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金像電子股份有限公司 Gold Circuit Electronics

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

I. Company Spokesperson

Name: Chen-Jung Yang

Title: Director of Legal Affairs

Tel: (03)461-2541 #22588

E-mail: Tina_Yang@gce.com.tw

Deputy Spokesperson:

Name: Chang-Chin Yang

Title: Vice President of Finance Department

Tel: (03)461-2541 #22500

E-mail: Huck_Yang@gce.com.tw

II. Company and Factory Addresses and Telephone Numbers:

Chungli Factory Address: No. 113, Shiyuan Road, Chungli District, Taoyuan City

Tel: (03)461-2541

Suzhou Factory Address: No. 238, Jinfeng Road, Suzhou New District

Tel: 86-512-66612238

Changshu Factory I Address: No. 9 Jiulong Road, Southeast Economic Development Zone, Changshu, Jiangsu Province

Tel: 86-512-52355235

Changshu Factory II Address: No. 816, Southeast Avenue, High-tech Industrial Development Zone, Changshu City, Jiangsu Province

Tel: 86-512-52358899

III. Stock Transfer Agent's Name and Address

Name: ChinaTrust Commercial Bank, Transfer Agency Department

Address: No. 83, Section 1, Chongqing South Road, Taipei City

Tel: (02)6636-5566

Website: www.chinatrust.com

IV. Auditors for the Most Recent Annual Financial Report

Name: Chao-Ling Chen, Jui-Na Chang

Accounting Firm: Deloitte & Touche

Address: 20F, No. 100, Songren Road., Xinyi District., Taipei City

Tel: (02)2725- 9988

Website: <http://www.deloitte.com.tw>

V. The name of the exchange where the Company's securities are traded offshore and the method to access information on said offshore securities: No offshore securities issued

VI. Company Website: <http://www.gce.com.tw>

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One. Business Report

I Business status in 2020

Explanation:

2020 was a turbulent year for Taiwan and the world. The ravages of COVID-19 changed the existing life style all over the world, home office and distance education became normal and families and enterprises build firewalls one after another to connect with the outside world through cable and wireless; everyone's social distance has widened and food, clothing and entertainment were all completed in their limited space and unlimited cloud services. At this time, every family, enterprise, city and country need a lot of base stations to send and receive, switches to transmit and servers to process and access data. Everyone has a mobile phone and a laptop in hand to face the unknown future. Due to the increasing demand for digital transmission and the need for a higher speed and more secure environment, the demand for 5G products has increased. Various countries have successively built new small-scale base stations and data centers and the main products of Gold Circle Electronics are servers, Internet and laptops. Benefited from the epidemic and 5G infrastructure construction, the Company's orders increased in 2020 and its revenue and profit reached a record high.

There is still one unstable factor in 2020 and the future, that is, the Sino-US trade war. China and the United States have been competing, and the outcome of negotiations between the two countries in the future will affect the trade policies of each country. The US has increased tariffs on the imports from China in the Trump era, resulting in the moving out of production and manufacturing of many products from China. Many downstream assembly customers of Gold Circle Electronics have returned to Taiwan or moved to Mexico or Southeast Asia. With the re-election of the US president and the advent of the Biden era, the policies of the new government are full of variables. Meanwhile, the epidemic situation has not been fully under control. Gold Circle Electronics must be cautious by decentralizing the production capacity of factories and personnel, keeping a certain degree of flexibility, maintaining the leading technology and operating in a steady manner in order to face the future changes.

The business results for 2020 and the outlook for 2021 are as follows:

I. 2020 Business Results:

(I) Business Overview:

The Company's total sales value in Taiwan in 2020 was NT\$21,865,903 thousand, an increase of NT\$5,548,470 thousand from that in the same period in 2019 or a growth of 34%. Sales volume was 19,329,904 square feet, an increase of 5,103,832 square feet from that in the same period in 2019 or a growth of 35.88%.

The total consolidated sales value in 2020 was NT\$23,398,323 thousand, an increase of NT\$4,407,604 thousand from that in the same period in 2019 or a growth of 23.21%.

(II) Profit and Loss Overview (Taiwan):

Operating margin: An increase of NT\$704,323 thousand or 56.39% in 2020 from that in 2019.

Net profit before tax: An increase of NT\$2,156,660 thousand or 1,066.8% in 2020 from that in 2019.

Item	2019	2020	Increase or decrease	Growth rate (%)
Operating income	16,317,433	21,865,903	5,548,470	34%
Operating cost	15,068,371	19,912,518	4,844,147	
Gross profit	1,249,062	1,953,385	704,323	56.39%
Operating expenses	900,867	1,177,326	276,459	
Other Gains, Expenses and Losses	(62,634)	(41,297)	21,337	
Net operating profit	285,561	734,762	449,201	157.30%
Net profit before tax	202,154	2,358,814	2,156,660	1066.8%
Net profit for the period	129,726	2,066,612	1,936,886	1493.1%

(III) Summary of profit and loss (consolidated):

Operating margin: An increase of NT\$2,799,965 thousand or 112.42% in 2020 from that in 2019

Net profit before tax: An increase of NT\$2,427,682 thousand or 898.5% in 2020 from that in 2019

Item	2019	2020	Increase or decrease	Growth rate (%)
Operating income	18,990,719	23,398,323	4,407,604	23.21%
Operating cost	16,500,104	18,107,743	1,607,639	

Gross profit	2,490,615	5,290,580	2,799,965	112.42%
Operating expenses	1,745,030	2,172,286	427,256	
Other Gains, Expenses and Losses	(76,180)	(44,376)	31,804	
Net operating profit	669,405	3,073,918	2,404,513	359.2%
Net profit before tax	270,200	2,697,882	2,427,682	898.5%
Net profit for the period	129,726	2,066,612	1,936,886	1493.1%

(IV) Implementation of the 2020 budget: No financial estimate was compiled

(V) Analysis of financial revenue and expenditure and profitability:

Item	2019	2020
Net operating profit	669,405	3,073,918
Net profit after tax	129,726	2,066,612
Average total assets	21,051,966	21,278,940
Average total shareholders' equity	7,109,227	8,215,803
Comparison of profitability:		
1. Return on assets	1.62%	10.34%
2. Return on shareholders' equity	1.82%	25.15%
3. Net profit rate	0.68%	8.83%
4. Net profit per share	NT\$ 0.24	NT\$ 3.82

II. Business Plan

The COVID-19 pandemic alert has not yet been lifted and the Sino-US trade war is still continuing. Although the Company's revenue reached a record high in 2020 and production capacity has been repeatedly full, Gold Circle Electronics will not expand production capacity in 2021, but will improve its technical capabilities, introduce more sophisticated equipment and adjust product structure, with an increased output value as the main goal. In the future, electronic products require faster and faster transmission speeds, manufacturing will be required to be more environment friendly and the requirements for the

manufacturing process of printed circuit boards will be more stringent. At the same time, high-end circuit boards must not just be manufactured, but also have a good yield and be profitable and sustainable operation is required. In 2021, Gold Circle Electronics will implement lean production, devote itself to data intelligent management, pay attention to the protection of intellectual property rights and strengthen business secret management. The Company will not only have technology and output value in the future, but will also enhance its soft power and employee cohesion, which will be quite helpful for taking orders with higher added value in the future.

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 of NT\$10 million. The Plant is located in Taoyuan City, with an area of 837.6 square meters. 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's form 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 pings of land for offices, dormitories and factories.
1988	The capital was increased to NT\$90 million for the purchase of 231.4 square meters of land for offices, dormitories and factories. Purchased precision equipment of AOI and CAM. The production capacity was increased to 100,000 square feet 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 pings 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 square feet per month.
1992	CommonWealth Magazine ranked the Company No. 816 among the top 1,000 manufacturing companies.
1993	The capital was increased to NT\$300 million, with a production capacity of 150,000 square feet per month. Obtained ISO-9002 certification in June. Cooperate with China Computer in the planning by the Bureau of Industry to implement whole-plant automation.

- CommonWealth Magazine ranked the Company No. 681 among the top 1,000 manufacturing companies.
- 1994 Completed the whole-plant automation planning for the Bureau of Industry. The production capacity reached 180,000 square feet per month, and the business turnover in August exceeded NT\$100 million for the first time. Acquired 152.5 square meters for the second plant and 42.7 square meters for the motorcycle parking area. CommonWealth Magazine ranked the Company No. 628 among the top 1,000 manufacturing companies.
- 1995 The production capacity reached 300,000 square feet per month, and the business turnover in September exceeded NT\$220 million for the first time. Obtained NT\$200 million major investment approval from the Bureau of Industry to increase the introduction of foreign labor. Acquired 459 square meters of land next to the second plant for parking lots and dormitories for foreign workers. CommonWealth Magazine ranked the Company No. 383 among the top 1,000 manufacturing companies.
- 1996 The capital was increased to NT\$600 million. The business turnover in September exceeded NT\$300 million for the first time. Purchased 8121.8 square meters of land in Zhongli, and planned to expand production capacity of the whole plant. 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 the top 1,000 manufacturing companies, and No. 13 in business performance among the top 1,000 manufacturing companies.
- 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 the top

- 1,000 manufacturing companies.
- 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 the top 1,000 manufacturing companies.
- 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\$700,000,000 for the first time.
- CommonWealth Magazine ranked the Company No. 178 among the top 1,000 manufacturing companies.
- 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 the top 1,000 manufacturing companies.
- 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 the top 1,000 manufacturing companies.
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 the top 1,000 manufacturing companies.
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 the top 1,000 manufacturing companies.
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 the top 1,000 manufacturing companies.
2008	The capital was increased to NT\$5,527,528,555 in July.

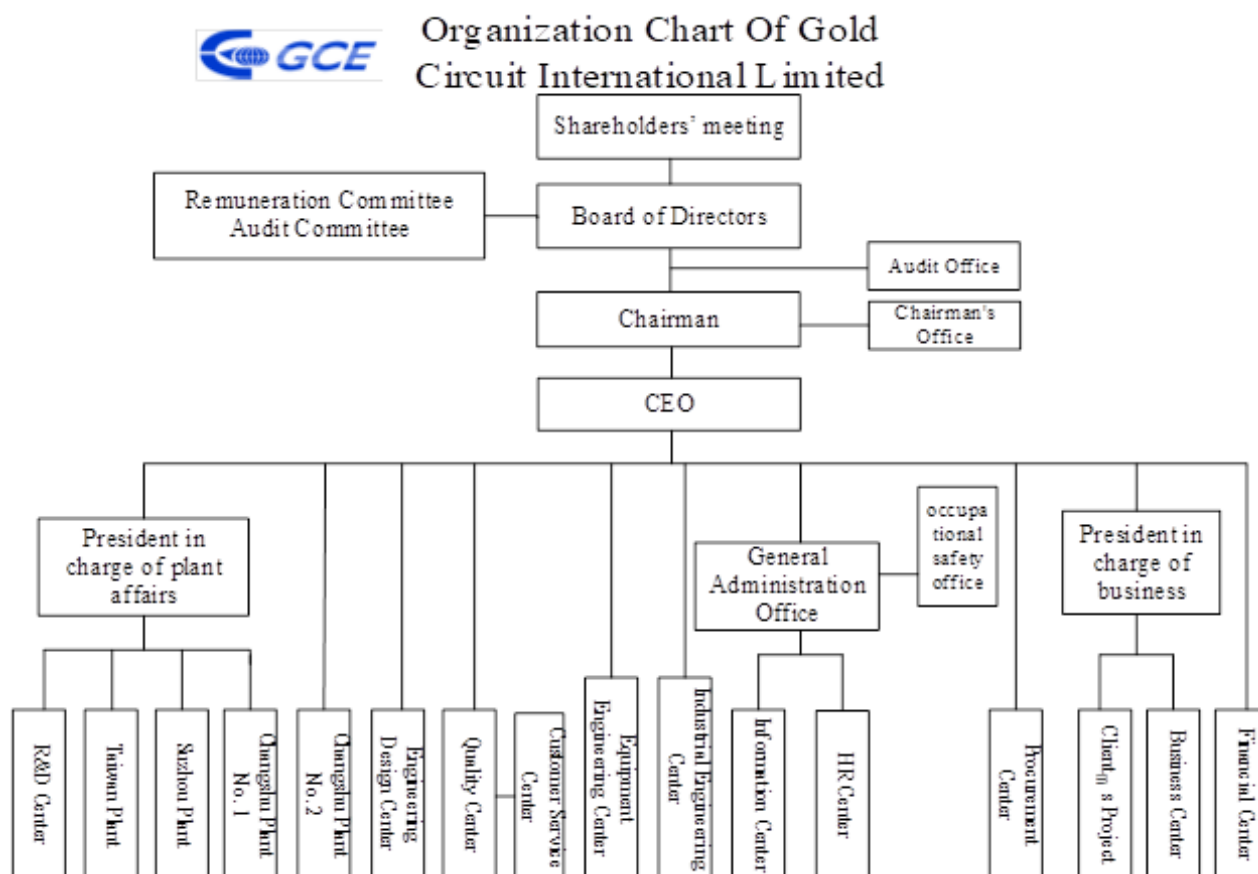
	The production capacity of the Taiwan Plant was expanded to 1,000,000 square feet per month. Increased investment in the Changshu Plant to US\$30.01 million. CommonWealth Magazine ranked the Company No. 163 among the top 1,000 manufacturing companies.
2009	Increased investment in the Suzhou Plant to US\$68 million. The capital was increased to NT\$5,691,758,410 in October. CommonWealth Magazine ranked the Company No. 188 among the top 1,000 manufacturing companies.
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 the top 1,000 manufacturing companies.
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. In November, cancelled 4,263 thousand treasury shares and reduced the corresponding capital; the capital after the reduction was NT\$5,649,128,410. CommonWealth Magazine ranked the Company No. 210 among the top 1,000 manufacturing companies.
2012	In February, Hongjie Circuit (Changshu) Co., Ltd. changed its name to Changshu Gold Circuit Electronics Ltd. On April 19, a fire broke out in the electroplating line of Changshu Gold Circuit Electronics Ltd. Increased investment in Changshu Gold Circuit Electronics Ltd. to US\$20 million. CommonWealth Magazine ranked the Company No. 219 among the top 1,000 manufacturing companies.
2013	On January 1, Mr. Ching-Pei Lin became the CEO of the Company. Increased investment in Changshu Gold Circuit Electronics Ltd. to US\$33 million. CommonWealth Magazine ranked the Company No. 201 among the top 2,000 manufacturing companies.

