

Stock Code: 2368

Gold Circuit Electronics

2022 Annual report

Publish Date: May 11, 2023

Annual report inquiry website: <http://mops.twse.com.tw/>

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

- I. Company Spokesperson:
Name: Chen-Jung Yang
Title: Director of Legal Affairs Department
Telephone: (03) 461-2541 #22588
Email: Tina_Yang@gce.com.tw
Acting Spokesperson:
Name: Chang-Chin Yang
Title: Vice President of the Finance Department
Telephone: (03) 461-2541 #22500
Email: Huck_Yang@gce.com.tw
- II. Addresses and Telephones of the Company and Its Plants:
- | | |
|------------------|--|
| Zhongli Plant | Address: No. 113, Xiyuan Road, Zhongli District, Taoyuan City
Telephone: (03)461-2541 |
| Suzhou Plant | Address: No. 238, Jinfeng Road, Suzhou
Telephone: 86-512-66612238 |
| Changshu Plant 1 | Address: No. 9, Jiulong Rd., Changshu Southeast Economic Development Zone, Jiangsu Province
Telephone: 86-512-52355235 |
| Changshu Plant 2 | Address: No. 816, southeast Avenue, Changshu Hi Tech Industrial Development Zone, Jiangsu Province
Telephone: 86-512-52358899 |
- III. Name and Address of Stock Transfer Agency:
Name: Registrar of Chinatrust Commercial Bank
Address: 5F, No. 83, Chongqing South Road Section 1, Taipei City
Telephone: (02)6636-5566
Website: www.chinatrust.com
- IV. CPA(s) for the Latest Annual Financial Report:
Names: Chao-Ling Chen, Chun-Yi Chang
Name of Firm: Deloitte Taiwan
Address: 20F, No. 100, Songren Road, Xinyi District, Taipei City
Telephone: (02)2725-9988
Website: www.deloitte.com.tw
- V. Name of trading site for securities listed overseas and how to search for the said overseas securities: No securities are issued overseas
- VI. Company website: <http://www.gce.com.tw>

Table of Contents

ONE. Letter to Shareholders.....	1
Business Report and Overview of This Year’s Business Plan	1
TWO. Company Profile	4
I. Date of Establishment	4
II. Company History	4
THREE. Corporate Governance Report	10
I. Organizational System.....	10
II. Profile of Directors, Supervisors, and Main Managers	6
III. Status of Corporate Governance.....	28
IV. Summary of resignations and dismissals of related staff of the Company..	88
V. Public Expenditure on CPAs	88
VI. Information on Replacement of CPAs.....	88
VII. 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.....	88
VIII. 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.....	89
IX. Information of relationship among Top 10 shareholders who are related, spouses, or relatives within the second degree of kinship.....	90
X. 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.....	91
FOUR. Capital and Shares.....	92
I Source of Capital Stock	92
II Shareholder Structure	93
III Decentralization of Shareholders	94
IV List of Major Shareholders.....	94
V Related information of market considerations per share, net value, earnings, and dividends for the past two years	95
VI. Company’s Dividend Policy and Implementation Status.....	95
VII Impacts of free share assignment intended through the current shareholders’ meeting on the Company's operational performance and earnings per share	96
VIII Remuneration to employees and that to directors	96
IX Buyback of corporate shares	98

X	Corporate bonds	98
XI	Preferred stock.....	98
XII	Global depository receipts.....	98
XIII	Employee share subscription warrants	98
XIV	M&A (including consolidation, acquisition, and severance)	98
XV	Implementation of Capital Utilization Plan.....	98
FIVE.	Operational Overview	99
I.	Scope of Operation.....	99
II.	Market and Production/Distribution Overview	104
III.	Information of employees over the past two years up to date the Annual Report was printed.....	112
IV.	Information on Environmental Protection Expenditure	112
V.	Labor-Management Relations	115
VI.	Information and Communication Security Management	118
VII.	Important Contracts	122
SIX.	Financial Overview	123
I.	Condensed Balance Sheet and Condensed Comprehensive Income Statement of the Past Five Years	123
II.	Financial Analysis of the Past Five Years.....	127
III.	Audit Committee's Review Report	130
IV.	Financial Report from Past Year	131
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	217
VI.	Financial Difficulties Encountered by the Company and Its Affiliates over Past Year up to the Date the Annual Report Was Printed.....	308
SEVEN.	Discussion and Analysis of Financial Standing and Financial Performance and Risks.....	309
I.	Financial Standing Comparative Analysis	309
II.	Discussion and Analysis of Financial Performance and Risks.....	310
III.	Cash Flow Analysis	311
IV.	Impacts of Major Capital Expenditure on Finance over Past Year	312
V.	Main Reasons for Profits or Losses of Latest Reinvestment Policy, Improvement Plan, and Investment Plan for the Coming Year	312
VI.	Matters to Be Analyzed and Evaluated as Part of Risk Management	312
VII.	Other Important Matters	317
Eight.	Special Records	318
I.	Information of affiliated enterprises	318

II.	Private placement securities handling situation in the most recent year and as of the printing of the annual report	322
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....	322
IV.	Other necessary supplementary explanations.....	322
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	322

ONE. Letter to Shareholders

I. Operational Status of 2022

Clarification:

Impacted by the pandemic, economies around the world over the past three years mostly remained stagnant or even deteriorated and nearly half of the population in each country has contracted COVID-19. Fortunately, as vaccination popularized in 2022, borders reopened and anti-pandemic measures were lifted and people started to have their life back. It is worth mentioning that “Home Office,” “Shared Office,” and “Cloud Storage and Processing” have become a common practice adopted by a lot of enterprises for the sake of saving costs and improving efficiency. The increased 5G and cloud transmission speeds and growing size of data being processed have all expedited the demand for servers and internet equipment. The performance of Gold Circuit hence grew in 2022; both the revenue and profit hit record highs.

The operational accomplishments of 2022 and prospects for 2023 are given below:

I. Operational accomplishments of 2022:

(1) Operational overview:

In 2022, the total sales value came to \$31,558,391 thousand in Taiwan, a growth of \$6,008,173 thousand and 23.52% from 2021. The sales volume came to 21,271,607 square feet, a decline of 1,367,829 square feet and 6.04% from 2021.

The total consolidated sales amounted to \$32,785,064 thousand in 2022, a growth of \$6,177,590 thousand and 23.22% from 2021.

(2) Gains or losses (Taiwan):

Operating gross profit: It climbed 36.03% and showed an increase of \$830,045 thousand in 2022 from 2021.

Net profit before tax: It climbed 53.66% and showed an increase of \$1,824,445 thousand in 2022 from 2021.

Item	2021	2022	Increase (Decrease)	Growth (%)
Operating income	25,550,218	31,558,391	6,008,173	23.52%
Operating cost	23,246,187	28,424,315	5,178,128	
Gross profit	2,304,031	3,134,076	830,045	36.03%
Operating expenses	1,147,453	1,453,610	306,157	
Other income and expense/losses	(2,846)	17,934	20,780	
Net operating profit	1,153,732	1,698,400	544,668	47.21%
Net profit (loss) before tax	3,400,314	5,224,759	1,824,445	53.66%
Net profit (loss) for current term	2,926,854	4,567,875	1,641,021	56.07%

(3) Gains or losses (combined):

Operating gross profit: It climbed 37% and showed an increase of \$2,357,048 thousand in 2022 from 2021.

Net profit before tax: It climbed 57.79% and showed an increase of \$2,339,815 thousand in 2022 from 2021.

Item	2021	2022	Increase (Decrease)	Growth (%)
Operating income	26,607,474	32,785,064	6,177,590	23.22%
Operating cost	20,236,434	24,056,976	3,820,542	
Gross profit	6,371,040	8,728,088	2,357,048	37%
Operating expenses	2,245,700	2,705,292	459,592	
Other income and expense/losses	(2,819)	13,916	16,735	
Net operating profit	4,122,521	6,036,712	1,914,191	46.43%
Net profit (loss) before tax	4,048,518	6,388,333	2,339,815	57.79%
Net profit (loss) for current term	2,926,854	4,567,875	1,641,021	56.07%

(4) 2022 budget implementation: No financial forecast has been prepared

Analysis of financial income and expenditure and profitability:

Item	2021	2022
Net operating gain (loss)	4,122,521	6,036,712
Net gains after tax	2,926,854	4,567,875
Mean value of assets	23,314,891	27,510,442
Mean shareholder's equity	10,333,875	12,863,066
Comparison of profitability:		
1. Return on assets	12.79%	16.87%
2. Return on shareholder equity	28.32%	35.51%
3. Net profit rate	11.0%	13.9%
4. Net profit (loss) per share	5.41	8.86

II. 2023 Business Plan

With the pandemic placed under control in the second half of 2022, governments around the world gradually lifted control measures. The global economy slowly recovered. Nevertheless, most financial and economic scholars and government officials appear to be conservative about the economic outlook of 2023 mainly because of inflation yet to be effectively controlled.

Gold Circuit servers and Netcom boards remain promising mainstream products. 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.

To meet the needs of customers for products not made in Mainland China and Taiwan, the Company also proactively evaluated the possibility of building plants in Southeast Asia at the end of 2022 and hopefully a more defined schedule will be available in 2023 to be shared with respective shareholders.

Chairman

Chen-Tse Yang

Manager

Chen-Tse Yang

Accounting Supervisor

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. |
| 1984 | The capital was increased to NT\$30 million, and the Company was changed to a joint stock limited company. |
| 1986 | Completed the research and development of multilayer boards. |
| 1987 | The capital is increased to NT\$60 million for the purchase of 503.7 ping of land for offices, dormitories and factories. |
| 1988 | The capital was increased to NT\$90 million for the purchase of 231.4 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. |
| 1989 | The capital was increased to NT\$160 million and completed the first phase of expansion of the Taoyuan Plant.
Started production of six-layer boards. |
| 1990 | The capital was increased to NT\$198 million for purchasing 310.7 ping of land for parking lots.
The second phase of the expansion of Taoyuan Plant was completed.
Started production of eight-layer boards. |
| 1991 | The capital was increased to NT\$243.8 million, and the SEC approved the public offering.
The production capacity reached 120,000 ping per month. |
| 1992 | CommonWealth Magazine ranked the Company No. 816 among Top 1,000 manufacturers. |
| 1993 | The capital was increased to NT\$300 million, with a production capacity of 150,000 ping per month.
Obtained ISO-9002 certification in June. |
| 1994 | 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.
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.
2003	In May, Mr. Chen-Nan Chen was appointed as the president of Suzhou Gold Circuit Electronics Ltd. 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.

	In February, Hongjie Circuit (Changshu) Co., Ltd. changed its name to Changshu Gold Circuit Electronics Ltd.
2012	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. On January 1, Mr. Ching-Pei Lin became the CEO of the Company.
2013	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. The consolidated revenue for the year exceeded NT\$20 billion for the first time.
2014	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. The three plants in Mainland China undertook the automotive board business.
2015	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. The Audit Committee and Compensation and Remuneration Committee were established in June.
2017	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. On January 2, Mr. Sheng-Lang Huang became the CEO of the Company.
2018	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

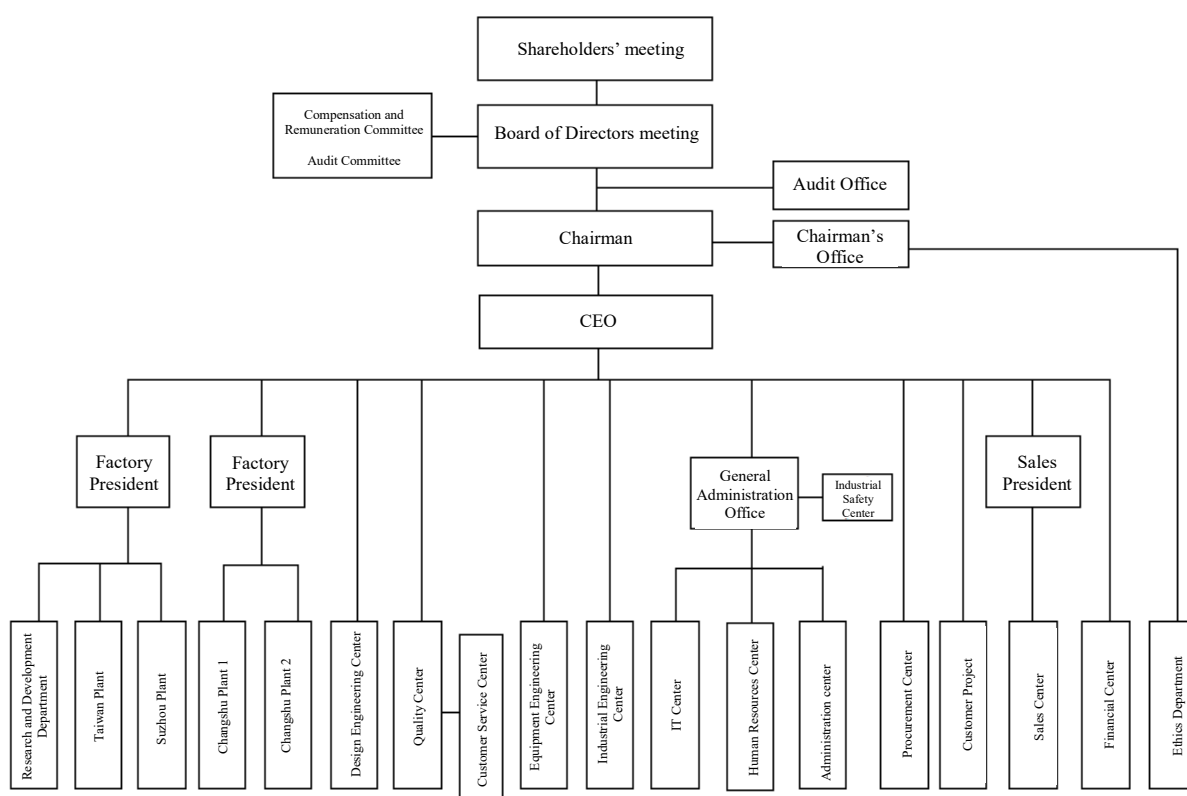
	reduction was NT\$5,464,878,410.
	CommonWealth Magazine ranked the Company No. 173 among Top 2000 manufacturers.
2019	The consolidated revenue of December exceeded NT\$2 billion since 2014 again.
	CommonWealth Magazine ranked the Company No. 177 among Top 2000 manufacturers.
2020	Consolidated revenue 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.
	The consolidated revenue exceeded NT\$3 billion for the first time in May.
2022	Capital reduction in cash of 54,648,784 shares occurred in July; after the reduction, the capital stock came to NT\$4,918,390,570.
	The annual consolidated revenue of NT\$32.8 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, 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	Vice Director Ming-Yuan Wu	■ 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 Te-Ming Yang	■ Produces/Manufacturers PCBs, prepares quality and production line management and production plans, and maintains equipment
Changhsu Plant 2	President Te-Ming Yang	■ Produces/Manufacturers PCBs, prepares quality and production line management and production plans, and maintains equipment
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 16, 2023

Job title	Nationality or registered domicile	Name	Gender/Age	Appointment date	Term in office	Initial date of inauguration	Shares held upon inauguration		Number of shares currently held		Number of shares held by representatives		Number of shares currently held by the spouse and minor child(ren)		Shares 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 51~60 years old	7/20/2021	3 years	05/06/1996	19,234,685	3.52%	17,653,216	3.59%	—	—	—	—	—	—
Director and shareholding holding at least 10% of shares	Republic of China	Chang-Chih Yang	Male 71~80 years old	7/20/2021	3 years	09/05/1981	107,258,019	19.63%	96,622,217	19.65%	—	—	27,651,870	5.62%	11,012,760	2.24%
Director and Special Assistant	Republic of China	Chang-Chin Yang	Male 61~70 years old	7/20/2021	3 years	01/06/1987	2,984,110	0.55%	2,652,400	0.54%	—	—	—	—	—	—
Director and Head of Department	Republic of China	Chen-Jung Yang	Female 41~50 years old	7/20/2021	3 years	12/16/1997	7,157,945	1.31%	6,442,150	1.31%	—	—	180,783	0.04%	—	—
Director	Republic of China	King Hsiang Investment Co. Representative: Jung-Tung Tsai	Male 61~70 years old	7/20/2021	3 years	06/12/2017	5,723,750	1.05%	5,151,375	1.05%	0	0%	—	—	—	—
Director	Republic of China	Lien-Mei Lin	Female 61~70 years old	7/20/2021	3 years	06/11/2018	171,449	0.03%	154,304	0.03%	—	—	—	—	—	—
Independent Director	Republic of China	Jen-Jou Hsieh	Male 71~80 years old	7/20/2021	3 years	06/12/2017	—	—	—	—	—	—	212,018	0.04%	—	—
Independent Director	Republic of China	Wen-Shih Chiang	Male 81~90 years old	7/20/2021	3 years	06/12/2017	4,765	0.00%	4,288	0.00%	—	—	—	—	—	—
Independent Director	Republic of China	Tzu-Ying Lin	Female 51~60 years old	7/20/2021	3 years	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 (Note4)
				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. Both the revenue and profits of 2022 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. 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 16, 2023

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, 2023

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 16, 2023

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	6.31 %
	Jui-Ching Li	5.62 %
	Fubon Life Insurance Co., Ltd.	5.21 %
	Chen-Tse Yang	3.59 %
	Chia Hui Investment Co. Ltd.	2.24 %
	Cathay Life Insurance Fiduciary JP Morgan Fleming Trust Company Investment Account	2.00 %
	Yuanta Taiwan High-Dividend Quality Leading Funds Account	1.63 %
	Ya-Pin Cheng	1.56 %
	Public Service Pension Fund Management Board	1.54 %

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:

Criteria Name	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

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. Both the revenue and profits of 2022 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.

3. 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 16, 2023

Title (Note 1)	Name	Gender	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	07/04/2012	642	0%	—	—	—	—
Factory President	Chin-Sung Tsai	Male	Republic of China	06/16/2013	63,956	0.01%	—	—	—	—
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	45,000	0.01%	—	—	—	—
Vice President	Min-Cheng Liu	Male	Republic of China	12/01/2006	290,902	0.06%	—	—	—	—
Vice President	Chang-Chin Yang	Male	Republic of China	07/01/1991	1,161,938	0.24%	54,354	0.01%	—	—
Vice President	Sheng-Hsien Lin	Male	Republic of China	08/01/2014	17,100	0.00%	—	—	—	—
Assistant Vice President	Shun-Chien Li	Male	Republic of China	12/01/2006	11,734	0.00%	—	—	—	—
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	185,500	0.04%	—	—	—	—
Assistant Vice President	Cheng-Hsuen Chung	Male	Republic of China	09/01/2016	3,000	0.00%	—	—	—	—
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%	—	—	—	—
Chief Auditor	Ming-Yuan Hu	Male	Republic of China	01/10/2023	329	0.00%	—	—	—	—

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	—	—	—

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
		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	Ming-Yuan Wu	National Chin-Yi University of Technology Manager and Vice Director of Gold Circuit Electronics	None	—	—	—

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

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

(1-2-1) 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 7)	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report (Note 7)		The Company	All companies included in the financial report (Note 8)	
Chairman	Chen-Tse Yang	2160	2160	0	0	32000	32000	0	0	0.75 %	0.75 %	24726	24726	0	0	5834	0	5834	0	1.42 %	1.42 %	0
Director	Chang-Chih Yang																					
Director	Lien-Mei Lin																					
Director	King Hsiang Investment Co., Ltd. Representative: Jung-Tung Tsai																					
Director	Chang-Chin Yang																					
Director	Chen-Jung Yang																					
Independent Director	Jen-Jou Hsieh	1440	1440	0	0	16000	16000	0	0	0.38 %	0.38 %	Jen-Jou Hsieh, Wen-Shih Chiang, and Zi-Ying Lin are not employees and hence are not entitled to related remunerations								0.38 %	0.38 %	0
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 practices and taking into consideration the attendance rate, personal performance, and corporate operational performance. As is required by the Company's Articles of Incorporation, no more than 1% of the annual profits, if any, may be allocated to be the remuneration to directors as decided by the Board of Directors. 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.																						

(1-2-2) 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) I
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)				
\$5,000,000.00 (inclusive) ~ \$10,000,000.00 (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, Zi-Ying Lin, Chen-Jung Yang	Lien-Mei Lin, Jung-Tung Tsai, Jen-Jou Hsieh, Wen-Shih Chiang, Zi-Ying Lin, Chen-Jung Yang
\$10,000,000.00 (inclusive) ~ \$15,000,000.00 (exclusive)	—	—	Chang-Chih Yang, Chang-Ching Yang	Chang-Chih Yang, Chang-Ching Yang
\$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.

(3-2-1) 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	31,429	32,369	0	0	76,109	76,109	22,759	0	22,759	0	2.85%	2.87%	0
Sales President	Hsi-Kuei Huang													
Factory Affairs President	Chin- Sung Tsai													
Senior Vice President	Te-Ming Yang													
Senior Vice President	Chung- Chih Lung													
Vice President	Min- Cheng Liu													
Vice President	Sheng- Hsien Lin													
Vice President	Chang- Chin Yang													

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

(3-2-2) 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 (inclusive) – \$2,000,000 (exclusive)	—	—
\$2,000,000 (inclusive) – \$3,500,000 (exclusive)	Te-Ming Yang	—
\$3,500,000 (inclusive) – \$5,000,000 (exclusive)		Te-Ming Yang
\$5,000,000 (inclusive) – \$10,000,000(exclusive)		
\$10,000,000 (inclusive) – \$15,000,000(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 (inclusive) – \$30,000,000(exclusive)	Chen-Tse Yang, Hsi-Kuei Huang, Chin-Sung Tsai	Chen-Tse Yang, Hsi-Kuei Huang, Chin-Sung Tsai
\$30,000,000 (inclusive) – \$50,000,000(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. After-tax net profit refers to that shown for 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.

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 <u>or</u> <u>the parent</u> <u>company</u> (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	23,792	23,792	0	0	59,617	59,617	16,879	0	16,879	0	2.20%	2.20%	None
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.

Note 7: a. For this field, the If of related remuneration from re-invested businesses other than the subsidiaries or the parent company that the Top 5 department heads with the highest remuneration of the Company received shall be specified. (If none, indicate "None".)

b. Remuneration is the compensation, rewards (including the remuneration to employees, directors, and supervisors), and applicable payments for the tasks carried out at work received by the Top 5 officers of the Company with regards to their remuneration while serving as the directors, supervisors, or managers at 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.

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	28,793	28,793	0.63%
	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	28,793	28,793	0.63%

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

Note 4: 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.

5. 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
2022 Remuneration	51,600	130,297	51,600	131,237
2022 Net profit after tax	4,567,875	4,567,875	4,567,875	4,567,875
Ratio of sum to net profit after-tax	1.13%	2.85%	1.13%	2.87%
2021 Remuneration	38,600	117,939	38,600	118,868
2021 Net profit after tax	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%

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 2022 were as follows:

Compensation and Remuneration Committee	Contents of the proposal and subsequent management
01/18/2022	Points 1 to 4 of the Year-end Bonus Distribution Guidelines defined on 1/12/2012 were followed for the year-end bonus worth 4.0 months of base salary distributed and Article 8 was followed o set side an amount to be the special reward for each department to retain outstanding talent.
08/09/2022	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.
01/10/2023	Points 1 to 4 of the Year-end Bonus Distribution Guidelines defined on 1/12/2012 were followed for the year-end bonus worth 7.0 months of base salary distributed and Article 8 was followed o set side 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 7 times (A) over the past year up to 04/30/2023. 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	7	0	100%	Extended term in office upon re-election on 7/20/2021
Director	Chang-Chih Yang	6	0	85.7%	Extended term in office upon re-election on 7/20/2021
Director	Lien-Mei Lin	7	0	100%	Extended term in office upon re-election on 7/20/2021
Director	Chang-Ching Yang	7	0	100%	Extended term in office upon re-election on 7/20/2021
Director	Chen-Jung Yang	7	0	100%	Extended term in office upon re-election on 7/20/2021
Director	King Hsiang Investment Co., Ltd. Representative: Jung-Tung Tsai	7	0	100%	Extended term in office upon re-election on 7/20/2021
Independent Director	Jen-Jou Hsieh	7	0	100%	Extended term in office upon re-election on 7/20/2021
Independent Director	Wen-Shih Chiang	7	0	100%	Extended term in office upon re-election on 7/20/2021
Independent Director	Tzu-Ying Lin	7	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
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
03/21/2022 (5th)	1. Set the 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. 2021 Earnings Distribution Proposal	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
05/10/2022 (6th)	1. Reported the governance structure of sustainable developments and scheduling of greenhouse gas inventory checks and verification	None	Not applicable
	1. Review of the Consolidated Financial Statements for the first quarter of 2022	None	Not applicable
	2. Lending of funds to Changshu Gold Circuit Technology	None	Not applicable
	3. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	None	Not applicable
08/09/2022 (7th)	1. Reported the implementation status of the “Smart Wealth Management Plan”	None	Not applicable
	2. Reported the scheduling of ESG greenhouse gas inventory checks and verification	None	Not applicable
	1. Reviewed the Financial Report for the first half of 2022	None	Not applicable
	2. Set the record date for capital reduction and swap of shares and the Action Plan for Swap of Shares through Capital Reduction	None	Not applicable
	3. Review of the joint loan contract with syndicated banks such as Taipei Fubon Bank and E.SUN Bank [line of credit]	None	Not applicable
	4. Review of the decisions made by the Compensation and Remuneration Committee	None	Not applicable
	5. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	None	Not applicable
11/10/2022 (8th)	1. Reported the implementation of the honest operation policy, safeguard solutions, and supervision	None	Not applicable
	2. Reported the scheduling of ESG greenhouse gas inventory checks and verification	None	Not applicable
	1. Internal adjustment of CPAs	None	Not applicable
	2. Review of the Consolidated Financial Statements for the third quarter of 2022	None	Not applicable
	3. Review of 2023 Audit Plan	None	Not applicable
	4. Revision of the “Anti-insider Trading Management Procedure”	None	Not applicable
	5. Revision of the "Corporate Sustainable Development Best Practice Principles”	None	Not applicable
	6. Preparation of the “Operating Procedure for the Preparation and Qualification of Sustainability Reports”	None	Not applicable
	7. Preparation of the “Procedure for Handling Major Internal Information”	None	Not applicable
	8. Amendment to the “Corporate Governance Procedure”	None	Not applicable

	9. Capital Reduction of the subsidiary Goldex Holding Limited	None	Not applicable
	10. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	None	Not applicable
	11. Review of intended nomination of Superintendent Shyr-Chyr Chen as Independent Director.	None	Not applicable
01/10/2023 (9th)	1. Reported the communication and audit plans between the CPA and the corporate governance unit and the audit quality indicators (AQIs)	None	Not applicable
	2. Reported the coverage of directors by liability insurance	None	Not applicable
	1. Distribution ratio of 2022 remuneration to employees and that to directors	None	Not applicable
	2. Review of resolutions reached in the Fifth meeting of the Compensation and Remuneration Committee for the current intake	None	Not applicable
	4. Revision of the "Board of Directors Performance Evaluation Guidelines".	None	Not applicable
	4. Capital Reduction of the subsidiary Goldex Holding Limited	None	Not applicable
	5. Appointment of new chief auditor of the Company and special assistant to the Chairman	None	Not applicable
	6. Line of credit for financing and guarantee applied for with the bank	None	Not applicable
03/09/2022 (10th)	1. Reported the communication between the CPA and the corporate governance unit on audit matters	None	Not applicable
	2. Reported the governance structure of sustainable developments and scheduling of Office gas inventory checks and verification	None	Not applicable
	1. 2022 Financial Statements and Business Report	None	Not applicable
	2. Distribution of 2022 remuneration to employees and that to directors	None	Not applicable
	3. Distribution of 2022 earnings	None	Not applicable
	4. Distribution of 2022 cash dividends	None	Not applicable
	5. Revision of the "Rules of Procedure for the Board' Meetings"	None	Not applicable
	6. Set the date, time, venue, and main contents of the 2022 General Shareholders' Meeting	None	Not applicable
	7. Evaluation of the independence of 2023 CPAs	None	Not applicable
	8. Issuance of Internal Control Declaration	None	Not applicable
	9. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	None	Not applicable
	10. Re-election of 1 independent director and duration of nomination of candidates, expected number of openings, and handling sites	None	Not applicable
	11. List of candidate independent directors nominated by the Board of Directors	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 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 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.

2. During the meeting on January 10, 2023, distribution of year-end bonus for 2022 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 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, 2022 through December 31, 2022			
<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: 1. Involvement in corporate operations 2. Improved decision-making quality of the Board of Directors 3. Composition and structure of the Board of Directors 4. Election of directors and continuing education for them 5. Internal control	The total score was 93, 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: 1. Keeping track of corporate goals and missions. 2. Awareness of duties as a director. 3. Involvement in corporate operations 4. Management of internal relations and communication 5. Director's professionalism and continuing education 6. Internal control	The mean score was a whole was 94, 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 2023.

The 2022 Internal Audit Committee performance evaluation status is shown as follows: Duration of evaluation: January 1, 2022 ~ December 31, 2022)

Type of evaluation	Evaluation method	Scoring criteria	Assessment outcome
Individual Audit Committee Member Performance Evaluation	To be evaluated separately by respective Audit Committee members	It consisted of five domains; they are described as follows: 1. Involvement in corporate operations 2. Awareness of duties of the Audit Committee 3. Improved decision-making quality of functional committees 4. Composition and structure of the Audit Committee 5. Internal control	The mean score was 91 as a whole, showing that the Company's Audit Committee had consistently positive feedback on the efficacy and outcome of respective indicators under review.

Contents of the above-mentioned performance evaluation and outcome were brought forth in the Board of Directors meeting in January 2023.

The 2022 internal Compensation and Remuneration Committee performance evaluation status is shown as follows: (Duration of evaluation: January 1, 2022 ~ December 31, 2022)

Type of evaluation	Evaluation method	Evaluation criteria	Assessment outcome
Individual Compensation and Remuneration Committee Member Performance Evaluation	To be evaluated separately by respective Compensation and Remuneration Committee members	It consisted of five domains; they are described as follows: 1. Involvement in corporate operations 2. Awareness of duties of the Compensation and Remuneration Committee 3. Improved decision-making quality of the Compensation and Remuneration Committee 4. Composition and structure of the Compensation and Remuneration Committee 5. Internal control	The mean score was 91 as a whole, showing that the Company's Compensation and Remuneration Committee had consistently positive feedback on the efficacy and outcome of respective indicators under review.

Contents of the above-mentioned performance evaluation and outcome were brought forth in the Board of Directors meeting in January 2023.

