1	Degree 2	Total
<u>Financial assets measured at fair value through gains or losses</u>			
Derivative financial instruments	\$ -	\$ 21,451	\$ 21,451
Non-derivatives			
– TWSE/TPEX-listed and emerging stocks	4,240	-	4,240
Total	<u>\$ 4,240</u>	<u>\$ 21,451</u>	<u>\$ 25,691</u>

December 31, 2020

	<u>Degree 1</u>	<u>Degree 2</u>	<u>Total</u>
<u>Financial assets measured at fair value through gains or losses</u>			
Derivative financial instruments	\$ -	\$ 5,205	\$ 5,205
Non-derivatives			
– TWSE/TPEX-listed and emerging stocks	2,218	-	2,218
Total	<u>\$ 2,218</u>	<u>\$ 5,205</u>	<u>\$ 7,423</u>

Financial liabilities measured at fair value through gains or losses

Derivative financial instruments	<u>\$ -</u>	<u>\$ 13,804</u>	<u>\$ 13,804</u>
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No transfer of derivatives measured at fair value between Degrees 1 and 2 was found in 2021 and 2020.

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

<u>Categories of financial instruments</u>	<u>Appraisal 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, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Measured at fair value through gains or losses		
Measured at fair value through gains or losses compulsorily	\$ 25,691	\$ 7,423
Financial liabilities measured at amortized cost (Note 1)	13,075,251	11,373,035
<u>Financial liabilities</u>		
Measured at fair value through gains or losses		
Held for transactions	-	13,804
Measured at post-amortization cost (Note 2)	12,517,879	11,637,736

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

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

(IV) Financial Risk Management Purpose and Policy

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

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

1. Market risk

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

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

(1) Foreign exchange rate risk

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

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

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

Sensitivity analysis

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

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

	Effect of USD		Effect of JPY	
	2021	2020	2021	2020
Exchange gains or losses	(\$ 135,358) (i)	(\$ 102,405) (i)	\$ 63 (ii)	\$ 226 (ii)

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

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

(2) Interest rate risk

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

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

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

Sensitivity analysis

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

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

2. Credit risk

Credit risk denotes the risk of financial loss that the Consolidated Company might have to bear as a result of the counterpart delaying in fulfilling contract obligations. As of the balance sheet date, the top credit risk the Consolidated Company might be exposed to from the financial loss caused by the counterpart failing to fulfill obligations or the financial guarantee provided by the Consolidated Company primarily came from the book value of notes and accounts receivable recognized on the Consolidated Balance Sheet.

Operation-related credit risk

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

balance of accounts receivable of the Company had been 72% while the credit risk of the other accounts receivable was relatively insignificant.

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

3. Liquidity risk

The Consolidated Company manages and maintains sufficient cash and cash equivalents to support the Group's business operations and minimize the impacts of change in cash flow. The Consolidated Company's management closely watches the usage of financing credit lines in banks and assures faithful compliance of the terms and conditions set forth in borrowing contracts.

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

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

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

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

December 31, 2021

	Repayment on demand or less than 1 month	1 month – 3 months	3 months – 1 year	1 year – 5 years	Over 5 years
Liabilities without interest	\$ 310,141	\$ 4,157,460	\$ 2,175,041	\$ 410,088	\$ -
Lease liabilities	1,425	2,856	12,965	15,300	-
Floating interest rate instruments	217,265	646,264	477,677	-	-
Fixed interest rate instruments	-	-	-	3,127,250	-
	<u>\$ 528,831</u>	<u>\$ 4,806,580</u>	<u>\$ 2,665,683</u>	<u>\$ 3,552,638</u>	<u>\$ -</u>

Further information about lease liabilities maturity analysis is given below:

	Less than 1 year	1 year – 5 years	5 years – 10 years	10 years – 15 years	15 years – 20 years	Over 20 years
Lease liabilities	<u>\$ 17,246</u>	<u>\$ 15,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	Repayment on demand or less than 1 month	1 month – 3 months	3 months – 1 year	1 year – 5 years	Over 5 years
Liabilities without interest	\$ 215,185	\$ 2,923,331	\$ 1,532,991	\$ 464,383	\$ -
Lease liabilities	3,021	4,291	13,165	23,121	-
Floating interest rate instruments	160,917	962,023	1,081,746	-	-
Fixed interest rate instruments	-	-	-	3,485,280	-
	<u>\$ 379,123</u>	<u>\$ 3,889,645</u>	<u>\$ 2,627,902</u>	<u>\$ 3,972,784</u>	<u>\$ -</u>