- 2014 The consolidated revenue for the year exceeded NT\$20 billion for the first time.
- CommonWealth Magazine ranked the Company No. 177 among the top 2,000 manufacturing companies.
- Ranked top 10 among listed companies in terms of average employee salary growth in 2014, and was awarded the "Salary Progress Award" of the Taiwan Stock Exchange.
- 2015 The three plants in mainland China undertook the automotive panel business.
- The copper plate embedded product was successfully developed.
- CommonWealth Magazine ranked the Company No. 174 among the top 2,000 manufacturing companies.
- 2016 In August, cancelled 12,666 thousand treasury shares and reduced the corresponding capital; the capital after the reduction was NT\$5,522,468,410.
- CommonWealth Magazine ranked the Company No. 172 among the top 2,000 manufacturing companies.
- 2017 The audit committee and remuneration committee were established in June.
- In November, Chairman Chang-Chi 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 the top 2,000 manufacturing companies.
- 2018 On January 2, Mr. Sheng-Lang Huang became the CEO of the Company.
- In May, Mr. Sheng-Lang Huang resigned as CEO of the Company, and Mr. Chen-Tse Yang concurrently served as CEO.
- In October, cancelled 57,590 thousand treasury shares and reduced the corresponding capital; the capital after the reduction was NT\$5,464,878,410.
- CommonWealth Magazine ranked the Company No. 173 among the top 2,000 manufacturing companies.
- 2019 Consolidated revenue in December again exceeded NT\$2 billion since 2014.
- CommonWealth Magazine ranked the Company No. 177 among the top 2,000 manufacturing companies.
- 2020 Consolidated revenue in April hit a monthly record of NT\$2.23 billion.

Three. Corporate Governance Report

I. Organization system

1. Organizational structure



2. Functions of each main department:

Name of department	Main responsibilities	Main functions
Shareholders' Meeting		■ The highest decision-making unit of the Company ■ Exercise power per the Company Act and other relevant laws and regulations
Audit Committee		■ Review the Company's accounting system, financial position, financial reporting procedures and operating procedures for major financial business activities ■ Review whether or not the Company's financial report prepared is true, complete and transparent ■ Examine whether or not the acquisition or disposal of assets, engaging in derivatives trading, loans to others, endorsement/guarantees provided to others and mergers, demergers and acquisitions or transfer of shares are in compliance with laws, administrative orders and the Company's internal regulations ■ Other duties per the Articles of Association, corporate governance principles or board resolutions
Remuneration Committee		■ Formulate and regularly review the performance evaluation of directors, supervisors and managers and the policy, system, standards and structure for their remuneration ■ Regularly evaluate and set the salary and remuneration of directors, supervisors and managers

Audit Office	Chief Auditor Chun-Hung Kuo	■ Audit and evaluate the internal control system and put forth analyses and suggestions
Taiwan Plant	President Chin-Sung Tsai	■ Responsible for printed circuit board (PCB) manufacturing and quality, production line management, production plan formulation and equipment maintenance
Suzhou Plant	President Chin-Sung Tsai	■ Responsible for printed circuit board (PCB) manufacturing and quality, production line management, production plan formulation and equipment maintenance
Changshu Plant No. 1	President Chin-Sung Tsai	■ Responsible for printed circuit board (PCB) manufacturing and quality, production line management, production plan formulation and equipment maintenance
Changshu Plant No. 2	Senior Vice President Te-Ming Yang	■ Responsible for printed circuit board (PCB) manufacturing and quality, production line management, production plan formulation and equipment maintenance
Quality Center	Senior Vice President Chung-Chih Lung	■ Execute quality control target plan, manage matters related to quality system operations and quality management comprehensively and responsible for customer service
General Administration Office	Vice President Sheng-Hsien Lin	■ Plan and implement various human resource management systems ■ Responsible for information system integration and planning ■ Plan and supervise the Company's various environmental protection and occupational safety issues, maintain a good working environment and employees' personal safety
Procurement Center	Assistant Vice President Ta-Kun Yang	■ Provide high-quality, low-cost raw materials that meet the needs of the market and purchase materials and supplies
Business Center	President Hsi-Kuei Huang	■ Manage the Company's product marketing and customer development comprehensively
Business Center	Vice President Chang-Chin Yang	■ Responsible for financial operations and planning, fund management and various accounting and taxation services

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

April 12, 2021

Job title	Nationality or place of registration	Name	Gender	Appointment date	Term of office	Date first elected	Shareholdings upon elected		Current shareholdings		Shareholding by representative		Current shareholdings by spouse and minor child		Shareholdings by nominee arrangement	
							Number of shares	Percentage of shareholdings	Number of shares	Percentage of shareholdings	Number of shares	Percentage of shareholdings	Number of shares	Percentage of shareholdings	Number of shares	Percentage of shareholdings
Chairman and CEO	R.O.C.	Chen-Tse Yang	Male	June 11, 2018	3 years	May 6, 1996	17,434,685	3.16%	19,234,685	3.52%	—	—	—	—	—	—
Director and shareholder holding at least 10% of the shares	R.O.C.	Chang-Chi Yang	Male	June 11, 2018	3 years	September 5, 1981	107,258,019	19.42%	107,258,019	19.63%	—	—	30,724,300	5.62%	12,236,400	2.24%
Director and special assistant	R.O.C.	Chang-Ching Yang	Male	June 11, 2018	3 years	January 6, 1987	3,074,110	0.56%	2,984,110	0.55%	—	—	—	—	—	—
Director of the Board and Director	R.O.C.	Chen-Jung Yang	Female	June 11, 2018	3 years	December 16, 1997	6,980,945	1.26%	7,157,945	1.31%	—	—	493,703	0.09%	—	—
Director	R.O.C.	King Hsiang Investment Co. Representativ e: Jung-Tung Tsai	Male	June 11, 2018	3 years	June 12, 2017	5,723,750	1.04%	5,723,750	1.05%	0	0%	—	—	—	—
Director	R.O.C.	Lien-Mei Lin	Female	June 11, 2018	3 years	June 11, 2018	171,449	0.03%	171,449	0.03%	—	—	—	—	—	—
Independent Director	R.O.C.	Jen-Jou Hsieh	Male	June 11, 2018	3 years	June 12, 2017	—	—	—	—	—	—	300,020	0.05%	—	—
Independent Director	R.O.C.	Wen-Shih Chiang	Male	June 11, 2018	3 years	June 12, 2017	4,765	0.00%	4,765	0.00%	—	—	—	—	—	—
Independent Director	R.O.C.	Tzu-Ying Lin	Female	June 11, 2018	3 years	June 12, 2017	—	—	—	—	—	—	—	—	—	—

Job title	Name	Main education (experience)	Current positions held concurrently at the Company and other companies	Spouse or relative within second degree of kinship of other managers, directors or supervisors			Remarks (Note 4)
				Job 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, Gold Circuit Electronics, Ltd. Chairman (current), Gold Circuit Electronics Ltd.	Chairman, Suzhou Gold Circuit Electronics Ltd., Changshu Gold Circuit Electronics Ltd. and Changshu Gold Circuit Technology Co., Ltd. Chairman, King Hsiang Investment Co., Ltd. Chairman, Jiahui Investment Co., Ltd.	Director Director	Chang-Chi Yang Chen-Jung Yang	Father and son Brother and sister	The Chairman started out from a position at the grassroots level and has extensive experience in various departments. He has been familiarized with industrial development and the business of various departments for the past 30 years and he has strong coordination capabilities. He communicates well with the directors or the heads of various departments and enables the Company as a whole to work together. Thus, he is the best candidate for the President at this stage.
Director	Chang-Chi Yang	Business Administration Department, Tamsui Vocational School Chairman (former), Gold Circuit Electronics Ltd.	Director, Suzhou Gold Circuit Electronics Ltd., Changshu Gold Circuit Electronics Ltd., and Changshu Gold Circuit Technology Co., Ltd. Director, King Hsiang Investment Co., Ltd. Chairman, Jiahui Investment Co., Ltd.	Chairman Director	Chen-Tse Yang Chen-Jung Yang	Father and son Father and daughter	
Director	Chang-Ching Yang	Department of Mechanical Engineering, Tamkang University Deputy Manager of Manufacturing, Design Engineering, and Production Management; Manager, Computer Department; Special Assistant to the Chairman, Gold Circuit Electronics Ltd. Director, Gold Circuit Electronics Ltd.	Special Assistant to the Chairman, Suzhou Gold Circuit Electronics Ltd.	Financial Vice President	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, Suzhou Gold Circuit Electronics Ltd., Changshu Gold Circuit Electronics Ltd., and Changshu Gold Circuit Technology Co., Ltd. Director, King Hsiang Investment Co., Ltd. Chairman, Jiahui Investment Co., Ltd.	Director Chairman	Chang-Chi Yang Chen-Tse Yang	Father and daughter Brother and sister	
Director	King Hsiang Investment Co.	The Company's subsidiary with a direct investment of 99.997%		N/A	None.	None.	
	Representative: Jung-Tung Tsai	MBA, Indiana University, USA President, Taishin Bank President, Ta Chong Bank Director, Gold Circuit Electronics Ltd.	Representative of the institutional director of Vizionfocus, Inc. Representative of the institutional director of JMC Electronics Co., Ltd. Representative of the institutional director of Chang Wah Technology Co., Ltd. Independent Director, Elite Material Co., Ltd. Independent Director, Ali Corporation Independent Director, Mercuries Life Insurance				
Director	Lien-Mei Lin	Ming Chuan Commercial College Business 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., Limited. Financial Manager and Audit Manager, 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, Le Young Construction Co., Ltd. and Yueyang Construction Co., Ltd.	None	None	None	

Note 1: Names of institutional shareholders and their representatives shall be listed separately (if the representatives are institutional shareholders, the names of said institutional shareholders shall be indicated) in Table 1 below.

Note 2: Fill in the time for serving as a director or supervisor of the Company for the first time. If there is any interruption, it shall be indicated.

Note 3: For the experience related to the current position, such as having worked in a CPA firm or its affiliates during the said period, the job title and position shall be specified.

Note 4: The Company's Chairman and the President or the persons with equivalent positions (the top-level managers) are the same person, spouse or relatives within the first degree of kinship to each other, the reason, reasonableness, necessity and countermeasures shall be specified (such as increasing the number of independent directors or more than half of the directors not serving as employees or managers concurrently). In November 2017, Mr. Chen-Tse Yang took over as the Company's CEO. He has served in the Company for nearly 30 years and has rotated between jobs in different departments. Although the Chairman and the CEO are the same person, he has the largest shareholding percentage and has the ability to communicate with the leaders of various departments. The directors believe that it is the best arrangement for the Company at present, and the Company makes profit every year. The performance of the three plants in mainland China has improved year by year. In 2020, both revenue and profit have reached a record high since the establishment of the Company. After the transition period for succession is stabilized in the future, the Company will select new top-level managers from the existing managers. After the 2022 shareholders' meeting passed the amendments to the Articles of Association, the Company expects to hold a by-election to elect one independent director in 2023 to achieve the goal of 4 seats of independent directors.

Table 1: Major Shareholders of Institutional Shareholders

April 12, 2021

Name of institutional shareholder (Note 1)	Major shareholder of institutional shareholder (Note 2)	
Investment in King Hsiang Investment Co.	GOLD CIRCUIT ELECTRONICS LTD.	99.997%
	Chang-Chi 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 12, 2021

Name of institutional shareholder (Note 1)	Major shareholder of institutional shareholder (Note 2)	
Jiahui Investment Co., Ltd.	Chang-Chi Yang	90.0%
	Jui-Ching Li	5.0%
	Chen-Tse Yang	2.5%
	Chen-Jung Yang	2.5%

Note 1: Where a director or supervisor is a representative of an institutional shareholder, the name of the institutional shareholder shall be entered.

Note 2: Name of the major shareholders of the institutional shareholder (shareholding ratios among the top ten) and their shareholding ratios. Where a major shareholder is a juridical person, Table 2 below shall be filled out.

Note 3: Where an institutional shareholder is not a company, the name of the shareholder and shareholding ratio that shall be disclosed as mentioned above is the name of the investor or donor and the ratio of capital contribution or donation.

Table 2: Information on Major Shareholders of the Major Shareholders in Table 1 Who are Juridical Persons

April 12, 2021

Name of juridical person (Note 1)	Name of the major shareholders of the juridical persons and their shareholding ratios (Note 2)	
GOLD CIRCUIT ELECTRONICS LTD.	Chang-Chi Yang	19.63%
	New Labor Pension Fund	5.90%
	Jui-Ching Li	5.62%
	Chen-Tse Yang	3.52%
	Old Labor Pension Fund	2.97%
	Jiahui Investment Co., Ltd.	2.24%
	Public Service Pension Fund Management Board	2.01%
	Chen-Jung Yang	1.31%
	King Hsiang Investment Co.	1.05%
	ACWI ex U.S. ETF Investment Account under the custody of the Business Department, Standard Chartered Bank (Taiwan) Limited	0.98%

Note 1: Where the major shareholders in Table 1 above are juridical persons, the name of the juridical persons shall be entered.