■ External performance evaluation:

In 2022, the Company authorized the external independent evaluation agency Dali Financial Consulting Company to evaluate the performance of the Company's Board of Directors, including the online self-assessment and the site visit and covering (1) Membership and structure of the Board of Directors, (2) Decision-making quality of the Board of Directors, (3) Power of the Board of Directors, (4) Supervision of the Board of Directors, (5) Communication and

message transmission of the Board of Directors, (6) Risk management and crisis management, and (7) Others, 7 constructs in total. The Board of Directors Performance Evaluation Report was issued on November 18, 2022 and the evaluation findings were presented to the Board of Directors in January 2023. The Evaluation Report is summarized as follows:

1. Board members of Gold Circuit Electronics possess diversified expertise and skills required to support corporate operation and the number of directors and female representation are appropriate. All are conducive to the decision-making quality of the Board of Directors.
2. From September 2021 to August 2022, the Board of Directors met 5 times in total reflective of the actual operational demand and necessity. All directors attended in all meetings.
3. As far as risk management is concerned, besides defining respective control policies, employees are communicated to or receive educational training periodically each year in order to enhance their awareness of risks. The Information Security Officer is assigned and there is a unit to take charge of information security. They will control information security. In addition, the implementation status of intellectual property management is reported to the Board of Directors periodically each year. The Company reports sustainable development strategies, action plans, and ESG-related information to the Board of Directors at least once a year.

Generally speaking, the Board of Directors performed well.

※ Advice on improvement and the Company's response to future improvement plans or actions:

No.	Recommendation	Response from the Company
1	At present, Chairman Chen-Tse Yang also serves as the President of the Company. As is required by the "Taiwan Stock Exchange Corporation Guidelines for Requirements to Be Followed by TWSE-listed Companies to Set up the Board of Directors and Functions of the Board of Directors", when the Chairman and President or one holding an equivalent position in a TWSE-listed company are the same person or are each others' spouse or dependent relative, there may not be fewer than 4 independent directors before December 31, 2023. The Company shall plan the re-election of independent directors during the 2023 Shareholders' Meeting early in order to fulfill regulatory requirements.	It is expected that one independent director will be added in 2023.
2	The Company evaluates the independence of CPAs periodically each year. In addition, according to Article 29 of the "Corporate Governance Best Practice Principles", the independence and suitability of CPAs should be evaluated periodically. As such, suitability may be included in the evaluation of CPAs upon delegation in order to enhance the operating efficiency and efficacy between the Company and the CPAs. In addition, the competent authority encourages TWSE/TPEX-listed companies, upon	Take into consideration and plan whenever appropriate.

	delegation or extension of the delegation of CPAs, to obtain AQI (audit quality indicator) information from CPAs for reference upon their delegation.	
--	---	--

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 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 93.7, 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 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

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 Company’s “Ethical Corporate Management Panel” already reported to the Board of Directors the “ethical corporate management implementation status, measures adopted, and implementation efficacy” during the 11th meeting on November 6, 2020, the third meeting on November 9, 2021, and the eighth meeting on November 10, 2022 and they were approved unanimously by all attending directors.
2. The Company’s “Sustainable Development Committee” reported to the Board of Directors the implementation status of ESG on May 10, 2022, August 9, 2022, November 10, 2022, and March 9, 2023 throughout 2022 and up to April 30, 2023, including the overall strategic direction, goal-setting, and progress update, GHG inventory inventory check findings, and green electricity purchase project implementation, etc.
3. The Company reported to the Board of Directors the “Intellectual Property Management Project” during the second Board of Directors meeting on August 10, 2021 and the seventh Board of Directors meeting on August 9, 2022 planning and implementation outcome of intellectual property management in the future of the Company.
4. The Company reported to the Board of Directors during its ninth meeting on January 10, 2023 the communication and audit plans between the CPA and the corporate governance unit

and the audit quality indicators AQIs.

5. The Company periodically evaluated the independence of CPAs each year and AQI (audit quality indicator) information was followed for the delegation. The independence and suitability of CPAs were considered. The Company prepared the “CPA Independence Evaluation Report”. The evaluation covered 14 indicators and CPAs were asked to issue the Independence Declaration. It was evaluated by the Audit Committee accordingly and the evaluation findings were presented to the Board of Directors on March 21, 2022 and March 9, 2023.

The 14 indicators are listed below.

- (1). 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.
 - (2). No close business relationship between the accounting firm or members of the Audit Service Group and the Company or any of its affiliates.
 - (3). 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.
- The above are the 14 indicators.

6. The “Procedure for Handling Major Internal Information” was approved unanimously by all attending directors through the eighth Board of Directors meeting on November 10, 2022. The “Procedure for Handling Major Internal Information” details the operating procedures for addressing abnormal conditions and keeping major internal information confidential and the disclosure of major internal information for responsible units at respective departments, which are reported to the Board of Directors periodically each year.

Material messages shall be evaluated, reviewed again, submitted for approval, and released by the Finance Department and shall be documented in writing and submitted to the Chief Financial Officer for approval before action is taken. The evaluation documents mentioned above shall be properly archived and be stored for at least five years.

In cases of abnormal conditions, upon awareness of disclosure of major internal information, directors, managers, and employees of the Company shall report it to the responsible unit and the internal audit department as soon as possible. Upon receipt of the foregoing report, the responsible unit shall have countermeasures ready and may invite the Internal Audit Department and others, if necessary, to discuss and how they are handled shall be recorded and filed for reference. The Internal Audit Department shall also perform audits in honor of its duties.

7. 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 4 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	Work experience and professionalism
	Name	
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, 2022 through April 30, 2023 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	6	0	100.0%	7/20/2021 Extended term in office upon election
Independent Director	Wen-Shih Chiang	6	0	100.0%	7/20/2021 Extended term in office upon election
Independent Director	Tzu-Ying Lin	6	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 2022; 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
03/21/2022 (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 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.			
05/11/2022 (4th)	1. Ratification of the Consolidated Financial Statement for the first quarter of 2022. 2. Lending of funds to Changshu Gold Circuit Technology for repayment of existing loans 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 (5/11/2022): 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.			

	08/09/2022 (5th)	1. Financial Statements for the first half of 2022 2. Syndicated loan spearheaded by Taipei Fubon Bank and E.SUN Bank 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 (8/9/2022): 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.		
	11/10/2022 (6th)	1. Internal adjustment of CPAs 2. Review of the Consolidated Financial Statement for the third quarter of 2022 3. Review of 2023 Audit Plan 4. Revision the “Anti-insider Trading Management Procedure” 5. Revision of the "Corporate Sustainable Development Best Practice Principles" 6. Revision of the “Operating Procedure for the Preparation and Qualification of Sustainability Reports” 7. Preparation of the “Procedure for Handling Major Internal Information” 8. Revision of the internal control “Corporate Governance Procedure” 9. Capital reduction of the subsidiary Goldex Holding Limited 10. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	V V V V V V V V V	None
		Decision made by the Audit Committee (11/10/2022): 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.		
	01/10/2023 (7th)	1. Revision of the “Board of Performance Evaluation Guidelines”. 2. Capital reduction of the subsidiary Goldex Holding Limited 3. Appointment of new chief auditor of the Company 4. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	V V V V	None
		Decision made by the Audit Committee (01/10/2022): 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.		
	03/09/2023 (8th)	1. Review of the Company’s 2022 Financial Statements and Business Report	V	None

	2. Review of distribution of 2022 remuneration to employees and that to directors 3. Review of 2022 earnings distribution proposal 4. Review of distribution of 2022 cash dividends 5. Review of independence of CPAs for 2023 6. Issuance of Internal Control Declaration 7. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries	V V V V V V							
	Decision made by the Audit Committee (3/9/2023): 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 2022 are summarized as follows:									
	<table><tr><th>Date</th><th>Communication method</th><th>Matters being communicated</th><th>Independent director Recommendation</th></tr><tr><td>01/18/2022</td><td> 1. General audit report 2. Case discussion </td><td> 1. Reporting on audit operations at the three plants in Mainland China in November and December 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. </td><td>None.</td></tr></table>	Date	Communication method	Matters being communicated	Independent director Recommendation	01/18/2022	1. General audit report 2. Case discussion	1. Reporting on audit operations at the three plants in Mainland China in November and December 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.	None.
Date	Communication method	Matters being communicated	Independent director Recommendation						
01/18/2022	1. General audit report 2. Case discussion	1. Reporting on audit operations at the three plants in Mainland China in November and December 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.	None.						

03/21/2022	1. General audit report 2. Case discussion	1. Reported the results of audits performed for the third plant in Mainland China in January and February 2022 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.	None.
05/10/2022	1. General audit report 2. Case discussion	1. Reporting on audit operations at the three plants in Mainland China in January and February 2022 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.	None.
08/09/2022	1. General audit report 2. Case discussion	1. Reporting on audit operations at the three plants in Mainland China in May, June, and July 2022 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.	None.
11/10/2022	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.	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
01/18/2022	The CPAs communicated governance matters that they became aware of while planning an audit of your Group's 2021 financial statements. 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 in order to understand sales income and to recognize related internal control design and evaluate and test the validity of the design and 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.
01/10/2023	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 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). Get to know related internal control design recognized under sales income and evaluate and test the validity of the design and its implementation. (2). Select samples 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. 2. CPAs communicate audit planning and AQI matters with the corporate governance unit. The Company refers to the AQIs and periodically evaluates the independence and suitability of CPAs and asks the CPAs to issue the Independence Declaration. It is evaluated by the Audit Committee accordingly and the evaluation findings were presented to

		the Board of Directors on March 9, 2023.
--	--	--

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 independent directors	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	
			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. Fulfilled: The re-election in 2018 already rendered three female directors; the ratio is greater than 33%. The goal in 2023 is to elect an additional independent director. Fulfilled: The revision of the Articles of Incorporation was approved through the 2022 shareholders' meeting	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 to the	Yes		On March 25, 2019, the Board of Directors defined the "Board of Directors Performance Evaluation Guidelines" and approved during its meeting on January 10, 2023 that they may be revised as the "Board of Directors and Functional	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Brief Description	
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		Committees Performance Evaluation Guidelines”. The 2022 Board of Directors Performance Evaluation was completed on January 10, 2023. Results of the performance evaluation were brought forth during the Board of Directors meeting on March 09, 2023. The Company periodically evaluated (at least once a year), referring to the audit quality indicators (AQIs), the independence and suitability of CPAs. The evaluation covered 14 indicators and CPAs were asked to issue the Independence Declaration. It was evaluated by the Audit Committee accordingly and the evaluation findings were presented to the Board of Directors on March 21, 2022 and March 9, 2023. The 14 indicators are listed below. 1. <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> 2. <u>No close business relationship between the accounting firm or members of the Audit Service Group and the Company or any of its affiliates. No serving as the Company’s director, supervisor or holding of any position with significant impacts on the case</u>	Companies are fulfilled. 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	
			<u>being audited over the past two years by members of the Audit Service Group.</u> The above are the 14 indicators.	
IV. For TWSE/TPEX-listed companies, is there an exclusive (combined) unit or person for corporate governance to take charge of related matters (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)?	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 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 2022 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.	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	
			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' 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 2022 for the Corporate Governance Officer. See the form attached below:	

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><th>Course title</th><th>Duration of continuing education</th><th>Hours involved</th></tr><tr><td>Taishin 30 Sustainable Net Zero Summit - Net Zero Transformation and Net Zero Business Opportunities</td><td>22/04/2022</td><td>3 hours</td></tr><tr><td>Analysis of the latest corporate governance policies and corporate governance evaluation practices</td><td>28/09/2022</td><td>3 hours</td></tr><tr><td>2022 Promotional Workshop on Compliance with Law and Regulations Governing Equity Trading of Insiders</td><td>10/19/2022</td><td>3 hours</td></tr><tr><td>Online Workshop of Directors and Supervisors of TWSE/TPEX-listed Companies on Corporate Governance for the Second Half of 2022</td><td>10/25/2022</td><td>3 hours</td></tr></table>	Course title	Duration of continuing education	Hours involved	Taishin 30 Sustainable Net Zero Summit - Net Zero Transformation and Net Zero Business Opportunities	22/04/2022	3 hours	Analysis of the latest corporate governance policies and corporate governance evaluation practices	28/09/2022	3 hours	2022 Promotional Workshop on Compliance with Law and Regulations Governing Equity Trading of Insiders	10/19/2022	3 hours	Online Workshop of Directors and Supervisors of TWSE/TPEX-listed Companies on Corporate Governance for the Second Half of 2022	10/25/2022	3 hours	
Course title	Duration of continuing education	Hours involved																	
Taishin 30 Sustainable Net Zero Summit - Net Zero Transformation and Net Zero Business Opportunities	22/04/2022	3 hours																	
Analysis of the latest corporate governance policies and corporate governance evaluation practices	28/09/2022	3 hours																	
2022 Promotional Workshop on Compliance with Law and Regulations Governing Equity Trading of Insiders	10/19/2022	3 hours																	
Online Workshop of Directors and Supervisors of TWSE/TPEX-listed Companies on Corporate Governance for the Second Half of 2022	10/25/2022	3 hours																	

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	Communication frequency	
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	At least once/year Daily frequently	
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	As needed At least 4 times/year As needed At least once/year	
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	Quarterly Quarterly Daily Semi-annually	
Supplier	Supplier screening criteria Supplier sustainable management	Supplier assembly Supplier training	Once a year As needed	
Society	Societal involvement Environmental policy	Public charity event/visit Waste service provider audit	As needed Once/month	
Bank	Corporate governance Risk management Compliance	Visit, meeting Written materials Market trend analysis	As needed Daily frequently At least twice/year	

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><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>	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		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		Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
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																							
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																							

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Brief Description	
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.
(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	Yes		It is currently being prepared by the Company with CPAs.	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	
and operational status of each month earlier than the required deadline?				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, 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-	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	
			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: The Company's directors 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,	

Evaluation item	Operational status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Brief Description	
			periodically follows up on improvement results and revises the operating procedure. 8. The Company has its directors covered by liability insurance at the end of each year.	
IX. Are the Board of Directors Performance Evaluation Guidelines prepared by the Company approved by the Board of Directors and is it specified that external assessments shall take place at least once every three years and were they already performed in the year of evaluation or over the prior two years, with the implementation status and evaluation results disclosed on the Company's website or in the Annual Report?	Yes		The Company's "Board of Directors Performance Evaluation Guidelines" have been enforced for three years and the independent professional agency "Dali Financial Consulting Co., Ltd." was delegated to perform the evaluation this year and disclose information on the Company's website.	Requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

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 2022. The courses available in 2021 are as follows:

Position	Name	Organizer	Course title	Hours involved
Independent Director	Jen-Jou Hsieh	Taiwan Corporate Governance Association	Sharing of Advanced Practice of Audit Committee - Go for 3.0	3.0
		Taiwan Institute for Sustainable Energy (CommonWealth Magazine)	Taishin 30 Sustainable Net Zero Summit - Net Zero Transformation and Net Zero Business Opportunities	3.0
		Taiwan Stock Exchange	2022 Listed Company- Release of Reference Guide to Functions of Independent Directors and Audit Committee and Director/Supervisor Communication Seminar	3.0
		Securities and Futures Institute	2022 Communication Seminar on Prevention Against Insider Trading	3.0
			2022 Promotional Workshop on Compliance with Law and Regulations Governing Equity Trading of Insiders	3.0
Independent Director	Wen-Shih Chiang	Taiwan Corporate Governance Association	How Does Audit Committee Enforce Financial Review	3.0

Name	Name	Organizer	Course title	Hours involved
			18Th (2022) Corporate Governance Summit	3.0
Independent Director	Tzu-Ying Lin	Accounting Research and Development Foundation	Common Deficiencies in the Preparation of Corporate Financial Statements and Internal Audit Internal Control Laws and Regulations Compliance Practice	6.0
Director	Chang-Chih Yang	Securities and Futures Institute	Corporate Governance 3.0 from the Prosecutor's Perspective	3.0
		Taiwan Corporate Governance Association	Corporate Governance Reaching New Heights - Establish a Business with Ethical Corporate Management	3.0
Director	Chen-Tse Yang	Taiwan Corporate Governance Association	[ESG-series Advanced Program] True Value Created by Circular and Low-carbon Innovation– Get to Know Circular Economy and Governance	3.0
		Taiwan Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit -- Net Zero Transformation and Net Zero Business Opportunities	3.0
Director	Lien-Mei Lin	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit - Net Zero Transformation and Net Zero Business Opportunities	3.0
		Taiwan Corporate Governance Association	The One and Only Secret to Sustainable Corporate Operation – External Innovation	3.0
		Taiwan Academy of Banking and Finance (UBS)	Online Workshop of Directors and Supervisors of TWSE/TPEX-listed Companies on Corporate Governance for the Second Half of 2022	3.0
Director	Chang-Chin Yang	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit - Net Zero Transformation and Net Zero Business Opportunities	3.0
		Securities and Futures Institute	2022 Communication Seminar on Prevention Against Insider Trading	3.0
		Taiwan Corporate Governance Association	Interpretation of Important Verdicts on Corporate Governance: Centering Responsibilities of Directors	3.0
		Taiwan Institute of Directors	International Climate Change Developmental Trends and Practice Case Analysis	3.0
		Independent Director Association Taiwan	How to Analyze Financial Statements and Evaluate Corporate Managerial Capability, Performance, and Risks?	3.0
Director	Chen-Jung Yang	Independent Director Association Taiwan	Advanced Analysis of Insider Training under the Securities and Exchange Act and Special Breach of Trust and Practical Cases	3.0
			How to Analyze Financial Statements and Evaluate Corporate Managerial Capability, Performance, and Risks?	3.0
Director	Jung-Tung Tsai	Taiwan Corporate Governance Association	Analysis of Ransomware Threat and Creation of Information Security Protective Strategies	3.0
		Taiwan Institute of Directors	International Climate Change Developmental Trends and Practice Case Analysis	3.0
		Taiwan Insurance Institute	International Anti-corruption and Whistleblower Protection and Anti-money Laundering	3.0
Independent Director	Tzu-Ying Lin	Taiwan Institute of Directors	International Climate Change Developmental Trends and Practice Case Analysis	6.0

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

(3) 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 (2022) to end of April 2023, 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
1/18/2022	Points 1 to 4 of the Year-end Bonus Distribution Guidelines defined on 1/12/2012 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
08/09/2022	Periodic reflection upon the "Compensation and Remuneration Guidelines for Board Directors	It was approved by	It was brought forth to the Board

		and Functional Committees” and the “High-ranking Manager Compensation and Remuneration Policy”	the Committee unanimously	of Directors and was approved by all attending directors
	01/10/2023	Review of 2022 Employee and Director Remuneration Distribution Proposal and discussion of managerial performance and distribution of year-end bonus	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 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 3/9/2023 and it covered	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

<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	
			the overall strategic direction, goal setting, and progress update, GHG inventory check findings, and green electricity purchase project implementation, etc.	
II. 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 2)	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 Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
III. 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 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	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

<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	
			systems are still valid. 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 2022 already reached the goal 93.09% and recycling and reuse rate of waste throughout the Group reached 12.7%. 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.	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 and in the future brought about by climate change for the corporation and adopt related responsive measures?	V		The Company has been answering the CDP Supply Chain Questionnaire since 2013. The Questionnaire covers climate 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	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

<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	
			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.	
(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 2020 and 2021 showed total emissions throughout the Group of 384,372 tons of CO ₂ e and 407,808 tons of CO ₂ e. For the emissions in 2022, Scope 3 is added. The Co ₂ e of the Group came to 333,341 tons. Water consumption came to 7,443,736 tons and 7,674,670 tons, respectively, throughout the Group in 2021 and 2022. Waste throughout the group totaled 67,852 tons and 68,932 tons, respectively. In terms of sources of emissions, contributions mainly came from	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

<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	
			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, public equipment, process improvement, and smart manufacturing solutions.	
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 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.	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

<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	
			(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 (including labor, corporate ethics, health and safety, and environmental issues) is included in the orientation training and is a mandatory course for all employees to complete each year.	

<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	
(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, 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 safety and health staff tours around the	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

<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	
			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.	
(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.

<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	
			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	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%.	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

<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	
environmental protection, occupational safety and health, or human rights of workers and how are they implemented?			For new suppliers, it will be 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</u> Report 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	v		The Company prepared its Sustainability Report with reference to the GRI standard, and planned to obtain third-party verification in 2023.	Requirements of the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

<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	
third-party qualification unit to validate or guarantee the said reports?				
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.				
VII. Other Important Information to Help Understand <u>Implementation</u> Status in the <u>Promotion of Sustainable Developments</u>: 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 RBA-VAP audit in 2022 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. More electricity and energy-saving machinery and equipment are purchased. Energy and electricity-saving ideas are formed and communicated through trainings. 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. For detailed information, please refer to Gold Circuit's Sustainable Development 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 93.09% in 2022. Efforts will be continued to achieve this recycling goal in 2023.				

<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	

- 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 12%. The recycling and reuse rate throughout the Group in 2022, in fact, reached 12.7%.
- 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” (valid for two years) 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.
- 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 (valid for two years). 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.
- 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:

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

2022

Donated to	Amount (NTD)
Andrew Charity Association	2,000,000
Christian Mountain Children’s Home	1,000,000
National Taiwan University Hospital	1,000,000
Anti-pandemic resources of the Taoyuan City Government	496,800
Friends of the Police Association	200,000

<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		
8. Besides its commitment to public interests, the Company signed the letter of intent in 2022 with Godot Culture and Media Ltd. In 2023, invested NT\$1 million in the culture promotion business for 2023, and sponsored the issuance of the “Cleaner” series so that the essence of the story, namely settlement, forgiveness, and love, can continue to spread and reach out to everyone.					
9. Gold Circuit proactively takes part in events held by the District Office, the Neighborhood Office, and the Community Development Association in order to maintain optimal interactive relationships. Due to the fact that waste water, once treated, will be discharged to nearby rivers from the plants in Taiwan, the Company is aware that it may put the surrounding communities at environmental risk. As such, the Waste Water Test Report is provided to the neighborhood head periodically and the health of residents and the environmental condition are monitored at all times. Meanwhile, the Company works with the head of each neighborhood and proactively takes part in the air quality purification area sponsorship event held by the Environmental Protection Administration under the Executive Yuan. Routine maintenance takes place in an effort to promote environmental greening. Honored with the 2021 Air Quality Purification Area Sponsorship - Sustainable Care Award conferred upon by the Environmental Protection Administration, Executive Yuan					
10. In terms of gender equality, female employees accounted for about 47.7% and female managers 25.3% in Taiwan in 2022. Related indicators and plans have been prepared for 2023. Efforts will be continued to promote protective measures for women and females in the workplace and their health and safety and educational trainings and promotion mechanisms in order to boost the capabilities of females in the workplace.					
11. Gold Circuit-related Licenses and Their Expiration Dates					
No.	Criteria	Taiwan Plant	Suzhou Plant	Changshu Plant 1	Changshu Plant 2
1	ISO 9001:2015	2023.04.25	2024.06.04	2025.07.12	2023.04.24
2	ISO 14001:2015	2024.08.20	2023.10.20	2025.08.09	2023.04.24
3	ISO 45001:2018	2023.09.30	2026.01.22	2025.08.03	2023.04.25
4	QC080000:2017	2025.05.21	2023.07.02	2025.09.22	2023.08.28
5	ISO/IEC 27001: 2013	2025.10.31	NA	NA	NA
6	IATF 16949:2016	2023.11.07	NA	2024.03.09	2024.03.09
7	ISO 50001:2018	2024.11.23	2025.12.18	2025.01.25	2025.03.13
8	ISO14064-1:2018	2023.06.27	2023.07.28	2023.06.24	2023.06.24

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/GTSM 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 Paragraph 2 of the Ethical Corporate Management	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 year are defined.	The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

Assessed Item	Operational status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Description	
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) 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?	Yes		(I) Terms and conditions of ethical corporate behaviors are defined in the Company’s Corporate Ethical Norms, Purchase Policies, and Practitioner’s Work Rules.	The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
(II) Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management and report its ethical management policy and solution to prevent against unethical behaviors	Yes		(II) The [Chairman’s Office] summarized the ethical corporate management policy, safeguard solutions, and implementation status on November 10, 2022 and reported it to the Board of Directors.	The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

Assessed Item	Operational status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Description	
and the status of implementation to the Board of Directors periodically (at least once a year)?				
(III) Has the Company established policies to prevent against conflicts of interest, provided appropriate channels for filing related complaints and implemented the policies accordingly?	Yes		(III) 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.	The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
(IV) 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		(IV) 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 2022 and the result was low risk. 2. The number of reports received through internal/external whistle-blowing channels in 2022 was 0. 3. The number of reports concerning corporate ethics and ethical corporate management in 2022 was 0.	The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
(V) Does the Company hold internal and external educational training on ethical management regularly?	Yes		(V) 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.	The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed

Assessed Item	Operational status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Description	
			Meanwhile, internal training courses are organized periodically, such as corporate ethical norms and RBA training courses for Top 10 suppliers as mentioned above.	Companies are fulfilled.
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 bribes. The whistle-blowing window: Window: Chairman's Office Vice President Sheng-Hsien Lin Telephone: 03-4612541-21211 Email: hr@gce.com.tw	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 investigation is completed, or confidentiality mechanisms for handling reported matters?	Yes		The Company has the "Moral Risk Evaluation and Management Procedures" and the "How to Report Violations and Protection for Whistle-blowers" in place. Substantial measures taken to protect whistleblowers include keeping confidential the report letter, investigation records, or other applicable materials sufficient to disclose the identity of the whistleblower and adding proper notes and keeping separate copies for the sake of protecting related rights of the whistleblower. Those who disclose such information without a justified reason are to be punished according to the work rules for practitioners of the Company.	The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

Assessed Item	Operational status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Description	
(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 anyone that kindly informs of concerns about immorality, suspicious regulatory violations, or other improper acts, besides the fact that details about the report and the personal information of the whistleblower will be protected, the person will not be subject to retaliation (or threatened retaliation) or unfair treatment in any form. Anyone that believes that he/she is retaliated against (or threatened or harassed) as a result of the foregoing behavior shall report to the Human Resources Department right away and the Human Resources Department will take proper action to protect the whistleblower.	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", "Policy of Corporate Ethics among Employees", and the Company's directors, managers, and employees truthfully abide by and do not violate ethical norms.				

Assessed Item	Operational status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Description	

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):

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 RBA training courses for Top 20 suppliers as mentioned above.

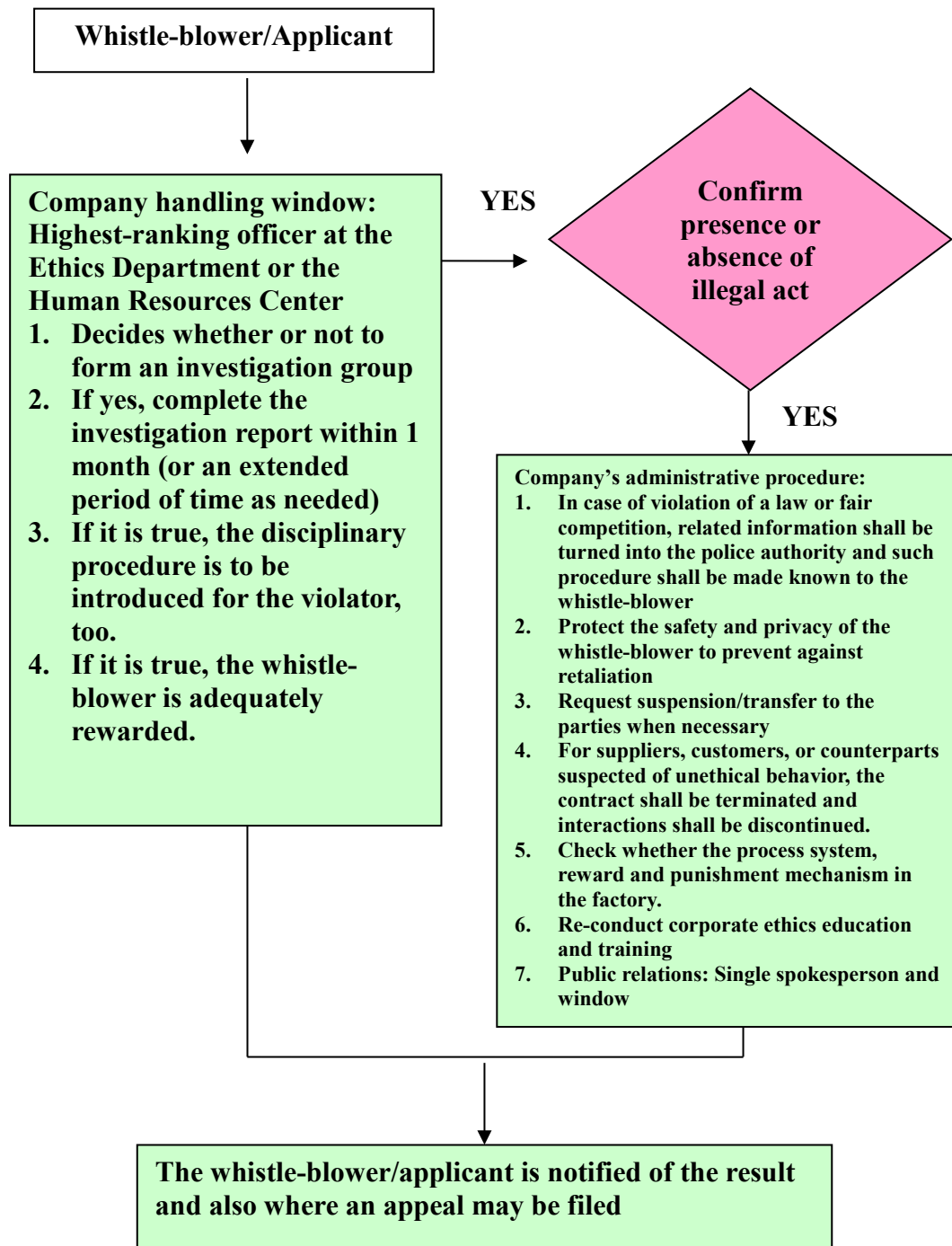
Date of educational training	Course title	Trainees	Number of hours acquired on training/headcount
2022	RBA (EICC) Code of Conduct (Including Labor, Corporate Ethics, Health and Safety, and Environmental Issues)	All employees	2151/2151
2022	Promotion of Awareness of Corporate Ethics among Employees	All employees	2187/2187
2022/7/15	New Legal Knowledge - Corporate Ethics (Including Personal Data Protection and Information Security, Online and Digital Courses)	Supervisors, managers, and engineers (Level 4 of duty and above)	649/649
2022/7/14	Greenhouse Gas Inventory Check and RBA (EICC) Communication and Business Secret Protection Policy	Top 20 suppliers on-site service providers and contractors/agencies	70/35

The Company has the separate "Labor Behavior and Ethical Norm Correction and Preventive Measures Management Procedure" in place in order to address and investigate hazards that have actually occurred or are potentially against labor behavior and ethical requirements. Any non-compliance with the Gold Circuit Electronics labor behavior and ethical norms and regulatory requirements, the "RBA (EICC)", and social responsibility requirements set forth in contracts with customers.