Further information about lease liabilities maturity analysis is given below:

	Less than 1 year	1 year – 5 years	5 years – 10 years	10 years – 15 years	15 years – 20 years	Over 20 years
Lease liabilities	<u>\$ 20,477</u>	<u>\$ 23,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Facility

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

XXIX. Transaction with related parties

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

Remuneration to the Management

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

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

XXX. Pledged assets

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

	December 31, 2021	December 31, 2020
Land	\$ 648,300	\$ 648,300
Building – net	604,544	673,387
Right-of-use assets	118,764	123,146
	<u>\$ 1,371,608</u>	<u>\$ 1,444,833</u>

XXXI. Important matters, if any

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

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

XXXII. Important post-term matters

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

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

The following information is an overview of foreign currencies other than functional currencies of respective entities of the Consolidated Company and the disclosed exchange rates are those by which foreign currencies are converted to functional currencies. Foreign currency assets and liabilities with significant influence are given below:

December 31, 2021

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
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>

December 31, 2020

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

XXXIV. Noted disclosures

- (I) Related Information on major transactions and (II) reinvested businesses:
1. Fund loaned to others: Attachments 1 and 7.
 2. Endorsement and guarantee made for others: Attachment 2.
 3. Marketable securities held at the end of term (exclusive of investments in subsidiaries, affiliates, and joint ventures): Attachments 3 and 8.
 4. Cumulative amount of the same marketable security purchased or sold reaching NTD 300 million or 20% of the paid-in capital and above: N/A.
 5. Amount of real estate properties acquired reaching NTD 300 million or 20% of the paid-in capital and above: N/A.
 6. Amount from disposal of real estate properties reaching NTD 300 million or 20% of the paid-in capital and above: N/A.
 7. Amount of purchases/sales with related parties reaching NT\$100 million or 20% of the paid-in capital and above: Attachments 4 and 9.
 8. Receivables from related parties reaching NTD 100 million or 20% of the paid-in capital and above: Attachments 5 and 10.
 9. Engagement in trading of derivatives: Note VIII.
 10. Other information: Amount of the business relationship and major transactions between parent company and subsidiaries and among subsidiaries: Attachment 13.
 11. Information on reinvested businesses: Attachment 6.
- (III) Information about investment in Mainland China
1. The name of the investee in Mainland China, main items involved in the scope of operation, paid-in capital size, investment method, capital importation/exportation, holding ratio, investment profits and losses, book value of investments at end of term, repatriated investment profits or losses, and investment ceiling value for Mainland China: Attachment 11.
 2. Major transactions and their values, payment terms, unrealized profits or losses that have incurred directly or indirectly through a third region with the investee in Mainland China: Attachment 12.
 3. Direct, or indirect through a third region endorsement, guarantee or provision of collateral made with the investee in the Mainland China: Attachment 2.
 4. Direct, or indirect through a third region financing with the investee in the Mainland China: Attachment 7.
 5. Other transactions that produce material effects to the income or financial condition in the current period: N/A.
- (IV) Information of major shareholders: Names and shareholding quantities and ratios of shareholders that hold at least 5% of the equity: Attachment 14.

XXXV. Segment information

The Consolidated Company primarily deals with manufacturing, processing and trading printed circuit boards from the same production process, in the similar manner in the

similar market. Meanwhile, the business decision makers also allocated resources among all of the companies as a whole. Therefore, all of the companies should constitute one single industry segment, and there should be no need to disclose the Segment information.

Gold Circuit Electronics Ltd. and the Subsidiaries

Fund loaned to others

January 1 through December 31, 2021

Attachment 1

Unit: NTD thousand, USD thousand, and CNY thousand

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

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

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

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

- (1) Business association
- (2) Short-term financing needed

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

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

- (1) For the borrower trading with the Company, the limit of funds lent shall be no more than the amount of purchases or that of sales between the Company and the borrower over the past year or for the current year up to lending of the funds, whichever is higher.
- (2) Where short-term financing is needed, the limit of funds lent may not exceed 40% of the Company’s net value in the most recent financial statements audited or certified by the CPA (for Q3 of 2021).