Note 2: Name of the major shareholders of the juridical persons (shareholding ratios among the top ten) and their shareholding ratios.

Note 3: Where an institutional shareholder is not a company, the name of the shareholder and shareholding ratio that shall be disclosed as mentioned above is the name of the investor or donor and the ratio of capital contribution or donation.

1. Information on directors

Criteria Name	Having at least 5 years' work experience and the qualifications below			Compliance of independence (Note 2)												Number of other public companies at which serving as an independent director concurrently
	Lecturer or above in commerce, law, finance, accounting or disciplines required by the business of the company in public or private colleges or universities	Certified judge, attorney, lawyer, accountant, or holder of professional qualifications relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the Company's business	1	2	3	4	5	6	7	8	9	10	11	12	
Chen-Tse Yang			✓					✓		✓	✓	✓		✓	✓	
Chang-Chi Yang			✓					✓		✓	✓	✓		✓	✓	
Lien-Mei Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Chang-Ching Yang			✓		✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	
Chen-Jung Yang			✓					✓		✓	✓	✓		✓	✓	
Representative of King Hsiang Investment Co.: Jung-Tung Tsai			✓	✓	✓		✓	✓	✓	✓	✓	✓		✓	✓	2
Jen-Jou Hsieh			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Wen-Shih Chiang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Tzu-Ying Lin		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Note 2: If each director or supervisor meets any condition below in the two years before taking office and during the term of office, please place "✓" in the box below each condition code.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (3) Not a director, spouse, minor children thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.
- (4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relatives within the third degree of kinship of the person listed in (2) and (3).
- (5) Not a director, supervisor or employee of any company who has at least 5% of the total issued shares of the Company or who is any of the top five corporate shareholders with the largest ownership; nor a director, supervisor or employee of a corporate shareholder appointed as a director or supervisor of the Company in accordance with Paragraph 1 or Paragraph 2, Article 27 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company and its subsidiary or a

- subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
 - (7) Not a director (managing director), supervisor or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
 - (8) Not a director (managing director), supervisor, manager or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
 - (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.
 - (10) Not a spouse or relative within the second degree of kinship of any other director.
 - (11) Not in line with any of the conditions stated in Article 30 of the Company Act.
 - (12) Not a government entity, juridical person or representative thereof elected under Article 27 of the Company Act

2. President, Vice Presidents, Assistant Vice Presidents and Heads of Departments and Branches

Information on President, Vice Presidents, Assistant Vice- Presidents and Heads of Departments and Branches

April 12, 2021

Job title (Note 1)	Name	<u>Gender</u>	Nationality	Date of election (accession)	Shareholdings		Shareholdings by spouse and minor child		Shareholdings by nominee arrangement	
					Number of shares	Percentage of shareholdings	Number of shares	Percentage of shareholdings	Number of shares	Percentage of shareholdings
President in charge of business	Hsi-Kuei Huang	Male	R.O.C.	2012.07.04	714	0%	—	—	—	—
President in charge of plant affairs	Chin-Sung Tsai	Male	R.O.C.	2013.06.16	430,618	0.08%	—	—	—	—
Senior Vice President	Te-Ming Yang	Male	R.O.C.	2015.09.09	0	0%	—	—	—	—
Senior Vice President	Chung-Chih Lung	Male	R.O.C.	2017.12.01	50,000	0.01%	—	—	—	—
Vice President	Min-Cheng Liu	Male	R.O.C.	2006.12.01	406,558	0.07%	—	—	—	—
Vice President	Chang-Chin Yang	Male	R.O.C.	1991.07.01	1,453,043	0.27%	129,394	0.02%	—	—
Vice President	Sheng-Hsien Lin	Male	R.O.C.	2014.08.01	211,000	0.04%	—	—	—	—
Assistant Vice President	Shun-Chien Li	Male	R.O.C.	2006.12.01	258,372	0.05%	—	—	—	—
Assistant Vice President	Sung-Ying Li	Male	R.O.C.	2006.12.01	0	0%	—	—	—	—
Assistant Vice President	Ta-Kun Yang	Male	R.O.C.	2015.08.16	235,000	0.04%	—	—	—	—
Assistant Vice President	Cheng-Hsuan Chung	Male	R.O.C.	2016.09.01	40,000	0.01%	—	—	—	—
Assistant Vice President	Jui-Pin Li	Male	R.O.C.	2018.08.16	0	0%	—	—	—	—
Assistant Vice President	Chih-Kung Hu	Male	R.O.C.	2019.01.11	0	0.01%	—	—	—	—
Chief Auditor	Chun-Hung Kuo	Male	R.O.C.	2015.11.12	40,000	0.01%	40,276	0.01%	—	—

Job title (Note 1)	Name	Main education (experience) (Note)	Current positions held concurrently at other companies	Spouse or relative within second degree of kinship of managers		
				Job title	Name	Relationship
President in charge of business	Hsi-Kuei Huang	National Tsing Hua University Senior Vice President, Gold Circuit Electronics Ltd.	None	—	—	—
President in charge of plant affairs	Chin-Sung Tsai	Master's in Chemical Engineering, Yuan Ze University Manager, Director, and Assistant Vice President, Gold Circuit Electronics Ltd.	None	—	—	—
Senior Vice President	Te-Ming Yang	MBA, University of Leicester, U.K. COO, Bull Will Co., Ltd. President, Suzhou Gold Circuit Electronics Ltd.	None	—	—	—
Senior Vice President	Chung-Chih Lung	Industrial Engineering Department, Chung Yuan Christian University Vice President in Quality Assurance, Tripod Technology Corporation Assistant Vice President in Quality Assurance, Compeq Manufacturing Co., Ltd.	None	—	—	—
Vice President	Min-Cheng Liu	Tatung University Manager, Director, and Assistant Vice President, Gold Circuit Electronics Ltd.	None	—	—	—
Vice President	Chang-Chin Yang	Department of Accounting, Tamkang University Manager, Director and Assistant Vice President, Gold Circuit Electronics Ltd.	None	Director	Chang-Ching Yang	Brothers
Vice President	Sheng-Hsien Lin	Manager, Director and Assistant Vice President, Gold Circuit Electronics Ltd.	None	—	—	—
Assistant Vice President	Shun-Chien Li	Master's in Business Administration, Chung Yuan Christian University Manager and Director, Gold Circuit Electronics Ltd.	None	—	—	—
Assistant Vice President	Sung-Ying Li	U. of Missouri-Columbia, USA, Chemical Engineering, Ph.D. Manager and Director, Gold Circuit Electronics Ltd.	None	—	—	—
Assistant Vice President	Hung-Hsin Li	Taipei Institute of Technology Manager and Director, Gold Circuit Electronics Ltd.	None	—	—	—
Assistant Vice President	Ta-Kun Yang	Department of Industrial Management, Chung Hua University Manager and Director, Gold Circuit Electronics Ltd. Manager, Changshu Plant No. 2, Gold Circuit Electronics Ltd.	None	—	—	—
Assistant Vice President	Cheng-Hsuan Chung	Department of Business Administration, Fu Jen Catholic University Manager and Director, Gold Circuit Electronics Ltd.	None	—	—	—
Assistant Vice President	Jui-Pin Li	Chien Hsin University of Science and Technology Manager and Director, Gold Circuit Electronics Ltd.	None	—	—	—
Assistant Vice President	Chih-Kung Hu	Chien Hsin University of Science and Technology Manager and Director, Gold Circuit Electronics Ltd.	None	—	—	—
Chief Auditor	Chun-Hung Kuo	Master's, New York University Tandon School of Engineering Advisor to Gold Circuit Electronics Ltd. Product R&D Manager, IQ Service International Corp. Executive Vice President, Ivan Information Technology Company	None	—	—	—

3. Remuneration paid to Directors, Supervisors, President and Vice- Presidents in the last year

A. Remuneration paid to Directors, Supervisors, President and Vice- Presidents:

(1-2) Remuneration of directors (independent directors) (individual name disclosed)

Unit: NTD thousand

Job title	Name	Remuneration to directors								Sum of A, B, C, and D as percentage of net income after tax (Note 11) (%)		Remuneration for those concurrently servings as employees										Sum of A, B, D, E, F and G as a percentage of net income after tax (Note 11)		Remuneration from investees other than subsidiaries (Note 12)	
		Remuneration (A) (Note 2)		Pension upon retirement (B)		Directors' remuneration (C) (Note 3)		Service expenses (D) (Note 4)				Salaries, bonuses, special allowances, etc. (E) (Note 5)		Pension upon retirement (F)		Employee remuneration (G) (Note 6)				Number of employee stock warrants for which be subscribed (H) (Note 7)					
		The Company	All companies included in the financial statements (Note 8)	The Company	All companies included in the financial statements (Note 8)	The Company	All companies included in the financial statements (Note 8)	The Company	All companies included in the financial statements (Note 8)	The Company	All companies included in the financial statements (Note 8)	The Company	All companies included in the financial statements (Note 8)	The Company		All companies included in the financial statements (Note 8)		The Company	All companies included in the financial statements (Note 8)	The Company	All companies included in the financial statements (Note 8)				
Chairman	Chen-Tse Yang	2160	2160	0	0	14327	14327	0	0	0.80%	0.80%	20170	20170	0	0	1900	0	1900	0	0	0	0	1.87 %	1.87 %	None
Director	Chang-Chi Yang																								
Director	Lien-Mei Lin																								
Director	King Hsiang Investment Co., Ltd. Representative: Jung-Tung Tsai																								
Director	Chang-Ching Yang																								
Director	Chen-Jung Yang																								
Independent Director	Jen-Jou Hsieh	1440	1440	0	0	7163	7163	0	0	0.42%	0.42%	Chang-Chi Yang, Lien-Mei Lin, and Jung-Tung Tsai did not serve as employees concurrently, so they did not receive relevant remuneration										0.42 %	0.42 %		
Independent Director	Wen-Shih Chiang											Jen-Jou Hsieh, Wen-Shih Chiang, and Tzu-Ying Lin did not serve as employees concurrently, so they did not receive relevant remuneration													
Independent Director	Tzu-Ying Lin											Jen-Jou Hsieh, Wen-Shih Chiang, and Tzu-Ying Lin did not serve as employees concurrently, so they did not receive relevant remuneration													
1. Per Article 7 of the Remuneration Committee Charter of the Company and the Rules of the Performance Evaluation of the Board of Directors, the remuneration of independent directors is determined with reference to the usual industry level, individual performance and the Company's operating performance.																									
2. Except as disclosed in the table above, the remuneration received by the directors of the Company for providing services to all companies in the financial statements (such as serving as an advisor in a non-employee capacity) in the last year: None																									

Range of remuneration

Range of remuneration paid to directors of the Company	Name of director			
	Sum of A, B, C and D		Sum of A, B, C, D, E, F and G	
	The Company (Note 8)	All companies included in the financial statements (Note 9) H	The Company (Note 8)	All companies included in the financial statements (Note 9) I
Below NT\$1,000,000				
NT\$1,000,000 (inclusive) – NT\$2,000,000 (non-inclusive)	—	—	—	—
NT\$2,000,000 (inclusive) – NT\$3,500,000 (non-inclusive)	Chen-Tse Yang, Chang-Chi 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-Chi Yang, Lien-Mei Lin, Jung-Tung Tsai, Chang-Ching Yang, Chen-Jung Yang, Jen-Jou Hsieh, Wen-Shih Chiang, Tzu-Ying Lin	Lien-Mei Lin, Jung-Tung Tsai, Jen-Jou Hsieh, Wen-Shih Chiang, Tzu-Ying Lin	Lien-Mei Lin, Jung-Tung Tsai, Jen-Jou Hsieh, Wen-Shih Chiang, Tzu-Ying Lin
NT\$3,500,000 (inclusive) – NT\$5,000,000 (non-inclusive)	—	—		
NT\$5,000,000 (inclusive) – NT\$10,000,000 (non-inclusive)	—	—	Chang-Chi Yang, Chen-Jung Yang, Chang-Ching Yang	Chang-Chi Yang, Chen-Jung Yang, Chang-Ching Yang
NT\$10,000,000 (inclusive) – NT\$15,000,000 (non-inclusive)	—	—	Chen-Tse Yang	Chen-Tse Yang
Total	9	9	9	9

Note 1: The names of the directors shall be listed separately (in the case of institutional shareholders, the names of the institutional shareholders and their representatives shall be listed separately), and the amount of each payment shall be disclosed in an aggregate manner. Where a director is serving as the President or Vice President concurrently, please fill in this table and table (3-1) below or the tables (3-2-1) and (3-2-2) below.

Note 2: It refers to the remuneration of directors in the last year (including directors' salary, duty allowance, severance payment, various bonuses and incentives).

Note 3: It refers to the amount of directors' remuneration in the annual earnings allocation proposal for the last year approved by the Board of Directors before the shareholders' meeting.

Note 4: It refers to the directors' relevant professional service fees in the last year (including honoraria, special allowances, various allowances, dormitory and any company car assigned). When housing, cars, and other means of transportation are provided or in the case of personal expenses, the nature and cost of the assets provided, the actual rent or rent at fair market price, fuel and other payments shall be disclosed. If there is a chauffeur assigned, please specify the relevant payments that the Company makes to the chauffeur without included in the remuneration.

It refers to the salary, duty allowance, severance payment, various bonuses, incentives, honoraria, special expenses, various allowances, dormitory, any company car assigned and other physical items that directors who served as employees concurrently (including President, Vice President, other managers and employees) in the last year. When housing, cars and other means of transportation are provided or in the case of personal expenses, the nature and cost of the assets provided, the actual rent or rent at fair market price, fuel and other payments shall be disclosed. If there is a chauffeur assigned, please specify the relevant payments that the Company makes to the chauffeur without included in the remuneration.