VII. 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>) .

VIII. 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".

Ethical norm violation (including suspicious violation) investigation flowchart:



7. 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 09, 2022

For the Company's internal control system of 2022, 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, 2022 (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 09, 2023 with no directors expressing dissent out of the 8 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

8. 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
9. 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	01/18/2022 (4 th)	1. Clarification on the coverage for directors under 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 of 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 by attending directors. 4. The proposal was approved as is by all attending directors
Board of Directors meeting	03/21/2022 (5 th)	1. Date, time, venue, and main contents of the 2022 General Shareholders' Meeting 2. 2021 Financial Statements and Business Report 3. 2021 earnings distribution proposal 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	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. 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

Name of Meeting	Date	Important resolutions	Implementation status
		subsidiaries	
Board of Directors meeting	05/10/2022 (6 th)	1. Report on the governance structure of sustainable developments and scheduling of greenhouse gas inventory checks and verification 2. Review of the Consolidated Financial Statements for the first quarter of 2022. 3. Lending of funds to Changshu Gold Circuit Technology 4. 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. The proposal was approved as is by all attending directors 4. The proposal was approved as is by all attending directors
Shareholders' meeting	6/8/2022	1. Ratification of 2021 statements and reports 2. Ratification of cash dividends distributed with 2021 earnings at NT\$2.2 3. Capital reduction in cash 4. Revision of the Articles of Incorporation 5. Revision of the "Procedure for the Acquisition or Disposal of Assets"	The proposal was approved as is by 88.22% of the shares held by attending shareholders. The proposal was approved as is by 88.32% of the shares held by attending shareholders. The proposal was approved as is by 88.20% of the shares held by attending shareholders. The proposal was approved as is by 80.13% of the shares held by attending shareholders. The proposal was approved as is by 88.31% of the shares held by attending shareholders.
Board of Directors meeting	08/09/2022 (7 th)	1. Report on the implementation status of the "Smart Wealth Management Plan" 2. Report on ESG Greenhouse Gas Inventory Check and Verification Schedule 1. Review of the Consolidated Financial Statements for the first half of 2022. 2. Set the record date for capital reduction and swap of shares and the Action of Shares through Capital Reduction. 3. Review of the syndicated loan with Taipei Fubon Bank and E.SUN Bank [line of credit] 4. Review of decision of the Compensation and Remuneration Committee 5. Line of credit to be applied for	1. The proposal was approved as is by all attending directors 2. 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 5. The proposal was approved

Name of Meeting	Date	Important resolutions	Implementation status
		with the bank and endorsements/guarantees to subsidiaries	as is by all attending directors
Board of Directors meeting	November 10, 2022 (8 th)	1. Report on the implementation status of the honest operation policy, safeguard solutions, and supervision 2. Report on ESG Greenhouse Gas Inventory Check and Verification Schedule 1. Internal adjustment of CPAs 2. Review of the Consolidated Financial Statements for the third quarter of 2022. 3. 2023 Audit Plan 4. Revision of the “Anti-insider Trading Management Procedure” 5. Revision of the "Corporate Sustainable Development Best Practice Principles” 6. Preparation of the “Operating Procedure for the Preparation and Qualification of Sustainability Reports” 7. Preparation of the Procedure for Handling Major Internal Information” 8. Revision of the “Corporate Governance Procedure” 9. Capital reduction of the subsidiary Goldex Holding Limited 10. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries 11. Intended nomination of Superintendent Shyr-Chyr Chen as Independent Director	1. The proposal was approved as is by all attending directors 2. 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 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 11. The proposal was approved as is by all attending directors
Board of Directors meeting	01/10/2023 (9 th)	1. Report on the communication and audit plans between the CPA and the corporate governance unit and the audit quality indicators (AQIs) 2. Report on the coverage for directors under liability insurance	1. It was approved as is by attending directors. 2. Insured value of US\$ 10 million was approved.

Name of Meeting	Date	Important resolutions	Implementation status
		1. Distribution ratio of 2022 remuneration to employees and that to directors 2. Review of resolutions reached in the fifth meeting of the Compensation and Remuneration Committee of the current intake 3. Revision of the “Board of Directors Performance Evaluation Guidelines”. 4. Capital reduction of the subsidiary Goldex Holding Limited 5. Appointment of new chief auditor of the Company and special assistant to the Chairman 6. Line of credit for financing and guarantee applied for with the bank	1. Intended appropriations of NTD 334,000,000 as the remuneration to employees and NTD 48,000,000 as the remuneration to directors 2. The attending directors approved the issuance of Year-end bonus worth 7 months of the base salary as is. 3. It was approved as is by attending directors. 4. It was approved as is by attending directors. 5. It was approved as is by attending directors. 6. It was approved as is by attending directors.
Board of Directors meeting	03/09/2023 (10 th)	1. 2022 Financial Statements and Business Report 2. Distribution of 2022 remuneration to employees and that to directors 3. Distribution of 2022 earnings 4. Distribution of 2022 cash dividends 5. Revision of the “Rules of Procedure for the Board of Directors Meetings” 6. Determination of the date, venue, and main contents of the 2022 General Shareholders' Meeting 7. Evaluation of the independence of 2023 CPAs 8. Issuance of Internal Control Declaration 9. Line of credit to be applied for with the bank and endorsements/guarantees to subsidiaries 10. Re-election of 1 independent director and duration of nomination of candidates, expected number of openings, and handling sites	1. It was approved as is by attending directors. 2. It was approved as is by attending directors. 3. Cash dividends distributed with earnings of NTD 3.5 4. It was approved as is by attending directors. 5. It was approved as is by attending directors. 6. It was approved as is by attending directors. 7. It was approved as is by attending directors. 8. It was approved as is by attending directors. 9. It was approved as is by attending directors. 10. It was approved as is by attending directors.

Name of Meeting	Date	Important resolutions	Implementation status
		11. List of candidate independent directors nominated by the Board of Directors	11. It was approved as is by attending directors.

10. 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.

IV. Summary of resignations and dismissals of related staff of the Company:

1. 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:

Summary of resignations and dismissals of related staff of the Company

01/10/2023

Job title	Name	Term in office	Date dismissed	Cause of resignation or dismissal
Head of Audit	Chun-Hung Kuo	11/12/2015	01/10/2023	Retired

V. Public Expenditure on 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	01/01/2022– 06/30/2022	8,692	221	(Note 1)
Deloitte Taiwan	Chao-Ling Chen Chun-Yi Chang	07/01/2022– 12/31/2022			

(Note 1): Non-audit public expenditure is mainly business registration.

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

VI. 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 Chun-Yi Chang as the attesting CPAs since the adjustment of internal duties of Deloitte Taiwan in the third quarter of 2022.

VII. 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

VIII. 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:

(1). Changes in the transfer and pledge of equity among directors (including independent directors), managers, and shareholders with a holding ratio exceeding 10%:

Title	Name	2022		Current year (as of April 16)	
		Number of shares held Increase (decrease)	Pledged Increase (decrease)	Number of shares held Increase (decrease)	Pledged Increase (decrease)
Chairman and CEO	Chen-Tse Yang	0 (1,961,469)	0	0	0
Director and shareholding holding at least 10% of shares	Chang-Chih Yang	0 (10,735,802)	0	0	0
Director	Chang-Chin Yang	0 (294,710)	0	-	-
Director	Chen-Jung Yang	0 (715,795)	0	0	0
Director	Lien-Mei Lin	0 (17,145)	0	0	0
Director	King Hsiang Investment Co., Ltd. Representative: Jung-Tung Tsai	0 (572,375)	0	0	0
Independent Director	Jen-Jou Hsieh	0	0	0	0
Independent Director	Wen-Shih Chiang	0 (477)	0	0	0
Independent Director	Tzu-Ying Lin	0	0	0	0
President of the Sales Center	Hsi-Kuei Huang	0 (72)	0	0	0
President of the Factory Affairs Center	Chin-Sung Tsai	0 (271,662)	0	0 (95,000)	0
Senior Vice President	Te-Ming Yang	0	0	0	0
Senior Vice President	Chung-Chih Lung	0 (5,000)	0	0	0
Vice President	Min-Cheng Liu	0 (58,656)	0	0 (57,000)	0
Vice President	Sheng-Hsien Lin	0 (184,900)	0	0 (9,000)	0
Vice President and Corporate Governance Officer and Head of Finance/Accounting	Chang-Chin Yang	0 (210,105)	0	0	0
Assistant Vice President	Shun-Chien Li	0 (44,638)	0	0	0
Assistant Vice President	Sung-Ying Li	0	0	0	0
Assistant Vice President	Ta-Kun Yang	0 (49,500)	0	0	0
Assistant Vice President	Cheng-Hsuen Chung	0 (31,000)	0	0 (6,000)	0
Assistant Vice President	Jui-Pin Lee	0	0	0	0
Assistant Vice President	Chih-Kung Hu	0	0	0	0
Special Assistant	Yi-Liang Lin (Date inaugurated: 1/9/2023)	0	0	0	0
Vice Director and Chief Auditor	Ming-Yuan Wu (Date inaugurated: 1/10/2023)	0	0	0	0
Chief Auditor	Chun-Hung Kuo (Date retired: 1/10/2023)	0 (4,000)	0	0	0

(II) Changes in the transfer of equity among directors (including independent directors), managers, and shareholders with a holding ratio exceeding 10% (when the counterparty of the equity transfer is a related party): None.

(III) Changes in the pledge of equity among directors (including independent directors), managers, and shareholders with a holding ratio exceeding 10% (when the counterparty of the equity transfer is a related party): None.

IX. 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	Sharehold ing ratio	Number of shares	Shareholdin g ratio	Title (Name)	Affiliation	
Chang-Chih Yang	96,622,217	19.65 %	27,651,870	5.62 %	11,012,760	2.24 %	Jui-Ching Li Chen-Tse Yang	Couple Father-Son	
New labor pension fund	31,026,520	6.31 %					None	None	
Jui-Ching Li	27,651,870	5.62 %	96,622,217	19.65 %	11,012,760	2.24 %	Chang-Chih Yang Chen-Tse Yang	Couple Mother- Son	
Fubon Life Insurance Co., Ltd.	25,638,900	5.21 %					None	None	
Cheng -Tse Yang	17,653,216	3.59 %	-	-	-	-	Chang-Chih Yang Jui-Ching Li	Father-Son Mother-Son	
Chia Hui Investment Co. Ltd. Representative: Chang-Chih Yang	11,012,760	2.24 %					Jui-Ching Li Chen-Tse Yang	Couple Father-Son	
Cathay Life Insurance Fiduciary JP Morgan Fleming Trust Company Investment Account	9,849,000	2.00 %					None	None	
Yuanta Taiwan High-Dividend Quality Leading Funds Account	8,000,000	1.63 %					None	None	
Ya-Ping Cheng	7,690,000	1.56 %	-	-	-	-	None	None	
Public Service Pension Fund Management Board	7,569,300	1.54 %	-	-	-	-	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).

X. 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.

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	191,910,000	100.00%	-	-	191,910,000	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		
		Number of shares	Amount	Number of shares	Amount	Source of capital stock	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 2005	10	650,000,000	6,500,000	488,916,811	4,889,168	Corporate bond conversion 90,541.8		
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		
July 2022	10	750,000,000	7,500,000	491,839,057	4,918,391	Capital reduction in cash 546,487.84		

Type of share

June 14, 2023

Type of share	Approved capital stock			Remarks
	Outstanding shares	Shares yet to be issued	Total	
	491,839,057	258,160,943	750,000,000	

II Shareholder Structure

June 14, 2023

Shareholder Structure Quantity	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and aliens	Treasury stock	Total
Number of people	1	22	150	26,439	260	0	26,872
Number of shares held	4	43,136,677	106,196,785	238,761,265	103,744,326	0	491,839,057
Shareholding ratio	0.00%	8.77%	21.59%	48.55%	21.09%	0.00%	100.00%

III Decentralization of Shareholders

Decentralization of equity

Par value of NT\$10 per share

June 14, 2023

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1 ~ 999	13,294	4,001,393	0.81%
1,000 ~ 5,000	11,076	21,324,660	4.34%
5,001 ~ 10,000	1,290	9,777,010	1.99%
10,001 ~ 15,000	328	4,040,358	0.82%
15,001 ~ 20,000	194	3,498,415	0.71%
20,001 ~ 30,000	148	3,746,722	0.76%
30,001 ~ 40,000	84	2,965,294	0.60%
40,001 ~ 50,000	64	2,964,326	0.60%
50,001 ~ 100,000	138	10,085,675	2.05%
100,001 ~ 200,000	87	12,412,074	2.52%
200,001 ~ 400,000	61	17,604,804	3.58%
400,001 ~ 600,000	25	12,093,758	2.46%
600,001 ~ 800,000	14	9,500,369	1.93%
800,001 ~ 1,000,000	11	10,085,400	2.05%
1,000,001 and more	58	367,738,799	74.78%
Total	26,872	491,839,057	100.00 %

IV List of Major Shareholders

June 14, 2023

Share Name of major shareholder	Number of shares held	Shareholding ratio
Chang-Chih Yang	96,622,217	19.65 %
New Labor Pension Fund	31,026,520	6.31 %
Jui-Ching Li	27,651,870	5.62 %
Fubon Life Insurance Co., Ltd.	25,638,900	5.21 %
Chen-Tse Yang	17,653,216	3.59 %
Chia Hui Investment Co. Ltd.	11,012,760	2.24 %
Cathay Life Insurance Fiduciary JP Morgan Fleming Trust Company Investment Account	9,849,000	2.00 %
Yuanta Taiwan High-Dividend Quality Leading Funds Account	8,000,000	1.63 %
Ya-Pin Cheng	7,690,000	1.56 %
Public Service Pension Fund Management Board	7,569,300	1.54 %

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

Item \ Year		2021	2022	As of March 31, 2023
Market value per share	Maximum	84.20	104.00	84.70
	Minimum	38.65	63.20	99.80
	Average	64.14	83.92	90.85
Net worth per share	Before distribution	21.09	27.78	26.56
	After distribution	-	-	-
Earnings Per Share	Weighted average number of shares (thousand shares)	540,764 thousand shares	515,578 thousand shares	491,839 thousand shares
	Earnings Per Share	5.41	8.86	0.88
Dividends per share	Cash dividend	2.20	3.50	—
	Free share assignment	Stock dividend with earnings	2.20	3.50
		Stock dividend with capital reserve	—	—
	Cumulative unpaid dividend		—	—
Analysis of Return on Investment	Price-to-earning ratio (Note 1)		11.86	9.44
	Price-to-dividend ratio (Note 2)		29.15	23.90
	Cash dividend yield rate (Note 3)		3.43%	4.18%

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 2022 earnings distribution proposal of the Company, as decided by the Board of Directors on March 9, 2023, includes the intended cash dividends per share worth NT\$3.50 to be distributed to the shareholders with the earnings and a total of NT\$1,721,436,700. 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\$334,000,000 as the remuneration to employees and NT\$48,000,000 as that to directors for 2022.

(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: This did not happen, so it is not applicable.

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	2021		2022	
	Revenue	Operational weight	Revenue	Operational weight
Two-layer printed circuit board	60,658	0.23%	63,936	0.20%
Multi-layer printed circuit board	26,546,816	99.77%	32,721,128	99.80%
Total	26,607,474	100.00%	32,785,064	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, etc. 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

In 2022, despite the persistent impact of the pandemic around the world, with the pandemic easing down and countries following one another lifting their restrictions, driven by the substrates, the PCB industry chain production value

contributed by Taiwanese businesses for the first half of 2022 came to NT\$683.5 billion, a record high and also a year-on-year growth of 11.3%.

In the second half of 2022, because of continuous interest rate raises by the Fed and the significantly reduced demand for terminal electronics, domestic and foreign heavyweights suffered the pressure to bring down their inventory levels. As a result, profits from the first half of 2022 in the PCB sector were written off somewhat.

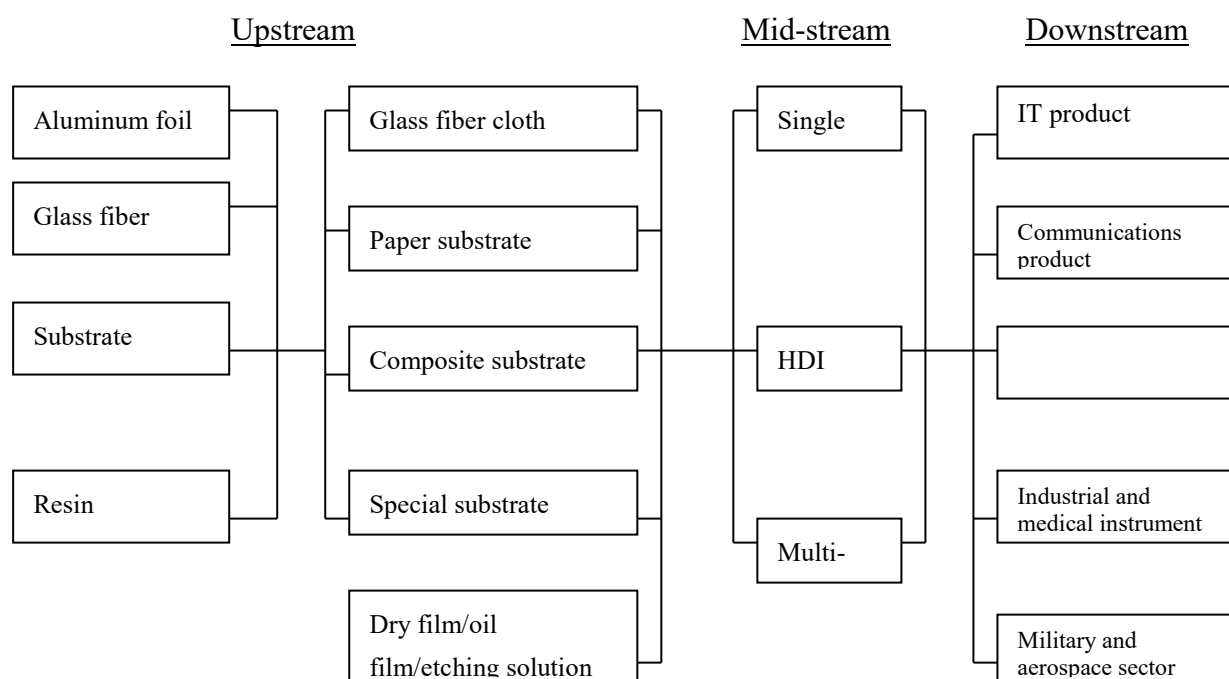
To sum up, the global production value in the PCB sector throughout 2022 remained up to US\$88.2 billion and an annual growth of 3.2% was secured. Compared to the annual growth of 22.5% in 2021, however, it had slowed down obviously.

For 2023, given the geopolitics, the pressure to bring down inventory levels, and the impacts from weak demand for terminal electronics, the PCB sector is met with quite some challenges in the first half of 2023. As such, economic growths and terminal consumer demand in the second half of the year are decisive to whether the PCB sector is able to rid the sluggish economy in 2023 or not.

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 relay 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

In the second half of 2022, the global economy was impacted by high inflation, geopolitics, and weak demand for terminal electronics. The Fed raised the interest rate consecutively and introduced multiple hawkish policies. Global economic growths turned slow. The economic outlook turned from heated red-yellow light to cautious and conservative blue light in technology sector export-oriented Taiwan; the PCB sector was impacted to a certain extent.

As far as terminal consumer electronics are concerned, PCBs are the most widely applied in smart phones and notebook computers. As the pandemic eased in 2022 and the demand for working from home and stay-at-home economy in addition to the pressure to bring down the inventory levels in the second half of 2022, terminal sales as a whole appeared to be in recession.

Unlike terminal consumer electronics, related applications of PCBs in servers and netcom benefit from the expansion of data centers by cloud service providers in North America and are driven by the continuous introduction of servers and smart center in addition to the gradual popularization of AI servers in the future; as a result, shipments of servers around the world continue to grow steadily. Despite the blue light for 2023 and the impacted global economy, the demand for cloud servers is still work expectations; at least a single-digit growth is hopeful next year.

4. Competition in the Sector

Thanks to the emerging market, PCB plants with capital from Mainland China are growing better than their counterparts in Japan, Korea, and Taiwan in both production value and production capacity. The anti-pandemic policy in 2022 plus the reduced market demand in China, however, resulted in the market share appearing to be stable over the short term. As far as Japanese, Korean, and Taiwanese PCB plants are concerned, impacted by geopolitics, high inflation, and sluggish market demand, market shares do not change significantly.

(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	2020	2021	2022	2023 March 31
R&D expense (consolidated)		533,478	623,220	718,228	180,861
Operating income (consolidated)		23,398,323	26,607,474	32,785,064	6,331,580
Ratio of R&D expense to operating income		2.28%	2.34%	2.19%	2.86%

2. Technologies or products successfully developed

1	High aspect ratio local electroplating technology development
2	Back drill automatic detection depth control technology development
3	Development of machine drill blind-via-hole technologies
4	Development of two-sided step board technologies
5	Copper-embedded spliced board products are customer-certified.

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

1	Cross slotted hole vertical conduction technology development	20,000
2	High-order HDI deep blind hole technology and equipment development	120,000
3	High-density wafer test board technology development	35,000
4	Minimal mechanical drill diameter 0.15 mm high aspect ratio 30 technology development	20,000
5	Next generation server material application and technology development	25,000
6	Multiple net via technology development	10,000
7	Metal conductive highly heterogeneous combination thermocompression bonding technology development	35,000

8	800G Netcom board technology development and electrical research	15,000
9	Second generation compression pre-processing solution applied into high frequency circuit board	30,000
10	Low-track satellite and surface receiver Air Gap technology development	10,000
11	Low-track satellite antenna board development	25,000
	Total Amount	345,000

(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
2022	9,141,995	2,461,592	10,117,567	10,207,187	856,723	32,785,064
2021	5,804,198	3,004,874	8,065,096	9,312,237	421,069	26,607,474

2. Market share

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

Unit: NTD 100 million

Manufacturer	2020	Market share	2021	Market share	2022	Market share
Compeq	605	9.1%	630	8.0%	764	9.0%
Nan Ya	385	5.8%	522	6.7%	646	7.6%
Gold Circuit	234	3.5%	266	3.4%	328	3.9%
WUS	48	0.7%	53	0.7%	51	0.6%
Unimicron	879	13.2%	1046	13.4%	1404	16.6%
HSB	457	6.8%	570	7.3%	476	5.6%

UNITECH	144	2.2%	135	1.7%	174	2.1%
Tripod	555	8.3%	630	8.0%	657	7.8%
Chin Poon	153	2.3%	162	2.1%	175	2.1%
TAIWAN PCB TECHVEST	228	3.4%	275	3.5%	219	2.6%
KINSUS	271	4.1%	357	4.6%	424	5.0%
Others	2587	52.2%	3026	38.6%	3146	37.2%
Total	6672	100.0%	7830	100.0%	8464	100.0%

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

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

The rising production value of the PCB sector in 2021 continued into the first half of 2022. The production value of the industry chain of PCB in Tainan reached NT\$683.5 billion and hit a record high. The global economy started to take a downturn in the second half of 2022, however. The economy was impacted by the interest rate raise by the Fed. In addition, the demand for terminal electronics dropped significantly. As a result, the PCB sector growths slowed down. Some businesses even saw declines in sales in the second half of the year. Despite the sluggish economy in the second half, the TPCA estimated that the production value of the PCB sector around the world was up to US\$88.2 billion throughout 2022, with an annual growth of 3.2%. It was, however, significantly lower than the 22.5% in 2021, which also indirectly pre-warned that one needs to be cautious while evaluating the growth rate in the PCB sector for 2023.

In the second half of 2022, the PCB sector was impacted by geopolitics, the pressure to bring down the inventory level, and the weak demand for terminal electronics. It is estimated that recession will occur in 2023 for smart phones and notebook computers, among other terminal products. Servers and automobile electronics, however, are expected to steadily grow. As a whole, whether positive growth will remain for the global PCB sector in 2023 or not depends on the extent by which global inflation eases and the strength by which the demand on the market for terminal products returns.

4. Competitive Niche

(1) Optimal production technology and R&D capability

The terminal demand for smart phones and notebook computers declined in the second half of 2022, leading to the significantly reduced demand for PCB carriers, and growths in the PCB sector slowed down. In terms of high-

end netcom and servers, due to the increased shipments of the Whitley platform and 400G switches, they became the cornerstone for the PCB sector for which the outlook is yet to be promising.

The Company, reflective of market trends, is proactively transforming its products and seeking innovations and changes. Netcom and server carriers account for at least 70% of all products. With the support from the two major new server platform products, AMD Genoa and Intel Eagle Stream upgrades become a battleground for server board manufacturers. The Company, with technical advantages in 400 and 800G netcom boards and high-end cloud server boards and mass production capability with its high-frequency and high-speed electrical measurement technologies, managed to secure purchase orders for these two major servers. The certified Eagle Stream server platform materials, in particular, are powerful facilitators for the update of the server platform and spearhead the upgrades of high-end network equipment and the cloud data center. It is also expected that the shipments of the Company will continue to grow in 2023.

(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 working with them for a long time.

(3) Division of Labor in Production, with Flexible Adjustment Between Production and Management in All Areas

As electronic manufacturers move westbound and southbound 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. It is expected that plants will also be set up in Thailand to share current throughput and to satisfy customers' demand for a diversified

supply chain.

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 waste water 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 PCB plants in Mainland China and Southeast China led to a price cut 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

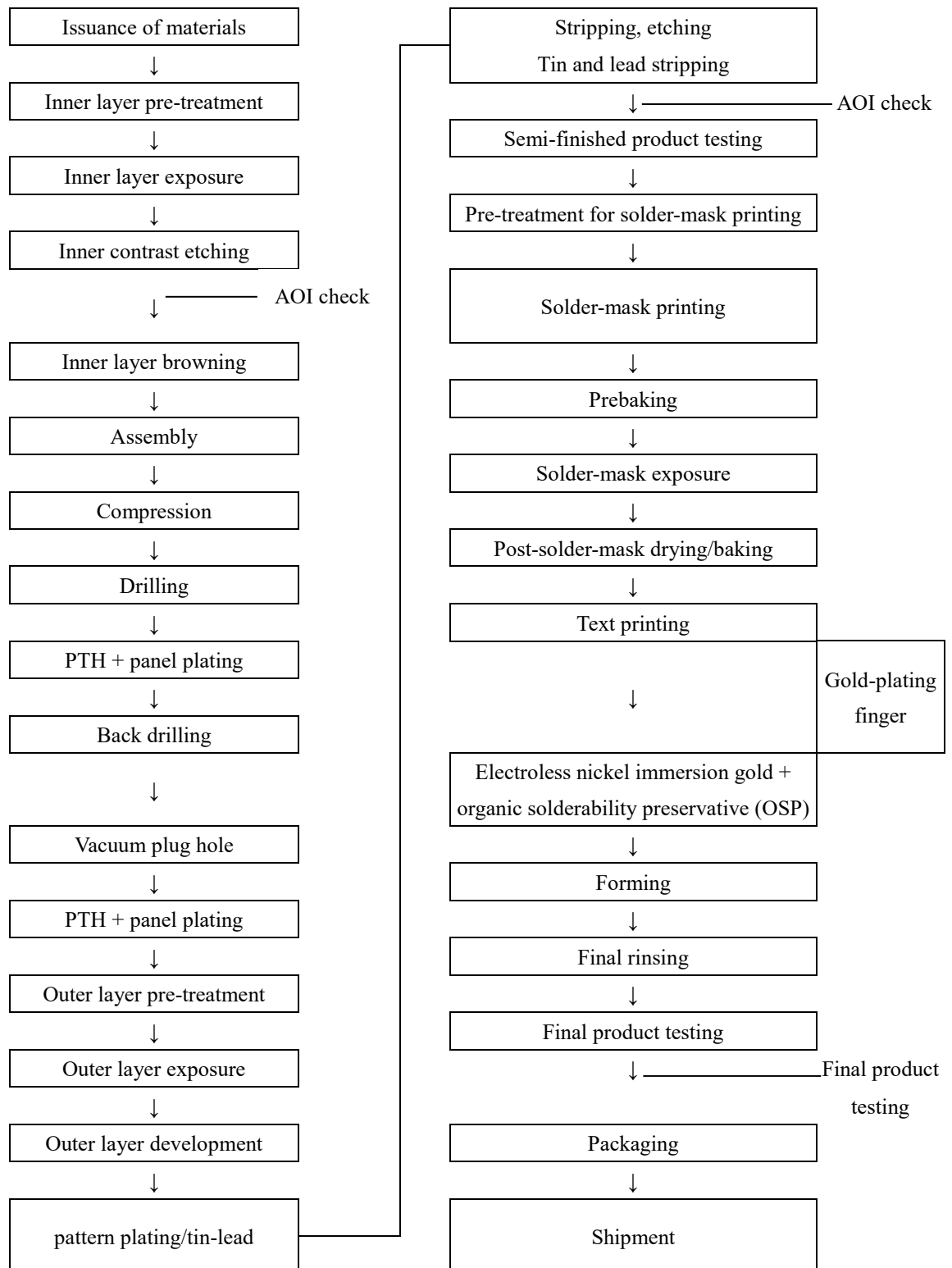
(II) purposes and production processes of main products:

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

Multi-layer printed circuit board



(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.

The raw materials market continued to be impacted by the pandemic in 2022. As the pandemic eases, however, the impacts on the prices of raw materials and regular materials began to weaken. Relatively speaking, the international monetary policy is one of the factors affecting prices of raw materials. In response to inflation, the Fed introduced multiple interest rate raise and hawkish economic policies, leading to the uncertainty associated with foreign exchange. As the economy started to slow down and the demand for terminal electronics dropped in the second half of 2022, raw material suppliers in the upstream started to adjust their prices and it impacted the considerations about costs among mid-stream and downstream PCB manufacturers. For 2023, it is estimated that the weak market demand and the attitude of the US government about inflation and interest rate raise will remain as main factors affecting prices of raw materials. Therefore, the reactions on the market for the second half of 2023 will be one of the factors affecting whether or not prices of raw materials will stabilize.