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

Gold Circuit Electronics Ltd. and the subsidiaries
Endorsement and Guarantee Made for Others
January 1 through December 31, 2021

Attachment 2

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

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

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

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

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

Gold Circuit Electronics Ltd. and Subsidiaries
Marketable securities held – end of year
December 31, 2021

Attachment 3

Unit: NTD thousand

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

Gold Circuit Electronics Ltd. and Subsidiaries

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

January 1 through December 31, 2021

Attachment 4

Unit: NTD thousand

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

Gold Circuit Electronics Ltd. and Subsidiaries
Receivables from related parties worth NTD 100 million or 20% of the paid-in capital and above
December 31, 2021

Attachment 5

Unit: NTD thousand

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

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

Gold Circuit Electronics Ltd. and Subsidiaries
Information related to the reinvested companies... such as names and locations, etc.
January 1 through December 31, 2021

Attachment 6

Unit: NTD thousand

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

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

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

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

Attachment 7

Unit: NTD thousand, USD thousand, and CNY thousand

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

Note 1: Fund loaned to others can be one of the following two types by nature:

- (1) Business association
- (2) Short-term financing needed

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

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

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

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

Attachment 8

Unit: NTD thousand

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

Gold Circuit Electronics Ltd. and Subsidiaries

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

January 1 through December 31, 2021

Attachment 9

Unit: NTD thousand

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

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

Attachment 10

Unit: NTD thousand

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

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

Gold Circuit Electronics Ltd. and Subsidiaries
Information about investment in Mainland China
January 1 through December 31, 2021

Attachment 11

Unit: NTD thousand/USD thousand

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

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

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

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

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

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

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

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

Gold Circuit Electronics Ltd.

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

January 1 through December 31, 2021

Attachment 12

Unit: NTD thousand

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

Gold Circuit Electronics Ltd. and Subsidiaries

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

January 1 through December 31, 2021

Attachment 13

Unit: NTD thousand

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

(To be continued)

(Continued)

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

(To be continued)

(Continued)

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

(To be continued)

(Continued)

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

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

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

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

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

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

Gold Circuit Electronics Ltd. and Subsidiaries
Information of Major Shareholders
December 31, 2021

Attachment 14

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

SEVEN. Discussion and Analysis of Financial Standing and Financial Performance and Risks

I. Financial Standing Comparative Analysis

Item \ Year	2020	2021	Difference	
			Amount	%
Current assets	14,726,407	18,162,077	3,435,670	23.33%
Non-current assets	6,923,089	6,818,208	-104,881	-1.51%
Total assets	21,649,496	24,980,285	3,330,789	15.39%
Current liabilities	9,203,124	10,274,232	1,071,108	11.64%
Non-current liabilities	3,180,736	3,303,939	123,203	3.87%
Total liabilities	12,383,860	13,578,171	1,194,311	9.64%
Capital stock	5,464,879	5,464,879	0	0%
Additional paid-in capital	1,471,233	1,206,574	-264,659	-17.99%
Retained earnings	2,155,492	4,571,187	2,415,695	112.07%
Total shareholders' equities	9,265,636	11,402,114	2,136,478	23.06%
Information on the analysis of changes (increase/decrease):				
Current assets: Due to the fact that shipments in the fourth quarter showed year-on-year increases, inventories and accounts receivable for final products and in-process products, among others, climbed relatively, too.				
Retained earnings and total shareholders' equities: The pandemic and 5G infrastructures contributed to the increase in the purchase orders received by Gold Circuit in 2021 and the resultant unprecedented record-setting revenue and profit. The retained earnings and the total shareholders' equities increased, too.				

II. Discussion and Analysis of Financial Performance and Risks

(I) Financial Performance Discussion

Unit: NTD thousand

Item \ Year	2020	2021	Increased (Decreased) amount	Increase (Decrease) Percentage (%)
Net operating income	23,398,323	26,607,474	3,209,151	13.72%
Operating cost	18,107,743	20,236,434	2,128,691	11.76%
Gross profit	5,290,580	6,371,040	1,080,460	20.42%
Operating expenses	2,172,286	2,245,700	73,414	3.38%
Net operating profit	3,073,918	4,122,521	1,048,603	34.11%
Non-operating income and expenditure	(376,036)	(74,003)	302,033	-80.32%
Pre-tax net profit of the continuing operating department	2,697,882	4,048,518	1,350,636	50.06%
Continuing operation net profit for the year	2,066,612	2,926,854	860,242	41.63%
Other comprehensive income	33,054	20,771	-12,283	-37.16%
Total combined gains or losses for the current term	2,099,666	2,947,625	847,659	40.39%

Analysis of changes (increase/decrease).