Note 6: Where those who have received employee bonus (including stock and cash) for directors serving as employees concurrently (including President, Vice President, other managers, and employees) in the last year, the amount of employee bonus distributed in the earnings allocation proposal for the last year approved by the Board of Directors before the shareholders' meeting shall be disclosed. If it cannot be estimated, the amount proposed to be distributed for this year shall be calculated in proportion to the actual amount distributed last year and Table 1-3 shall be filled out additionally.

Note 7: The total amount of remuneration paid to the Company's directors by all companies (including the Company) in the consolidated financial statements shall be disclosed.

Note 8: For the total amount of remuneration the Company pays to each director, the name of each director shall be disclosed in the corresponding remuneration range.

Note 9: The total amount of remuneration paid to each of the Company's directors by all companies (including the Company) in the consolidated financial statements shall be disclosed and the name of each director shall be disclosed in the corresponding remuneration range.

Note 10: Net income after tax refers to the net income after tax for the last year.

Note 11: a. This column shall clearly list the amount of relevant remuneration received by the directors of the Company from the investees other than subsidiaries or the parent company (if none, please fill in "None").

b. If the directors of the Company receive relevant remuneration from the investees other than subsidiaries or the parent company, the remuneration received by the directors from the investees other than subsidiaries or the parent company shall be included in column J of the remuneration range table and the column title shall be changed to "Parent Company and All Investees."

c. Remuneration refers to the compensation, remuneration, employee bonus and professional service fees received by the directors of the Company as directors, supervisors or managers at the investees other than subsidiaries or the parent company.

* The content of the remuneration disclosed in this table is different from the concept of income as in the Income Tax Act, so this table is for the purpose of information disclosure and not for taxation purposes.

(2-2) Remuneration of supervisors: (Individual name disclosed):

Not applicable as the Company held a comprehensive re-election on June 12, 2017 and set up an Audit Committee to replace the supervisors.

(3-2) Remuneration of the President and Vice Presidents (name disclosed in the corresponding range in an aggregate manner)

Unit: NTD thousand

Job title	Name	Salary (A) (Note 2)		Pension upon retirement (B)		Bonuses, special allowances, etc. (C) (Note 3)		Employee <u>compensation</u> (D) (Note 4)				Sum of A, B, C and D as percentage of net income after tax (%) (Note 8)		Remuneration from investees other than subsidiaries <u>or parent company</u> (Note 9)
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements (Note 5)	
								Amount of cash dividends	Amount of stock dividend s	Amount of cash dividends	Amount of stock dividend s			
Chairman and CEO	Chen-Tse Yang	26035	26964	0	0	42468	42468	8850	8850	0	0	3.74%	3.79%	0
President in charge of business	Hsi-Kuei Huang													
President in charge of plant affairs	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 job title, anyone holding a position equivalent to the President or Vice President (e.g., President, CEO, or director) shall be disclosed.

Range of remuneration

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

Note 1: The names of the President and Vice Presidents shall be listed separately and the payment amounts shall be disclosed in an aggregate manner. Where a director serves as the President or Vice President concurrently, please fill out this table and Tables (1-1) and (1-2) above. Note 2: It refers to the salary, duty allowance, and severance payment provided to the President or Vice Presidents in the last year.

Note 2: It refers to the salary, duty allowance and severance payment provided to the President or Vice Presidents in the last year.

Note 3: It refers to the amount of various bonuses, incentives, honoraria, special allowances, various allowances, dormitory, any company car assigned and other physical items provided to the President or Vice Presidents in the last year. When housing, cars and other means of transportation are provided or in the case of personal expenses, the nature and cost of the assets provided, the actual rent or rent at fair market price, fuel, and other payments shall be disclosed. If there is a chauffeur assigned, please specify the relevant payments that the Company makes to the chauffeur without including it in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share-based Benefits" including obtaining employee stock warrants, new restricted employee shares and subscription for shares in capital increase in cash, shall also be included in remuneration.

Note 4: It refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors to be distributed to the President or Vice Presidents in the last year. If it cannot be estimated, the amount proposed to be distributed for this year shall be calculated in proportion to the actual amount distributed last year and Table 1-3 should be filled out additionally. Net income after tax refers to the net income after tax in the last year; if the International Financial Reporting Standards have been adopted, net income after tax refers to the net income after tax as in the standalone or individual financial report in the last year.

Note 5: The total amount of remuneration paid to the Company's President and Vice Presidents by all companies (including the Company) in the consolidated financial statements shall be disclosed.

Note 6: For the total amount of remuneration the Company pays to each President and Vice President, the name of each President and Vice President shall be disclosed in the corresponding remuneration range.

Note 7: The total amount of remuneration paid to each of the Company's President and Vice Presidents by all companies (including the Company) in the consolidated financial report shall be disclosed, and the name of each President and Vice President shall be disclosed in the corresponding remuneration range.

Note 8: Net income after tax refers to the net income after tax in the last year; if the International Financial Reporting Standards have been adopted, net income after tax refers to the net income after tax as in the standalone or individual financial report in the last year.

Note 9: a. This column shall clearly list the amount of relevant remuneration received by the President and Vice Presidents of the Company from the investees other than subsidiaries.

b. If the President and Vice Presidents of the Company receive relevant remuneration from the investees other than subsidiaries, the remuneration received by the President and Vice Presidents from the investees other than subsidiaries shall be included in column E of the remuneration range table and the column title shall be changed to "All Investees."

c. Remuneration refers to the compensation, remuneration (including employee compensation and remuneration of directors and supervisors) and professional service fees received by the President and Vice Presidents of the Company as directors, supervisors, or managers at the investees other than subsidiaries.

* The content of the remuneration disclosed in this table is different from the concept of income as in the Income Tax Act, so this table is for the purpose of information disclosure and not for taxation purposes.

B. The name of the manager who receives the employee bonus and the distribution:

Unit: NTD thousand

	Job title (Note 1)	Name (Note 1)	Amount of stock	Amount of cash	Total	Proportion of total amount to net income after tax (%)
Manager	President in charge of business	Hsi-Kuei Huang	0	11,950	11,950	5.78%
	President in charge of plant affairs	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	Hung-Hsin Li				
	Assistant Vice President	Ta-Kun Yang				
	Assistant Vice President	Cheng-Hsuan Chung				
	Assistant Vice President	Jui-Pin Li				
	Assistant Vice President	Chih-Kung Hu				
14 people in total			0	11,950	11,950	5.78%

Note 1: Individual names and job titles shall be disclosed, but the profit distribution may be disclosed in an aggregate manner.

Note 2: It refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors to be distributed to the managers in the last year. If it cannot be estimated, the amount proposed to be distributed for this year shall be calculated in proportion to the actual amount distributed last year. Net income after tax refers to the net income after tax in the last year; if the International Financial Reporting Standards have been adopted, net income after tax refers to the net income after tax as in the standalone or individual financial report in the last year.

Note 3: The definition of "manager" as stipulated in Tai-Cai-Zheng-III No. 0920001301 issued by the Commission dated March 27, 2003 is as follows.

- (1) President and an equivalent position
- (2) Vice President and an equivalent position
- (3) Assistant Vice President and an equivalent position

(4) Head of Financial Department

(5) Head of Accounting Department

(6) Other persons who have the right to manage affairs and sign on behalf of the company

Note 4: Where a director, President or Vice President receives employee compensation (including stock and cash), both Table 1-2 and this table shall be filled out.

4. Analysis of the total remuneration paid to directors, supervisors, President and Vice Presidents of the Company in the last two years by the Company and all companies in the consolidated financial statements as a percentage of the net income after tax and the description of the relevance of the remuneration policy, standards and packages and procedures for determining remuneration to business performance and future risks:

(1) Analysis of the total remuneration paid to directors, supervisors, President and Vice Presidents of the Company in the last two years by the Company and all companies in the consolidated financial statements as a percentage of the net income after tax:

NTD thousand

	The Company		All companies included in the financial statements	
	Director (Note 1)	President and Vice Presidents	Director (Note 1)	President and Vice Presidents
2020 remuneration	25,090	77,353	25,090	78,282
Net income after tax for 2020	2,066,612	2,066,612	2,066,612	2,066,612
Proportion to net income after tax	1.21%	3.74%	1.21%	3.79%
2019 remuneration	19,366	45,635	19,366	47,250
Net income after tax for 2019	129,726	129,726	129,726	129,726
Proportion to net income after tax	14.93%	35.18%	14.93%	36.42%

Note 1: Directors' remuneration includes remuneration for directors serving as managers concurrently.

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

- (2) The relevance of the Company's remuneration policy, standards and packages, and procedures for determining remuneration to business performance and future risks: The Company's Remuneration Committee is responsible for formulating and regularly reviewing whether the "Regulations on Remuneration of Directors and Functional Committees" and the "Remuneration Policy for Senior Managers" shall continue to be adopted and submit suggestions and improvement plans to the Board of Directors as per the Securities and Exchange Act and other relevant laws and regulations, as well as the Remuneration Committee of Gold Circuit Electronics Ltd. The contents of the 2020 proposals are as follows:

Remuneration Committee members	Content of proposal and subsequent handling
2020.01.09	Formulated the first to fourth points of the year-end bonus payment regulations per the version dated January 12, 2012 to issue 1.1 months of base pay as year-end bonus and allocated the amount per Article 8 of the regulations as a special bonus

	for retaining outstanding talents in each department
2020.08.10	Regularly reviewed whether or not the Regulations on Remuneration of Directors and Functional Committees" and the "Remuneration Policy for Senior Managers" shall continue to be adopted, and submitted suggestions and improvement plans to the Board of Directors.
2021.01.15	Formulated the first to fourth points of the year-end bonus payment regulations as per the version dated January 12, 2012 to issue 3.0 months of base pay as year-end bonus and allocated the amount per Article 8 of the regulations as a special bonus for retaining outstanding talents in each department

III. Operations of corporate governance

1. Operations of the Board of Directors

(1) **Information on the operations of the Board of Directors**

As of April 30, 2022, the Board of Directors held 6 meetings (A) and the attendance of directors and supervisors was 100% as follows:

Job title	Name (Note 1)	Attendance in person (times) B	Attendance by proxy	Attendance in person (%) [B/A] (Note 2)	Remarks
Chairman	Chen-Tse Yang	6	0	100%	Re-elected after the re-election on 2018.6.11
Director	Chang-Chi Yang	6	0	100%	Re-elected after the re-election on 2018.6.11
Director	Lien-Mei Lin	6	0	100%	Re-elected after the re-election on 2018.6.11
Director	Chang-Ching Yang	6	0	100%	Re-elected after the re-election on 2018.6.11
Director	Chen-Jung Yang	6	0	100%	Re-elected after the re-election on 2018.6.11
Director	Representative of King Hsiang Investment Co.: Jung-Tung Tsai	6	0	100%	Re-elected after the re-election on 2018.6.11
Independent Director	Jen-Jou Hsieh	6	0	100%	Re-elected after the re-election on 2018.6.11
Independent Director	Wen-Shih Chiang	6	0	100%	Re-elected after the re-election on 2018.6.11
Independent Director	Tzu-Ying Lin	6	0	100%	Re-elected after the re-election on 2018.6.11

Other additional information:

- (I) For board meetings that meet any of the following circumstances, specify the date, session, the content of the proposal, independent directors' opinions and the Company's response to such opinions:

Board of Director	Content of proposal	Independent director's opinions	Response to independent director's opinions
2020.3.19 (8th)	1. Set the date, time, place and main contents of the 2020 annual shareholders' meeting.	None	N/A
	2. Reviewed the Company's 2019 financial statements and consolidated financial	None	N/A

meeting)		statements.		
	3.	Ratified the Company's 2019 earnings distribution and deficit compensation proposal	None	N/A
	4.	Issued the Statement on Internal Control	None	N/A
	5.	Evaluated the independence of CPAs for 2020	None	N/A
	6.	Amended the Ethical Corporate Management Best Practice Principles	None	N/A
	7.	Amended the Corporate Social Responsibility Best Practice Principles	None	N/A
	8.	Proposal for new loan to and old loan repaid by Suzhou Gold Circuit Electronics Ltd.	None	N/A
	9.	Provided guarantee for a syndicated loan to the subsidiary Goldex Holding Limited	None	N/A
	10.	Proposal to apply to the bank for financing facilities and provide guarantee to subsidiaries.	None	N/A
	11.	Directors' liability insurance proposal	None	N/A
2020.5.11 (9th meeting)	1.	Reviewed the Company's consolidated financial statements for Q1 of 2020	None	N/A
	2.	Proposal for new loan to and old loan repaid by Suzhou Gold Circuit Electronics Ltd.	None	N/A
	3.	Proposal for new loan to and old loan repaid by Changshu Gold Circuit Technology Co., Ltd.	None	N/A
	4.	Applied to the bank for financing facilities and provided endorsement/guarantee to subsidiaries	None	N/A
2020.08.10 (10th meeting)	1.	Reviewed the Company's financial report for the first half of 2020	None	N/A
	2.	Proposal for liquidation of Silver Industrial Limited, a 100%-owned affiliate of the Company	None	N/A
	3.	Reviewed the resolutions adopted by the Remuneration Committee	None	N/A
	4.	Applied to the bank for financing facilities and provided endorsement/guarantee to subsidiaries	None	N/A
2020.11.6 (11th meeting)	1.	Reviewed the Company's consolidated financial statements for Q3 of 2020	None	N/A
	2.	2020 Annual Audit Plan	None	N/A
	3.	Proposal for new loan to and old loan repaid by Changshu Gold Circuit Technology Co., Ltd.	None	N/A
	4.	Proposal for commissioning E.Sun Commercial Bank, Ltd. and Taipei Fubon Bank to arrange a 3 plus 2 years syndicated loan project	None	N/A
	5.	Applied to the bank for financing facilities and provided endorsement/guarantee to subsidiaries	None	N/A
	6.	Reported on ethical corporate management	None	N/A

	policy, prevention program and supervision of implementation		
2021.1.15 (12th meeting)	1. Status of directors' liability insurance	None	N/A
	2. Proposal for ratio of 2020 employee remuneration to directors' remuneration	None	N/A
	3. Resolved the resolution regarding year-end bonus adopted by the Remuneration Committee	None	N/A
	4. Proposal to apply to the bank for financing facilities and provide guarantees.	None	N/A
2021.3.22 (13th meeting)	1. Set the date, time, place, and main contents of the 2021 annual shareholders' meeting.	None	N/A
	2. The Company's 2020 financial statements and business report	None	N/A
	3. The Company's 2020 earnings allocation proposal	None	N/A
	4. Proposal for cash dividend from capital surplus	None	N/A
	5. Proposal for 2020 employee remuneration and directors' remuneration	None	N/A
	6. Evaluated the independence of CPAs for 2020	None	N/A
	7. Formulated "Financial Statement Preparation Process Management Regulations" and "Related Party Transaction Management Regulations" and then amended relevant procedures in internal control and accounting systems.	None	N/A
	8. Amended "Internal Audit Implementation Rules"	None	N/A
	9. Proposal for amendment to the Articles of Association	None	N/A
	10. Proposal for new loan to and old loan repaid by Suzhou Gold Circuit Electronics Ltd.	None	N/A
	11. Proposal for new loan to and old loan repaid by Changshu Gold Circuit Technology Co., Ltd.	None	N/A
	12. Proposal to apply to the bank for financing facilities and provide guarantees.	None	N/A
	13. Board of Directors nominated a list of candidates for directors (including independent directors)	None	N/A
	14. Proposal to remove the non-compete clause for some new directors	None	N/A