(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

	2021				2022				As of the end of the first quarter of 2023 (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	1,450,971	9.25%	None	A	1,836,870	10.46%	None	A	312,277	9.52%	None.
	Others	14,237,690	90.75%	None	Others	15,725,910	89.54%	None	Others	2,968,440	90.48%	None
	Net purchases	15,688,661	100.00%		Net purchases	17,562,780	100.00%		Net purchases	3,280,717	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

	2021				2022				As of the end of the first quarter of 2023 (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	4,799,008	18.04%	None	B	7,695,509	23.47%	None.	A	1,146,178	18.18%	None.
2	B	4,727,105	17.77%	None.	A	4,428,650	13.51%	None.	C	965,614	15.31%	None.
3	C	3,054,650	11.48%	None.	C	4,354,182	13.28%	None.	B	881,366	13.98%	None.
	Others	14,026,711	52.71%	None	Others	16,306,723	49.74%	None	Others	3,312,759	52.53%	None
	Net sales	26,607,474	100.00%		Net sales	32,785,064	100.00%		Net sales	6,305,917	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 thousand)

Year	2021(Consolidated)		2022(Consolidated)	
Product	Quantity (SQFT)	Amount	Quantity (SQFT)	Amount
Printed circuit board	24,153,985	21,995,692	21,499,835	25,468,406

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

(Unit: NTD thousand)

Year	2021(Consolidated)		2022(Consolidated)	
Product	Quantity (SQFT)	Amount	Quantity (SQFT)	Amount
Printed circuit board	24,069,389	26,607,474	22,127,064	32,785,064

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

Year		2021	2022	2023.3.31
Number of employees (Consolidated)	Indirect employees	1,538	1,606	1,626
	Direct labor	5,866	5,530	5,199
	Total	7,404	7,136	6,825
Mean age		30.7	33.1	32.7
Mean years in service		4.6	5.1	4.8
Education distribution	Post-graduate school	1	1	1
	Graduate school	94	86	87
	University/College	1,960	1,973	2,020
	Senior high school	2,271	3,535	3,776
	Below senior high school	3,078	1,541	941

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
2022	None	None.	None.
As of 3/31/2023	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
2024	Cost of care of waste water equipment	Keep equipment functional as usual in compliance with environmental protection requirements and environmental policies	About 54,540 thousand
	Cost of replacement and care of waste water 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 cooling tower water-saving sand filters	Save water consumption in compliance with the government's waste reduction policy	
	Cost of service of waste water TOC/CU online monitoring instruments	Monitor quality of waste water to facilitate operation and management in compliance with environmental policies	
	Increased cost of waste water treatment agents	Monitor quality of waste water to facilitate operation and management in compliance with environmental policies	
	Increased expenditure on purchase of green electricity	Answer to the green energy ESG energy-saving environmental protection policy to reduce atmospheric pollution and comply with the environmental policy	
2023	Cost of care of waste water equipment	Keep equipment functional as usual in compliance with environmental protection requirements and environmental policies	About NT\$ 38,230 thousand

Cost of replacement and care of waste water 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 cooling tower water-saving sand filters	Save water consumption in compliance with the government's waste reduction policy
Cost of service of waste water TOC/CU online monitoring instruments	Monitor quality of waste water to facilitate operation and management in compliance with environmental policies
Increased cost of waste water treatment agents	Monitor quality of waste water to facilitate operation and management in compliance with environmental policies
Increased expenditure on purchase of green electricity	Answer to the green energy ESG energy-saving environmental protection policy to reduce atmospheric pollution and comply with the environmental policy

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 child birth. 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 trainings and provide pre-service and in-service trainings as well as career development planning and diversified learning opportunities. Multiple in-service trainings 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, etc. 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 trainings 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 such, 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) Information Security Risk Management Structure

1. Information Security Management System Structure

The Company adopts the “Plan-Do-Check-Act (PDCA)” operational model for its information security management system. Information is provided as follows:

(1). Plan and establish (Plan)

Based on the Company’s overall strategy and goals, control potential threats and loopholes and plan the risk assessment and safety control mechanism by establishing the information security management organization in order to define the information security management system.

(2). Implement and operate (Do)

Based on assessment plans and results, establish or modify the expected information security control mechanism.

(3). Supervise and inspect (Check)

Supervise the consolidation and implementation of various operations within the information security management system and inspect their validity in order to ensure consolidation of information security management.

(4). Maintain and improve (Act)

Enforce corrective actions and preventive measures on the basis of results and suggestions from supervisory inspections and improve and implement the desired control mechanism in order to keep and maintain operations within the information security management system.

2. Information Security Goals:

The information security management system goals are defined reflective of the information security policy. Respective goals are tallied and reported on a yearly basis to confirm fulfillment of goals. They are described as follows:

- Ensure that the Company’s and customers’ data are protected and retained in order to prevent against illegitimate intended intentions or illegal circumstances.
- Fulfill regulatory requirements, orders of the competent authority, and honor contracts entered into with customers or professional responsibilities, among others.
- Ensure the accuracy and integrity of information provided.

- Respond and address adequately in the event that information security incidents occur to result in damaged rights of stakeholders.
- Ensure the continuity and timeliness of services provided.

3. Risk Management

Refer to the ISO31000 and ISO27005 approaches while performing total organizational analysis and evaluating risks associated with important information assets in order to plan countermeasures. Confirm, through the management review performed by the “Information Security Committee”, the validity of risk management and examine whether risk protective measures can effectively reduce related risks and help achieve expected goals or not.

4. Information Security Committee



(II). 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 is particularly defined.

1. Ensure the confidentiality, integrity, usability, and legitimacy of all information and assets collected, processed, and utilized.
2. Maintain the validity of the information security management system and enhance the quality of internal and external information service so that information-based operations of core business get to continue without stop.

(III). Substantial Management Solutions

Cyber-Security

- Trend analysis of important host warning systems and abnormal activities
- Enhanced network firewall and network control to prevent computer viruses from spreading to other units or other premises
- Strengthened identity authentication for improved information security strength
- Annual information security risk exposure survey and analysis for constantly enhanced attack surface management.

Device Security

- **Terminal anti-virus measures created for the specific type of computer to improve detection of malware activities**
- **Virus scanning upon entry of units to site to prevent against entrance of units containing malware to the Company**

Application Security

- **Developmental program version control and web source code quality analysis**
- **Periodic monthly vulnerability scanning and annual outsourced penetration testing**
- **Continuously reinforced app security control mechanism and integrated developmental flows and platforms**
- **Enforce the business secrets management system to consolidate protection of business secrets and confidential data**

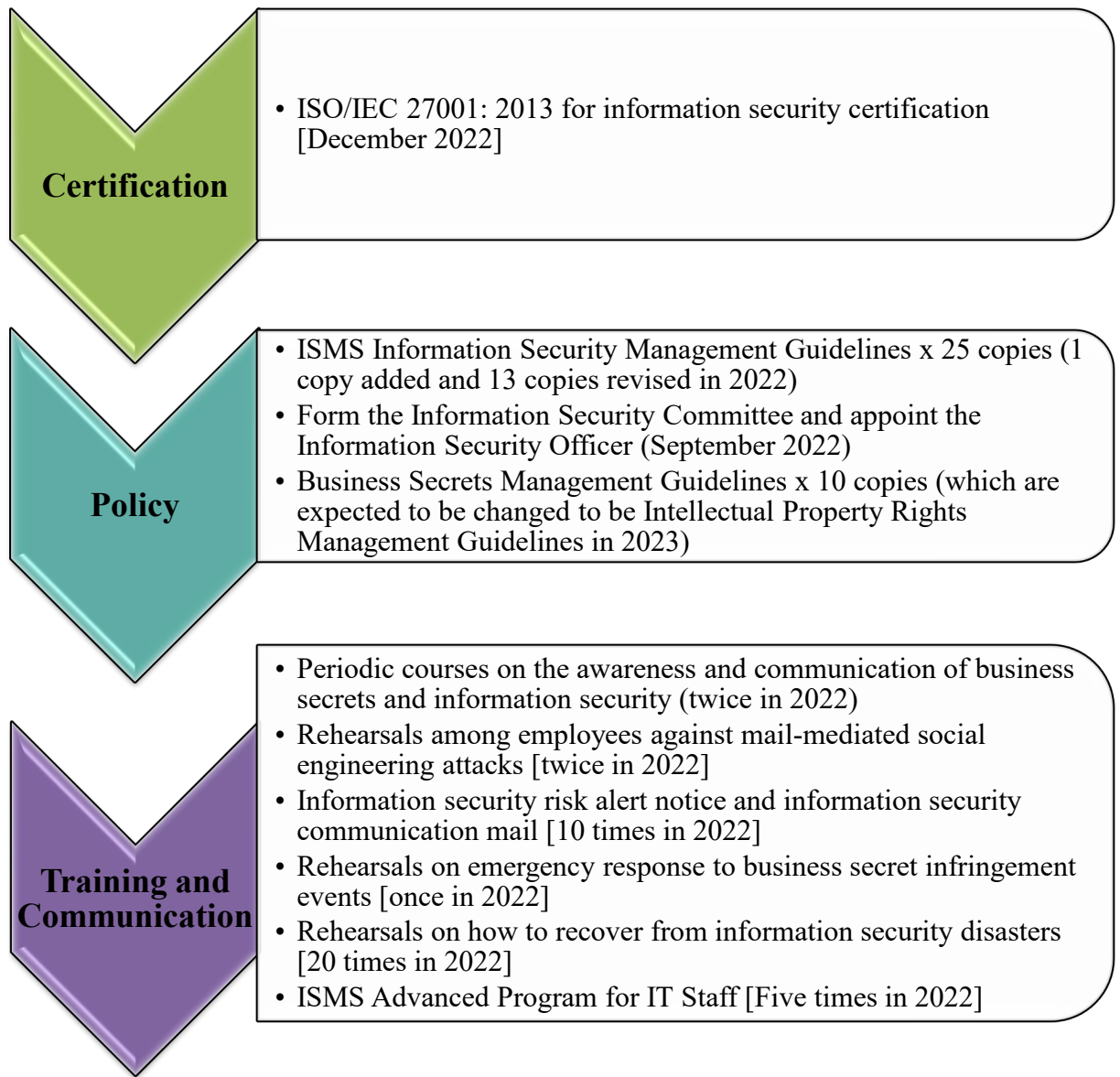
Information Security Protection

- **Document classification and data encryption control and effective tracking**
- **Control over sending of mails, mail audit mechanism, mail backup, mail advanced protection**

Educational Training and Communication

- **Reinforced remote backup mechanism**
- **Enhanced awareness among employees of mail-mediated social engineering attacks and defensive detection of phishing mails**
- **Periodic courses on the awareness and communication of business secrets and information security, at least 2 hours a year.**
- **Information security risk alert notice and information security communication mail sent from time to time**

1. Resources devoted to the management of information security



2. Losses Associated with Information Security Incidents: None

VII. Important Contracts:

Nature of contract	Parties to the contract	Start/End Dates	Main contents	Restrictions
Engineering Contract	TAIRONE Energy Saving Technology Co., Ltd.	09/08/2022~09/07/2025	Tairone - Gold Circuit Electronics Plant 2 performance assurance project	Engineering Contract
Transaction Contract	Jiangsu YSPHOTECH	06/07/2022~06/30/2024	Inner-layer LDI connection	None
Transaction Contract	WINTAKE INTERNATIONAL	05/10/2022~09/11/2023	VIA Laser CO2+UV Two-in-One Driller	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

Year Item		Financial Data over the Past Five Years (IFRS)					First quarter of 2023 (Note 1) Reviewed by the CPAs
		2018	2019	2020	2021	2022	
Current assets		13,554,433	13,774,664	14,726,407	18,162,077	22,726,472	20,937,560
Real estate properties, plants, and equipment		6,180,508	5,595,078	5,586,368	5,679,186	6,294,437	6,278,506
Intangible assets		29,479	20,431	18,500	26,550	42,539	47,880
Others assets (Note 1)		1,431,128	1,518,211	1,318,221	1,112,472	977,150	1,016,935
Total assets		21,195,548	20,908,384	21,649,496	24,980,285	30,040,598	28,280,881
Current liabilities	Before distribution	11,421,919	10,871,241	9,203,124	10,274,232	11,856,726	13,011,203
	After distribution	-	-	-	-	(Note 2)	--
Long-term liabilities		2,279,445	2,465,000	2,797,588	2,874,108	3,340,000	1,810,000
Other liabilities		441,701	406,173	383,148	429,831	519,854	398,375
Total liabilities	Before distribution	14,143,065	13,742,414	12,383,860	13,578,171	15,716,580	15,219,578
	After distribution	-	-	-	-	(Note 2)	-
Equity belonging to the owner of the parent company		7,052,483	7,165,970	9,265,636	11,402,114	14,324,018	13,061,303
Capital stock		5,464,879	5,464,879	5,464,879	5,464,879	4,918,391	4,918,391
Additional paid-in capital		1,471,233	1,471,233	1,471,233	1,206,574	1,219,167	1,237,197
Retained earnings	Before distribution	(16,715)	98,468	2,155,492	4,571,187	8,002,438	6,711,338
	After distribution	-	-	-	-	(Note 2)	-
Other equities		231,563	229,867	272,509	257,951	276,776	287,131
Treasury stocks		(98,477)	(98,477)	(98,477)	(98,477)	(92,754)	(92,754)
non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	7,052,483	7,165,970	9,265,636	11,402,114	14,324,018	13,061,303
	After distribution	-	-	-	-	(Note 2)	-

Note 1: Other assets in 2018, 2019, 2020, 2021, 2022, and the first quarter of 2023 included investment-oriented real estate properties worth NT\$572,800 thousand, NT\$574,400 thousand, NT\$577,000 thousand, NT\$577,900 thousand, NT\$576,200 thousand, and NT\$576,200 thousand, respectively.

Note 2: The 2022 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 over the Past Five Years (IFRS)					First quarter of 2023 reviewed by the CPAs
	2018	2019	2020	2021	2022	
Operating income	20,596,419	18,990,719	23,398,323	26,607,474	32,785,064	6,331,580
Gross profit	3,000,150	2,490,615	5,290,580	6,371,040	8,728,088	1,289,191
Operating loss or profit	773,866	669,405	3,073,918	4,122,521	6,036,712	741,463
Non-operating income and expenditure	(453,459)	(399,205)	(376,036)	(74,003)	351,621	(90,025)
Net profit before tax	320,407	270,200	2,697,882	4,048,518	6,388,333	651,438
Current net profit of the continuing operating department	228,870	129,726	2,066,612	2,926,854	4,567,875	430,336
Losses from discontinued units	0	0	0	0	0	0
Net profit (loss) of current term	228,870	129,726	2,066,612	2,926,854	4,567,875	430,336
Other combined gains or losses for the current term (net value after-tax)	7,080	(16,239)	33,054	20,771	84,475	10,355
Total combined gains or losses for the current term	235,950	113,487	2,099,666	2,947,625	4,652,350	440,691
Net profit belonging to the owner of the parent company	228,870	129,726	2,066,612	2,926,854	4,567,875	430,336
Net profit belonging to the non-controlling interest	0	0	0	0	0	0
Total combined gains or losses belonging to the owners of the parent company	235,950	113,487	2,099,666	2,947,625	4,652,350	440,691
Total combined gains or losses belonging to non-controlling interests	0	0	0	0	0	0
Earnings Per Share	0.42	0.24	3.82	5.41	8.86	0.88

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

Unit: NTD thousand

Year Item		Financial Data over the Past Five Years (IFRS)				
		2018	2019	2020	2021	2022
Current assets		9,788,901	11,448,008	11,770,633	14,264,162	17,187,233
Investments applying the equity method		354,239	739,258	2,627,936	4,873,407	8,124,156
Real estate properties, plants, and equipment		2,538,938	2,379,241	2,476,950	2,460,514	2,776,751
Intangible assets		17,141	11,191	9,238	16,394,	34,922
Others assets (Note 1)		1,178,247	1,215,795	1,058,214	859,238	697,160
Total assets		13,877,466	15,793,493	17,942,971	22,473,715	28,820,222
Current liabilities	Before distribution	5,086,894	5,833,376	6,604,017	8,690,030	10,938,080
	After distribution	-	-	-	-	(Note 2)
Long-term liabilities		1,394,853	2,465,000	1,772,308	2,076,924	3,340,000
Other liabilities		343,236	329,147	301,010	304,647	218,124
Total liabilities	Before distribution	6,824,983	8,627,523	8,677,335	11,071,601	14,496,204
	After distribution	-	-	-	-	(Note 2)
Equity belonging to the owner of the parent company		7,052,483	7,165,970	9,265,636	11,402,114	14,324,018
Capital stock		5,464,879	5,464,879	5,464,879	5,464,879	4,918,391
Additional paid-in capital		1,471,233	1,471,233	1,471,233	1,206,574	1,219,167
Retained earnings	Before distribution	(16,715)	98,468	2,155,492	4,571,187	8,002,438
	After distribution	-	-	-	-	(Note 2)
Other equities		231,563	229,867	272,509	257,951	276,776
Treasury stocks		(98,477)	(98,477)	(98,477)	(98,477)	(92,754)
non-controlling interest		-	-	-	-	
Total equity	Before distribution	7,052,483	7,165,970	9,265,636	11,402,114	14,324,018
	After distribution	-	-	-	-	(Note 2)

Note 1: Other assets in 2018, 2019, 2020, 2021, and 2022 included investment-oriented real estate properties worth NT\$572,800 thousand, NT\$574,400 thousand, NT\$577,000 thousand, NT\$577,900 thousand, and NT\$576,200 thousand, respectively.

Note 2: The 2022 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 over the Past Five Years (IFRS)				
	2018	2019	2020	2021	2022
Operating income	16,904,716	16,317,433	21,865,903	25,550,218	31,558,391
Gross profit	2,131,036	1,249,062	1,953,385	2,304,031	3,134,076
Operating loss or profit	917,886	285,561	734,762	1,153,732	1,698,400
Non-operating income and expenditure	(606,860)	(83,407)	1,624,052	2,246,582	3,526,359
Net profit before tax	311,026	202,154	2,358,814	3,400,314	5,224,759
Current net profit of the continuing operating department	228,870	129,726	2,066,612	2,926,854	4,567,875
Losses from discontinued units	-	-	-	-	
Net profit (loss) for the current term	228,870	129,726	2,066,612	2,926,854	4,567,875
Other combined gains or losses for the current term (net value after-tax)	7,080	(16,239)	33,054	20,771	84,475
Total combined gains or losses for the current term	235,950	113,487	2,099,666	2,926,854	4,652,350
Net profit attributable to the owner of the parent company	-	-	-	-	
Net profit belonging to the non-controlling interest	-	-	-	-	
Total combined gains or losses belonging to the owners of the parent company	-	-	-	-	
Total combined gains or losses belonging to non-controlling interests	-	-	-	-	
Earnings Per Share	0.42	0.24	3.82	5.41	8.86

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

Year	Attesting CPA	audit opinions
2022	Chao-Ling Chen, Chun-Yi Chang	Unqualified opinion
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

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 2023 reviewed by the CPAs
		2018	2019	2020	2021	2022	
Financial structure	Liability-to-asset ratio (%)	66.73	65.73	57.20	54.36	52.32	53.82
	Ratio of long-term capital to fixed assets (%)	150.99	172.13	215.94	251.38	288.89	243.21
Solvency	Current ratio (%)	118.54	126.71	160.02	176.77	191.68	160.92
	Quick ratio (%)	83.37	97.51	122.03	125.92	139.67	113.26
	Interest Protection Multiples	2.11	2.02	17.02	60.60	70.97	21.23
Operating Capacity	Receivables turnover (frequency)	3.41	2.93	3.44	3.35	3.30	0.66
	Average collection days	107	125	106	109	111	137
	Inventory turnover (frequency)	5.46	5.37	6.22	5.12	4.61	0.90
	Payables turnover (frequency)	4.29	3.93	4.40	4.33	4.31	0.95
	Average days of sales	67	68	59	71	79	100
	Real estate properties, plant and equipment turnover (frequency)	3.23	3.23	4.19	4.72	5.48	1.01
	Total assets turnover (frequency)	0.96	0.90	1.10	1.14	1.19	0.22
Profitability	Return on assets (%)	2.16	1.65	10.34	12.79	16.87	1.56
	Return on shareholder equity (%)	3.30	1.82	25.15	28.32	35.51	3.14
	Ratio of net profit before tax to paid-in capital size (%)	5.86	4.94	49.37	74.08	122.74	13.24
	Net profit rate (%)	1.11	0.68	8.83	11.00	13.93	6.80
	Earnings per share (NTD)	0.42	0.24	3.82	5.41	8.86	0.88
Cash flow	Cash flow ratio (%)	7.26	16.12	32.47	23.26	37.48	12.34
	Cash flow adequacy ratio (%)	141.36	161.20	168.82	118.45	126.82	134.08
	Cash re-investment ratio (%)	3.21	6.82	10.75	5.24	9.60	5.15
Leverage	Operating leverage	4.54	11.47	3.56	3.11	1.97	2.62
	Financial leverage	1.59	1.65	1.06	1.02	1.02	1.04

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%)

Return on assets and return on shareholder equity: They rose compared to last year due to the significant increase in the net profit after tax.

Ratio of net profit before tax to paid-in capital size: Due to the significant increase in the net profit before tax and the capital reduction in cash this year.

Net profit rate and earnings per share: Due to the increase in the revenue and net profit this year compared to last year.

Cash flow ratio and cash reinvestment ratio: The significant increase in cash flows this year is the result of the increase

Operating leverage: The operating leverage dropped because of the increase in sales income and net operating profit this 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)				
		2018	2019	2020	2021	2022
Financial structure %	Debt-to-assets ratio	49.18	54.63	48.36	49.26	50.30
	Ratio of long-term capital to fixed assets	332.71	404.79	445.63	547.81	644.00
Solvency %	Current ratio	192.44	196.25	178.23	164.14	157.13
	Quick ratio	152.15	164.43	145.10	125.68	121.24
	Interest Protection Multiples	6.05	4.31	44.5	115.88	120.89
Operating Capacity	Receivables turnover (frequency)	3.58	2.92	3.52	3.42	3.34
	Average collection days	102.04	124.94	103.60	106.79	109.43
	Inventory turnover (frequency)	7.96	8.15	10.65	8.90	8.25
	Payables turnover (frequency)	4.89	3.91	4.44	4.28	3.97
	Average days of sales	46	45	34	41	44.22
	Real estate properties, plant and equipment turnover (frequency)	6.62	6.64	9.01	10.35	12.05
	Total assets turnover (frequency)	1.21	1.10	1.30	1.26	1.23
Profitability	Return on assets (%)	1.99	1.21	12.51	14.60	17.94
	Return on shareholder equity (%)	3.30	1.82	25.15	28.32	35.51
	Ratio of net profit before tax to paid-in capital size (%)	5.69	3.70	43.16	62.22	34.53
	Net profit rate (%)	1.35	0.80	9.45	11.46	14.47
	Earnings per share (NTD)	0.42	0.24	3.82	5.41	8.86
Cash flow	Cash flow ratio (%)	14.58	10.43	26.17	3.54	22.6
	Cash flow adequacy ratio (%)	142.76	146.56	155.76	79.55	81.51
	Cash re-investment ratio (%)	4.82	3.62	8.61	1.25	3.98
Leverage	Operating leverage	2.26	6.34	2.51	1.24	1.66
	Financial leverage	1.07	1.27	1.08	1.03	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 = $365/\text{Receivables turnover}$

(3) Inventory turnover = $\text{Sales cost}/\text{Mean inventory}$

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

(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 = $(\text{Net cash flow from business activities} - \text{cash dividends})/(\text{Gross value of real estate properties, plants, and equipment} + \text{long-term investment} + \text{other non-current assets} + \text{operating capital})$ (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 NT\$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 2022 Business Report, financial statements, and earnings distribution proposal 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 Chun-Yi 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
2023 General Shareholders' Meeting of the Company

Gold Circuit Electronics Ltd.

Jen-Jou Hsieh, Convener of Audit Committee

March 9, 2023

IV. Financial Report from Past Year

CPAs' Audit Report

For Review by Gold Circuit Electronics Ltd.,

Audit opinions

We have audited the parent company-only balance sheet of Gold Circuit Electronics Ltd. on December 31, 2022 and 2021 and the related parent company only statements of income, retained earnings, cash flow, and notes to the parent company only financial statements (including the material accounting policies summary) from January 1 to December1, 2022 and 2021.

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

Basis for the Audit Opinions

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

Key Audit Matters

Key audit matters are those determined by us as the CPAs based on our professionalism to be the most important in the audit of the 2022 parent company-only financial reports of Gold Circuit Electronics Ltd. These matters were addressed in the content of our audit of the parent company

only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

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

Recognition of revenue

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

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

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

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

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

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

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

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

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

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

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

5. Evaluate the overall presentation, structure, and contents of the parent company only statements, including the disclosures, whether the parent company only statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of Gold Circuit Electronics Ltd. in order to express an opinion on the parent company only financial reports. We as the CPAs are responsible for guiding, supervising, and implementing the audit of Gold Circuit Electronics Ltd. as well as forming an opinion on the audit.

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

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

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

Deloitte & Touche

CPA Chao-Ling Chen

CPA Chun-Yi Chang

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

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

March 9, 2023

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

Unit: NTD thousand

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

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

Chairman: Chen-Tse Yang

Manager: Chen-Tse Yang

Accounting Supervisor: Chang-Chin Yang

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

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

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

(To be continued)

(Continued)

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

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

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

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

Unit: NTD thousand

Code		Capital stock	Additional paid-in capital	Retained earnings			Exchange differences on translation of foreign financial statements	Other equity items	Property revaluation surplus	Treasury stocks	Total equity
				Legal reserve	Special reserve	Undistributed earnings		Unrealized gains or losses from financial assets measured at fair value through other combined gains or losses			
A1	Balance as of January 1, 2021	\$ 5,464,879	\$ 1,471,233	\$ -	\$ 475,522	\$ 1,679,970	(\$ 12,702)	(\$ 10,570)	\$ 295,781	(\$ 98,477)	\$ 9,265,636
	Appropriation and distribution of earnings from 2020										
B1	Appropriation of legal reserve	-	-	167,997	-	(167,997)	-	-	-	-	-
B5	The Company's shareholder dividend in cash	-	-	-	-	(546,488)	-	-	-	-	(546,488)
	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 2022	-	-	-	-	2,926,854	-	-	-	-	2,926,854
D3	Other combined gains or losses after tax of 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,329</u>	<u>(14,558)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,771</u>
D5	Total combined gains or losses of 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,962,183</u>	<u>(14,558)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,947,625</u>
Z1	Balance as of December 31, 2021	5,464,879	1,206,574	167,997	475,522	3,927,668	(27,260)	(10,570)	295,781	(98,477)	11,402,114
	Appropriation and distribution of earnings from 2021										
B1	Legal reserve	-	-	296,218	-	(296,218)	-	-	-	-	-
B5	The Company's shareholder dividend in cash	-	-	-	-	(1,202,274)	-	-	-	-	(1,202,274)
	Change in other additional paid-in capital										
C17	Capital reserve - transaction of treasury stocks	-	12,593	-	-	-	-	-	-	-	12,593
D1	Net profits of 2022	-	-	-	-	4,567,875	-	-	-	-	4,567,875
D3	Other combined gains or losses after tax of 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,650</u>	<u>18,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,475</u>
D5	2022 Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,633,525</u>	<u>18,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,652,350</u>
E3	Capital reduction in cash	(546,488)	-	-	-	-	-	-	-	5,723	(540,765)
Z1	Balance as of December 31, 2022	<u>\$ 4,918,391</u>	<u>\$ 1,219,167</u>	<u>\$ 464,215</u>	<u>\$ 475,522</u>	<u>\$ 7,062,701</u>	<u>(\$ 8,435)</u>	<u>(\$ 10,570)</u>	<u>\$ 295,781</u>	<u>(\$ 92,754)</u>	<u>\$ 14,324,018</u>

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

Chairman: Chen-Tse Yang

Manager: Chen-Tse Yang

Accounting Supervisor: Chang-Chin Yang

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

Unit: NTD thousand

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

(To be continued)

(Continued)

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

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

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

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

I. Company History

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

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

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

II. Dates and procedures for Approving Financial Statements

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

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

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

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

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

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

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

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

Note 3: Except for the deferred income tax recognized of the temporary differences of lease and decommissioning obligation on January 1, 2022, the said amendment applies to transactions that occurred after January 1, 2022.

1. Amendments to IAS 1 “Disclosure of Accounting Policies”

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

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

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

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

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

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

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

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

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

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

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

New promulgation/Amendment/Amended Rules and Interpretation	The effective date promulgated by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Assets sales or contribution between the investor and the affiliated company or joint venture.”	To be determined
Amendment to IFRS 16 “Lease Liabilities for Sale and Leaseback”	Monday, January 1, 2024 (Note 2)
IFRS 17 “Insurance Contract”	Sunday, January 1, 2023
Amendments to IFRS 17	Sunday, January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	Sunday, January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	Monday, January 1, 2024
Amendment to IAS 1 “Non-current liabilities with contract terms and conditions”	Monday, January 1, 2024

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

Note 2: The seller and lessee shall retroactively apply the amendments to IFRS 16 for sale and leaseback transactions signed after the initial date of application of IFRS 16.

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

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

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

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

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

The amendment in 2020 also specifies that the Company must have followed specific criteria when the reporting period ends if it is required for the Company to follow specific criteria in order to be entitled to delay the pay-off of liabilities. This applies even if the lender tests if the Company has followed the said criteria at a later date. The amendment in 2022 further clarified that only the contract terms that need to be followed before the end date of the reporting period would impact the classification of liabilities. Although the contract terms that need to be followed within 12 months after the reporting period do not impact the classification of liabilities, related information needs to be disclosed so that users of financial reports understand that the risk of the Company possibly being unable to abide by contract terms and hence the need to pay back within 12 months after the reporting period.

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

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

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

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

IV. Summary of Significant Accounting Policies

(I) Declaration in compliance

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

(II) Basis of preparation

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

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

(IV) Foreign currency

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

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

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

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

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

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

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

(V) Inventories

Inventories include raw materials, supplies, finished goods and work in process. The inventory was measured at the lower of cost and net realizable value. In

comparison between the cost and realizable value, the individual items shall be taken as the grounds except inventory of the same categories. The term “net realizable value” as set forth herein denotes the balance of the selling price estimated under normal conditions deducted with the cost which is estimated to be invested till completion of manufacture and completion of sales. The cost of inventory was calculated in weighted average method.