Operating gross profit, operating net profit, net profit before (after) tax: The pandemic contributed to increases in the purchase orders for servers, Internet and notebook and 5G infrastructures and unprecedented record-setting profits.

Non-operating income and expenditure: Net foreign currency exchange loss and bank interest dropped compared to last year.

The difference in other combined gains or losses was the result of the difference in converted amounts from financial statements of overseas operating entities.

The difference in the total combined gains or losses for the current term was mainly the result of increased net profit for the current term.

(II) Analysis of Changes in Operating Gross Profit:

It was 23.94% this year and 22.61% last year, with a change ratio of 5.90%; the change did not reach 20%.

(III) Expected Sales (Consolidated)

Year	Unit	2021	2022
Quantity	SQFT	24,069,389	27,176,470

III. Cash Flow Analysis

(I) Analysis of Changes in Cash Flows Over the Past Two Years (Consolidated)

Item \ Year	December 31, 2020	December 31, 2021	Ratio of Increase (decrease) Change %
Cash flow ratio	32.47%	23.26%	-28%
Net cash flow adequacy ratio	168.82%	118.45%	-30%
Cash re-investment ratio	10.75%	5.24%	-51%
Information on the analysis of changes in the increase/decrease ratio: Cash flow ratio: The increased inventory and issuance of cash dividends this year led to the decrease in the cash flow ratio compared to last year.			

(II) Analysis of Cash Liquidity in the Coming Year (Consolidated)

Unit: NTD thousand

Balance of cash at start of term Balance	Expected net cash flows from operating activities throughout the year	Expected cash out-flows throughout the year	Amount of expected cash surplus (shortage)	Remedies for the amount of expected surplus (shortage)	
				Investment plan	Financing plan
3,817,107	3,052,410	3,711,689	3,921,879		764,051

The data given above are financial budget yet to be reviewed and approved by the CPA.

IV. Impacts of Major Capital Expenditure on Finance over Past Year

Unit: NTD thousand

Plan Item	Actual or expected sources of funds	Actual or expected date of completion (As of 2020)	Total funds needed	How funds are actually utilized	
				2020	2021
Production equipment	Private funds, bank loans	Completed	700,038	700,038	
Production equipment	Private funds, bank loans	Completed			846,947

V. Main Reasons for Profits or Losses of Latest Reinvestment Policy, Improvement Plan, and Investment Plan for the Coming Year

Item	Investment amounts (NTD thousand)	Investment policy	Main reasons for profits or losses	Improvement plan	Other investment plans in the future
King Hsiang Investment Co, Ltd.	199,994	General investment	Losses from investments recognized for the current term came to NT\$ 3,162 thousand and were the result of the appraisal interest for the financial assets held.	-	-
Goldex Holding Limited	6,271,398	Investment in subsidiaries in Mainland China	For the current term, NT\$ 2,254,606 was recognized under gains from investments mainly because of the profits made with all three plants in Mainland China.	-	-

VI. Matters to Be Analyzed and Evaluated as Part of Risk Management

(I). Impacts of changes in the interest rate, exchange rate, and inflation over the past year and countermeasures in the future:

The major risks incurred by the operating activities of the Company include the risk of changes in the foreign exchange and the risk of changes in the interest rate.

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 97.73% of the Consolidated Company's sales were not denominated in the functional currency adopted by the group entity engaged in the relevant transaction. About 35.48% 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 monetary assets and monetary liabilities not denominated in the functional currency on the balance sheet date (including monetary items already written off in consolidated financial reports), refer to Note XXXII.

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.

Operation-related Credit Risk

The outstanding accounts receivable of the Company mainly come from customer bases around the world and no collaterals or credit guarantee is provided for most accounts receivable. Despite the related procedures defined by the Company to help supervise, manage, and reduce the credit risk of accounts receivable, there is no guarantee that such procedures can fully prevent against losses caused by credit risk. With economic conditions getting worse, such credit risk will increase. As of December 31, 2021 and 2020, the ratios of the balance of accounts receivable from Top 10 customers to the balance of accounts receivable of the Company had been 72% while the credit risk of the other accounts receivable was relatively insignificant.