(II) Disclosure regarding recusal for interest-conflicting proposals, including the names of directors concerned, the content of proposals, reason for recusal, and the voting process:

In the meeting on January 15, 2021, for the 2020 year-end bonus distribution proposal and the manager performance evaluation and remuneration proposal, the directors present, including Chairman Chen-Tse Yang, Director Chen-Jung Yang, Director Chang-Chi Yang, and Director Chang-Ching Yang, were employees of Gold Circuit Electronics Ltd. and they recused themselves from the discussion and voting of said proposals. Chairman Chen-Tse Yang appointed Director Jen-Jou Hsieh to preside over the discussion and voting of said proposals, which were passed without any objection.

(III) Public companies shall disclose the evaluation cycle and period, scope, method and content of the Board of Directors' self- (or peer) evaluation, and fill out Table 2 (2) Board of Directors' Evaluation Implementation Status: The content is as the table below:

(2) The Board of Directors Evaluation Implementation Status

Evaluation cycle (Note 1): At least once a year			
Evaluation period (Note 2): January 1, 2020 to December 31, 2020			
<u>Scope</u> (Note 3)	<u>Method</u> (Note 4)	<u>Content</u> (Note 5)	<u>Results</u>
Overall board performance evaluation	The unit in charge of board meeting affairs conducts evaluation as per the actual operation of the Board of Directors	It is divided into five aspects as described below: • Degree of participation in the Company's operations • Improvement to the decision-making quality of the Board of Directors • Composition and structure of the Board of Directors • Election and continuing education of directors • Internal control	The total score is 90.7 points. The evaluation results show that the overall operation of the Company's Board of Directors is still sound and complete in line with the spirit of corporate governance.
Performance evaluation of individual board members	Self-evaluation by each board member	It is divided into six aspects as described below: • Keeping abreast of the Company's goals and mission • Awareness of a director's responsibilities Degree of participation in the Company's operations • Internal relationship management and communication • Directors' professional and continuing education	The overall average score is 93.7. The evaluation results show that the Company's directors have positive feedback on the efficiency and effectiveness of the evaluation indicators of the operations.
The content of the performance evaluation above and suggestions thereof will be reported to the Board of Directors in March, 2021. recommendations II. Measures expected to be adopted: 1. In the self-evaluation questionnaire for the performance evaluation of the Board of Directors in 2020, after the self-evaluation by individual directors, the average score of the valid copies of questionnaires after weighted calculation is 90.7 points. After analysis, the main items that need to be improved are (1) Question No. 15 "The frequency of board meetings is appropriate" (e.g., if the meeting is held at least six times a year, it is 3—average). (2) Question No. 25 "The board of directors has established adequate seats for independent directors, and the number of them meets relevant standards" (e.g., if the chairman or president is the same person, it is advisable to increase the number of independent directors). (3) Question No. 30 "No more than two directors of the company are spouses or relatives within the second degree of kinship to each other; as such, the board members can operate objectively and independently". 2. In the self-evaluation questionnaire for the performance evaluation of individual directors in 2020, after the self-evaluation by individual directors, the average score of the valid copies of			

questionnaires after weighted calculation is 93.7 points.

As stated above, there are two main points of the results of the performance evaluation of the Board of Directors and Directors in 2020. One is that the frequency of board meetings is inadequate, and the Company will increase the frequency of such meetings this year. The second is the relationship between directors and the same person serving as the Chairman and the President. The Company expects to add an additional independent director in 2023. Although the directors' continuing education has met the standards, the Company will make further improvement in this regard, and will provide course information to each director timely. It is hoped that the Company's Board of Directors can better leverage its functions and lead the Company's corporate governance up to the next level.

(IV) Evaluation of the objective of strengthening the functions of the Board of Directors (such as setting up an audit committee or enhancing information transparency) and the implementation in the current year and the last year:

1. On March 25, 2019, the Board of Directors passed the proposal for the group's corporate governance officer.
2. The "Rules of the Performance Evaluation of the Board of Directors" and "Standard Operating Procedures for Handling Requests by Directors" were formulated on March 25, 2019.
3. The Company's Ethical Corporate Management Promotion Team reported on the "status of fulfillment of ethical corporate management, measures adopted and effectiveness of the implementation in 2020" to the 8th meeting of the Board of Directors on January 15, 2021.
4. After the 2022 shareholders' meeting passed the amendments to the Articles of Association, the Company expects to hold a by-election to elect one independent director in 2023 to achieve the goal of 4 seats of independent directors.

2. The operation of the Audit Committee or supervisors' participation in the operation of the Board of Directors

Audit Committee's participation in the operations of the Board of Directors

The Company's Audit Committee held 5 meetings from January 1, 2020 to April 30, 2021. The attendance of independent directors is as follows:

Job title	Name	Attendance in person (times) (in a non-voting capacity)	Attendance by proxy	Attendance in person (%) (in a non-voting capacity)	Remarks
Independent Director	Jen-Jou Hsieh	5	0	100.0%	
Independent Director	Wen-Shih Chiang	5	0	100.0%	
Independent Director	Tzu-Ying Lin	5	0	100.0%	

Other additional information:

- (I) For Audit Committee meetings that meet any of the following circumstances, specify the date, session, the content of the proposal, Audit Committee's resolution results and the Company's response to such opinions: In 2020, all members of the Audit Committee approved all major proposals unanimously and there were no resolutions that were not approved by the Audit Committee but adopted by at least two-thirds of all directors, as shown in the table below.
- Matters under Article 14-5 of Securities and Exchange Act.
 - Except for said matters, others that have not been approved by the Audit Committee but have been adopted by at least two-thirds of all directors.

Board of Directors	Content of proposal and subsequent handling	Matters under Article 14-5 of Securities and Exchange Act.	Resolutions that have not been approved by the Audit Committee but have been adopted by at least two-thirds of all directors.
2020.3.19 (7th meeting)	1. Reviewed the Company's 2019 financial statements and consolidated financial statements. 2. Reviewed the Company's 2019 earnings distribution and deficit compensation proposal 3. Reviewed the Statement on Internal Control 4. Reviewed the independence of CPAs for 2020 5. Proposal for new loan to and old loan repaid by Suzhou Gold Circuit Electronics Ltd. 6. Provided guarantee for a syndicated	V V V V V	None

	loan to the subsidiary Goldex Holding Limited 7. Proposal to apply to the bank for financing facilities and provide guarantees.	V	
	Audit Committee's resolution results (2020.3.19): All members of the Audit Committee approved the motions above unanimously The Company's response to the Audit Committee's opinions: All the directors present adopted the resolutions approved by the Audit Committee		
2020.5.11 (8th meeting)	1. Ratified the Company's consolidated financial statements for Q1 of 2020 2. Proposal for new loan to and old loan repaid by Suzhou Gold Circuit Electronics Ltd. 3. Proposal for new loan to and old loan repaid by Changshu Gold Circuit Technology Co., Ltd. 4. Applied to the bank for financing facilities and provided endorsement/guarantee to subsidiaries	V V V V	None
	Audit Committee's resolution results (2020.5.11): All members of the Audit Committee approved the motions above unanimously The Company's response to the Audit Committee's opinions: All the directors present adopted the resolutions approved by the Audit Committee		
2020.08.10 (9th meeting)	1. The Company's financial report for the first half of 2020 2. Proposal for liquidation of Silver Industrial Limited, a 100%-owned affiliate of the Company 3. Applied to the bank for financing facilities and provided endorsement/guarantee to subsidiaries	V V V	None
	Audit Committee's resolution results (2020.8.10): All members of the Audit Committee approved the motions above unanimously The Company's response to the Audit Committee's opinions: All the directors present adopted the resolutions approved by the Audit Committee		
2020.11.6 (10th meeting)	1. The Company's consolidated financial statements for Q3 of 2020 2. 2020 Annual Audit Plan 3. Proposal for new loan to and old loan repaid by Changshu Gold Circuit Technology Co., Ltd. 4. Applied to the bank for financing facilities and provided endorsement/guarantee to subsidiaries	V V V V	None
	Audit Committee's resolution results (2020.11.6): All members of the Audit Committee approved the motions above unanimously The Company's response to the Audit Committee's opinions: All the directors present adopted the resolutions approved by the Audit Committee		
2021.3.22 (11th meeting)	1. Reviewed the Company's 2020 financial statements and consolidated financial statements 2. Reviewed the Company's 2020 earnings allocation proposal 3. Reviewed the proposal for cash	V V V	None

		dividend from capital surplus 4. Reviewed the proposal for 2020 employee remuneration and directors' remuneration 5. Issued the Statement on Internal Control 6. Reviewed the independence of CPAs for 2020 7. Reviewed the "Financial Statement Preparation Process Management Regulations" and "Related Party Transaction Management Regulations" formulated, and then amended relevant procedures in internal control and accounting systems. 8. Reviewed the amendment to the "Internal Audit Implementation Rules" 9. Reviewed the proposal for amendment to the Articles of Association 10. Proposal for new loan to and old loan repaid by Suzhou Gold Circuit Electronics Ltd. 11. Proposal for new loan to and old loan repaid by Changshu Gold Circuit Technology Co., Ltd. 12. Proposal to apply to the bank for financing facilities and provide guarantees.	V V V V V V V V	
		Audit Committee's resolution results (2021.3.22): All members of the Audit Committee approved the motions above unanimously The Company's response to the Audit Committee's opinions: All the directors present adopted the resolutions approved by the Audit Committee		
(II) Disclosure regarding recusal for interest-conflicting proposals, including the names of independent directors concerned, the content of proposals, reason for recusal and the voting process: None				
(III) The communication between independent directors and internal chief auditor and CPAs (shall include material issues, methods and results in the communication with respect to the Company's financial and business status):				
i. Policy on communication between independent directors and internal chief auditor				
● The Audit Office implements the audit of the internal control cycle and management regulations per the annual audit plan and prepares an "internal audit plan" which will be submitted to the Chairman; the plan will be submitted to the members of the Audit Committee for review before the end of the following month after an audit project is completed. ● The internal chief auditor reports on the status of the audit business and communicate face-to-face with independent directors at each (at least four) Audit Committee meeting. ● Where internal auditors discover a material violation or the Company may suffer major damage, they shall prepare a report for review immediately and notify the members of the Audit Committee.				

The summary of the communication between independent directors and internal chief auditor in 2020 is as follows:

Date	Method of communication	Content	Suggestions made by independent director
2020.1.09	Independent Director	Reported on the implementation status of the 2019 plan and unusual incidents and improvement Reported on the execution of the audit business from November to December 2019	Independent Director No opinion raised
2020.3.19	Audit Committee	Reported on the execution of the audit business from January to February 2020 Issued the "2019 Statement on the Internal Control System"	No opinion raised at this meeting
2020.5.11	Audit Committee	Reported on the execution of the audit business March to April 2020	No opinion raised at this meeting
2020.8.09	Audit Committee	Reported on the execution of the audit business May to July 2020	No opinion raised at this meeting
2020.11.6	Audit Committee	Prepared 2021 audit plan Reported on the execution of the audit business from August to October 2020	No opinion raised at this meeting
2021.1.15	Independent Director	Reported on the implementation status of the 2020 plan and unusual incidents and improvement Reported on the execution of the audit business from November to December 2020	Independent Director No opinion raised
2021.3.22	Audit Committee	Reported on the execution of the audit business from January to February 2020 Issued the "2020 Statement on the Internal Control System"	No opinion raised at this meeting

ii. Policy on communication between independent directors and CPAs

1. CPAs report the results of the audit or review of the financial statements in the quarterly Audit Committee meeting, as well as other matters to be communicated as required by relevant laws and regulations. During the process, where independent directors have any opinion, they can bring it up for discussion and the CPAs will explanation accordingly.
2. In case of material and special issues related to the Company's finances and business, the CPAs will report to the Audit Committee immediately
3. Where the Board of Directors has relevant critical issues, it will also invite CPAs to attend the meeting in a non-voting capacity to provide professional advice so as to increase opportunities for CPAs to interact with directors/independent directors.
4. The communication channels between the Company's independent directors and the CPAs are smooth.