(VI) Invested subsidiaries

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

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

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

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

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

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

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

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

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

(VII) Property, plant and equipment

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

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

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

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

(VIII) Investment property

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

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

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

(IX) Intangible assets

1. Individually acquired

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

2. Derecognition

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

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

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

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

The recoverable amount denotes fair value deducted with the selling costs and the useful value, whichever is the higher. In the event that the individual asset or the recoverable amount of the units that yielded cash was found below the book value, such asset or the book value of the units that yielded cash was adjusted downward to the recoverable amount, with the impairment profit and loss recognized in profit and loss.

(XI) Financial instruments

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

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

1. Financial assets

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

(1) Categories of measurement

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

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

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

The financial assets at fair value through gains or losses were measured at fair value, and the gains or losses so incurred were recognized as other profit and loss. Please refer to Note XXVI for the determination of fair value.

B. Financial assets measured at amortized cost

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

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

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

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

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

The credit-impaired financial assets mean that issuers or debtors already suffered hard-up financial standing or default, or an event where a debtor was about to run into bankruptcy or proceed with financial reorganization, or the hard-up financial standing leading to loss of active market of the assets.

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

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

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

Investment in equity instruments at fair value through other comprehensive income are measured at fair value, and the subsequent movements of the fair value are measured in other comprehensive income, and accumulated in other equity. When disposing investments,

the accumulated profit/loss is transferred to the retained earnings directly without reclassified as profit/loss.

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

(2) Impairment of financial assets and contract assets

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

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

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

(3) Derecognition of financial assets

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

Where a financial asset measured at amortized cost was derecognized end masse, the difference between the book value and collected consideration was recognized into profit or loss. When fully

derecognizing the investment in equity instrument at fair value through other comprehensive income, the accumulated profit/loss is directly transferred to retained earnings, not to be reclassified as profit or loss.

2. Equity instruments

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

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

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

3. Financial liabilities

(1) Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

(2) Derecognition of financial liabilities

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

4. Derivative financial instruments

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

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

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

(XII) Provision for liabilities

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

(XIII) Recognition of revenue

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

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

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

Sales revenue

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

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

(XIV) Lease

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

1. The Company was the Lessor.

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

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

2. The Company was the Lessee.

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

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

right-of-use assets were individually expressed in the parent company only balance sheets.

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

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

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

(XV) Cost of borrowings

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

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

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

(XVI) Government subsidies

The government subsidies would be recognized only if that it is strongly believed on reasonable grounds that the Company would comply with the conditions imposed on the government subsidies and such subsidies may be received affirmatively. Government subsidies concerning gains are recognized systematically as other income during the period where related costs they are meant to offset are recognized by the Company as expenses. The government subsidies for acquisition of non-current assets by the Company through procurement/construction or in any other manners should be debited into the book value of the non-current assets, and recognized into profit and/or profit within the useful years of the assets by reducing the depreciation or amortization expenses for the non-current assets.

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

(XVII) Employee benefits

1. Short-term employee benefits

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

2. Benefits after severance/retirement

For pension under the defined contribution retirement plan, the amounts of pension to be contributed during the period in which employees provided services were recognized as expenditure.

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

The net defined benefit liabilities (assets) refer to the amount short (surplus) in the contribution under the defined benefit retirement plan. The net

defined benefit assets should not exceed the refund of the contributed fund or decrease the present value of contribution of fund in the future.

3. Resignation benefits

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

(XVIII) Income tax

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

1. Current income tax

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

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

2. Deferred income tax

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

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

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

The book value of the deferred income tax assets was reviewed anew on each and every balance sheet date. Aiming at such event where there would be very likely not adequate taxable income to recover the assets either in whole or

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

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

3. Current and deferred income tax

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

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

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

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

The management would continually review the estimates and fundamental hypotheses. In the event that the estimated amendment would only affect the current term,

it would be recognized in the term when the amendment was made. In the event that the amendment of the accounting estimates would simultaneously affect both the current and future terms, it would be recognized in the term when the amendment was made, and the future term.

Major sources of estimates and hypotheses of uncertainty

Estimated impairment of financial assets

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

VI. Cash and Cash Equivalents

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

VII. Financial Instruments at Fair Value through Profit or Loss

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

(To be continued)

(Continued)

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

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

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

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

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

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

VIII. Notes receivable, accounts receivable and other accounts receivables

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

Notes receivable and accounts receivable

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

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

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

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

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

December 31, 2022

Accounts receivable

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

December 31, 2021

Accounts receivable

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

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

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

The net amount of the total book value of accounts receivable overdue for more than 60 days from the beginning of year rose on December 31, 2022 by NTD 54,043 thousand and it resulted in the decrease in allowance losses by NTD 39,709 thousand as well. The net amount of the total book value of the accounts receivable that were past due

for 1 to 60 days on December 31, 2021 decreased by NTD 15,900 thousand and it resulted in the decrease in allowance losses by NTD 40,676 thousand.

IX. Inventories

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

Sales cost is defined as follows:

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

X. Investment under equity method

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

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

XI. Property, plant and equipment

Self-use

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

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

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

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

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

XII. Lease Agreement

(I) Right-of-use assets

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

(II) Lease liabilities

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

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

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

(III) Major lessee activities and terms and conditions

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

(IV) Other information about the lease

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

XIII. Investment property

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

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

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

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

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

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

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

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

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

XIV. Other intangible assets

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

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

Summarization of amortization expenses by functions:

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

XV. Other assets

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

XVI. Loan

(I) Short-term loans

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

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

(II) Long-term loans

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

1. Land and buildings are set as the collaterals for secured borrowings. NTD 430,000 thousand out of the total value of NTD 900,000 thousand has been

drawn down. The borrowing period was from July 8, 2022 to July 8, 2025. The cyclic drawdowns were based on request forms. As of December 31, 2022, the effective annual interest rate was 1.8%.

2. Land and buildings are set as the collaterals for secured borrowings. The total value of NTD 700,000 thousand has been drawn down in full. The borrowing period began on September 6, 2019 and ended on September 6, 2024, with interests paid on a monthly basis. From the date of the first drawdown, the first term was up to the end of the first 24 months and each term thereafter consists of 3 months. The borrowings are to be paid in installments over a total of 13 terms. The loans were already repaid in full earlier in July 2022. As of December 31, 2021, the effective annual interest rate was 1.2%.
3. Land and buildings are set as the collaterals for secured borrowings. NTD 360,000 thousand out of the total value of NTD 500,000 thousand has been drawn down. The borrowing period was from April 30, 2017 to April 30, 2024. Prior to expiration, the borrowing period had been extended to January 26, 2025. The line of credit was reduced by NTD 100,000 thousand at the end of 18, 24 and 30 months, respectively, from the date of extension. All the remaining limits decreased and canceled at the end of 36 months. It has been drawn down cyclically within 3 years since January 26, 2022, with interests paid on a monthly basis, and will be paid off at once upon maturity. Until December 31, 2022 and 2021, the effective annual interest rates were 1.849–1.862% and 1.288%, respectively. The quarterly consolidated financial ratios on the loans during the effective term were subject to the following restrictions: The total of cash and cash equivalents and EBITDA (net income, income tax expense, financial costs (interest expenses), depreciation expenses and amortization expenses in the long-term loan, current portion should stay more than 120% (inclusive).
4. For credit-based borrowings, totaling NTD225,000 thousand, NTD200,000 thousand has been drawn down; the borrowing period was from November 23, 2021 to November 23, 2023. The borrowing period had been extended to July 15, 2024 for the current term. Since the date of borrowing, the interest should be accrued, subject to the balance of loan, at the interest rate agreed on the loan on a monthly basis. The principal should be repaid in a lump sum when matured. As of December 31, 2022 and 2021, the effective annual interest rates were 1.69% and 1.10%, respectively.

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

(III) Long-term notes and bills payable

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

The Company signed a joint loan contract with syndicated banks such as E-Sun Bank on January 18, 2021. The line of credit for Item A of the said syndicated loan was NTD 625,000 thousand and that for Items B and C totaled no more than NTD 1,250,000 thousand. The loan had to be drawn down within three months after the date the contract was signed. In failure to do so, the date of the first drawdown will be the end of the three months after the contract was signed. The loan given out under Item A, in particular, could be drawn down cyclically within three years after the date of the first drawdown. The end of 24 months after the date if the first drawdown was the first term. Thereafter, every six months made a term and the line of credit was reduced gradually over three terms; it was reduced by 20% for Term 1 and Term 2, respectively, and 60% for Term 3. Meanwhile, the principal was paid off at once upon expiration of the borrowing period. The loan given out under Item B could be drawn down cyclically within three years after the date of the first drawdown and the principal was paid off at once upon expiration of the borrowing period. The guaranteed line of credit for Item C could be used cyclically within three years after the date of the first drawdown. The Company is to issue the promissory notes (stated as long-term notes and bills payable) and various payment obligations are to be fulfilled for the value shown on each note by the given maturity date. The financial ratio restrictions for the syndicated loan were the same as those applied to borrowings from the syndicated banks including E. Sun Bank (7).

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

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

XVII. Accounts Payable

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

XVIII. Other liabilities

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

Noncurrent

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

XIX. Liability reserve

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

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

XX. Post-retirement Benefit Plans

(I) Defined contribution plans

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

(II) Defined benefit plan

The pension system implemented by the Company based on the “Labor Standards Act” is a defined benefit plan managed by the government. The pension benefits a participant receives were determined based on an employee’s number of years of service and average compensation for the six-month period prior to retirement. The Company has an amount equivalent to 2% of the total monthly salary of employees appropriated and deposited in the specific account with Bank of Taiwan in the name of Labor Pension Reserve Committee. Before the end of the fiscal year, if the pension account balance is insufficient to pay for the employees expecting to retire in the following year, the spread amount should be deposited in a lump sum before the end of March in the following year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for management. The Company exercises no influence on the right of the Bureau in its investment management strategy.

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

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

The net defined benefit liabilities show the following changes:

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

(To be continued)

(Continued)

	Present value of the defined benefit obligations	Fair value of the planned assets	Net defined benefit liabilities
— changes in financial assumptions	(\$ 37,258)	\$ -	(\$ 37,258)
— adjustment through experience	(27,946)	-	(27,946)
Recognized into other comprehensive income	(65,204)	(16,859)	(82,063)
Contributed by employer	-	(47,460)	(47,460)
Benefits paid	(14,584)	14,584	-
Exchange rate impacts	-	-	-
Balance as of December 31, 2022	<u>\$ 340,553</u>	<u>(\$ 267,452)</u>	<u>\$ 73,101</u>
Balance as of January 1, 2021	<u>\$ 466,631</u>	<u>(\$ 197,451)</u>	<u>\$ 269,180</u>
Service cost			
Service cost in current period	971	-	971
Interest expenses (revenue)	<u>1,986</u>	<u>(1,048)</u>	<u>938</u>
Recognized into profit and/or loss	<u>2,957</u>	<u>(1,048)</u>	<u>1,909</u>
Re-measurement amount			
ROE on planned assets (except the amount of net interest)	-	(2,402)	(2,402)
Actuarial losses			
— change in the assumption of the census	9,975	-	9,975
— changes in financial assumptions	-	-	-
— adjustment through experience	(51,734)	-	(51,734)
Recognized into other comprehensive income	(41,759)	(2,402)	(44,161)
Contributed by employer	-	(26,248)	(26,248)
Benefits paid	(10,580)	10,580	-
Balance as of December 31, 2021	<u>\$ 417,249</u>	<u>(\$ 216,569)</u>	<u>\$ 200,680</u>

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

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

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

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.50%	0.5%
Anticipated increase in salaries	2.000%	2.000%

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

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

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

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

XXI. Equity

(I) Capital Stock

Common shares

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

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

In order to adjust the capital structure and to improve the return on shareholder equity, the Company decided through its general shareholders' meeting on June 8, 2022 to return the share amount through capital reduction worth NTD 546,488 thousand, with 54,649 thousand shares canceled, that is, a capital reduction rate of 10%. The paid-in capital stock after capital reduction came to NTD 4,918,391 thousand, with the paid-up number of shares being 491,835 thousand. The above-said capital reduction was

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

(II) Capital reserve

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

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

(III) Retained Earnings and Dividend Policy

The Company already approved the revisions made to the Articles of Association in its general shareholders' meeting on June 8, 2022. If there is a surplus after account settlement of the fiscal year, the Company shall pay applicable taxes and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve, and appropriate special reserve or reverse special reserve. If there is still a balance, it will be pooled up with the undistributed earnings carried forward from previous years for distribution as dividend under a motion proposed by the Board subject to the final approval in a general shareholders' meeting. Please refer to Note XXII (VIII) "Remuneration to Employees and Directors" for the policy for distribution of remuneration to the employees and directors under the Articles of Association.

The Company's dividend policy takes the long-term business growth and investment projects into consideration, and also attends to a robust financial structure. The Board of Directors is required to propose a motion for allocation of earnings. The dividends will be distributed in the form of stock dividend or cash dividend adequately

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

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

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

The Company's 2021 and 2020 earnings distribution proposals are as follows:

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

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

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

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

(IV) Other equities

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

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

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

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

3. Real estate properties revaluation surplus

	2022	2021
Balance at start of term	\$ 295,781	\$ 295,781
Balance – end of period	\$ 295,781	\$ 295,781

(V) Treasury stock

Causes of Redemption	The stocks of parent company held by the subsidiaries (thousand shares)	Total (thousand shares)
Number of shares as of January 1, 2021	5,724	5,724
Number of shares as of December 31, 2021	5,724	5,724
Number of shares as of January 1, 2022	5,724	5,724
Decrease for the current term	573	573
Number of shares as of December 31, 2022	5,151	5,151

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

Name of subsidiary	Shares (thousand)	Book value	Market price
<u>December 31, 2022</u>			
King Hsiang Investment Co., Ltd.	5,151	<u>\$ 447,139</u>	<u>\$ 447,139</u>
<u>December 31, 2021</u>			
King Hsiang Investment Co., Ltd.	5,724	<u>\$ 435,005</u>	<u>\$ 435,005</u>

The Company's treasury stocks may not be pledged in accordance with the Security and Exchange Law, and no privilege of dividend and voting right may be vested in them. The stocks of the Company held by the subsidiaries were treated as Treasury Stock and entitled to the rights vested in shareholders except for the privilege of cash capitalization and voting right. The Company decided to organize capital reduction in cash on July 15, 2022, the base date; the treasury stock, in particular, dropped by 573 thousand shares.

XXII. Net profit from continuing operating units

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

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

(II) Interest income

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

(III) Other income

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

(IV) Other gains (or losses)

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

(V) Financial cost

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

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

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

(VI) Depreciation and amortization

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

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

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

Estimated ratio

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

Amount

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

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

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

(IX) Gains (Losses) from foreign currency exchange

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

XXIII Income tax for continuing operations

(I) Income tax recognized under gains or losses

Main components of income tax expenditure are as follows:

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

The accounting income and income tax expenses are adjusted below:

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

(IV) Deferred income tax assets and liabilities

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

2022

	Balance - beginning of year	Recognized into profit and/or loss	Recognized into other comprehensive income	Balance - end of year
<u>Deferred income tax assets</u>				
Temporary difference				
Portions of profits or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	\$ 123,441	(\$ 123,441)	\$ -	\$ -
Loss on inventory devaluation	13,211	16,624	-	29,835
Exchange gains or losses	1,066	5,522	-	6,588
Provision for liabilities	32,974	(19,620)	-	13,354
Defined benefit retirement plan	27,999	-	(27,999)	-
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference on idle capacity	98	(98)	-	-
Provision of compensation loss	34,761	(1,649)	-	33,112
Financial assets at fair value through profit or loss	-	982	-	982
Others	<u>2,281</u>	<u>(703)</u>	<u>2,109</u>	<u>3,687</u>
	<u>\$ 240,331</u>	<u>(\$ 122,383)</u>	<u>(\$ 25,890)</u>	<u>\$ 92,058</u>
	Balance - beginning of year	Recognized into profit and/or loss	Recognized into other comprehensive income	Balance - end of year
<u>Deferred income tax liabilities</u>				
Portions of profits or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	\$ -	\$ 54,545	\$ -	\$ 54,545
Investment property	83,422	(89)	-	83,333
Defined benefit retirement plan	-	14,762	(11,586)	3,176
Financial assets at fair value through profit or loss	1,839	(1,839)	-	-
Others	<u>5,657</u>	<u>(5,657)</u>	<u>-</u>	<u>-</u>
	<u>\$ 90,918</u>	<u>\$ 61,722</u>	<u>(\$ 11,586)</u>	<u>\$ 141,054</u>

2021

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

Provision of compensation loss	15,057	19,704	-	34,761
Expected credit impairment loss	5,379	(5,379)	-	-
Others	<u>3,592</u>	<u>(1,311)</u>	<u>-</u>	<u>2,281</u>
	<u>\$ 441,132</u>	<u>(\$ 191,969)</u>	<u>(\$ 8,832)</u>	<u>\$ 240,331</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Investment property	\$ 84,514	(\$ 1,092)	\$ -	\$ 83,422
Financial assets at fair value through profit or loss	-	1,839	-	1,839
Others	<u>-</u>	<u>5,657</u>	<u>-</u>	<u>5,657</u>
	<u>\$ 84,514</u>	<u>\$ 6,404</u>	<u>\$ -</u>	<u>\$ 90,918</u>

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

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

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

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

- (VII) Approval of income taxes

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

XXIV. Earnings Per Share

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

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

Net profit of the year

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

Share(s)

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

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

XXV. Capital Risk Management

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

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

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

XXVI. Financial Instruments

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

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

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

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

1. Fair value hierarchy

December 31, 2022

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

December 31, 2021

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

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

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

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

(III) Categories of financial instruments

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

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

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

(IV) The objectives and policies of financial risk management

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

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

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

1. Market risk

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

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

(1) Foreign exchange rate risk

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

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

Sensitivity analysis

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

The following table details the Company's sensitivity analysis in the case of the increase or decrease in NTD (namely, the functional currency) against the relevant foreign currency by 2%. 2% means the sensitivity ratio applied by the Company when it reported the foreign exchange rate risk to the management, and also the management's evaluation on reasonable

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

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

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

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

(2) Interest rate risk

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

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

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

Sensitivity analysis

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

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

2. Credit risk

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

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

Operation-related Credit Risk

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

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

3. Liquidity risk

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

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

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

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

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

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

December 31, 2022

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

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

	Less than 1 year	1 year~5 years	5 years~10 years	10 years~15 years	15 years~20 years	Over 20 years
Lease liabilities	<u>\$ 9,124</u>	<u>\$ 3,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

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

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

	Less than 1 year	1 year~5 years	5 years~10 years	10 years~15 years	15 years~20 years	Over 20 years
Lease liabilities	<u>\$ 13,224</u>	<u>\$ 12,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing limit

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

XXVII. Transactions with Related Parties

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

(I) Name of Related Party and the Relationship

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

(II) Operating income

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

(III) Purchases

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

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

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

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

(V) Payables to related parties

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

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

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

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

The loans to subsidiaries were all unsecured ones.

(VII) Endorsement and guarantee

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

(VIII) Other

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

(IX) Remuneration to the primary management

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

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

XXVIII. Pledged Assets

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

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

XXIX. Important Matters

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

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

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

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

December 31, 2022

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

December 31, 2021

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

XXXI. Notes to Disclosures

- (I) Information related to material transactions and (II) information related to reinvested enterprises:

1. Fund loaned to others: See Attachments 1 and 6.
2. Endorsement and guarantee made for others: See Attachment 2.

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

(III) Information about investment in Mainland China

1. The name of the investee in Mainland China, main items involved in the scope of operation, paid-in capital size, investment method, capital importation/exportation, holding ratio, investment profits and losses, book value of investments at end of term, repatriated investment profits or losses, and investment ceiling value for Mainland China: Attachment 10.
2. Any of the following significant transactions with investees in Mainland China, either directly or indirectly through the enterprise in a third area, and their prices, payment terms, and unrealized gains or losses: See Attachment 11.
3. Direct, or indirect through a third region endorsement, guarantee or provision of collateral made with the investee in the Mainland China: Attachment 2.
4. Direct, or indirect, via the enterprise in a third area, financing with the investees in the Mainland China: See Attachment 6.
5. Other transactions that produce material effects to the income or financial condition in the current period: N/A.

(IV) Information of major shareholders: Names and shareholding quantities and ratios of shareholders that hold at least 5% of the equity: Attachment 12.

Gold Circuit Electronics Ltd.

Fund loaned to others

January 1 to December 31, 2022

Attachment 1

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

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

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

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

Note 2: The fund loaned to others is categorized two types as following by nature:

- (1) Business association
- (2) Short-term financing needed

Note 3: The total funds lent by the Company to others may not exceed 40% of the Company’s net value in the most recent financial statements audited or certified by the CPAs (for Q3 of 2022).

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

- (1) For the borrower trading with the Company, the limit on loans shall be no more than the purchase or sales by the Company from or to the borrower in the most recent year or until the loaning of fund in current year, whichever is higher.
- (2) Where short-term financing is needed, the limit of funds lent may not exceed 40% of the Company’s net value in the most recent financial statements audited or certified by the CPA (for Q3 of 2022).

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

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

Attachment 2

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

No.	Endorsed/guaranteed by	Counterpart		Limit of endorsement/guarantee on particular enterprise (Note 1)	Maximum balance of endorsement / guarantee made during the current period	Balance of endorsement / guarantee at end of the period	Amount actually disbursed	Endorsement/guarantee secured by property	Accumulated ratio of the value of endorsement and guarantee in the net worth of financial statements of the most recent term (%)	Maximum limit of endorsement/guarantee (Note 2)	As the parent company's endorsement s/guarantees toward subsidiary(ies) (Note 3)	As a subsidiary's endorsement s/guarantees toward its parent company (Note 3)	As the endorsement s/guarantees toward the Mainland China area. (Note 3)
		Name	Affiliation										
0	Gold Circuit Electronics Ltd.	Goldex Holding Limited	Subsidiary wholly invested in by the Company directly	\$ 10,075,901	\$ 1,915,875 (USD 65,000)	\$ 706,330 (USD 23,000)	\$ - (USD -)	\$ -	5.26	\$ 20,151,803	Y	N	N
				10,075,901	163,600 (EUR 5,000)	163,600 (EUR 5,000)	- (EUR -)	-	1.22	20,151,803	Y	N	N
		Gold Circuit International Limited	Company wholly invested in via a subsidiary indirectly	10,075,901	257,720 (USD 8,000)	245,680 (USD 8,000)	- (USD -)	-	1.83	20,151,803	Y	N	N
		Gold Circuit Enterprise Limited	Company wholly invested in via a subsidiary indirectly	10,075,901	644,300 (USD 20,000)	614,200 (USD 20,000)	- (USD -)	-	4.57	20,151,803	Y	N	N
		Suzhou Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	10,075,901	683,820 (USD 23,200)	614,200 (USD 20,000)	307,100 (USD 10,000)	-	4.57	20,151,803	Y	N	Y
		Changshu Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	10,075,901	458,000 (USD 16,000)	245,680 (USD 8,000)	- (USD -)	-	1.83	20,151,803	Y	N	Y
		Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested in via a subsidiary indirectly	10,075,901	149,700 (USD 5,000)	- (USD -)	- (USD -)	-	-	20,151,803	Y	N	Y

Note 1: The amount of endorsement/guarantee made by the Company for a single enterprise may not exceed 75% of the net value for the current term. The maximum of endorsement/guarantee on December 31, 2022 is obtained with 75% of the net value of the Company for the current term. The net value is based on that shown in the most recent financial statements audited and certified or reviewed by the CPA (for Q3 of 2022).

Note 2: The total amount of endorsements/guarantees made by the Company externally may not exceed 150% of the net value for the current term. The maximum of endorsement/guarantee on December 31, 2022 is obtained with 150% of the net value of the Company for the current term. The net value is based on that shown in the most recent financial statements audited and certified or reviewed by the CPA (for Q3 of 2022).

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

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

Attachment 3

Unit: NTD thousand

Holder	Type and name	Affiliation to the issuer	Account title	End of period				Remarks
				Number of shares	Book value	Equity (%)	Fair value	
Gold Circuit Electronics Ltd.	Stock							
"	AMB Technology Co., Ltd	—	Financial assets at fair value through other comprehensive income - noncurrent	267,857	\$ -	1.984	\$ -	
"	ULTRA PRECISION TECHNOLOGY COMPANY	—	Financial assets at fair value through other comprehensive income - noncurrent	1,000,000	<u>-</u>	10.290	<u>-</u>	
					<u>\$ -</u>		<u>\$ -</u>	
"	King Hsiang Investment Co., Ltd.	Subsidiary	Long-term equity investment under equity method	19,999,400	\$ 41,910	99.997	\$ 41,910	
"	Goldex Holding Limited	Subsidiary	Long-term equity investment under equity method	191,910,000	<u>8,082,246</u>	100.000	<u>8,082,246</u>	
					<u>\$ 8,124,156</u>		<u>\$ 8,124,156</u>	

Gold Circuit Electronics Ltd.

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

January 1 to December 31, 2022

Attachment 4

Unit: NTD thousand

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

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

Attachment 5Unit: NTD thousand

Investor	Investee	Location	Principal business	Original investment cost		Holdings at end of year			Reinvestee (Loss) Gain for the current term	Investment (loss) gain recognized for the current term (Note 1)	Remarks
				End of the current period	End of the previous period	Number of shares	Percentage (%)	Book value			
Gold Circuit Electronics Ltd.	King Hsiang Investment Co., Ltd.	No. 149-1, Zhong Zeng Rd., Tamsui Dist, New Taipei City	General investment business	\$ 199,994	\$ 199,994	19,999,400	99.997	\$ 41,910	\$ 22,686	(\$ 7,763)	Note 2
	Goldex Holding Limited	Trust Net Chambers Lotemau Centre, P.O. Box 1225, Apia, Samoa	"	6,271,398	6,271,398	191,910,000	100.000	8,082,246	3,465,490	3,377,929	
Goldex Holding Limited	Gold Circuit International Limited	P.O. Box362, Road Town, Tortola, Virgin islands, British	"	3,239,310	3,239,310	98,000,000	100.000	5,378,665	2,592,764	2,529,073	
	Gold Circuit Enterprise Limited	Trust Net Chambers Lotemau Centre, P.O. Box1225, Apia, Samoa	"	2,670,554	2,670,554	93,010,000	100.000	2,874,250	881,884	858,013	
Gold Circuit International Limited	Suzhou Gold Circuit Electronics Ltd.	No. 238, Jinfeng Road, Suzhou New District, Suzhou City, Jiangsu Province	Design, produce and sell multi- layer printed circuit boards	3,239,310	3,239,310	98,000,000	100.000	5,540,740	2,596,784	2,533,093	
Gold Circuit Enterprise Limited	Changshu Gold Circuit Electronics Ltd.	No. 9, Jiulong Rd., Changshu Southeast Economic Development Zone, Jiangsu Province	"	959,724	959,724	30,010,000	100.000	3,194,603	890,011	855,608	
	Changshu Gold Circuit Technology Co., Ltd.	No. 816, Southeast Avenue, Changshu Hi-Tech Industrial Development Zone, Jiangsu Province	"	980,105	980,105	33,000,000	100.000	(719,981)	(6,521)	4,011	

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

Note 2: The investment (loss) gain of King Hsiang Investment Co., Ltd. recognized for the current term of (NTD 7,763) thousand includes the investment (loss) gain recognized adopting the equity method, NTD 22,686 thousand, and reversal of the financial asset appraisal (loss) gain, NTD 17,857 thousand for King Hsiang Investment Co., Ltd. from holding the Company’s shares under the “Accounting Principles for Management of Treasury Stocks” and receipt of the income from dividends issued by the Company worth NTD 12,592 thousand.

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

Table 6

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

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

Note 1: The fund loaned to others is categorized two types as following by nature:

- (1) Business association
- (2) Short-term financing needed

Note 2: The amount of funds lent to a single borrower and the total amount of funds lent to others by a reinvestee (except Goldex Holding Limited and Gold Circuit Enterprise Limited) shall not exceed 150% of the reinvestee's net value in its most recent financial statements audited or certified by the CPA (for Q3 of 2022). The amount of funds lent to a single borrower and the total amount of funds lent to others by Goldex Holding Limited and Gold Circuit Enterprise Limited shall not exceed 300% of their net value in their most recent financial statements audited or certified by the CPA (for Q3 of 2022).

The limit of funds lent to a single borrower and the total amount of funds lent to others by a subsidiary in Mainland China shall not exceed 150% of the reinvestee's net value in its most recent financial statements audited or certified by the CPA (for Q3 of 2022).

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

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

Attachment 7

Unit: NTD thousand

Holder	Type and name	Affiliation to the issuer	Account title	End of period				Remarks
				Number of shares	Book value	Equity (%)	Fair value	
King Hsiang Investment Co., Ltd.	<u>Stock</u>							
//	LEE CHI ENTERPRISE CO., LTD.	—	Financial assets at fair value through profit or loss - current	155,595	\$ 3,135	0.068	\$ 3,135	
//	Gold Circuit Electronics Ltd.	The parent company in which King Hsiang Investment Co., Ltd. held 99.997% shares	Financial assets at fair value through profit or loss - current	5,151,375	<u>447,140</u>	1.047	<u>447,140</u>	
					<u>\$ 450,275</u>		<u>\$ 450,275</u>	

Gold Circuit Electronics Ltd.

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

January 1 to December 31, 2022

Table 8

Unit: NTD thousand

Supplier (customer)	Trading counterpart	Affiliation	Status				Distinctive terms and conditions of trade and the reasons		Notes/accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount %	Duration	Unit price	Duration	Balance	Percentage in total accounts/notes receivable (payable) %	
Suzhou Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(\$ 11,493,931)	(91)	O/A 3 months	-	—	\$ 4,402,324	89	
Suzhou Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Purchases	105,564	2	O/A 4 months	-	—	(73,778)	(3)	
Suzhou Gold Circuit Electronics Ltd.	Changshu Gold Circuit Electronics Ltd.	Affiliated enterprise	Sales	(111,729)	(1)	O/A 3 months	-	—	26,611	1	
Changshu Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(6,283,149)	(87)	O/A 4 months	-	—	1,137,871	74	
Changshu Gold Circuit Technology Co., Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(1,687,159)	(86)	O/A 3 months	-	—	184,526	48	
Changshu Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Affiliated enterprise	Sales	(672,993)	(9)	O/A 4 months	-	—	334,096	22	
Changshu Gold Circuit Technology Co., Ltd.	Suzhou Gold Circuit Electronics Ltd.	Affiliated enterprise	Sales	(166,054)	(8)	O/A 4 months	-	—	121,662	32	

Gold Circuit Electronics Ltd.