- (II). Policies on engaging in high-risk and high-leverage investments, lending of funds to others, endorsement and guarantee, and transactions of derivatives over the past year, main profit or loss factors, and countermeasures in the future:

The Company did not take part in high-risk or high-leverage investments in 2021. Funds lent externally were meant for second-tier subsidiaries fully owned by the Company, Suzhou Gold Circuit Electronics and Changshu Suzhou Gold Circuit Technology and totaled NT\$ 788,680 thousand. Financing endorsements and guarantees were meant for subsidiaries fully owned by the Company, Gold Circuit International Limited, Goldex Holding Limited, Gold Circuit Enterprise, Suzhou Gold Circuit Electronics, Changshu Gold Circuit Electronics, and Changshu Gold Circuit Technology and totaled NT\$ 3,981,976 thousand. The Company's Operating Procedure for Lending of Funds and Endorsement/Guarantee was followed. In addition, trading of derivative financial instruments that the Company is engaged in was meant exclusively for avoiding risks incurred as a result of changing exchange rates instead of being purely transactional or opportunistic operations.

- (III) Future R&D plans and R&D expenses expected to be devoted:

		NTD thousand
1	Cross slotted hole vertical conduction technology development	20,000
2	Back drill automatic detection depth control technology development	20,000
3	High-order HDI deep blind hole technology and equipment development	120,000
4	High-density wafer test board technology development	35,000
5	Minimal mechanical drill diameter 0.15 mm high aspect ratio 30 technology development	20,000
6	High aspect ratio local electroplating technology development	20,000

7	Next generation server material application and technology development	20,000
8	Multiple net via technology development	10,000
9	Metal conductive highly heterogeneous combination thermocompression bonding technology development	30,000
10	800G Netcom board technology development and electrical research	10,000
11	Second generation compression pre-processing solution applied into high frequency circuit board	20,000
12	Low-track satellite and surface receiver Air Gap technology development	10,000
	Total Amount	335,000

(IV) Impacts of important domestic and international political and regulatory changes in the most recent year on the Company's financial performance and the countermeasures: None

(V) Effects of technological changes (including information and communication security risk) on the financial standing of the Company and countermeasures: To cope with technological changes, the Company keeps track of changes on the market at all times. The Company obtains industrial information and messages by taking part in exhibitions, web, industrial, and trade conferences and related meetings held by industrial associations and expands business and precisely keeps track of industrial dynamics to bring about better performance in the future by improving its R&D technologies and outstanding competitive advantages. Respective information security management requirements of the Company have to be based on applicable governmental laws and regulations (such as the Criminal Code, the Patent Act, the Trademark Act, the Copyright Act, the Personal Data Protection Act, and the Trade Secrets Act). The Information Security Promotion Organization is responsible for setting up and implementing the Information Security System. Information security educational training is provided periodically to communicate information security policies and related implementation requirements.

(VI) Impacts of changes in the corporate image on the management of corporate risks and the countermeasures: The Company is known for its optimal corporate image and has been proactively expanding its business scale; there have been no reports of an undesirable corporate image.

(VII) Expected benefits and possible risks of mergers and acquisitions and the countermeasures: The Company had not had any M&A from the beginning of 2021 to when the Annual Report was printed.

(VIII) Expected benefits and possible risks of expansion of workshops and the countermeasures: The Company expanded its workshops and purchased additional machinery and equipment to enhance the throughput from the beginning of 2021 to the date when the Annual Report was printed and the benefits have been fairly meeting expectations.

(IX) Risks associated with focused purchases or sales and the countermeasures: The Company tries to purchase raw materials and supplies from different suppliers whenever possible in order to ensure that the supply of and production with raw materials and supplies are free of concerns and to reduce the risk associated with focused purchases. We are also continuing to find other purchase means in order to reduce the risk of focused purchases.