The summary of the communication between independent directors and CPAs in 2020 is as follows:

Date	Main points communicated
2020.3.19	Reported on the results of the audit of the 2019 consolidated and standalone financial statements and the review of internal control, and discussed and communicated on the impact of the newly amended laws.
2020.5.11	Reported on the results of the audit of the consolidated financial statements for Q1 of 2020 and the revenue recognized; discussed and communicated the impact of new amendments to some laws.
2020.8.09	Reported on the results of the audit of the consolidated financial statements for Q2 of 2020 and the revenue recognized; matters to be noted for self-preparation of financial statements; discussed and communicated the impact of new amendments to some laws.
2020.11.6	Reported on the results of the audit of the consolidated financial statements for Q3 of 2020 and the revenue recognized; matters to be noted for self-preparation of financial statements; discussed and communicated the impact of new amendments to some laws. Also, as for the impact of the COVID-19 pandemic on the audit work, the work model adopted by the auditors of the CPA firm to obtain audit evidence by means of information technology was For example: ● Check original records and documents via conference call. ● Check the scanned files of original records and documents by e-mail or fax. Where this model is adopted, auditors shall randomly check whether it is consistent with the original document through conference calls as per the actual situation of each case and the risk assessment result of the case.
2021.1.15	CPAs communicated with the Company's directors and independent directors on key audit matters: income recognition: When a subsidiary in mainland China actually ships goods, the inventory control is transferred and the income from the triangle trade of the Company is recognized. Therefore, it is possible that improper recognition of income exists despite the absence of actual shipment. Therefore, we (CPAs) 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 revenue recognition, the audit procedure that we performed on the above-mentioned key matters primarily covers the following: 5. Understand and test the design and effectiveness of execution of the major internal control for recognition of revenue of GOLD CIRCUIT ELECTRONICS LTD. 6. Select revenue samples and execute the substantive test of details to obtain audit evidence to support the correctness of the execution of customer orders, approval and the revenue generated. 7. Samples were selected from the income statement of the triangle trade to verify the shipping receipts and supporting documents from subsidiaries in mainland China for confirmation over confirm whether they met the conditions for revenue recognition.

Supervisors' participation in the operation of the Board of Directors

Not applicable as the Company held a re-election at the annual shareholders' meeting on June 12, 2017 and set up an Audit Committee as per the laws to replace the supervisors.

3. Corporate governance implementation and the deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Has the Company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	Yes		The Company has formulated the Corporate Governance Best Practice Principles as approved by the Board of Director on March 21, 2016, and published them on the official website and the Market Observatory Post System (MOPS).	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
II. The Company's shareholding structure and shareholders' equity (I) Has the Company established internal operating procedures to handle shareholders' suggestions, doubts, disputes, and litigation matters, and implement them in accordance with the procedures?	Yes		The Company has set up a spokesperson/acting spokesperson system. In the case of shareholders' suggestions or disputes to the spokesperson, the spokesperson will handle it; in case of litigation, the legal affairs unit will handle the relevant legal matters.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(II) Does the Company keep abreast of the list of major shareholders and the ultimate controlling parties of such shareholders?	Yes		The Company's major shareholders' shareholdings have been stable and concentrated over the years, and the interaction between major shareholders has been pleasant. Pursuant to Article 25 of the Securities and Exchange Act, the Company files a report on the changes in the shareholdings held by insiders (directors, managers, and shareholders holding more than 10% of the total shares) to the MOPS as designated by the Securities and Futures Bureau on a monthly basis.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(III) Does the Company establish and implement a risk control mechanism and firewalls between its affiliates and itself?	Yes		All affiliates of the Company operate independently, and each affiliate has its own internal control system for compliance, and the Company also handles relevant matters as per relevant laws and regulations of the "Regulations on Supervision of Subsidiary Operations."	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
(IV) Whether the Company established internal regulations prohibiting insider trading against non-public information?	Yes		The Company has established personnel management rules and other internal regulations to prohibit company insiders from using undisclosed information on the market to buy and sell securities for profit, and the has formulated the Operating Procedures for the Processing of Internal Material Information and Prevention of Insider Trading so as to establish an adequate internal material information processing and disclosure mechanism, ensure that the consistency and correctness of the Company's published information and to strengthen the regulations on insider trading.	Companies In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
III. Composition and responsibilities of the board of directors (I) Dose the board of directors formulate a diversity policy for the composition of the board and implement it?	Yes		The Company has established the Corporate Governance Best Practice Principles, in which the diversity policy is stipulated in Chapter 3 "Enhancing the Functions of the Board of Directors." The current term of the Company's Board of Directors is composed of 9 directors, including 3 independent directors and 6 general ones, all of whom have extensive experience and expertise in finance, law, business and PCB management. Also, the Company pays attention to gender equality in the composition of the board. The target ratio of female directors to male ones is at least 33%. In 2018, 3 female directors were elected in the re-election of directors and supervisors with the ratio reaching 33%. Moreover, after the 2022 shareholders' meeting passed the amendments to the Articles of Association, the Company expects to hold a by-election to elect another independent director in 2023 to achieve the goal of 4 seats of independent directors. The knowledge and skills required for performing duties are shown in Table (1) below.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(II) In addition to the remuneration committee and the audit committee set up in accordance with the law, does the Company set up other functional committees voluntarily?	Yes		The Company currently has only set up the Remuneration Committee and the Audit Committee.	In line with the Corporate Governance Best Practice

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
(III) Does the Company formulate the board of directors' performance evaluation regulations and methods and conduct annual and regular performance evaluations while reporting the results of the performance evaluation to the Board of Directors as a reference for individual directors' remuneration and nomination for re-election?	Yes		The Company's Board of Director has formulated the Rules of the Performance Evaluation of the Board of Directors on March 25, 2019, and completed the 2020 board performance evaluation on January 15, 2021. The performance evaluation results were then reported to the Board of Director on March 19, 2021.	Principles for TWSE/TPEX Listed Companies In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(IV) Does the Company regularly assess the independence of CPAs?	Yes		The Company assesses the independence and competence of CPAs at least once a year. The evaluation table contains 14 indicators. The CPAs were asked to issue a statement on independence, which was assessed by the Audit Committee. The assessment results reported to the Board of Director on March 19, 2020 and March 19, 2021. 14 indicators are as enumerated below 1. <u>The members of the audit team and their families, other professional CPAs and their families, the CPA firm and its affiliates have no direct or indirect material financial interests with the Company.</u> 2. <u>The members of the audit team or the CPA firm and its affiliates do not have close business relationship with the Company or its affiliates.</u> 3. Any member of the audit team has not served as a director or supervisor of the Company or held a position that had a significant influence on the audit in the last two years. among other 11 indicators	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
4. Does the Company <u>appoint an appropriate number of suitable corporate governance personnel, and engage a corporate governance officer</u> to be in charge of corporate governance-related matters (including but not limited to			The Company has engaged a corporate governance officer as resolved by the Board of Directors on March 25, 2019. The officer's main responsibilities are to provide directors with materials needed to perform duties, assist directors with compliance, and to handle matters	In line with the Corporate Governance Best Practice Principles

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof						
	Yes	No	Summary							
providing directors and supervisors with materials required to perform duties, <u>assisting directors and supervisors with compliance</u> , handling matters related to the meetings of the Board of Directors and shareholders’ meetings as per the law, and preparing the minutes of the meetings of the Board of Directors and shareholders’ meeting)?			related to board meetings and shareholders’ meetings as per the law. Chang-Chin Yang, Vice President of the Finance Department, is serving as the corporate governance officer concurrently, and has more than three years of management experience in stock affairs and the business related to board meetings and shareholders’ meetings at publicly listed companies. <u>The implementation status of the business in 2020 is as follows:</u> 1. Provide materials required for directors to perform their duties 2. Arrange continuing education for directors (all directors completed the required training hours as per the regulations in 2020) 3. Draw up agenda of board meetings, notify the directors seven days in advance, convene the meeting and provide meeting materials, remind directors in advance in the case of recusal, if any, and complete the minutes of board meetings 4. Assist the Board of Directors and shareholders’ meeting with meeting procedures and compliance; 5. Responsible for the release of material information on critical resolutions adopted by the Board of Directors 6. Responsible for the release of material information on critical resolutions adopted by the Board of Directors 7. Handle the pre-registration of the date of the shareholders’ meeting as per the law, and prepare the meeting notice, handbook and minutes within the specified period 8. Conduct the annual performance evaluation of the Board of Directors and board members 9. Responsible for the Company’s information disclosure and website maintenance 10. Completed 12 hours of continuing education for the corporate governance officer in 2020 as shown below: <table><tr><th>Class title</th><th>Date of class</th><th>Training hours</th></tr><tr><td>2020 Overseas Taiwanese</td><td>2020.8.27</td><td>2 hours</td></tr></table>	Class title	Date of class	Training hours	2020 Overseas Taiwanese	2020.8.27	2 hours	for TWSE/TPEX Listed Companies
Class title	Date of class	Training hours								
2020 Overseas Taiwanese	2020.8.27	2 hours								

Assessment criteria		Implementation status					Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof												
		Yes	No	Summary															
				<table><tr><td>Businesspeople Critical Forum:</td><td></td><td></td></tr><tr><td>Seek performance improvement</td><td>2020.9.24</td><td>3 hours</td></tr><tr><td>Information Security Governance/FinTech Supervision</td><td>2020.12.8</td><td>6 hours</td></tr><tr><td>Latest Changes in Tax Laws</td><td>2020.12.15</td><td>3 hours</td></tr></table>			Businesspeople Critical Forum:			Seek performance improvement	2020.9.24	3 hours	Information Security Governance/FinTech Supervision	2020.12.8	6 hours	Latest Changes in Tax Laws	2020.12.15	3 hours	
Businesspeople Critical Forum:																			
Seek performance improvement	2020.9.24	3 hours																	
Information Security Governance/FinTech Supervision	2020.12.8	6 hours																	
Latest Changes in Tax Laws	2020.12.15	3 hours																	
V. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers) and set up an area dedicated to stakeholders on the Company’s website and respond to important corporate social responsibility issues that stakeholders are concerned about appropriately?																			
Stakeholders	Issues about which stakeholders are concerned	Communication channels and response methods		Frequency of communication		In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies													
Clients	Product quality Customer service Green product	High-level supervisors' mutual visits and development report on the progress of new technology and new product Phone, email, mutual visits and meetings		At least once a year Frequently on weekdays															
Investors	Financial performance Corporate governance Company development and future prospects	MOPS Investor conference/Seminar Section dedicated to stakeholders on the Company’s website Shareholders’ meeting		From time to time At least twice a year From time to time Once a year															
Employees	Labor-management relations Employee benefits Employee opinions and relevant suggestions Voluntarily participate in process improvement	Labor-management meetings Employee seminars Complaint and suggestion mailbox Quality control circle (QCC) and relevant events		Quarterly Quarterly Daily Semi-annually															
Suppliers	Supplier selection criteria Supplier sustainability management	Supplier conference Supplier training activities		Annually From time to time															
Society	Social participation Environmental policy	Charity events and visits Audit of waste service provider		From time to time Once a month															
Banks	Corporate governance Risk management Compliance	Mutual visits and meetings Written materials Market trend analyses		From time to time Frequent on weekdays At least twice a year															
5. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers) and set up an area dedicated to stakeholders on the Company’s website and respond to important corporate social responsibility issues that stakeholders are concerned about appropriately?		Yes		<table><tr><td>Shareholders</td><td>Issues of concern: Financial performance/corporate governance</td></tr></table>				Shareholders	Issues of concern: Financial performance/corporate governance	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies									
Shareholders	Issues of concern: Financial performance/corporate governance																		

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			1. A shareholders’ meeting is held every year in the middle of the year to communicate complete financial information and the Company’s future development direction to all shareholders in detail 2. The Company has set up a spokesperson system and a section dedicated to stakeholders on the website to facilitate communication Employees Issues of concern: Employee benefits/Labor relations 1. A labor-management meeting is organized quarterly 2. An employee seminar is organized quarterly 3. The Company has set up a complaint and suggestion mailboxes (collected daily) to collect employees' opinions and relevant suggestions 4. There is a proposal improvement reward system to encourage employees to actively participate in various improvement activities in the plants 5. QCC-related events are held to motivate employees to voluntarily participate in improvement Clients Issues of concern: Customer relationship management Hazardous substances/supply chain management 1. The current status of RBA self-inspection at each plant of the Company is disclosed to clients through the platform launched by RBA 2. The Company's development blueprint, new product development process, reliability, and delivery date are discussed with customers through various meetings Suppliers Issues of concern: Supplier management Supplier selection criteria 1. The supplier conference is held every year to communicate the prior year’s operating performance and the coming year’s business development targets to suppliers 2. Supplier training activities regarding RBA’s requirements, greenhouse gas emissions inventory and reduction requirements are held from time to time	

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof						
	Yes	No	Summary							
			<table><tr><td colspan="2"></td></tr><tr><td>Community</td><td>Issues of concern: Social participation/Environmental policy</td></tr><tr><td colspan="2">The Company actively promotes social participation and environmental protection activities, subsidizes children from disadvantaged families for nutritional lunch, etc.</td></tr></table>			Community	Issues of concern: Social participation/Environmental policy	The Company actively promotes social participation and environmental protection activities, subsidizes children from disadvantaged families for nutritional lunch, etc.		
Community	Issues of concern: Social participation/Environmental policy									
The Company actively promotes social participation and environmental protection activities, subsidizes children from disadvantaged families for nutritional lunch, etc.										
VI. Does the Company appoint a professional stock affairs agency to handle the affairs of shareholders' meetings?	Yes		The Company has appointed CTBC Bank Co., Ltd., to assist the Company with matters related to shareholders.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies						
VII. Public Disclosure of Information (I) Does the Company set up a website to disclose financial business and corporate governance information?	Yes		The Company's website www.gce.com.tw is available in both Chinese and English languages. In addition to the relevant financial and business information, a policy statement on corporate social responsibility is disclosed to clearly state its codes of ethics.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies						
(II) Does the Company adopt other means for disclosure (such as setting up an English website, appointing personnel to collect and disclose relevant information, properly implementing the spokesperson system, and placing the process of investor conferences on the website)?	Yes		Relevant financial and business information is disclosed on the Company's website in both Chinese and English languages. The website is www.gce.com.tw . Each department has appointed dedicated personnel to be responsible for collection and disclosure of the Company's information. The dedicated personnel at the information department are responsible for placing said information on the website regularly.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies						
(III) <u>Does the Company publicly announce and file the annual financial report within two months after the end of each fiscal year and announce and file the financial reports for the first, second and third quarters and the monthly operating status prior</u>			The Company is currently in discussion with the CPA firm.							