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

December 31, 2022

Attachment 9

Unit: NTD thousand

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

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

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

Attachment 10

Unit: NTD thousand/USD thousand

Name of invested company in China	Principal business	Paid-in capital	Mode of investment (Note 1)	Cumulative investment amount outward remitted from Taiwan - beginning of the period	Investment remittance or regain in the current period		Cumulative investment amount outward remitted from Taiwan - end of the period	Net income of investee	Shareholdings of the Company's direct or indirect investment (%)	Investment gains or losses recognized for the current period (Note 2)	Book value of investment at ending	Investment income repatriated to Taiwan as of the end of the period
					Outward remitted	Repatriated						
Suzhou Gold Circuit Electronics Ltd.	Design, produce and sell multi-layer printed circuit boards	\$ 3,239,310	2	\$ 3,239,310	\$ -	\$ -	\$ 3,239,310	\$ 2,596,784	100	2.(2) \$ 2,533,093	\$ 5,540,740	\$ -
Changshu Gold Circuit Electronics Ltd.	Design, produce and sell multi-layer printed circuit boards	959,724	2	959,724	-	-	959,724	890,011	100	2.(2) 855,608	3,194,603	-
Changshu Gold Circuit Technology Co., Ltd.	Design, produce and sell multi-layer printed circuit boards	980,105	3	980,105	-	-	980,105	(6,521)	100	2.(2) 4,011	(719,981)	-

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

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

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

Note 2: For the field of investment gain/loss recognized in the current period:

1. Please mark out if there has no investment gain or loss yet because the investment is still under planning.
2. The basis of recognition of investment gain/loss is classified into following three types, which should be marked out.
 - (1) Financial statements reviewed and approved by an international CPA firm in a collaborative relationship with a CPA firm of the ROC.
 - (2) Financial statements audited by the CPAs of the parent company in Taiwan.
 - (3) Others.

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

Note 4: The Company has received the certificate of compliance with business lines of operational headquarters issued by Industrial Development Bureau, MOEA on August 25, 2022. Therefore, the Company may be exempted from the limit of investment amount required by Investment Commission, MOEA.

Gold Circuit Electronics Ltd.

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

January 1 to December 31, 2022

Attachment 11

Unit: NTD thousand

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

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

Attachment 12

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

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

Declared by:

Company: Gold Circuit Electronics Ltd.

Responsible Person: Cheng-Tse Yang

March 9, 2023

CPAs' Audit Report

For Review by Gold Circuit Electronics Ltd.,

Audit opinions

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

In our opinion, the major issues of said financial reports prove to have been duly worked out in accordance with and Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and International Financial Reporting Standards Interpretations Committee's Interpretations (IFRSIC) and Standing Interpretation Committee's Interpretative Announcement (SIC) recognized and issued into effect by the Financial Supervisory Commission, Executive Yuan (FSC), presenting fairly the consolidated financial position of Gold Circuit Electronics Group on December 31, 2022 and 2021 and the consolidated results of financial performance and consolidated cash flow for the periods starting from January 1 till December 31, 2022 and 2021.

Basis for the Audit Opinions

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

Key Audit Matters

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

The key audit matters for the 2022 consolidated financial reports of the Gold Circuit Electronics Group are described as follows:

Recognition of revenue

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

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

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

Other information

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

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

The responsibility of the management is to have the consolidated financial reports presented fairly, in all material respects, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms”, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Standards Interpretations Committee's Interpretations (IFRSIC) and Standing Interpretation Committee's Interpretative Announcement (SIC) recognized and issued into effect by the Financial Supervisory

Commission, Executive Yuan (FSC), and also to maintain the necessary internal controls related to the consolidated financial reports to ensure that the consolidated financial reports are free of any material misstatement arising from fraud or errors.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design, and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain the necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstances, but the purpose is not to express an opinion on the effectiveness of the internal control of Gold Circuit Electronics Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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

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

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

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

Deloitte & Touche

CPA Chao-Ling Chen

CPA Chun-Yi Chang

Financial Supervisory Commission's
Written Approval No.

Jin-Guan-Zheng-Liu-Zi No.: 0930160267

Securities and Futures Commission's written
approval No:

Tai-Cai-Zheng-Liu-Zi No. 0920123784

March 9, 2023

Gold Circuit Electronics Ltd. and its subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NTD thousand

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes IV and VI)	\$ 5,973,977	20	\$ 3,817,107	15
1110	Financial assets at fair value through profit or loss - current (Notes. IV and VII)	43,302	-	25,691	-
1150	Notes receivable (Notes IV and IX)	9,424	-	17,628	-
1170	Accounts receivable (Notes IV, V and IX)	10,726,992	36	9,105,664	37
1200	Other accounts receivable (Notes IV and IX)	88,733	-	91,204	1
130X	Inventories (Notes IV and X)	5,615,970	19	4,821,750	19
1410	Prepayments	265,140	1	267,134	1
1470	Other current assets (Note XVI)	2,934	-	15,899	-
11XX	Total current assets	<u>22,726,472</u>	<u>76</u>	<u>18,162,077</u>	<u>73</u>
	non-current assets				
1535	Financial assets measured at amortized cost - non-current (Note IV and VIII)	45,100	-	31,700	-
1600	Property, plant and equipment (Notes IV, XII and XXIII)	6,294,437	21	5,679,186	23
1755	Right-of-use assets (Notes IV, XIII and XXVIII)	168,739	-	189,143	1
1760	Investment property (Notes IV and XIV)	576,200	2	577,900	2
1780	Other intangible assets (Notes IV and XV)	42,539	-	26,550	-
1840	Deferred income tax assets (Notes IV and XXIV)	176,253	1	298,232	1
1900	Other non-current assets (Note XVI)	10,858	-	15,497	-
15XX	Total non-current assets	<u>7,314,126</u>	<u>24</u>	<u>6,818,208</u>	<u>27</u>
1XXX	Total assets	<u>\$ 30,040,598</u>	<u>100</u>	<u>\$ 24,980,285</u>	<u>100</u>
	Liabilities and shareholders' equity				
	Current liabilities				
2100	Short-term borrowings (Notes IV and XVII)	\$ 2,188,434	7	\$ 1,341,206	5
2120	Financial liabilities measured at fair value through gains or losses - current (Notes IV and VII)	4,908	-	-	-
2150	Notes payable	116	-	-	-
2170	Accounts payable (Note XVIII)	5,660,421	19	5,502,050	22
2200	Other accounts payable (Note XIX)	2,878,042	9	2,469,318	10
2230	Income tax liability for the year (Note XXIV)	662,755	2	402,785	2
2250	Provision for liabilities-current (Notes IV and XX)	252,214	1	179,552	1
2280	Lease liabilities - current (Notes IV and XIII)	12,284	-	17,246	-
2320	Long-term borrowings due within a year (Notes IV and XVII)	-	-	253,142	1
2399	Other current liabilities (Note XIX)	197,552	1	108,933	-
21XX	Total current liabilities	<u>11,856,726</u>	<u>39</u>	<u>10,274,232</u>	<u>41</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes IV and XVII)	3,340,000	11	1,624,108	6
2542	Long-term bills payable (Note IV and XVII)	-	-	1,250,000	5
2570	Deferred income tax liabilities (Notes IV and XXIV)	338,633	1	135,795	1
2580	Lease liabilities - non-current (Notes IV and XIII)	3,110	-	15,300	-
2640	Net defined benefit liabilities- non-current (Notes IV and XXI)	73,101	-	200,680	1
2670	Other non-current liabilities (Note XIX)	105,010	1	78,056	-
25XX	Total non-current liabilities	<u>3,859,854</u>	<u>13</u>	<u>3,303,939</u>	<u>13</u>
2XXX	Total liabilities	<u>15,716,580</u>	<u>52</u>	<u>13,578,171</u>	<u>54</u>
	Equity attributable to owners of the Company (Note XXII)				
	Capital stock				
3110	Common stock	4,918,391	16	5,464,879	22
3200	Additional paid-in capital	1,219,167	4	1,206,574	5
	Retained earnings				
3310	Legal reserve	464,215	2	167,997	-
3320	Special reserve	475,522	2	475,522	2
3350	Undistributed earnings	7,062,701	23	3,927,668	16
3300	Total retained earnings	8,002,438	27	4,571,187	18
3490	Other equity items	276,776	1	257,951	1
3500	Treasury stocks	(92,754)	-	(98,477)	-
31XX	Total equity attributable to owners of the Company	<u>14,324,018</u>	<u>48</u>	<u>11,402,114</u>	<u>46</u>
3XXX	Total equity	<u>14,324,018</u>	<u>48</u>	<u>11,402,114</u>	<u>46</u>
	Total liabilities and equities	<u>\$ 30,040,598</u>	<u>100</u>	<u>\$ 24,980,285</u>	<u>100</u>

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

Chairman: Cheng-Tse Yang

Manager: Cheng-Tse Yang

Accounting Supervisor: Chang-Chin Yang

Gold Circuit Electronics Ltd. and its subsidiaries

Consolidated Statements of Income

January 1 to December 31, 2022 and 2021

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

(To be continued)

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
7900	Net profit before tax from continuing operation	\$ 6,388,333	20	\$ 4,048,518	15
7950	Income tax expenses (Notes IV and XXIV)	<u>1,820,458</u>	<u>6</u>	<u>1,121,664</u>	<u>4</u>
8000	Continuing operation net profit for the year	<u>4,567,875</u>	<u>14</u>	<u>2,926,854</u>	<u>11</u>
	Other comprehensive income				
8310	Not reclassified to profit and loss:				
8311	Defined benefit plan re-measurement amount (Note XXI)	82,063	-	44,161	-
8349	Incomes tax related to titles not subject to reclassification	(16,413)	-	(8,832)	-
8360	May be reclassified to profit and loss subsequently:				
8361	Exchange differences on translation of foreign financial statements	<u>18,825</u>	<u>-</u>	(<u>14,558</u>)	<u>-</u>
8300	Other comprehensive income (net amount after tax) of the year	<u>84,475</u>	<u>-</u>	<u>20,771</u>	<u>-</u>
8500	Total comprehensive income of the year	<u>\$ 4,652,350</u>	<u>14</u>	<u>\$ 2,947,625</u>	<u>11</u>
	The net earnings belong to:				
8610	Owners of the Company	<u>\$ 4,567,875</u>	<u>14</u>	<u>\$ 2,926,854</u>	<u>11</u>
	The total comprehensive income belongs to:				
8710	Owners of the Company	<u>\$ 4,652,350</u>	<u>14</u>	<u>\$ 2,947,625</u>	<u>11</u>
	EPS (Note XXV)				
	From continuing operations				
9710	Basic	<u>\$ 8.86</u>		<u>\$ 5.41</u>	
9810	dilution	<u>\$ 8.78</u>		<u>\$ 5.38</u>	

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

Chairman: Chen-Tse Yang

Manager: Chen-Tse Yang

Accounting Supervisor: Chang-Chin Yang

Gold Circuit Electronics Ltd. and its subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

		Equity attributable to owners of the Company									
		Capital stock	Additional paid-in capital	Retained earnings			Exchange differences on translation of foreign financial statements	Other equity items	Property upward revaluation	Treasury stocks	Total equity
Code				Legal reserve	Special reserve	Undistributed earnings		Unrealized gains or losses from financial assets measured at fair value through other combined gains or losses			
A1	Balance as of January 1, 2021	\$ 5,464,879	\$ 1,471,233	\$ -	\$ 475,522	\$ 1,679,970	(\$ 12,702)	(\$ 10,570)	\$ 295,781	(\$ 98,477)	\$ 9,265,636
	Appropriation and distribution of earnings from 2020										
B1	Legal reserve	-	-	167,997	-	(167,997)	-	-	-	-	-
B5	The Company's shareholder dividend in cash	-	-	-	-	(546,488)	-	-	-	-	(546,488)
	Change in other additional paid-in capital										
C15	Cash dividend assigned with capital reserve	-	(273,244)	-	-	-	-	-	-	-	(273,244)
C17	Capital reserve - transaction of treasury stocks	-	8,585	-	-	-	-	-	-	-	8,585
D1	Net profits of 2021	-	-	-	-	2,926,854	-	-	-	-	2,926,854
D3	Other combined gains or losses after tax of 2021	-	-	-	-	35,329	(14,558)	-	-	-	20,771
D5	Total combined gains or losses of 2021	-	-	-	-	2,962,183	(14,558)	-	-	-	2,947,625
Z1	Balance as of December 31, 2021	5,464,879	1,206,574	167,997	475,522	3,927,668	(27,260)	(10,570)	295,781	(98,477)	11,402,114
	Appropriation and distribution of earnings from 2021:										
B1	Appropriation of legal reserve	-	-	296,218	-	(296,218)	-	-	-	-	-
B5	The Company's shareholder dividend in cash	-	-	-	-	(1,202,274)	-	-	-	-	(1,202,274)
	Other changes in capital reserve:										
C17	Capital reserve - transaction of treasury stocks	-	12,593	-	-	-	-	-	-	-	12,593
D1	Net profits of 2022	-	-	-	-	4,567,875	-	-	-	-	4,567,875
D3	Other combined gains or losses after tax of 2022	-	-	-	-	65,650	18,825	-	-	-	84,475
D5	2022 Total comprehensive income	-	-	-	-	4,633,525	18,825	-	-	-	4,652,350
E3	Capital reduction in cash	(546,488)	-	-	-	-	-	-	-	5,723	(540,765)
Z1	Balance as of December 31, 2022	\$ 4,918,391	\$ 1,219,167	\$ 464,215	\$ 475,522	\$ 7,062,701	(\$ 8,435)	(\$ 10,570)	\$ 295,781	(\$ 92,754)	\$ 14,324,018

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

Chairman: Chen-Tse Yang

Manager: Chen-Tse Yang

Accounting Supervisor: Chang-Chin Yang

Gold Circuit Electronics Ltd. and its subsidiaries

Consolidated Statements of Cash Flow

January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		2022	2021
	Cash flow from operating activities		
A10000	Net profit before tax for the year	\$ 6,388,333	\$ 4,048,518
A20010	Income charges (credits):		
A20300	Expected credit impairment loss (interest from recovery of impairment)	39,549	(50,106)
A20100	Depreciation expenditure	858,157	762,815
A20200	Amortization expenditure	16,225	12,901
A20900	Financial cost	90,315	67,464
A29900	Provision for liabilities	72,512	23,540
A21200	Interest revenue	(62,826)	(16,385)
A21300	Dividend income	(124)	(54)
A23800	Loss on inventory valuation falling and obsolescence (gain on recovery)	148,583	(9,916)
A22500	Loss on disposal of property, plant and equipment	34,633	44,197
A20400	Financial asset net interest measured at fair value through gains or losses	(17,611)	(18,268)
A20400	Net loss (or gain) from financial liabilities measured at fair value through gains or losses	4,908	(13,804)
A24100	Net profit (loss) of exchange in foreign currencies	154,712	(8,237)
A24600	Loss (or gain) from fair value adjustment of investment property	1,700	(900)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	8,204	45,517
A31150	Accounts receivable	(1,661,394)	(2,344,994)
A31180	Other receivables	2,494	88,045
A31200	Inventories	(943,444)	(1,732,708)
A31230	Prepayments	1,994	3,743
A31240	Other current assets	12,965	(55)
A32140	Notes payable	116	-
A32150	Accounts payable	158,371	1,660,676
A32180	Other payables	286,899	440,886
A32230	Other current liabilities	88,619	33,633
A32240	Net defined benefit liabilities	(45,517)	(24,339)
A33000	Cash yielded in business operation	5,638,373	3,012,169
A33200	Interest collected	62,803	16,400
A33500	Income tax paid	(1,257,427)	(639,068)
AAAA	Net cash generated by operating activities	<u>4,443,749</u>	<u>2,389,501</u>

(To be continued)

(Continued)

Code		2022	2021
	Cash flow from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	(\$ 13,400)	\$ -
B07600	Dividends collected	124	54
B02700	Procurement of property, plant and equipment	(1,360,233)	(825,948)
B04500	Procurement of intangible assets	(2,412)	(20,999)
B02800	Proceeds from disposal of property, plant and equipment	14,667	15,333
B03800	Decrease in refundable deposit	1,090	74
B06700	Decrease in other non-current assets	3,549	399
BBBB	Net cash used in investing activities	(<u>1,356,615</u>)	(<u>831,087</u>)
	Cash flow from financing activities		
C00100	Increase in short-term loan	4,884,694	2,868,571
C00200	Decrease in short-term loan	(3,999,391)	(3,776,689)
C01600	Application for long-term loan	3,676,561	7,635,374
C01700	Repayment of long-term loan	(2,322,891)	(9,214,604)
C01800	Increase in long-term notes and bills payable	-	1,250,000
C01900	Decrease in long-term-term notes payable	(1,250,000)	-
C04020	Repayment of lease liability principal	(17,725)	(21,831)
C03000	Collection of guarantee deposits received	26,954	2,522
C05600	Interest paid	(83,795)	(72,512)
C04500	Dividends in cash paid	(1,189,681)	(819,732)
C04700	Capital reduction in cash	(<u>540,765</u>)	-
CCCC	Net cash used in financing activities	(<u>816,039</u>)	(<u>2,148,901</u>)
DDDD	Impact of change in exchange rate upon cash & cash equivalents	(<u>114,225</u>)	<u>22,635</u>
EEEE	Net Increase (decrease) in cash and cash equivalents	2,156,870	(567,852)
E00100	Cash and cash equivalents, beginning of year	<u>3,817,107</u>	<u>4,384,959</u>
E00200	Cash and cash equivalents, end of year	<u>\$ 5,973,977</u>	<u>\$ 3,817,107</u>

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

Chairman: Chen-Tse Yang

Manager: Chen-Tse Yang

Accounting Supervisor: Chang-Chin Yang

Gold Circuit Electronics Ltd. and its subsidiaries
Notes to consolidated financial statement
January 1 to December 31, 2022 and 2021
(Expressed in Thousand New Taiwan Dollars, unless specified otherwise)

I. Company History

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

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

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

II. Dates and procedures for Approving Financial Statements

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

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

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

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

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

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

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

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

Note 3: Except for the deferred income tax recognized of the temporary differences of lease and decommissioning obligation on January 1, 2022, the said amendment applies to transactions that occurred after January 1, 2022.

1. Amendments to IAS 1 “Disclosure of Accounting Policies”

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

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

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

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

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

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

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

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

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

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

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

New promulgation/Amendment/Amended Rules and Interpretation	The effective date promulgated by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Assets sales or contribution between the investor and the affiliated company or joint venture.”	To be determined
Amendment to IFRS 16 "Lease Liabilities for Sale and Leaseback"	Monday, January 1, 2024 (Note 2)
IFRS 17 “Insurance Contract”	Sunday, January 1, 2023
Amendments to IFRS 17	Sunday, January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	Sunday, January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	Monday, January 1, 2024
Amendment to IAS 1 “Non-current liabilities with contract terms and conditions”	Monday, January 1, 2024

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

Note 2: The seller and lessee shall retroactively apply the amendments to IFRS 16 for sale and leaseback transactions signed after the initial date of application of IFRS 16.

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

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

In addition, if a Consolidated Company sells or contributes assets to affiliated companies (or joint ventures), or the Consolidated Company loses the control over a subsidiary in the trade with affiliated companies (or joint ventures) but retains significant influence on the subsidiaries (or joint control), and if the aforementioned assets or subsidiary not in compliance with the definition of

IFRS 3 “Business,” the Consolidated Company is to recognize the profit and loss of the transactions only within the equity scope of the affiliated companies (or joint ventures) irrelevant to the investors, in other words, the profit and loss attributable to the Consolidated Company should be offset.

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

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

The amendment in 2020 also specifies that the Consolidated Company must have followed specific criteria when the reporting period ends if it is required for the Consolidated Company to follow specific criteria in order to be entitled to delay the pay-off of liabilities. This applies even if the lender tests if the Consolidated Company has followed the said criteria on a later date. The amendment in 2022 further clarified that only the contract terms that need to be followed before the end date of the reporting period would impact the classification of liabilities. Although the contract terms that need to be followed within 12 months after the reporting period do not impact the classification of liabilities, related information needs to be disclosed so that users of financial reports understand that the risk of the Consolidated Company possibly being unable to abide by contract terms and hence the need to pay back within 12 months after the reporting period.

The amendment in 2020 stipulates that for the purpose of liability categorization, the above-mentioned pay-off means the transfer of cash, other economic resources, or the equity tools of the Consolidated Company to the trading counterpart to result in disappearance of liabilities. Notwithstanding, where, according to the terms and conditions of liabilities, the liabilities might be paid off at the discretion of the trading counterpart through the transfer of the

Consolidated Company's equity instruments and said discretion is stated into equity separately under IAS 32 "Financial Instruments: Presentation," the classification of liabilities would remain unaffected by said terms and conditions.

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

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

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

IV. Summary of Significant Accounting Policies

(I) Declaration in compliance

The present consolidated financial reports has been duly worked out in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRSs recognized and issued into effect by FSC.

(II) Basis of preparation

Except for the financial instruments measured at fair value, investment properties, and the net defined benefit liabilities recognized at fair value after the project assets are deducted from the present value of defined benefit obligations, the consolidated financial reports have been duly prepared on the grounds of historical costs.

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

1. Degree 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment)

2. Degree 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Degree 3 input value: the unobservable input value of asset or liability.

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

Current assets include:

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

Current liabilities include:

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

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

(IV) Basis of consolidation

The present Consolidated financial reports are the financial reports containing the Company, and the entities under the control by the Company (subsidiaries). Consolidated statements of income of comprehensive income already covered the operating profit and/or loss of the subsidiaries, which have been acquired or disposed of the current term, from the date of acquisition until the date of disposal. The financial reports of the subsidiaries have been duly adjusted so that their accounting policies would be consistent with the accounting policies of the Consolidated Company. Upon preparation of the consolidated financial reports, the transactions among entities, balances, gains, expenses and losses on account have been written out in full. The total comprehensive incomes of the subsidiaries were non-controlling interest attributed to

the Company's owners and the non-controlling interest, to become the balance of loss even as the non-controlling interest.

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

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

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

(V) Foreign currency

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

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

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

recognized into other comprehensive profit and/or loss, the difference of the foreign exchange so incurred was entered as other comprehensive profit and/or loss.

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

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

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

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

(IV) Inventories

Inventories include raw materials, supplies, finished goods and work in process. The inventory was measured at the lower of cost and net realizable value. In comparison between the cost and realizable value, the individual items shall be taken as the grounds except inventory of the same categories. The term "net realizable value" as set forth herein denotes the balance of the selling price estimated under normal conditions deducted with the cost which is estimated to be invested till completion of manufacture and completion of sales. The cost of inventory was calculated in weighted average method.

(VII) Property, plant and equipment

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

The property, plant and equipment under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. The costs included fees incurred for professional services and costs of loan which were consistent with the conditions of capitalization. For those assets, depreciation started being amortized when those assets were completed to the extent of being ready for use and duly classified into the appropriate categories of property, plant and equipment.

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

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

(VIII) Investment property

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

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

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

(IX) Intangible assets

1. Individually acquired

The intangible assets with limited useful life individually acquired were measured at costs. Subsequently, they were measured at cost deducted with the amount of accumulated amortization and the loss of the accumulated impairment. Intangible assets within the durability period are amortized on the straight-line basis. The Consolidated Company reviews at least on the end date

of each year the estimated durability period, residual value, and depreciation method and postpones impacts where changes in accounting estimates apply. Intangible assets with indefinite durability are recognized with the cost less cumulative impairment loss.

2. Derecognition

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

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

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

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

The recoverable amount denotes fair value deducted with the selling costs and the useful value, whichever is the higher. In the event that the individual asset or the recoverable amount of the units that yielded cash was found below the book value, such asset or the book value of the units that yielded cash was adjusted downward to the recoverable amount, with the impairment profit and loss recognized in profit and loss.

(XI) Financial instruments

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

Upon initial recognition of financial assets and financial liabilities, if the financial assets or financial liabilities were those other than the financial assets or liabilities at fair value through profit or loss, the Consolidated Company measured the same based on the fair value added with the transaction costs, which could be directly attributed to the acquisition or issuance of the financial assets or financial liabilities. The transaction costs which could be directly attributed to the acquisition or issuance of such financial assets or financial liabilities, which were measured at the fair value, were imaginably recognized as the profit and/or loss.

1. Financial assets

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

(1) Categories of measurement

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

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

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

The financial assets at fair value through gains or losses were measured at fair value, and the gains or losses so incurred were recognized as other profit and loss. Please refer to Note XXVII for the determination of fair value.

B. Financial assets measured at amortized cost

If the financial assets invested by the Consolidated Company meet the following two conditions at the same time, they are classified as financial assets measured at amortized cost:

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

Upon the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost, other accounts receivable, time deposit with initial maturity date more than three months away, and refundable deposit) were measured at the amortized cost after the total book value decided using the effective interest method less any impairment loss. Any foreign currency exchange income was recognized in the profit or loss.

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

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

The credit-impaired financial assets mean that issuers or debtors already suffered hard-up financial standing or default, or an event where a debtor was about to run into bankruptcy or proceed with financial reorganization, or the hard-up financial standing leading to loss of active market of the assets.

Cash equivalents include time deposits in high liquidity, which could be converted into cash of the specified amounts at any time within three (3) months from acquisition, with little risk in the change in

values, intended to be used to satisfy the commitment in the short-term cash.

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

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

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

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

(2) Impairment of financial assets and contract assets

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

The allowance losses on accounts receivable were all recognized based on the lifetime expected credit loss. For other financial assets, the credit risk is evaluated if there is any significant increase after the initial recognition. If not, the allowance loss is recognized based on the expected credit losses of 12 months; if there any significant increases, the allowance loss is recognized based on the expected credit losses of life time.

Expected credit losses as the weighted average of credit losses with the weightings being the respective risks of a default occurring. 12-month expected credit losses are expected credit losses that result from those

default events on the financial instruments that are possible within 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the life of the financial instruments.

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

(3) Derecognition of financial assets

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

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

2. Equity instruments

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

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

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

3. Financial liabilities

(1) Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

(2) Derecognition of financial liabilities

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

4. Derivative financial instruments

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

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

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

(XII) Provision for liabilities

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

(XIII) Recognition of revenue

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

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

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

Sales revenue

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

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

(XIV) Lease

The Consolidated Company evaluated if a contract was, or included a lease on the date when the contract was established.

1. The Consolidated Company was the Lessor.

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

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

2. The Consolidated Company was the Lessee.

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

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

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

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

Subsequently, the lease liabilities were measured at amortized cost using the effective interest method. The interest expenditure was also amortized within the lease period. If there was any change in the lease period or any index or fees determining the lease payments would result in changes of future lease payment, the Consolidated Company re-measured the lease liabilities, and relatively adjusted the right-of-use assets; provided the book value of the right-of-use asset has decreased to zero, the remaining re-measured amount was recognized in the

profit or loss. The lease liabilities were individually expressed in the consolidated balance sheet.

(XV) Cost of borrowings

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

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

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

(XVI) Government subsidies

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

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

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

(XVII) Employee benefits

1. Short-term employee benefits

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

2. Benefits after severance/retirement

For pension under the defined contribution retirement plan, the amounts of pension to be contributed during the period in which employees provided services were recognized as expenditure.

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

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

3. Resignation benefits

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

(XVIII) Income tax

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

1. Current income tax

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

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

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

2. Deferred income tax

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

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

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

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

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

the Consolidated Company would assume that the book value of the assets was recovered through sale.

3. Current and deferred income tax

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

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

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

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

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

Major sources of estimates and hypotheses of uncertainty

Estimated impairment of financial assets

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

VI. Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working capital	\$ 1,209	\$ 1,263

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank's notes and current deposit	4,665,815	3,136,536
Cash equivalents (investment due within three (3) months in the date of initial maturity).		
Bank time deposit	<u>1,306,953</u>	<u>679,308</u>
	<u>\$ 5,973,977</u>	<u>\$ 3,817,107</u>
VII. <u>Financial Instruments at Fair Value through Profit or Loss</u>		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets-current</u>		
At fair value through profit or loss compulsorily		
Derivatives (not under hedge accounting)		
— Forward foreign exchange contracts		
(1)	\$ 40,166	\$ 15,279
— FX swaps contracts		
(2)	-	6,172
Non-derivative financial assets		
— TWSE/TPEX-listed stocks	<u>3,136</u>	<u>4,240</u>
	<u>\$ 43,302</u>	<u>\$ 25,691</u>
<u>Financial liabilities - Current</u>		
At fair value through profit or loss compulsorily		
Derivatives (not under hedge accounting)		
— Forward foreign exchange contracts		
(1)	\$ 704	\$ -
— FX swaps contracts		
(2)	<u>4,204</u>	<u>-</u>
	<u>\$ 4,908</u>	<u>\$ -</u>

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

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

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

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

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

VIII. Financial Assets Measured at Amortized Cost

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

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

IX. Notes receivable, accounts receivable and other receivables

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

Notes receivable and accounts receivable

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

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

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

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

The allowance losses on notes and accounts receivable measured by the Consolidated Company based on the reserve matrix are stated as following:

December 31, 2022

Accounts receivable

	Not overdue	Overdue for 1~60 days	Overdue for 61~90 days	Overdue for 91~120 days	Overdue for more than 120 days	Total
Expected Credit Loss (ECL) Rate	0%~0.06%	0%~19.05%	59.96%	73.82%	94.38%~100%	
Total book value	\$ 10,525,322	\$ 218,561	\$ 31,257	\$ 4,529	\$ 62,529	\$ 10,842,198
Allowance losses (lifetime expected credit loss)	(6,068)	(26,155)	(18,741)	(3,343)	(60,899)	(115,206)
Amortized cost	<u>\$ 10,519,254</u>	<u>\$ 192,406</u>	<u>\$ 12,516</u>	<u>\$ 1,186</u>	<u>\$ 1,630</u>	<u>\$ 10,726,992</u>

December 31, 2021

Accounts receivable

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

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

Accounts receivable

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

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

X. Inventories

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

Sales cost is defined as follows:

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

XI. Subsidiaries

The subsidiaries included into the consolidated financial reports

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

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

XII. Property, plant and equipment

Self-use

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

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

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

Building	
Main building of plant	11~55 years
Electromechanical & power equipment	5~20 years
Engineering system	3~25 years
Others	5~15 years
Machinery & equipment	1 year ~14 years
Transportation equipment	2~11 years
Office equipment	2~11 years
Other equipment	1 year ~15 years

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

XIII. Lease Agreement

(I) Right-of-use assets

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

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

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

(II) Lease liabilities

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Machinery & equipment	1.38%~3.5%	1.38%~3.5%

(III) Major lessee activities and terms and conditions

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

(IV) Other lease agreement

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

XIV. Investment property

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

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

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

The fair values of any investment property amounting to more than NTD300 million on December 31, 2022 and 2021 were appraised by Appraiser Chiu Hsiang-Ling from CCSI Real Estate Joint Appraisers Firm, who held the real estate appraiser qualification in the R.O.C., on the same dates respectively.