- (X) Impacts and risks of transfer or exchange of stock options in large quantities by directors, supervisors or heavyweight shareholders holding more than 10% of all shares on the Company and countermeasures: The shareholding status among the directors and supervisors of the Company is steady and focused. There has not been any major change in and pledge of shares held since initial public offering in 1998 to date. The Company's operations are simple and focused on what it is good at. There has not been any significant transfer of equities.
- (XI) Impacts and risks of the change in the management on the Company, risks, and response measures: The shareholding status among the directors and supervisors of the Company is steady and focused. Major shareholders work with one another happily; change in management is not a risk.
- (XII) Litigation or non-litigation incidents. Major lawsuits and non-lawsuits or administrative disputes with a finalized verdict or ongoing proceedings that involve the Company, the Company's directors, supervisors, general managers, actual person in charge, and shareholders holding more than 10% of all shares, and the associated companies shall be listed. If the results are likely to have significant impacts on shareholders' equity or prices of securities, the facts, target value, and start date of the lawsuit, main clients involved, and handling status as of the date of the Annual Report was printed shall be disclosed: The Company was not involved in major lawsuits and non-lawsuits from the beginning of 2021 to the date when the Annual Report was printed.
- (XIII) Possible Information security risks and the countermeasures:
The Company's information security policy is that everyone needs to abide by information security protection to keep it safe, thorough, and classified.
Besides external network attacks, insufficient internal awareness of information security and various information threats such as malware, viruses, and spyware can all result in abnormal or disconnected operation of the information core system or theft and malignant destruction of data. All of these are risk factors jeopardizing normal operations of the Company. Therefore, to ensure information security, besides defining that the information security policy shall be the highest guiding principle based on which applicable information security management organizations framework, regulations, and operating procedures shall be established. The leader of the management shall call for information security meetings periodically each year to discuss existing information security action taken by the Company and to prepare improvement solutions. Information on possible risks facing the Company in its operation and the countermeasures are provided below.
- (i) Reinforced employee awareness about information security
Since the data, information, and systems processed by employees directly concern the Company's operation, any carelessness can be subject to downloading or infection of malware to undermine the internal information security of the Company. Therefore, besides reinforcing respective hosts and protection, the Company releases internal information security announcements and holds various information security rehearsals from time to time reflective of the current higher-risk information security attacks and safety protection in order to reinforce employee awareness of information security.
 - (ii) Threats by viruses and malware
Computer viruses can come from websites visited, emails containing malware, or mobile storage devices, downloading of malware, etc. In light of this, the Company builds multi-level protection and testing. All internal computers are installed with anti-virus systems and mobile storage devices are monitored. In addition, central

control is available for monitoring and protective purposes in order to reduce risks of infections with and attacks by malware.

(iii) Cyber attack

Internet hackers impact corporate operations the most directly. Therefore, besides imposing necessary preventive measures, such as separating important network segments and access control, firewalls, and intrusion detection, among others. Important hosts also go through vulnerability and penetration testing periodically/from time to time. Meanwhile, information security vulnerability reporting and repairing are inspected periodically in order to reduce loopholes and chances of being attacks to a minimum.

(iv) Operational disruption

For important operations and data, the Company has important hosts located in different machine rooms and local/remote backup takes place on a daily basis and recovery drills are held periodically. In case of damage to material operating systems or database or operational disruption, operation may be restored through a different location within the specified timeframe.

From the beginning of 2021 to the date when the Annual Report was printed, except for persistent malicious mail attacks that were noted and were counteracted and managed adequately in time (such as by analyzing the source of the malicious mail, blocking it at the firewall, virus testing and scanning, and system re-installation), no material information security events that would affect the Company's operations occurred throughout the year.

(XIV) Other important risks and countermeasures: The Company had not had any risk matters for the beginning of 2021 to when the Annual Report was printed.