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
<u>to the specified deadline?</u>				
VIII. Does the Company have other important information to facilitate better understanding of its corporate governance operations (including but not limited to employees' rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors)?	Yes		1. Employee rights: The Company has set up a section dedicated to human resources on its website, which will facilitate understanding of its human resources policy, employee benefits, manpower analysis of each plant, and current job vacancies. 2. Employee care: The Company has established a positive relationship, featuring mutual trust and mutual reliance, with employees through a welfare system to fulfill and stabilize their lives and a sound education and training system. For example, the Company subsidizes employees' club activities, organizes cultural and recreational activities and annual travel, provides health examination subsidies and medical consultation service, as well as provides employee dormitories, care for employees living at dormitories, and parking lots. 3. Investor relations: the Company has set up a spokesperson/acting spokesperson system to handle relevant matters. 4. Supplier relationship: the Company has established a sustainable partnership with suppliers to promote social responsibility and EICC to suppliers at the next tier, and regularly communicates relevant policy and offers education and training to suppliers. The content of training includes: A. Labor and ethics (including EICC) knowledge, policy, and goals, as well as targets to be achieved and matters to be continuously improved. B. Greenhouse gas control targets C. EICC actions that should be taken by suppliers. 5. Stakeholder's rights: stakeholders may communicate with the Company and offer suggestions to safeguard their legal rights and interests. 6. Directors and supervisors' continuing education: The Company's directors and supervisors participate in training sessions every year regularly. The sessions in 2020 are as follows: Details are shown in the table below 7. The implementation of risk management policy and risk measurement standards: the	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			Company's human resources department will compile the prior year's risk assessment results (risk points = frequency of occurrence * severity) before the end of January each year and then regularly follow up on the improvement results and revise the operating procedures per the risk control levels. 8. The Company purchases liability insurance for directors and supervisors at the end of each year.	
IX. Does the Company prepare a corporate governance self-evaluation report or a corporate governance evaluation report prepared by other professional organizations? (If yes, please specify the opinions of the Board of Directors, the results of self-evaluation or the evaluation prepared by an external organization, major deficiencies or suggestions and improvements) (Note 2)	Yes		The Company's corporate governance evaluation report is prepared as per the EICC Code of Conduct, and is sent to the management review meeting for review prior to March every year.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Table 1: The members of the Board of Directors shall generally possess the knowledge, skills and competency required to perform their duties. To achieve the ideal goal of corporate governance, the overall Board of Directors shall possess the capabilities below:

		Chen-Tse Yang	Chang-Chi Yang	Lien-Mei Lin	King Hsiang Investment Co. Representative: Jung-Tung Tsai	Chang-Ching Yang	Chen-Jung Yang	Jen-Jou Hsieh	Wen-Shih Chiang	Tzu-Ying Lin
	Gender	Male	Male	Female	Male	Male	Female	Male	Male	Female
1	Business judgment capabilities	✓	✓		✓	✓	✓	✓		
2	Accounting and financial analysis capabilities				✓	✓			✓	
3	Business management capabilities	✓	✓	✓	✓	✓	✓	✓		
4	Crisis management capabilities	✓	✓		✓	✓				
5	Industry knowledge	✓	✓	✓	✓	✓	✓	✓	✓	
6	International perspective	✓	✓	✓	✓	✓		✓	✓	
7	Leadership	✓	✓		✓	✓		✓		
8	Decision-making capabilities	✓	✓		✓	✓		✓		
9	Legal capabilities						✓			✓

Formulation of a succession plan for board members (including at least the Chairman) and important management personnel (including at least the top-level managers) and the operations

In the Company's succession plan, the successors must have excellent work abilities and values consistent with the Company's, and shall be honest, good at communication, innovative and reliable to win clients' trust.

There are currently nine directors, including three independent directors. During selection and election, their professional

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
backgrounds (such as law, accounting, industry, finance, marketing, or technology) and professional skills (such as operational judgment capabilities, accounting and financial analysis capabilities, business management capabilities, industry knowledge, international perspective, leadership, and decision-making capabilities) shall be reviewed while the diversity of the professions and gender balance shall be considered, so that the board can consider in a more comprehensive manner when making decisions. In addition to professional backgrounds and skills, directors shall possess expertise in the Company’s business planning and core business activities. The courses on finances, risk management, sales, business, legal affairs, accounting, corporate social responsibility, or internal control system, financial reporting responsibility, outside their own professional fields while related to the nature of the Company’s industry, are selected to enhance the professionalism of the board members and enable them to continue to improve. Each director needs to take at least 6 hours of training sessions per year to ensure that they have a considerable degree of industry knowledge and new knowledge. At present, most of the Company’s important management personnel are gradually cultivated by the Company’s departments, with solid technological skills and work abilities and good communication skills with departments and are trusted by colleagues in the departments, familiar with the Company’s operations and recognize the Company’s culture. Meanwhile, all departments, except the current managers, have candidates for managerial successors to be developed. In November 2017, Mr. Chen-Tse Yang took over as the Company’s CEO. He has served in the Company for nearly 30 years and has rotated between jobs in different departments. Although the Chairman and the CEO are the same person, he has the largest shareholding percentage and has the ability to communicate with the leaders of various departments. The directors believe that it is the best arrangement for the Company at present, and the Company makes profit every year. The performance of the three plants in mainland China has improved year by year. In 2020, both revenue and profit have reached a record high since the establishment of the Company. After the transition period for succession is stabilized in the future, the Company will select new top-level managers from the existing managers.				

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	

Table 2: Directors and supervisors' continuing education: The Company's directors and independent directors participate in training sessions every year regularly and all completed 6 hours of training sessions in 2020. The sessions are as follows:

Name	Name	Organizer	Class title	Training hour
Independent Director	Jen-Jou Hsieh	Taiwan Corporate Governance Association	Methods for the Audit Committee to Implement the Financial Report Review	3.0
			Advanced Practice of Audit Committee—March Towards 3.0	3.0
Independent Director	Wen-Shih Chiang	Securities and Future Institute	The Rights and Obligations of Directors in the Securities Investor and Futures Trader Protection Act	3.0
		Taiwan Corporate Governance Association	How to Enhance Fraud Detection and Prevention and Establish a Whistle-Blowing Mechanism	3.0
Independent Director	Tzu-Ying Lin	Securities and Futures Market Talent Training	Application of Block chain Principles	3.0
			Financial Crisis Early Warning Analysis	3.0
Director	Chang-Chi Yang	Taiwan Corporate Governance Association	The Civil and Criminal Liabilities of Directors	3.0
		Taiwan Academy of Banking and Finance	Corporate Governance and Audit Committee Operation	3.0
Director	Chen-Tse Yang	Taiwan Corporate Governance Association	The Chairperson's Must-Know in Corporate Governance Evaluation	3.0
		Taiwan Academy of Banking and Finance	Corporate M&A and Legal Risks	3.0
Director	Lien-Mei Lin	Securities and Futures Market Talent Training	Ethical Corporate Management and Corporate Governance	3.0
		Taiwan Corporate Governance Association	Control of the AI Risk Management Framework	3.0
Director	Chang-Ching Yang	Securities and Future Institute	Financial Information Analysis and Decision-Making	3.0
		Taiwan Independent Director Association	How Independent Directors Manage the Key Lines of Defense for Financial Reporting Risks and Case Study	3.0
Director	Jung-Tung Tsai	Taiwan Corporate Governance Association	Key Technologies and Market Applications of 5G and IoT	3.0
			The Major Trends of CSR and Sustainable Governance	3.0
Director	Chen-Jung Yang	Taiwan Independent Director Association	Practical Operation of the Board of Directors and Case Study	3.0
		Taiwan Investor Relations Institute	Crisis Management Legal Opinions/Media Communication Skills	3.0

Where the company has set up a remuneration committee, it shall disclose its composition, responsibilities, and operation thereof:

(1) Information on Remuneration Committee members

Identity (Note 1)	Criteria Name	<u>Having at least 5 years' work experience</u> <u>and the qualifications below</u>			Compliance of independence (Note 2)										Number of public companies in which concurrently serves as a remuneratio n committee member	Remarks (Note 3)
		<u>Lecturer or above in commerce, law, finance, accounting or disciplines required by the business of the company in public or private colleges or universities</u>	<u>Certified judge, attorney, lawyer, accountant, or holder of professional qualifications relevant to the company's operations</u>	<u>Commercial, legal, financial, accounting or other work experiences required to perform the Company's business</u>	1	2	3	4	5	6	7	8	9	10		
Independent Director	Jen-Jou Hsieh			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent Director	Wen-Shih Chiang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent Director	Tzu-Ying Lin		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-

Note 1: Please enter director, independent director, or others.

Note 2: If each member meets any condition below in the two years before taking office and during the term of office, please place "✓" in the box below each condition code.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (3) Not a director, spouse, minor children thereof or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.
- (4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relatives within the third degree of kinship of the person listed in (2) and (3).
- (5) Not a director, supervisor or employee of any company who has at least 5% of the total issued shares of the Company or who is any of the top five corporate shareholders with the largest ownership; nor a director, supervisor or employee of a corporate shareholder appointed as a director or supervisor of the Company in accordance with Paragraph 1 or Paragraph 2, Article 27 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its

subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).

- (6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.
- (10) Not in line with any of the conditions stated in Article 30 of the Company Act.

Note 3: If a member is director, please specify whether he/she meets the requirements as in paragraph 5, Article 6 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.

(2) Information on the operation of the Remuneration Committee

- I. There are 3 members of the Company's Remuneration Committee.
- II. The current term of the committee: June 11, 2018 to June 11, 2021. From January 1, 2020 to April 30, 2021, the Remuneration Committee held 3 meetings (A). The qualifications and attendance of the members are as follows:

The operation of the Remuneration Committee

Job title	Name	Attendance in person (times) B	Attendance by proxy	Attendance in person (%) (B/A) (Note)	Remarks
Convener	Jen-Jou Hsieh	3	0	100.0%	Re-elected after the re-election on 2018.8.10
Committee Member	Tzu-Ying Lin	3	0	100.0%	Re-elected after the re-election on 2018.8.10
Committee Member	Wen-Shih Chiang	3	0	100.0%	Re-elected after the re-election on 2018.8.10

Other additional information:

- I. Where the Board of Directors declines to adopt or modifies a suggestion of the remuneration committee, it shall specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the suggestion of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.
- II. Where there were resolutions of the Remuneration Committee regarding which members expressed objection or reserved opinions on record or in a written statement, the date of the meeting, session, content of the motion, all members' opinions, and the response to members' opinion shall be specified: None.

Remuneration Committee members	Content of proposal and subsequent handling	Resolution results	The Company's response to Remuneration Committee' opinion
2020.01.19	Formulated the first to fourth points of the year-end bonus payment regulations as per the version dated January 12, 2012 to issue 1.1 months of base pay as year-end bonus, and allocated the amount as per Article 8 of the regulations as a special bonus for retaining outstanding talents in each department	All members of the committee passed the proposal without objection	The proposal was submitted to the Board of Directors and was approved by all the directors present
2020.08.10	Regularly reviewed whether the Regulations on Remuneration of Directors and Functional Committees" and the "Remuneration Policy for Senior Managers" shall continue to be adopted, and submitted suggestions and improvement plans	All members of the committee passed the proposal	The proposal was submitted to the Board of Directors and was approved by

		to the Board of Directors. In addition, per Article 20 of the Articles of Association of the Company "...should allocate 7 percent of the balance for employee remuneration" as in the Regulations on Remuneration of Directors and Functional Committees, it is advised that the Board of Directors amend the Articles of Association to revise the percentage to a flexible range and submit it to the shareholders' meeting to increase management's flexibility in adjusting incentives to retain employees.	without objection	all the directors present
	2021.01.15	Formulated the first to fourth points of the year-end bonus payment regulations as per the version dated January 12, 2012 to issue 3 months of base pay as year-end bonus, and allocated the amount as per Article 8 of the regulations as a special bonus for retaining outstanding talents in each department	All members of the committee passed the proposal without objection	The proposal was submitted to the Board of Directors and was approved by all the directors present
	2021.03.22	Reviewed the proposal for 2020 employee remuneration and directors' remuneration	All members of the committee passed the proposal without objection	The proposal was submitted to the Board of Directors and was approved by all the directors present

Note:

- (1) Where a member of the Remuneration Committee resigns before the end of a year, the date of resignation shall be indicated in the remarks column. The actual attendance (%) is calculated based on the number of meetings of the Remuneration Committee held during the term of office and the attendance in person (times).
- (2) Before the end of a year, where there is a re-election of the Remuneration Committee members, the new and old members shall be listed, and whether or not a member is old, new, or re-elected and the date of re-election shall be indicated in the remarks column. The actual attendance (%) is calculated based on the number of meetings of the Remuneration Committee held during the term of office and the attendance in person (times).