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

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

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

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

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

XV. Other intangible assets

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

Except for the amortization expenditure that was recognized, no major additions, disposals, or impairment of other intangible assets of the Consolidated Company occurred between January 1 and December 31, 2022 and 2021. Amortization expense was appropriated on a straight-line basis within 1~5 useful years.

Summarization of amortization expenses by functions:

	<u>2022</u>	<u>2021</u>
Operating cost	\$ 13,115	\$ 10,156
Operating expenditure	593	160
R&D expense	2,517	2,585
	<u>\$ 16,225</u>	<u>\$ 12,901</u>

XVI. Other assets

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

XVII. Loan

(I) Short-term loans

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

Revolving bank loan interest rate was 1.110%–4.48% and 0.675%–3.7% on December 31, 2022 and 2021, respectively.

(II) Long-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loans</u> (Note XXVIII)		
Mega International		
Commercial Bank (1)	\$ 430,000	\$ -
Mega International		
Commercial Bank (2)	-	430,770
KGI Bank (3)	<u>360,000</u>	<u>250,000</u>
Subtotal	<u>790,000</u>	<u>680,770</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unsecured loans</u>		
CTBC (4)	\$ 200,000	\$ 200,000
Jih Sun International Bank (5)	300,000	-
E.SUN Bank (6)	100,000	-
Syndicated banks including		
Taipei Fubon Bank (7)	700,000	-
Syndicated banks including E.		
Sun Bank (8)	1,250,000	-
Syndicated banks including		
Taipei Fubon Bank (9)	-	996,480
Subtotal	<u>2,550,000</u>	<u>1,196,480</u>
Less: current portion	-	253,142
Long-term loans	<u>\$ 3,340,000</u>	<u>\$ 1,624,108</u>

1. Land and buildings are set as the collaterals for secured borrowings. NTD 430,000 thousand out of the total value of NTD 900,000 thousand has been fully drawn down. The borrowing period was from July 8, 2022 to July 8, 2025. The cyclic drawdowns were based on request forms. As of December 31, 2022, the effective annual interest rate was 1.8%.
2. Land and buildings are set as the collaterals for secured borrowings. The total value of NTD 700,000 thousand has been drawn down in full. The borrowing period began on September 6, 2019 and ended on September 6, 2024, with interests paid on a monthly basis. From the date of the first draw-down, the first term was up to the end of the first 24 months and each term thereafter consists of 3 months. The borrowings are to be paid in installments over a total of 13 terms. The loans were already repaid in full earlier in July 2022. As of December 31, 2021, the effective annual interest rate was 1.2%.
3. Land and buildings are set as the collaterals for secured borrowings. NTD360,000 thousand out of the total value of NTD500,000 thousand has been drawn down. The borrowing period was from April 30, 2017 to April 30, 2024. Prior to expiration, the borrowing period had been extended to January 26, 2025. The line of credit was reduced by NTD100,000 thousand at the end of 18, 24 and 30 months, respectively, from the date of extension. All the remaining limits decreased and canceled at the end of 36 months. It has been drawn down cyclically within 3 years since January 26, 2022, with interests paid on a monthly basis, and will be paid off at once upon maturity. As of December 31, 2022 and 2021, the effective annual interest rates were 1.849%–1.862% and 1.288%,

respectively. The quarterly consolidated financial ratios on the loans during the effective term were subject to the following restrictions: The total of cash and cash equivalents and EBITDA (net income, income tax expense, financial costs (interest expenses), depreciation expenses and amortization expenses in the long-term loan, current portion should stay more than 120% (inclusive).

4. For credit-based borrowings, totaling NTD225,000 thousand, NTD200,000 thousand has been drawn down; the borrowing period was from November 23, 2021 to November 23, 2023. The borrowing period had been extended to July 15, 2024 for the current term. Since the date of borrowing, the interest should be accrued, subject to the balance of loan, at the interest rate agreed on the loan on a monthly basis. The principal should be repaid in a lump sum when matured. As of December 31, 2022 and 2021, the effective annual interest rates were 1.69% and 1.10%, respectively.
5. Credit-based borrowings, totaling NTD 300,000 thousand, have been drawn down in full; the borrowing period was from July 20, 2022 to June 14, 2024. Since the date of borrowing, the interest should be accrued, subject to the balance of loan, at the interest rate agreed on the loan on a monthly basis. The principal should be repaid in a lump sum when matured. As of December 31, 2022, the effective annual interest rate was 1.561%.
6. For credit-based borrowings, totaling NTD300,000 thousand, NTD100,000 thousand has been drawn down; the borrowing period was from October 14, 2022 to October 14, 2025. The cyclical draw-downs were based on request forms. As of December 31, 2022, the effective annual interest rate was 1.7%.
7. For syndicated loan-based borrowings, totaling NTD 1,440,000 thousand, NTD 700,000 thousand has been drawn down from December 20, 2022 to December 20, 2025. It has been drawn down cyclically within 3 years, with interests paid on a monthly basis. As of December 31, 2022, the effective annual interest rate was 2.004%. Annual consolidated financial ratios on the said borrowings during the borrowing period are subject to the following restrictions: The current ratio remains at least 100%. The financial liabilities (less cash and cash equivalents) defined under the loan agreement in the net value of tangible assets should stay less than 110%. The interest coverage ratio (Earnings before interest, taxes and amortization of depreciation) should stay more than 2.5 times. The net value of tangible assets should stay more than NT\$6,200,000 thousand.

8. The syndicated loans, totaling NTD 1,250,000 thousand, have been drawn down in full. The loans were effective from October 14, 2022 to February 5, 2024 for cyclic drawdowns and the principal is to be paid off at once upon maturity. As of December 31, 2022, the effective annual interest rate was 1.817%. The restrictions imposed on the financial ratios thereof were the same as those applied to the loans from syndicated banks including Taipei Fubon Bank (7).
9. Syndicated borrowings, endorsed and guaranteed by the Company, totaling USD 36,000 thousand, have been drawn down in full; the borrowing period was July 24, 2020 through July 24, 2023. The principal was repayable by 20%, 20% and 60% upon expiration of 24 months, 30 months and 36 months from the date of the first drawdown, respectively. The interest thereon was payable once every 3 months. It was paid off early in June 2022. As of December 31, 2021, the effective annual interest rate was 1.310%–1.815%. The annual consolidated financial ratios on the loans during the effective term were subject to the following restrictions: The current ratio should stay more than 100%. The financial liabilities (less cash and cash equivalents) defined under the loan agreement in the net value of tangible assets should stay less than 110%. The interest coverage ratio (Earnings before interest, taxes and amortization of depreciation) should stay more than 2.5 times. The net value of tangible assets should stay more than NT\$6,200,000 thousand.

(III) Long-term notes and bills payable

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

The Consolidated Company signed the joint loan contract with syndicated banks such as E-Sun Bank on January 18, 2021. The line of credit for Item A of the said syndicated loan was NTD 625,000 thousand and that for Items B and C totaled no more than NTD 1,250,000 thousand. The loan had to be drawn down within three months after the date the contract was signed. Failure to do so, the date of the first draw-down will be the end of the three months after the contract was signed. The loan given out under Item A, in particular, could be drawn down cyclically within three

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

E-Sun syndicated loan - guaranteed issuance of promissory notes were issued under Item C of the syndicated loan, with a contract underwriting period of 5 years; the loan period, however, may not be exceeded. As of December 31, 2022, the effective annual interest rate was 1.134%.

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

XVIII. Accounts Payable

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

XIX. Other liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Other payables		
Salary and bonus payable	\$ 1,176,713	\$ 905,094
Repairs and maintenance payable	315,354	306,603
Processing fees payable	194,389	228,052
Equipment accounts payable	383,607	268,302
Consumables payable	54,535	66,809
Commission payable	150,561	96,512
Pension fund payable	10,363	11,251
Interest payable	10,164	3,644
Damages payable	159,041	164,844
Others	<u>423,495</u>	<u>418,207</u>

	<u>\$ 2,878,042</u>	<u>\$ 2,469,318</u>
Other liabilities		
Others	<u>\$ 197,552</u>	<u>\$ 108,933</u>
<u>Noncurrent</u>		
Other liabilities		
Guarantee deposit received	<u>\$ 105,010</u>	<u>\$ 78,056</u>
XX. <u>Provision for liabilities</u>		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Sales returns and allowances	<u>\$ 252,214</u>	<u>\$ 179,552</u>

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

XXI. Post-retirement benefit plans

(I) Defined contribution plan

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

(II) Defined benefit plan

The pension system implemented by the Consolidated Company based on the "Labor Standards Act" is a defined benefit plan managed by the government. The pension benefits a participant receives were determined based on an employee's number of years of service and average compensation for the six-month period prior to retirement. Those companies have an amount equivalent to 2% of the total monthly salary of employees appropriated and deposited in the specific account with Bank of Taiwan in the name of Labor Pension Reserve Committee. Before the end of the fiscal year, if the pension account balance is insufficient to pay for the employees expecting to retire in the following year, the spread amount should be deposited in a lump sum before the end of March in the following year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for

management. The Consolidated Company exercised no influence on the right of the Bureau in its investment management strategy.

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

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

The net defined benefit liabilities show the following changes:

	<u>Present value of the defined benefit obligations</u>	<u>Fair value of the planned assets</u>	<u>Net defined benefit liabilities</u>
Balance as of January 1, 2021	<u>\$ 466,631</u>	(<u>\$ 197,451</u>)	<u>\$ 269,180</u>
Service cost			
Service cost in current period	971	-	971
Interest expenses (revenue)	<u>1,986</u>	(<u>1,048</u>)	<u>938</u>
Recognized into profit and/or loss	<u>2,957</u>	(<u>1,048</u>)	<u>1,909</u>

(To be continued)

(Continued)

	Present value of the defined benefit obligations	Fair value of the planned assets	Net defined benefit liabilities
Re-measurement amount			
ROE on planned assets (except the amount of net interest)	\$ -	(\$ 2,402)	(\$ 2,402)
Actuarial losses			
— change in the assumption of the census	9,975	-	9,975
— changes in financial assumptions	-	-	-
— adjustment through experience	(51,734)	-	(51,734)
Recognized into other comprehensive income	(41,759)	(2,402)	(44,161)
Contributed by employer	-	(26,248)	(26,248)
Benefits paid	(10,580)	10,580	-
Balance as of December 31, 2021	<u>\$ 417,249</u>	<u>(\$ 216,569)</u>	<u>\$ 200,680</u>
Balance as of January 1, 2022	<u>\$ 417,249</u>	<u>(\$ 216,569)</u>	<u>\$ 200,680</u>
Service cost			
Service cost in current period	1,006	-	1,006
Interest expenses (revenue)	<u>2,086</u>	<u>(1,148)</u>	<u>938</u>
Recognized into profit and/or loss	<u>3,092</u>	<u>(1,148)</u>	<u>1,944</u>
Re-measurement amount			
ROE on planned assets (except the amount of net interest)	-	(16,859)	(16,859)
Actuarial losses			
— changes in financial assumptions	(37,258)	-	(37,258)
— adjustment through experience	(27,946)	-	(27,946)
Recognized into other comprehensive income	(65,204)	(16,859)	(82,063)
Contributed by employer	-	(47,460)	(47,460)
Benefits paid	(14,584)	14,584	-
Balance as of December 31, 2022	<u>\$ 340,553</u>	<u>(\$ 267,452)</u>	<u>\$ 73,101</u>

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

	2022	2021
Summarization by functions		
Operating cost	\$ 1,387	\$ 1,359
Promotional expenditure	107	105
Operating expenditure	165	168

R&D expense	<u>285</u>	<u>277</u>
	<u>\$ 1,944</u>	<u>\$ 1,909</u>

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

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

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

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

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

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

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

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

XXII. Equity

(I) Capital stock

Common stock

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

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

In order to adjust the capital structure and to improve the return on shareholder equity, the Company decided through its general shareholders' meeting on June 8, 2022 to return the share amount through capital reduction worth NTD 546,488 thousand, with 54,649 thousand shares canceled, that is, a capital reduction rate of 10%. The paid-in capital stock after capital reduction came to NTD 4,918,391 thousand, with the paid-up number of shares being 491,835 thousand. The above-said capital reduction was filed and took effect through the Tai-Zheng-Shang-(I)-Zi No. 1111803141 letter dated July 12, 2022 from the Financial Supervisory Commission and it was approved by the Board of Directors that July 15, 2022 would be the base date for capital reduction. Change registration was completed on August 4, 2022. The base date for swap of shares through capital reduction was September 16, 2022.

(II) Capital reserve

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

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

(III) Retained Earnings and Dividend Policy

The Company already approved the revisions made to the Articles of Association in its general shareholders' meeting on June 8, 2022. If there is a surplus after account settlement of the fiscal year, the Company shall pay applicable taxes and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve, and appropriate special reserve or reverse special reserve. If there is still a balance, it will be pooled up with the undistributed earnings carried forward from previous years for distribution as dividend under a motion proposed by the Board subject to the final approval in a general shareholders' meeting. Please refer to Note XXII (VIII) "Remuneration to Employees and Directors" for the policy for distribution of remuneration to the employees and directors under the Articles of Association.

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

The legal reserve should be contributed until its balance reaches the Company's total paid-in capital stock. The legal reserve can be appropriated to cover previous

losses. Where the Company did not operate at a loss, the part of the legal reserve in excess of 25% of the paid-in capital could be taken as capital and may be allocated in cash as well.

The Company has special reserve appropriated and reversed in Corporation accordance with the Jin-Guan-Zheng-Fa-Zi No. 1010012865 Letter, Jin-Guan-Zheng-Fa-Zi No. 1010047490 Letter, Jin-Guan-Zheng-Fa-Zi No. 1030006415 and “Appropriation of Special Reserve Q&A after the Adoption of International Financial Reporting Standards (IFRSs).”

The Company’s 2021 and 2020 earnings distribution proposals are as follows:

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

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

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

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

(IV) Other equities

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

	2022	2021
Balance at start of term	(\$ 27,260)	(\$ 12,702)
Incurring for the current term		
Conversion differences of overseas operating entities	18,825	(14,558)

	<u>2022</u>	<u>2021</u>
Other comprehensive profits or losses of current term	<u>18,825</u>	<u>(14,558)</u>
Balance – end of period	<u>(\$ 8,435)</u>	<u>(\$ 27,260)</u>
2. Unrealized gains or losses from financial assets measured at fair value through other combined gains or losses		
	<u>2022</u>	<u>2021</u>
Balance at start of term	<u>(\$ 10,570)</u>	<u>(\$ 10,570)</u>
Balance – end of period	<u>(\$ 10,570)</u>	<u>(\$ 10,570)</u>
3. Real estate properties revaluation surplus		
	<u>2022</u>	<u>2021</u>
Balance at start of term	<u>\$ 295,781</u>	<u>\$ 295,781</u>
Balance – end of period	<u>\$ 295,781</u>	<u>\$ 295,781</u>

(V) Treasury stock

<u>Causes of Redemption</u>	<u>The stocks of parent company held by the subsidiaries (thousand shares)</u>	<u>Total (thousand shares)</u>
Number of shares as of January 1, 2021	<u>5,724</u>	<u>5,724</u>
Number of shares as of December 31, 2021	<u>5,724</u>	<u>5,724</u>
Number of shares as of January 1, 2022	5,724	5,724
Decrease for the current term	<u>(573)</u>	<u>(573)</u>
Number of shares as of December 31, 2022	<u>5,151</u>	<u>5,151</u>

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

<u>Name of subsidiary</u>	<u>Shares (thousand)</u>	<u>Book value</u>	<u>Market price</u>
<u>December 31, 2022</u>			
King Hsiang Investment Co., Ltd.	5,151	<u>\$ 447,139</u>	<u>\$ 447,139</u>
<u>December 31, 2021</u>			
King Hsiang Investment Co., Ltd.	5,724	<u>\$ 435,005</u>	<u>\$ 435,005</u>

The Company's treasury stocks may not be pledged in accordance with the Security and Exchange Law, and no privilege of dividend and voting right may be vested in them. The stocks of the Company held by the subsidiaries were treated as Treasury Stock and entitled to the rights vested in shareholders except for the privilege of cash capitalization and voting right. The Company decided to organize capital reduction in cash on July 15, 2022, the base date; the treasury stock, in particular, dropped by 573 thousand shares.

XXIII. Net profit from continuing operating units

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

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

(II) Interest income

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

(III) Other income

	<u>2022</u>	<u>2021</u>
Lease income	\$ 11,926	\$ 11,803
Others	<u>81,682</u>	<u>84,017</u>
	<u>\$ 93,608</u>	<u>\$ 95,820</u>

(IV) Other gains (or losses)

	<u>2022</u>	<u>2021</u>
(Loss) Gain from financial assets and financial liabilities		
Financial assets and financial liabilities compulsorily measured at fair value through profit or loss	(\$ 436,596)	\$ 102,009
Net gain (or loss) from foreign currency exchange	761,549	(161,356)
Loss on disposal of property, plant and equipment	(34,633)	(44,197)
(Loss) Gain from fair value adjustment of investment property	(1,700)	900
Others	(<u>3,118</u>)	(<u>16,100</u>)
	<u>\$ 285,502</u>	<u>(\$ 118,744)</u>

(V) Financial cost

	<u>2022</u>	<u>2021</u>
Bank loan interest	\$ 88,928	\$ 63,570
Interest of lease liabilities	338	737
Other interest expenses	2,021	3,611
Less: The amount of the cost of assets meeting requirements	(<u>972</u>)	(<u>454</u>)
	<u>\$ 90,315</u>	<u>\$ 67,464</u>

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

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

(VI) Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Summarization of the depreciation expenses by functions		
Operating costs	\$ 743,111	\$ 653,210
Operating expenses	<u>115,046</u>	<u>109,605</u>
	<u>\$ 858,157</u>	<u>\$ 762,815</u>

Summarization of the
amortization expenses by
functions

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

(VII) Employee benefits expenditure

	<u>2022</u>	<u>2021</u>
Post-employment benefits (Note XXI)		
Defined contribution plan	\$ 70,056	\$ 70,091
Defined benefit plan	<u>1,944</u>	<u>1,909</u>
	72,000	72,000
Resignation benefits	2,131	23
Other employee benefits	<u>5,695,964</u>	<u>4,987,857</u>
Total of employee benefit expenses	<u>\$ 5,770,095</u>	<u>\$ 5,059,880</u>
Summarization by functions		
Operating costs	\$ 4,394,789	\$ 3,879,812
Operating expenses	<u>1,375,306</u>	<u>1,180,068</u>
	<u>\$ 5,770,095</u>	<u>\$ 5,059,880</u>

(VIII) Remuneration to employees and that to directors

According to the Articles of Association, no less than 5%– 10% and no more than 1% of the profit before tax and before the remuneration to employees and that to directors is deducted for the current year shall be set aside to be the remuneration to employees and that to directors. The remuneration to employees and that to directors for 2022 and 2021 was approved by the Board of Directors, respectively, on March 9, 2023 and March 21, 2022 as follows:

Estimated ratio

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

Amount

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

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

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

(IX) Gains (Losses) from foreign currency exchange

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

XXIV. Income tax for continuing operations

(I) Income tax recognized under gains or losses

Main components of income tax expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Income tax for the year		
Those incurred for the current term	\$ 1,374,441	\$ 878,342
Undistributed earnings levied	78,230	43,263
Adjustment of previous year(s)	29,977	(33,086)
Others	<u>2,988</u>	<u>7,257</u>
	<u>1,485,636</u>	<u>895,776</u>
Deferred income tax		
Those incurred for the current term	<u>334,822</u>	<u>225,888</u>
	<u>334,822</u>	<u>225,888</u>
The income tax expenses recognized into profit and/or loss	<u>\$ 1,820,458</u>	<u>\$ 1,121,664</u>

The accounting income and income tax expenses are adjusted below:

	<u>2022</u>	<u>2021</u>
Net profit before tax from continuing operation	<u>\$ 6,388,333</u>	<u>\$ 4,048,518</u>
Income tax expenses for net profit before tax calculated at the statutory tax rate	\$ 2,203,789	\$ 1,420,807
Expenses and losses which could not be reduced from tax	2,091	1,676
Income exempted from income tax	1,881	463
Undistributed earnings levied	78,230	43,263
Land value increment tax of investment property	(89)	(1,092)
Deductible temporary differences not recognized	(495,544)	(276,687)
Loss credit not recognized	(2,865)	(40,937)
The income tax expenses of previous year(s) adjusted in the present year	29,977	(33,086)
Others	<u>2,988</u>	<u>7,257</u>
The income tax expenses recognized into profit and/or loss	<u>\$ 1,820,458</u>	<u>\$ 1,121,664</u>

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

(II) Income tax recognized into other comprehensive income

	<u>2022</u>	<u>2021</u>
<u>Deferred income tax</u>		
Incurring for the year		
— Conversion from overseas operating institutions	(\$ 2,109)	\$ -
— Defined benefit plan re-measurement amount	<u>16,413</u>	<u>8,832</u>
Income tax recognized into other comprehensive income	<u>\$ 14,304</u>	<u>\$ 8,832</u>

(III) Deferred income tax assets and liabilities

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

2022

	Balance - beginning of year	Recognized into profit and/or loss	Recognized into other comprehensiv e income	Balance - end of year
<u>Deferred income tax assets</u>				
Temporary difference				
Portions of profits or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	\$ 123,441	(\$ 123,441)	\$ -	\$ -
Loss on inventory devaluation	22,091	27,310	-	49,401
Exchange gains or losses	1,162	5,426	-	6,588
Financial assets at fair value through profit or loss	-	982	-	982
Provision for liabilities	35,717	(13,687)	-	22,030
Defined benefit retirement plan	27,999	-	(27,999)	-
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference between fixed assets and idle assets	98	342	-	440
Provision of compensation loss	34,761	(1,649)	-	33,112
Others	48,463	8,628	2,109	59,200
	<u>\$ 298,232</u>	<u>(\$ 96,089)</u>	<u>(\$ 25,890)</u>	<u>\$ 176,253</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Portions of profits or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	\$ -	\$ 54,545	\$ -	\$ 54,545
Financial assets at fair value through profit or loss	1,839	(1,839)	-	-
Defined benefit retirement plan	-	14,762	(11,586)	3,176
Tax difference between fixed assets and idle assets	884	(821)	-	63
Investment property	83,422	(89)	-	83,333
Others	49,650	147,866	-	197,516
	<u>\$ 135,795</u>	<u>\$ 214,424</u>	<u>(\$ 11,586)</u>	<u>\$ 338,633</u>

2021

	Balance - beginning of year	Recognized into profit and/or loss	Recognized into other comprehensiv e income	Balance - end of year
<u>Deferred income tax assets</u>				
Temporary difference				
Portions of profits or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	\$ 348,362	(\$ 224,921)	\$ -	\$ 123,441
Loss on inventory devaluation	20,316	1,775	-	22,091
Exchange gains or losses	4,633	(3,471)	-	1,162
Provision for liabilities	8,601	27,116	-	35,717
Defined benefit retirement plan	36,831	-	(8,832)	27,999
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference between fixed assets and idle assets	41,460	(41,362)	-	98
Provision of compensation loss	15,057	19,704	-	34,761
Others	8,972	39,491	-	48,463
	<u>\$ 488,732</u>	<u>(\$ 181,668)</u>	<u>(\$ 8,832)</u>	<u>\$ 298,232</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Financial assets at fair value through profit or loss	\$ -	\$ 1,839	\$ -	\$ 1,839
Tax difference between fixed assets and idle assets	116	768	-	884
Investment property	84,514	(1,092)	-	83,422
Others	176	49,474	-	49,650
	<u>\$ 84,806</u>	<u>\$ 50,989</u>	<u>\$ -</u>	<u>\$ 135,795</u>

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

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

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

As of December 31, 2022, temporary differences relevant to investments in subsidiaries without recognition of deferred income tax liabilities were NTD4,028,000 thousand.

(VI) Authorization of income tax

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

XXV. Earnings Per Share

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

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

Net profit of the year

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

Share(s)

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

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

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

XXVI. Capital risk management

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

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

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

XXVII. Financial instruments

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

The management of the Consolidated Company believed that the financial assets and financial liabilities not measured at fair value were close to the fair value thereof. Until December 31, 2022 and 2021, there have no significant difference between the book value and fair value.

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

1. Fair value hierarchy

December 31, 2022

	<u>Degree I</u>	<u>Degree II</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>			
Derivative financial instruments	\$ -	\$ 40,166	\$ 40,166
Non-derivative financial instruments			
— TWSE/TPEX-listed and emerging stocks	3,136	-	3,136
Total	<u>\$ 3,136</u>	<u>\$ 40,166</u>	<u>\$ 43,302</u>

Financial liabilities at fair value through profit or loss

Derivative financial instruments	\$ -	\$ 4,908	\$ 4,908
----------------------------------	------	----------	----------

December 31, 2021

	<u>Degree I</u>	<u>Degree II</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>			
Derivative financial instruments	\$ -	\$ 21,451	\$ 21,451
Non-derivative financial instruments			
— TWSE/TPEX-listed and emerging stocks	4,240	-	4,240
Total	\$ 4,240	\$ 21,451	\$ 25,691

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

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

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

(III) Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
At fair value through profit or loss		
At fair value through profit or loss compulsorily	\$ 43,302	\$ 25,691
Financial liabilities measured at amortized cost (Note 1)	16,855,084	13,075,251
<u>Financial liabilities</u>		

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

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

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

(IV) The objectives and policies of financial risk management

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

The Consolidated Company hedged against the exposure through derivative financial instruments, in order to mitigate the effect posed by such risks. The application of derivative financial instruments was governed by the policies passed by the Consolidated Company's board of directors, as the written principles for application of foreign risk, interest risk, credit risk, derivative financial instruments and non-derivative financial instruments and residual current fund. The internal auditors kept rechecking the compliance with the policies and limit of exposure. The Consolidated Company never engaged in transactions of financial instruments (including derivative financial instruments) for the purpose of any speculative operations.

1. Market risk

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

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

(1) Foreign exchange rate risk

Several subsidiaries of the Company engaged in foreign currency-denominated sales and purchases, which exposed the Consolidated Company the risk of foreign exchange rate changes therefor. About 97.59% of the Consolidated Company's sales were not denominated in the functional currency adopted by the group entity engaged in the relevant transaction. About 37.07% of the costs of goods sold were not denominated in the functional currency adopted by the group entity engaged in the relevant transaction. Insofar as it is permitted by policies, the Consolidated Company utilized forward foreign exchange contracts to help manage the risk.

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

Sensitivity analysis

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

The following table details the Consolidated Company's sensitivity analysis in the case of the increase or decrease in NTD, USD, and CNY (functional currency) against the relevant foreign currency by 2%. 2% means the sensitivity ratio applied by the Consolidated Company when they reported the foreign exchange rate risk to the management within the

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

	Effect of USD		Effect of JPY	
	2022	2021	2022	2021
Exchange gains or losses	(\$ 203,627) (i)	(\$ 135,358) (i)	\$ 1,133 (ii)	\$ 63 (ii)

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

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

(2) Interest rate risk

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
With fair value interest rate risk		
— Financial liabilities	\$ 15,394	\$ 32,457
With cash flow interest rate risk		
— Financial assets	6,019,077	3,848,807
— Financial liabilities	5,528,434	4,468,456

Sensitivity analysis

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

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

2. Credit risk

The credit risk denotes the risk that the Consolidated Company might incur a loss when the trading counterparts default the obligations under the contracts. As of the balance sheet date, the top credit risk the Consolidated Company might be exposed to from the financial loss caused by the counterpart failing to fulfill obligations or the financial guarantee provided by the Consolidated Company

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

Operation-related Credit Risk

The outstanding accounts receivable of the Consolidated Company mainly come from customer bases around the world and no collaterals or credit guarantee is provided for most accounts receivable. Despite the related procedures defined by the Company to help supervise, manage, and reduce the credit risk of accounts receivable, there is no guarantee that such procedures can fully prevent against losses caused by credit risk. With economic conditions getting worse, such credit risk will increase. As of December 31, 2022 and 2021, the ratios of the balance of accounts receivable from Top 10 customers to the balance of accounts receivable of the Company had been 74% and 72% while the credit risk of the other accounts receivable was relatively insignificant.

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

3. Liquidity risk

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

To the Consolidated Company, bank loans functioned as a key source of liquidity. Please refer to Note (2) "Financing limit".

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

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

considering the probability that the bank may immediately exercise such right. The other non-derivative financial liabilities maturity analysis was prepared on the agreed repayment date.

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

December 31, 2022

	Repayment on demand or less than 1 months	1 month ~ 3 months	3 months ~ 1 year	1 year~5 years	Over 5 years
Liabilities					
without interest	\$ 759,650	\$ 4,065,705	\$ 1,986,029	\$ 537,736	\$ -
Lease liabilities	1,472	2,951	7,861	3,110	-
Floating interest rate instruments	573,597	607,770	1,007,067	-	-
Fixed interest rate instruments	-	-	-	3,340,000	-
	<u>\$ 1,334,719</u>	<u>\$ 4,676,426</u>	<u>\$ 3,000,957</u>	<u>\$ 3,880,846</u>	<u>\$ -</u>

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

	Less than 1 year	1 year~5 years	5 years~10 years	10 years~15 years	15 years~20 years	Over 20 years
Lease liabilities	<u>\$ 12,284</u>	<u>\$ 3,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	Repayment on demand or less than 1 months	1 month ~ 3 months	3 months ~ 1 year	1 year~5 years	Over 5 years
Liabilities					
without interest	\$ 310,141	\$ 4,157,460	\$ 2,175,041	\$ 410,088	\$ -
Lease liabilities	1,425	2,856	12,965	15,300	-
Floating interest rate instruments	217,265	646,264	477,677	-	-
Fixed interest rate instruments	-	-	-	3,127,250	-
	<u>\$ 528,831</u>	<u>\$ 4,806,580</u>	<u>\$ 2,665,683</u>	<u>\$ 3,552,638</u>	<u>\$ -</u>

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

	Less than 1 year	1 year~5 years	5 years~10 years	10 years~15 years	15 years~20 years	Over 20 years
Lease liabilities	<u>\$ 17,246</u>	<u>\$ 15,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing limit

December 31, 2022 December 31, 2021

Unsecured bank overdraft (to be reviewed annually)		
— Already drawn down	\$ 4,129,795	\$ 3,289,762
— Not yet drawn down	<u>6,715,144</u>	<u>6,475,759</u>
	<u>\$ 10,844,939</u>	<u>\$ 9,765,521</u>
Secured bank overdraft		
— Already drawn down	\$ 1,398,641	\$ 1,178,694
— Not yet drawn down	<u>1,561,692</u>	<u>1,287,890</u>
	<u>\$ 2,960,333</u>	<u>\$ 2,466,584</u>

XXVIII. Transactions-related party

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

Remuneration to the Management

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

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

XIX. Pledged assets

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

	December 31, 2022	December 31, 2021
Land	\$ 648,300	\$ 648,300
Building - net	545,072	604,544
Right-of-use assets	<u>117,300</u>	<u>118,764</u>
	<u>\$ 1,310,672</u>	<u>\$ 1,371,608</u>

XXX. Important Matters

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

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

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

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

December 31, 2022

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

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

December 31, 2021

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

XXXII. Noted disclosures

- (I) Information related to material transactions and (II) information related to reinvested enterprises:
1. Fund loaned to others: See Attachments 1 and 6.
 2. Endorsement and guarantee made for others: See Attachment 2.
 3. Marketable securities-end (exclusive of investments in subsidiaries, affiliated companies, and joint ventures): See Attachments 3 and 7.
 4. Cumulative amount of the same marketable security purchased or sold reaching NTD300 million or more than 20% of the paid-in capital: N/A.
 5. Acquisition amount of real estate reaching NTD300 million or more than 20% of the paid-in capital: N/A.
 6. Amount on disposal of real estate reaching NTD300 million or more than 20% of the paid-in capital: N/A.
 7. Purchase/sale amount of transactions with related parties reaching NTD100 million or more than 20% of the paid-in capital: See Attachments 4 and 8.
 8. Accounts receivable-related party reaching NTD100 million or more than 20% of the paid-in capital: See Attachment 9.
 9. Engagement in trading of derivatives: Note VII.