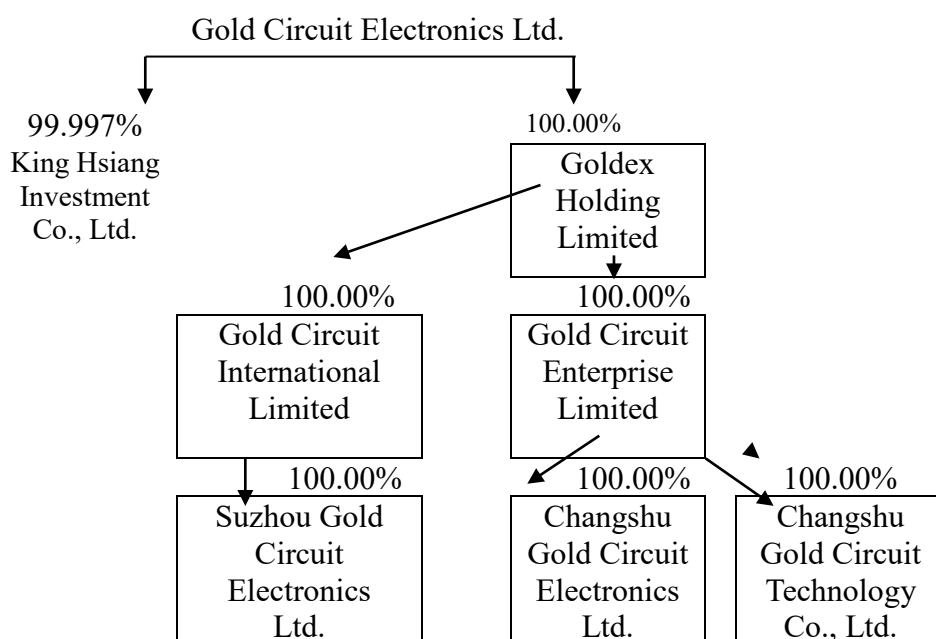
VII. Other Important Matters

None

EIGHT. Special Records

I. Information of affiliated enterprises

(I) Organization chart of affiliated enterprises



(II) Basic information of each affiliated enterprise (compilation base date December 31, 2021)

	Company name	Date of establishment	Address	Paid-in capital	Main business or production items
Controlling company	Gold Circuit Electronics Ltd.	09/05/1981	No. 113, Xiyuan Road, Zhongli City	NT\$5,464,879 thousand	Manufacturing, processing and trading of printed circuit boards
Affiliated company	King Hsiang Investment Co., Ltd.	07/24/1998	No. 149--1, Zhongzheng Road, Tamsui District, New Taipei City	NT\$200,000 thousand	General investment business
	Gold Circuit International Limited	12/08/1999	3Rd rd Floor, J&C Building W PO Box 362, Road Town, Tortola, British Virgin Islands VG1110	US\$ 98,000 thousand	General investment business
	Goldex Holding Limited	06/10/2005	Portcullis Chambers, P.O.Box 1225, Apia, Samoa	US\$ 196,910 thousand	General investment business
	Gold Circuit Enterprise Limited	12/31/2006	Portcullis Chambers, P.O.Box 1225, Apia, Samoa	US\$ 93,010 thousand	General investment business
	Suzhou Gold Circuit Electronics Ltd.	08/08/2000	No. 238, Jinfeng Road, Suzhou New District	US\$ 98,000 thousand	Manufacturing, processing and trading of printed circuit boards
	Changshu Gold Circuit Electronics Ltd.	03/15/2006	No. 9, Jiulong Road, Southeast Economic Development Zone, Changshu, Jiangsu Province	US\$ 30,010 thousand	Manufacturing, processing and trading of printed circuit boards

	Company name	Date of establishment	Address	Paid-in capital	Main business or production items
	Changshu Gold Circuit Technology Co., Ltd.	05/15/2010	No. 816, southeast Avenue, Changshu hi tech Industrial Development Zone, Jiangsu Province	US\$ 48,000 thousand	Manufacturing, processing and trading of printed circuit boards

(III) Information of the same shareholders of companies presumed to have control or affiliation relationship with the Company: None.

(IV) Industries covered by the businesses of all affiliated enterprises: manufacturing, investment, and trading.

(V) Information of directors, supervisors and presidents of all affiliated companies:

Unit: share; % April 10, 2022

Company name	Job title	Name or representative	Number of shares	Shareholding ratio
Gold Circuit Electronics Ltd.	Chairman	Chen-Tse Yang	19,614,685	3.59%
	Director	Chang-Chih Yang	107,358,019	19.65%
	Director	Lien-Mei Lin	171,449	0.03%
	Director	King Hsiang Investment Co. Representative: Jung-Tung Tsai	5,723,750	1.05%
	Director	Chang-Ching Yang	2,947,110	0.54%
	Director	Chen-Jung Yang	7,157,945	1.31%
	Independent Director	Jen-Jou Hsieh	0	0%
	Independent Director	Wen-Shih Chiang	4,765	0%
	Independent Director	Tzu-Ying Lin	0	0%
King Hsiang Investment Co., Ltd.	Chairman	Chen-Tse Yang	100	0.0005%
	Director	Chang-Chih Yang	100	0.0005%
	Director	Chen-Jung Yang	100	0.0005%
	Supervisor	Jui-Ching Li	100	0.0005%
Gold Circuit International Limited	Chairman	Chen-Tse Yang	98,000,000	100%
Goldex Holding Limited	Chairman	Chen-Tse Yang	196,910,000	100%
Gold Circuit Enterprise Limited	Chairman	Chen-Tse Yang	93,010,000	100%
Suzhou Gold Circuit Electronics Ltd.	Chairman	Chen-Tse Yang	Note	100%
	Director	Chang-Chih Yang		
	Director	Chen-Jung Yang		
Changshu Gold Circuit Electronics Ltd.	Chairman	Chen-Tse Yang	Note	100%
	Director	Chang-Chih Yang		
	Director	Chen-Jung Yang		
Changshu Gold Circuit Technology Co., Ltd.	Chairman	Chen-Tse Yang	Note	100%
	Director	Chang-Chih Yang		
	Director	Chen-Jung Yang		

Note: It is a limited company with no shares

(VI) Overview of the operation of affiliated enterprises: (compilation basis date December 31, 2021)

Unit: NTD thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit (loss)	Current profit and loss (after tax)	Earnings per share (after tax)
Gold Circuit Electronics Ltd.	5,464,879	22,473,715	11,071,601	11,402,114	25,550,218	1,153,732	2,926,854	NT\$ 5.41
King Hsiang Investment Co., Ltd.	200,000	36,531	5,174	31,357		141,978	151,379	7.57
Gold Circuit International Limited	3,239,310	3,004,034	214,304	2,789,730		1,441,976	1,441,976	14.73
Goldex Holding Limited	6,271,398	6,201,148	1,359,098	4,842,050		2,309,154	2,309,154	11.74
Gold Circuit Enterprise Limited	2,542,829	2,887,897	860,022	2,027,875		876,347	876,347	9.43
Suzhou Gold Circuit Electronics Ltd.	3,239,310	6,907,426	3,974,422	2,933,004	9,111,625	1,935,207	1,444,373	Note
Changshu Gold Circuit Electronics Ltd.	959,724	5,514,222	2,693,723	2,820,499	6,437,845	742,085	586,445	Note
Changshu Gold Circuit Technology Co., Ltd.	980,105	1,923,363	2,630,219	(706,856)	2,335,587	356,274	291,299	Note

Note: It is a limited company with no shares

(II) Consolidated business report and consolidated financial statements of affiliated enterprises:

Companies that should be included in the compiled consolidated financial statements of affiliates for 2021 (from January 1 to December 31, 2021) in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are identical to those that should be compiled in the consolidated statements of the parent company and its subsidiaries as per International Financial Reporting Standard 7 and all the information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Therefore, the consolidated financial statements of affiliates is not prepared separately.

(III) Relationship report: Not applicable

II. Private placement securities handling situation in the most recent year and as of the printing of the annual report

Not applicable.

III. Status of holding or disposal of the Company's shares by subsidiaries in the most recent year and as of the date of publication of the annual report

Subsidiary holding or disposal of the Company's shares

Unit: NT\$ thousand; share; %

Subsidiary Title (Note 1)	Paid-in Capital	Source of funding	The Company Shareholding ratio	Date of acquisition or disposal	Quantity and value of shares acquired (Note 2)	Quantity and value of shares disposed of (Note 2)	Investment Exchange gains or losses	Quantity and value of shares held as of the end of the year or the date when the prospectus was printed (Note 3)	Pledge setting	Amount of the Company's endorsements and guarantees for subsidiaries	Amount of the Company's loans to subsidiaries
King Hsiang Investment Co., Ltd.	200,000	Private capital	99.997%	110	-	-	(3,162)	5,723,750 shares 31,357 thousand	None	None	None
				This year as of Q1 of 2022	-	-	(7,305)	5,723,750 shares 24,052 thousand	None	None	None

Note 1: Please list separately by subsidiary.

2: The amount refers to the amount of the actual acquisition or disposal.

3: The circumstances of acquisition and disposal shall be listed separately.

4: Also explain its impact on the Company's operating results and financial status.

IV. Other necessary supplementary explanations

None.

V. Matters that have a significant impact on shareholders' equity or securities prices in the most recent year and as of the date of publication of the annual report

None.

Gold Circuit Electronics Ltd.

Chairman Chen-Tse Yang