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

11. Information related to reinvested enterprises: See Attachment 5.

(III) Information about investment in Mainland China

1. The name of the investee in Mainland China, main items involved in the scope of operation, paid-in capital size, investment method, capital importation/exportation, holding ratio, investment profits and losses, book value of investments at end of term, repatriated investment profits or losses, and investment ceiling value for Mainland China: Attachment 10.

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

3. Direct, or indirect through a third region endorsement, guarantee or provision of collateral made with the investee in the Mainland China: Attachment 2.

4. Direct, or indirect, via the enterprise in a third area, financing with the investees in the Mainland China: See Attachment 6.

5. Other transactions that produce material effects to the income or financial condition in the current period: N/A.

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

XXXIII. Information by Segment

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

Gold Circuit Electronics Ltd. and its subsidiaries

Fund loaned to others

January 1 to December 31, 2022

Attachment 1

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

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

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

(1) “0” for the issuer.

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

Note 2: The fund loaned to others is categorized two types as following by nature:

(1) Business association

(2) Short-term financing needed

Note 3: The total funds lent by the Company to others may not exceed 40% of the Company's net value in the most recent financial statements audited or certified by the CPAs (for Q3 of 2022).

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

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

(2) Where short-term financing is needed, the limit of funds lent may not exceed 40% of the Company's net value in the most recent financial statements audited or certified by the CPA (for Q3 of 2022).

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

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

Attachment 2

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

No.	Endorsement and guarantee Name	Counterpart		Limit of endorsement/guarantee on particular enterprise (Note 1)	Maximum balance of endorsement / guarantee made during the current period	Balance of endorsement / guarantee at end of the period	Amount actually disbursed	Endorsement/guarantee secured by property	Accumulated ratio of the value of endorsement and guarantee in the net worth of financial statements of the most recent term (%)	Maximum limit of endorsement/guarantee (Note 2)	As the parent company's endorsements/guarantees toward subsidiary(ies) (Note 3)	As a subsidiary's endorsements/guarantees toward its parent company (Note 3)	As the endorsements/guarantees toward the Mainland China area. (Note 3)
		Name	Affiliation										
0	Gold Circuit Electronics Ltd.	Goldex Holding Limited	Subsidiary wholly invested in by the Company directly	\$ 10,075,901	\$ 1,915,875 (USD 65,000)	\$ 706,330 (USD 23,000)	\$ - (USD -)	\$ -	5.26	\$ 20,151,803	Y	N	N
				10,075,901	163,600 (EUR 5,000)	163,600 (EUR 5,000)	- (EUR -)	-	1.22	20,151,803	Y	N	N
		Gold Circuit International Limited	Company wholly invested in via a subsidiary indirectly	10,075,901	257,720 (USD 8,000)	245,680 (USD 8,000)	- (USD -)	-	1.83	20,151,803	Y	N	N
		Gold Circuit Enterprise Limited	Company wholly invested in via a subsidiary indirectly	10,075,901	644,300 (USD 20,000)	614,200 (USD 20,000)	- (USD -)	-	4.57	20,151,803	Y	N	N
		Suzhou Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	10,075,901	683,820 (USD 23,200)	614,200 (USD 20,000)	307,100 (USD 10,000)	-	4.57	20,151,803	Y	N	Y
		Changshu Gold Circuit Electronics Ltd.	Company wholly invested in via a subsidiary indirectly	10,075,901	458,000 (USD 16,000)	245,680 (USD 8,000)	- (USD -)	-	1.83	20,151,803	Y	N	Y
		Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested in via a subsidiary indirectly	10,075,901	149,700 (USD 5,000)	- (USD -)	- (USD -)	-	-	20,151,803	Y	N	Y

Note 1: The amount of endorsement/guarantee made by the Company for a single enterprise may not exceed 75% of the net value for the current term. The maximum of endorsement/guarantee on December 31, 2022 is obtained with 75% of the net value of the Company for the current term. The net value is based on that shown in the most recent financial statements audited and certified or reviewed by the CPA (for Q3 of 2022).

Note 2: The total amount of endorsements/guarantees made by the Company externally may not exceed 150% of the net value for the current term. The maximum of endorsement/guarantee on December 31, 2022 is obtained with 150% of the net value of the Company for the current term. The net value is based on that shown in the most recent financial statements audited and certified or reviewed by the CPA (for Q3 of 2022).

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

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

Attachment 3

Unit: NTD thousand

Holder	Type and name	Relationship with the issuer	Account title	End of period				Remarks
				Number of shares	Book value	Equity (%)	Fair value	
Gold Circuit Electronics Ltd.	Stock							
"	AMB Technology Co., Ltd	—	Financial assets at fair value through other comprehensive income - noncurrent	267,857	\$ -	1.984	\$ -	
"	ULTRA PRECISION TECHNOLOGY COMPANY	—	Financial assets at fair value through other comprehensive income - noncurrent	1,000,000	-	10.290	-	
					\$ -		\$ -	
"	King Hsiang Investment Co., Ltd.	Subsidiary	Long-term equity investment under equity method	19,999,400	\$ 41,910	99.997	\$ 41,910	
"	Goldex Holding Limited	Subsidiary	Long-term equity investment under equity method	191,910,000	8,082,246	100.000	8,082,246	
					\$ 8,124,156		\$ 8,124,156	

Gold Circuit Electronics Ltd. and its subsidiaries

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

January 1 to December 31, 2022

Attachment 4

Unit: NTD thousand

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

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

Attachment 5

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., Ltd.	No. 149-1, Zhong Zeng Rd., Tamsui Dist, New Taipei City	General investment business	\$ 199,994	\$ 199,994	19,999,400	99.997	\$ 41,910	\$ 22,686	\$ (7,763)	(Note 2)
"	Goldex Holding Limited	Trust Net Chambers Lotemau Centre, P.O. Box 1225, Apia, Samoa	"	6,271,398	6,271,398	191,910,000	100.000	8,082,246	3,465,490	3,377,929	
Goldex Holding Limited	Gold Circuit International Limited	P.O. Box 362, Road Town, Tortola, Virgin islands, British	"	3,239,310	3,239,310	98,000,000	100.000	5,378,665	2,592,764	2,529,073	
"	Gold Circuit Enterprise Limited	Turst Net Chambers Lotemau Centre, P.O.Box 1225, Apia, Samoa	"	2,670,554	2,670,554	93,010,000	100.000	2,874,250	881,884	858,013	
Gold Circuit International Limited	Suzhou Gold Circuit Electronics Ltd.	No. 238, Jinfeng Road, New District, Suzhou City, Jiangsu Province	Design, produce and sell multi-layer printed circuit boards	3,239,310	3,239,310	98,000,000	100.000	5,540,740	2,596,784	2,533,093	
Gold Circuit Enterprise Limited	Changshu Gold Circuit Electronics Ltd.	No. 9, Jiulong Rd., Changshu Southeast Economic Development Zone, Jiangsu Province	"	959,724	959,724	30,010,000	100.000	3,194,603	890,011	855,608	
"	Changshu Gold Circuit Technology Co., Ltd.	No. 816, Southeast Avenue, Changshu Hi-Tech Industrial Development Zone, Jiangsu Province	"	980,105	980,105	33,000,000	100.000	(719,981)	(6,521)	4,011	

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

Note 2: The investment loss of King Hsiang Investment Co., Ltd. recognized for the current term, NTD 7,763 thousand, includes the investment gain recognized adopting the equity method, NTD 22,686 thousand, and reversal of the financial asset appraisal gain, NTD 17,857 thousand for King Hsiang Investment Co., Ltd. from holding the Company’s shares under the “Accounting Principles for Management of Treasury Stocks” and receipt of the income from dividends issued by the Company worth NTD 12,592 thousand.

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

Table 6

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

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

Note 1: The fund loaned to others is categorized two types as following by nature:

- (1) Business association
- (2) Short-term financing needed

Note 2: The amount of funds lent to a single borrower and the total amount of funds lent to others by a reinvestee (except Goldex Holding Limited and Gold Circuit Enterprise Limited) shall not exceed 150% of the reinvestee's net value in its most recent financial statements audited or certified by the CPA (for Q3 of 2022). The amount of funds lent to a single borrower and the total amount of funds lent to others by Goldex Holding Limited and Gold Circuit Enterprise Limited shall not exceed 300% of their net value in their most recent financial statements audited or certified by the CPA (for Q3 of 2022).

The limit of funds lent to a single borrower and the total amount of funds lent to others by a subsidiary in Mainland China shall not exceed 150% of the reinvestee's net value in its most recent financial statements audited or certified by the CPA (for Q3 of 2022).

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

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

Attachment 7

Unit: NTD thousand

Holder	Type and name	Affiliation to the issuer	Account title	End of period				Remarks
				Number of shares	Book value	Equity (%)	Fair value	
King Hsiang Investment Co., Ltd.	<u>Stock</u>							
//	LEE CHI ENTERPRISE CO., LTD.	—	Financial assets at fair value through profit or loss - current	155,595	\$ 3,135	0.068	\$ 3,135	
//	Gold Circuit Electronics Ltd.	The parent company in which King Hsiang Investment Co., Ltd. held 99.997% shares	Financial assets at fair value through profit or loss - current	5,151,375	<u>447,140</u>	1.047	<u>447,140</u>	
					<u>\$ 450,275</u>		<u>\$ 450,275</u>	

Gold Circuit Electronics Ltd. and its subsidiaries

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

January 1 to December 31, 2022

Table 8

Unit: NTD thousand

Supplier (customer)	Trading counterpart	Affiliation	Status				Distinctive terms and conditions of trade and the reasons		Notes/accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount %	Duration	Unit price	Duration	Balance	Percentage in total accounts/notes receivable (payable) %	
Suzhou Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(\$ 11,493,931)	(91)	O/A 3 months	-	—	\$ 4,402,324	89	
Suzhou Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Purchases	105,564	2	O/A 4 months	-	—	(73,778)	(3)	
Suzhou Gold Circuit Electronics Ltd.	Changshu Gold Circuit Electronics Ltd.	Affiliated enterprise	Sales	(111,729)	(1)	O/A 3 months	-	—	26,611	1	
Changshu Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(6,283,149)	(87)	O/A 4 months	-	—	1,137,871	74	
Changshu Gold Circuit Technology Co., Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(1,687,159)	(86)	O/A 3 months	-	—	184,526	48	
Changshu Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Affiliated enterprise	Sales	(672,993)	(9)	O/A 4 months	-	—	334,096	22	
Changshu Gold Circuit Technology Co., Ltd.	Suzhou Gold Circuit Electronics Ltd.	Affiliated enterprise	Sales	(166,054)	(8)	O/A 4 months	-	-	121,662	32	

Gold Circuit Electronics Ltd. and its subsidiaries
Accounts receivable-related party of the investees reaching NT\$100 million or more than 20% of the paid-in capital
December 31, 2022

Attachment 9

Unit: NTD thousand

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

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

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

Attachment 10

Unit: NTD thousand/USD thousand

Name of invested company in China	Principal business	Paid-in capital	Mode of investment (Note 1)	Cumulative investment amount outward remitted from Taiwan - beginning of the period	Investment remittance or regain in the current period		Cumulative investment amount outward remitted from Taiwan - end of the period	Net income of investee	Shareholdings of the Company's direct or indirect investment (%)	Investment gains or losses recognized for the current period (Note 2)	Book value of investment at ending	Investment income repatriated to Taiwan as of the end of the period
					Outward remitted	Repatriated						
Suzhou Gold Circuit Electronics Ltd.	Design, produce and sell multi-layer printed circuit boards	\$ 3,239,310	2	\$ 3,239,310	\$ -	\$ -	\$ 3,239,310	\$ 2,596,784	100	2.(2) \$ 2,533,093	\$ 5,540,740	\$ -
Changshu Gold Circuit Electronics Ltd.	Design, produce and sell multi-layer printed circuit boards	959,724	2	959,724	-	-	959,724	890,011	100	2.(2) 855,608	3,194,603	-
Changshu Gold Circuit Technology Co., Ltd.	Design, produce and sell multi-layer printed circuit boards	980,105	3	980,105	-	-	980,105	(6,521)	100	2.(2) 4,011	(719,981)	-

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

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

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

Note 2: For the field of investment gain/loss recognized in the current period:

1. Please mark out if there has no investment gain or loss yet because the investment is still under planning.
2. The basis of recognition of investment gain/loss is classified into following three types, which should be marked out.
 - (1) Financial statements reviewed and approved by an international CPA firm in a collaborative relationship with a CPA firm of the ROC.
 - (2) Financial statements audited by the CPAs of the parent company in Taiwan.
 - (3) Others.

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

Note 4: The Company has received the certificate of compliance with business lines of operational headquarters issued by Industrial Development Bureau, MOEA on August 25, 2022. Therefore, the Company may be exempted from the limit of investment amount required by Investment Commission, MOEA.

Gold Circuit Electronics Ltd. and its subsidiaries

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

January 1 to December 31, 2022

Attachment 11

Unit: NTD thousand

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

Gold Circuit Electronics Ltd. and its subsidiaries

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

January 1 to December 31, 2022

Attachment 12

Unit: NTD thousand

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

No. (Note 1)	Name of trader	Trading counterpart	Relationship with the trader (Note 2)	Transaction			
				Title	Amount	Trading conditions	Percentage in total consolidated operating revenue or total assets % (Note 3)
1	Goldex Holding Limited	Suzhou Gold Circuit Electronics Ltd.	3	Cost of goods sold	1,687,159	Equivalent to those applicable to a non-related party	5
				Interest revenue	\$ 3,094	Equivalent to those applicable to a non-related party	-
				Interest revenue	981	Equivalent to those applicable to a non-related party	-
				Interest revenue	2,112	Equivalent to those applicable to a non-related party	-
				Interest revenue	6,534	Equivalent to those applicable to a non-related party	-
				Interest revenue	1,698	Equivalent to those applicable to a non-related party	-
				Interest receivable	174	Equivalent to those applicable to a non-related party	-
				Other receivables	92,130	Equivalent to those applicable to a non-related party	-
				Interest revenue	3,719	Equivalent to those applicable to a non-related party	-
				Interest receivable	231	Equivalent to those applicable to a non-related party	-
2	Gold Circuit Enterprise Limited	Gold Circuit International Limited	3	Other receivables	79,846	Equivalent to those applicable to a non-related party	-
				Interest revenue	236	Equivalent to those applicable to a non-related party	-
				Interest receivable	231	Equivalent to those applicable to a non-related party	-
				Other receivables	79,846	Equivalent to those applicable to a non-related party	-
3	Suzhou Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	3	Accounts receivable	3,716	Equivalent to those applicable to a non-related party	-
				Other receivables	799,975	Equivalent to those applicable to a non-related party	3
				Accounts payable	121,662	Equivalent to those applicable to a non-related party	-
				Other payables	1,049	Equivalent to those applicable to a non-related party	-
				Sales revenue	18,495	Equivalent to those applicable to a non-related party	-
				Cost of goods sold	166,054	Equivalent to those applicable to a non-related party	1
				Interest receivable	5,088	Equivalent to those applicable to a non-related party	-
				Interest revenue	4,874	Equivalent to those applicable to a non-related party	-
				Accounts receivable	26,611	Equivalent to those applicable to a non-related party	-
				Accounts receivable	26,611	Equivalent to those applicable to a non-related party	-
		Changshu Gold Circuit Electronics Ltd.	3	Accounts receivable	26,611	Equivalent to those applicable to a non-related party	-

No. (Note 1)	Name of trader	Trading counterpart	Relationship with the trader (Note 2)	Transaction			
				Title	Amount	Trading conditions	Percentage in total consolidated operating revenue or total assets % (Note 3)
4	Changshu Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	3	Other receivables	5,711	Equivalent to those applicable to a non-related party	-
				Accounts payable	\$ 334,096	Equivalent to those applicable to a non-related party	1
				Other payables	1,900	Equivalent to those applicable to a non-related party	-
				Sales revenue	111,729	Equivalent to those applicable to a non-related party	-
				Cost of goods sold	672,993	Equivalent to those applicable to a non-related party	2
				Accounts receivable	2,547	Equivalent to those applicable to a non-related party	-
				Other receivables	1,100,855	Equivalent to those applicable to a non-related party	4
				Accounts payable	42	Equivalent to those applicable to a non-related party	-
				Other payables	13,140	Equivalent to those applicable to a non-related party	-
				Interest receivable	21,810	Equivalent to those applicable to a non-related party	-
				Sales revenue	3,275	Equivalent to those applicable to a non-related party	-
				Cost of goods sold	23,227	Equivalent to those applicable to a non-related party	-
				Interest revenue	29,771	Equivalent to those applicable to a non-related party	-

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

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

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

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

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

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

Attachment 13

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

VI. Financial Difficulties Encountered by the Company and Its Affiliates over Past Year up to the Date the Annual Report Was Printed

SEVEN. Discussion and Analysis of Financial Standing and Financial Performance and Risks

I. Financial Standing Comparative Analysis

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	18,162,077	22,726,472	4,564,395	25.13%
non-current assets	6,818,208	7,314,126	495,918	7.27%
Total assets	24,980,285	30,040,598	5,060,313	20.26%
Current liabilities	10,274,232	11,856,726	1,582,494	15.40%
Non-current liabilities	3,303,939	3,859,854	555,915	16.83%
Total liabilities	13,578,171	15,716,580	2,138,409	15.75%
Capital stock	5,464,879	4,918,391	-546,488	-10.00%
Additional paid-in capital	1,206,574	1,219,167	12,593	1.04%
Retained earnings	4,571,187	8,002,438	3,431,251	75.06%
Total shareholders' equities	11,402,114	14,324,018	2,921,904	25.63%

Information on the analysis of changes (increase/decrease):

Current assets and total assets: Due to the fact that sales in the fourth quarter showed year-on-year increases, inventories, accounts receivable, and cash for finished goods and work-in-process products, among others, climbed relatively, too.

Retained earnings and total shareholders' equities: Thanks to the demand on the market for servers and Internet equipment, the number of purchase orders received by Gold Circuit in 2022 rose and both the revenue and profits hit record highs. As a result, retained earnings and total shareholders' equities increased, too.

II. Discussion and Analysis of Financial Performance and Risks

(1) Financial Performance Discussion

Unit: NTD thousand

Item	Year 2021	2022	Increased (Decreased) amount	Increase (Decrease) ratio %
Net operating income	26,607,474	32,785,064	6,177,590	23.22%
Operating cost	20,236,434	24,056,976	3,820,542	18.88%
Gross profit	6,371,040	8,728,088	2,357,048	37.00%
Operating expenses	2,245,700	2,705,292	459,592	20.47%
Net operating profit	4,122,521	6,036,712	1,914,191	46.43%
Non-operating income and expenditure	(74,003)	351,621	425,624	575.14%
Pre-tax net profit of the continuing operating department	4,048,518	6,388,333	2,339,815	57.79%
Continuing operation net profit for the year	2,926,854	4,567,875	1,641,021	56.07%
Other comprehensive income	20,771	84,475	63,704	306.70%
Total comprehensive income of the year	2,947,625	4,652,350	1,704,725	57.83%

Analysis of changes (increase/decrease).

Operating income, 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 computer and 5G infrastructures. The profits hit a record high.

Non-operating income and expenditure: Net foreign currency exchange gains and bank interest increased from last year.

Other comprehensive income: The difference is the result of the difference between converted amounts from financial statements of overseas operating entities and the defined benefit plan re-measurement amount.

The difference in the total comprehensive income of the year was mainly the result of increased net profit for the current year.

(II) Analysis of Changes in Operating Gross Profit:

It was 26.62% this year and 23.94% last year, with a change ratio of 11.19%; the change did not reach 20%.

(III) Expected Sales (Consolidated)

Year	Unit	2022	2023
Quantity	SQFT	22,127,064	23,012,147

III. Cash Flow Analysis

(I) Analysis of Changes in Cash Flows Over the Past Two Years (Consolidated)

Item \ Year	December 31, 2021	December 31, 2022	Ratio of Increase (decrease) Change %
Cash flow ratio	23.26%	37.48%	61%
Net cash flow adequacy ratio	118.45%	126.82%	7%
Cash re-investment ratio	5.24%	9.60%	83%
Information on the analysis of changes in the increase/decrease ratio: Cash flow ratio and cash reinvestment ratio: The significant increase in cash flows this year is the result of the increase in the net profit before tax this year compared to last year.			

(II) Analysis of Cash Liquidity in the Coming Year (Consolidated)

Unit: NTD thousand

Balance of cash -beginning of year	Expected net cash flows from operating activities	Expected cash out-flows	Amount of expected cash surplus (shortage) + -	Remedies for the amount of expected surplus (shortage)	
				Investment plan	Financing plan
5,973,977	3,988,058	3,850,122	6,111,913		-1,072,678

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 2021)	Total funds needed	How funds are actually utilized	
				2021	2022
Production equipment	Private funds, bank loans	Completed	846,947	846,947	
Production equipment	Private funds, bank loans	Completed	1,362,645		1,362,645

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 business	For the current term, investment losses of NT\$7,763 thousand are recognized; they are mainly income tax estimation losses.	-	-
Goldex Holding Limited	6,271,398	Investment in subsidiaries in Mainland China	For the current term, NT\$ 3,377,929 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 97.59% of the Consolidated Company's sales were not denominated in the functional currency adopted by the group entity engaged in the relevant transaction. About 37.07% of the costs of goods sold were not denominated in the functional currency adopted by the group entity engaged in the relevant transaction. Insofar as it is permitted by policies, the Consolidated Company utilized forward foreign exchange contracts to help manage the risk.

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

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, 2022 and 2021, the ratios of the balance of accounts receivable from Top 10 customers to the balance of accounts receivable of the Company had been 74% and 72% while the credit risk of the other accounts receivable was relatively insignificant.

- (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 2022. 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\$0. 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\$2,589,690 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	High-order HDI deep blind hole technology and equipment development	120,000
3	High-density wafer test board technology development	35,000
4	Minimal mechanical drill diameter 0.15 mm high aspect ratio 30 technology development	20,000
5	Next generation server material application and technology development	25,000
6	Multiple net via technology development	10,000
7	Metal conductive highly heterogeneous combination thermocompression bonding technology development	35,000
8	800G Netcom board technology development and electrical research	15,000
9	Second generation compression pre-processing solution applied into high frequency circuit board	30,000
10	Low-track satellite and surface receiver Air Gap technology development	10,000
11	Low-track satellite antenna board development	25,000
	Total Amount	345,000

(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 2022 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 2022 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 2022 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 2022 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 no risk matters from the beginning of 2022 to when the Annual Report was printed.

VII. Other Important Matters:

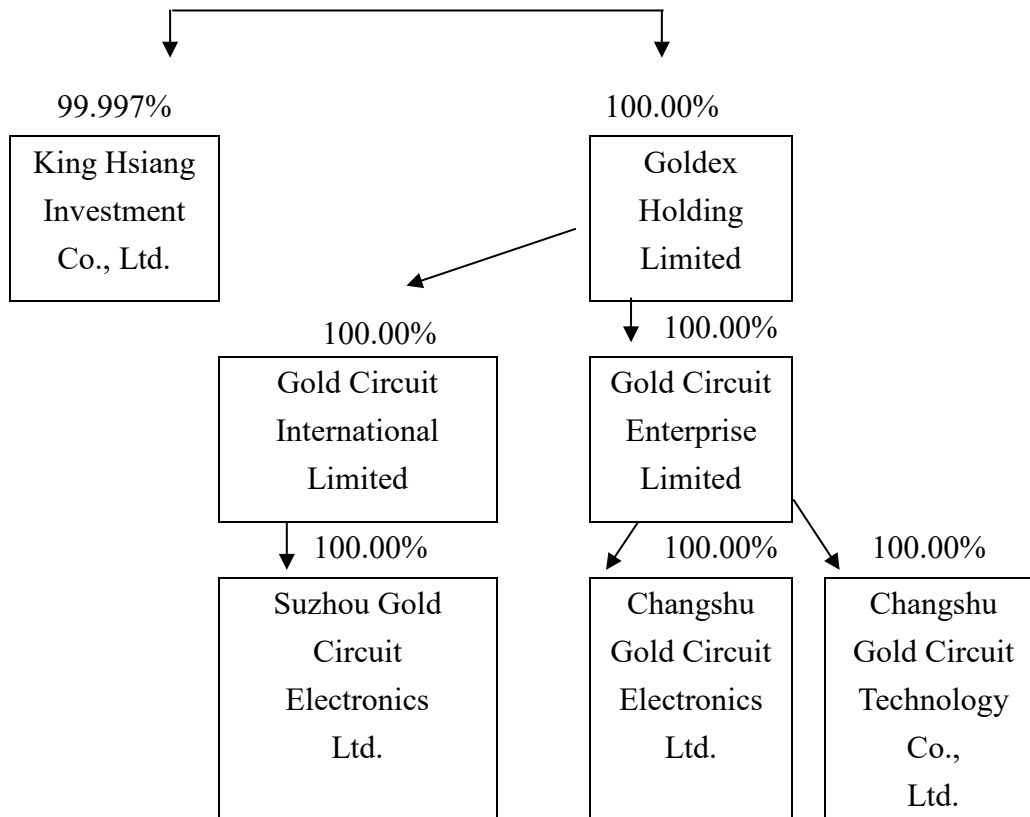
None

Eight. Special Records

I. Information of affiliated enterprises:

(I) Organization chart of affiliated enterprises

Gold Circuit Electronics Ltd.



(II) Basic information of each affiliated enterprise (compilation base date December 31, 2022)

	Company Name	Date of establishment	Address	Paid-in capital	Main business or production items
Controlling company	Gold Circuit Electronics Ltd.	September 5, 1981	No. 113, Xiyuan Road, Zhongli City	4,918,391 thousand	Manufacturing, processing and trading of printed circuit boards
Subsidiaries	King Hsiang Investment Co., Ltd.	July 24, 1998	No. 149--1, Zhongzheng Road, Tamsui District, New Taipei City	NT\$200,000 thousand	General investment business
	Gold Circuit International Limited	December 8, 1999	3 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	June 10, 2005	Portcullis Chambers, P.O.Box 1225, Apia, Samoa	US\$191,910 thousand	General investment business
	Gold Circuit Enterprise Limited	December 31, 2006	Portcullis Chambers, P.O.Box 1225, Apia, Samoa	US\$93,010 thousand	General investment business

	Company Name	Date of establishment	Address	Paid-in capital	Main business or production items
	Suzhou Gold Circuit Electronics Ltd.	August 8, 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.	March 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
	Changshu Gold Circuit Technology Co., Ltd.	May 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 16, 2023

Company name	Job title	Name or representative	Number of shares	Shareholding ratio
Gold Circuit Electronics Ltd.	Chairman	Chen-Tse Yang	17,653,216	3.59%
	Director	Chang-Chih Yang	96,622,217	19.65%
	Director	Lien-Mei Lin	154,304	0.03%
	Director	King Hsiang Investment Co. Representative: Jung-Tung Tsai	5,151,375	1.05%
	Director	Chang-Ching Yang	2,652,400	0.54%
	Director	Chen-Jung Yang	6,442,150	1.31%
	Independent Director	Jen-Jou Hsieh	0	0.00%
	Independent Director	Wen-Shih Chiang	4,288	0.00%
	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	191,910,000	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, 2022)

Unit: thousand Taiwan Dollars

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.	4,918,391	30,040,598	15,716,580	14,324,018	32,785,064	6,036,712	4,567,875	8.86
King Hsiang Investment Co., Ltd.	200,000	48,922	7,012	41,910		16,753	22,686	1.13
Gold Circuit International Limited	3,239,310	5,551,046	172,381	5,378,665	0	2,592,764	2,592,764	26.35
Goldex Holding Limited	6,271,398	8,355,623	273,377	8,082,246	0	3,465,490	3,465,490	18.03
Gold Circuit Enterprise Limited	2,670,554	3,594,293	720,043	2,874,250	0	881,884	881,884	9.54
Suzhou Gold Circuit Electronics Ltd.	3,239,310	10,456,068	4,915,328	5,540,740	12,652,494	4,012,882	2,596,784	Note
Changshu Gold Circuit Electronics Ltd.	959,724	5,221,544	2,026,941	3,194,603	7,191,328	1,380,070	890,011	Note
Changshu Gold Circuit Technology Co., Ltd.	980,105	1,813,259	2,533,240	(719,981)	1,965,316	284,966	(6,521)	Note

Note: It is a limited company with no shares

- (I) Consolidated business report and consolidated financial statements of affiliated enterprises:

Companies that should be included in the compiled consolidated financial statements of affiliates for 2022 (from January 1 to December 31, 2022) in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are identical to those that should be compiled in the consolidated 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.

- (II) 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; %

Name of subsidiary (Note 1)	Paid-in capital	Sources of funds	The Company's shareholding ratio	Date of acquisition or disposal	Number of shares acquired and amount (Note 2)	Number of shares disposed of and amount (Note 2)	Investment profit and loss	Number of shares and amount held as of the end of the year or the publication date of the prospectus (note 3)	Pledge setting situation	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%	2022	-	-	(7,763)	5,151,375 shares 41,910 thousand	None	None.	None.
				This year as of Q1 of 2023	-	-	31	5,151,375 shares 59,971 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