5. Status of fulfilling social responsibilities and deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof:

Assessment criteria	Implementation status (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof
	Yes	No	Summary (Note2)	
I. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality? (Note 3)	Yes		The Company has formulated financial risk evaluation and processing procedures, safety and health hazard risks and ethical risk evaluation and processing procedures for relevant operations. The Company rates each risk high/medium/low/minor per the risk level and reports and controls them in accordance with the operating procedures. The annual improvement targets are discussed and the annual risk targets are set at the annual management review meeting.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
II. Does the Company have a dedicated (or concurrent) unit set up to promote corporate social responsibility and have the senior management authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	Yes		The Company's CEO serves as the chair of the corporate social responsibility management review meeting, and supervisory and management units include the Environmental Safety and Energy Conservation Committee, Supply Chain Committee, Green Production Committee, and Corporate Governance Committee.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
III. Environmental issues (II) Does the Company establish an appropriate environmental management system based on its industrial characteristics?	Yes		The Company implements environmental safety and health activities in line with domestic environmental safety and health laws and regulations while adopting environmental safety and health management systems in line with international standards. In October 1997, it obtained ISO14001 environmental management system certification to implement environmental protection activities and mitigate environmental impacts. Also, it	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

(II) Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with a low impact on the environment?	Yes	obtained OHSAS18001 occupational safety and health management system certification in April 2006 to provide employees with a healthy, safe and clean work environment. The Company's Environmental Engineering Section is responsible for the implementation of environmental protection, safety and health activities. The Company is committed to improving the sources and the utilization efficiency of various resources to achieve the raw materials and waste reduction. The Company has set up the "Waste Heat Recovery and Water and Carbon Reduction and Recycling" project; e.g., 90% waste electronic products and consumables are reduced and recycled by 90%, and at least 10% of the process discharge water is recycled and reused. In 2020, the recovery/recycling percentage of the entire group has reached the target of 94.54%, and the group's water recycling and re-use has reached 14.2%.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
<u>(III) Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures against climate issues?</u>	Yes	The Company has participated in the CDP supply chain questionnaire since 2013. The content includes our strategy for climate change, identification of risks and opportunities of climate change, disclosure of greenhouse gas emissions, reduction targets and performance, and our management policy on carbon issues. The Company responds customers'/international investors' concerns and expectations and further examines the impact of climate change on the Company and take relevant countermeasures.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

(IV) Does the Company <u>make statistics on greenhouse gas emissions, water consumption, and total waste weight in the past two years</u>, pay attention to the impact of climate change on operating activities, conduct greenhouse gas inventory, and formulate policies for energy conservation and carbon reduction, <u>greenhouse gas reduction, water reduction, or other waste management</u>?	Yes	The Company also inspects its business and has identified and analyzed climate change risks and opportunities arising from direct or indirect impacts due to extreme weather events, impact on transition due to regulations, technology, or market needs and other cultural and social aspects for the Company's operations. With the analysis results, the Company has set out a risk management strategy plan as the core of climate change actions to strengthen its climate change governance, and to evaluate the connections with its finances to reduce risks and grasp business opportunities. The Group's total greenhouse gas emissions in 2019 and 2020 were 360,876 metric tons of CO₂e and 384,177 metric tons of CO₂e, respectively. The group's water consumption was 6,230,699 metric tons and 6,767,450 metric tons, respectively. The group's total weight was 56,181 metric tons and 66,795 metric tons, respectively. As for the emission sources, electricity purchased is the main source of contribution, accounting for 89% of total emissions. To mitigate the environmental impact caused by the greenhouse gas emissions from the Company's operations, it continues to implement energy conservation and carbon reduction strategies to effectively reduce greenhouse gas emissions and sets targets and follows up on them through specific measures, such as adoption of energy-efficient lamps and replacement of old air-conditioners.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
III. Social <u>issues</u> (I) Does the Company formulate relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?	Yes	Per the internationally recognized standards and the EICC and RBA Code of Conduct, the Company is committed to safeguarding labor rights:	

			(1) All work must be based on a voluntary basis (including interns), and workers have the right to resign or terminate their labor contracts at any time with reasonable notice and will not suffer from any form of retaliation. (2) No child labor (3) The Company is committed to complying with legal requirements and the EICC requirements. The Labor Standards Act stipulates that workers shall not work overtime for 46 hours per month. EICC requires that unless it is an emergency or unusual situation, the weekly working hours (including overtime) shall not exceed 60 hours, and workers shall be allowed to take at least one day off seven days a week. (4) The Company pays employees' salaries as per the wage laws. Relevant laws and regulations include laws on minimum wages, overtime hours and legal benefits. (5) Humane treatment and prohibition of illegal harassment (6) No discrimination (7) Freedom of association (8) Diversity of composition (9) Offer equal job opportunities and prohibit any form of discrimination and harassment, and committed to a work environment free of discrimination and harassment (10) Motivate employees to report on discrimination, harassment, retaliation, or threats (11) Provide an appropriate workplace for employees	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

(II) Does the Company <u>formulate and implement reasonable employee benefits and measures (including salary, leave and other benefits) and properly connect its operating performance or results to employee remuneration?</u>	Yes	The Company has set out the "year-end bonus payment rules." Where there is a surplus at the end of a year, it shall allocate 12% of the earnings after tax to thank employees' efforts for the year, and formulated "production/performance bonus payment rules," in which where there is a surplus at the end of each month, the production/performance bonus will be issued and when the revenue exceeds the past records, the performance breakthrough bonus will be issued as per the "performance breakthrough bonus payment rules."	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
(III) Does the Company provide employees with a safe and healthy work environment, and provide employees with regular safety and health education?		3. To ensure employees' health and safety, the Company provides a bright and clean work environment, and conducts work environment inspection every half a year as per laws and regulations, including temperature/humidity, lighting, noise, and toxic and hazardous substances inspection. The results are all in line with national standards and within the allowable concentration range. Then, it will review and make improvement based on the report results and historical records. It also provides employees with necessary education and training and protective equipment, and work safety and health personnel will also visit the plant sites from time to time to conduct inspections, including various fire-fighting equipment and measures, and will also guide employees for various hazardous operations and preventive measures to prevent employees from being exposed to dangerous work environment and workplace. Furthermore, it offers health examination and special health	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

			examination for employees every year, and provides employees with health knowledge and the information on the improvement to health promotion in the workplace as advised by professional physicians. In response to the implementation of laws related to maternity protection, the Company has set up several breastfeeding rooms so that employees can have a safe environment for milk pumping and storage in the plants. Meanwhile, pregnant and lactating female laborers are prohibited from engaging in dangerous or harmful work, and they are also not allowed to work night shifts to protect the safety of the mother and fetus.	
(IV) Does the Company establish an effective career development and training program for employees?	Yes		4. Employees are invaluable assets and the Company puts great emphasis on a complete talent training plan. To provide employees with complete education and training, the training sessions below are offered, including the following three levels of sessions, new employee training, general training and professional training. The types of training include on-the-job training, off-the-job training and personal training. The Gold Circuit Book Club is organized to enhance the corporate culture and teamwork.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
(V) Does the Company comply with relevant laws and international standards <u>with regard to customers' health, safety and privacy</u> , marketing, and labeling for its products and services <u>and establish relevant policies and complaint procedure to protect customers' rights</u> ?	Yes		5. The Company is a PCB manufacturer in the midstream section of all kinds of electronic products and its downstream customers are suppliers of all kinds of electronic products. The Company and downstream customers have formulated the "<u>Customer Value Proposition and Product Quality Principles and</u>	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

			<u>Customer Complaint Response Rules</u> " to handle issues rapidly and effectively.	
(VI) Does the Company <u>establish the supplier management policy to require suppliers to comply with relevant regulations on issues of environmental protection, occupational safety and health, or labor rights, and the status of implementation?</u>	Yes		6. The Company has included corporate responsibilities into corporate operations and decision-making process. In addition to its own implementation, it works with suppliers to fulfill social and environmental responsibilities and complies with international procurement practices while conducting quarterly (Jan., Apr., Jul., and Nov.) audit of the supply chain to ensure compliance with EICC requirements. For new suppliers, the Company will first evaluate whether or not they have passed ISO9001, ISO14001 and IATF16949 certification and reviewed their supporting documents, which shall be valid for at least one month before the expiration date and audited the suppliers annually per the "Corporate Social Responsibility Assessment Form". The purchasing unit shall proceed as per the "Procedures for the Control of the Prohibition of Hazardous Substances (HS)." If a supplier violates the relevant control regulations, it shall not be listed as a qualified HFS supplier. To promote social responsibility and RBA to suppliers at the next tier, the Company regularly communicates relevant policy and offers education and training to suppliers. The content of training includes: A. Labor and ethics (including RBA) knowledge, policy and goals, as well as achieving status and matters to be continuously improved. B. Greenhouse gas control targets	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

V. Does the Company refer to the international standards or guidelines for report preparation to prepare corporate social responsibility reports and other reports that disclose its non-financial information? Have the aforesaid reports been assured or certified by a third-party verification agency?			C. RBA actions that should be taken by suppliers D. Supplier RBA consent form. Over 99% of the top 30 suppliers have signed back the consent form. The Company prepares a corporate social responsibility report with reference to the internationally accepted report preparation standards, and it is studying the issue of obtaining verification by a third party institution.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
<u>VI.</u> Where the company has established its own “Corporate Social Responsibility Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”, please specify the difference between its operations and the principles formulated: Please refer to the description below. Important achievements of the Company's corporate social responsibility in 2020 are as follows: 1. Gold Circuit is committed to abiding by the RBA Code of Conduct (formerly known as EICC), sets targets for labor, environment, safety, and ethics issues and continue to follow up and improve. Taiwan and Suzhou plants performed VAP audits in 2018 and won the silver medal and the high recognition from clients. Also, the group performed audit of 55 suppliers (including manpower dispatch agencies) in 2020, in the corporate social responsibility part, and require them for continuous implementation and improvement to realize its commitment to corporate social and environmental responsibility together with suppliers. 2. The Company is actively implementing energy conservation and carbon-reduction projects, updates the group’s lighting equipment, and launches energy conservation improvement projects, such as the replacement of energy-consuming mainframes. Through the concept of energy conservation developed and the adjusted energy-efficient working mode. the total power saved through the projects in 2020 was 3,867,778 kWh. The total energy consumption in 2020 due to the increase in output increased by around 209,200/million joules compared with that in 2019, but the energy consumption density decreased from 6.0 to 5.5. The group's total carbon emissions increased slightly with the increase in production capacity, and the Company will continue to improve in 2021. 3. It also continues to reduce and recycle waste electronic products and consumables (with an annual recycling rate of more than 90%) to mitigate environmental pollution and hazards. In 2020, the entire group reached a recycling rate target of 94.54%, and will continue to strive to achieve this recycling target in 2021. 4. For water resources, it continues to recycle and reuse the water discharged from the processes to reduce the impact on the environment, and is committed to achieving an annual recycling and reuse target of 8%. In 2020, the group's actual water recycling and reuse percentage reached 14.2%. 5. Upholding the highest safety standards for the plants, and cooperating with Taiwan’s and China’s government to implement various fire protection measures, the Company’s plants won the Excellent Performance Medal from the Industrial Development Bureau of the Ministry of Economic Affairs in 2018. Also, it won the Badge of Accredited Healthy Workplace from the Ministry of Health and				In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

Welfare in 2019, which has once again proven that the Company attaches great importance to its employees' health and safety. 6. The Company puts great emphasis on the cultivation and development of talents. In 2018, it was recognized by the Bureau of Employment and Vocational Training, Council of Labor Affairs, Executive Yuan and certified with the bronze certificate by the Taiwan Training Quality System (TTQS) as it improved the effectiveness of various internal training sessions and enhanced its overall competitiveness. Since 2018, it has launched a number of training projects to give employees the opportunity to be exposed to a variety of production tools and management approaches and to increase the exchange of different learning experiences and experiences in technical services between departments to continuously improve human resources.	
<u>VII.</u> Other important information to facilitate better understanding of the Company's implementation of corporate social responsibility (such as the company's environmental protection, community participation, social contribution, social service, social welfare, consumer rights, human rights, safety and health and other systems and measures adopted for social responsibility and the status of implementation): Please refer to the description below. 1. 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. 2. The Company attaches great importance to talent cultivation and development. In 2011 and 2014, with the participation of all employees and the efforts of the training team, it was recognized by the Bureau of Employment and Vocational Training, Council of Labor Affairs, Executive Yuan and was awarded a silver and a bronze certificates as it improved the effectiveness of various internal training sessions, and, more importantly, effectively cultivated internal talents, thereby enhancing its overall competitiveness. 3. The Employment Creation Contribution Award launched by the Ministry of Economic Affairs and the Council of Labor Affairs aims to motivate private enterprises to create employment opportunities. It is hoped that the businesses can give back to the society, support government programs, provide more job opportunities and enhance the overall national competitiveness to create a positive cycle in the job market and the economic environment. The third commendation ceremony was held in the Executive Yuan on November 30, 2010. In addition to the certificate of commendation presented by Wu ,Dun-yi, then Premier of the Executive Yuan, then President Ma Ying-jeou personally received and commended all the representatives of the enterprises at the commendation ceremony. Gold Circuit Electronics, TSMC, HTC Corporation, and many other well-known companies won the certificates together. The Company places great emphasis on education and training, and has a detailed plan for the pre-employment training of new employees while it adopts a mentor system to allow new employees to quickly learn the skills required for the job, corporate culture and workplace ethics so as to enhance customer satisfactory and achieve the sustainable development goals through talent training. 4. It also abides by relevant labor laws and international basic labor rights and principles, and implements the EICC Code of Conduct to ensure that employees' human rights are honored, work environment is safe and business operation is ethical. It has formulated social responsibility policy, human resources policy, corporate ethics regulations, environmental safety policy, and corresponding procedures to protect employees' rights and interests, and arranges an annual training plan for them. As high as 99% of all employees received EICC training and 99% of key departments received ethics training. Every year, it holds plant-wide fire evacuation drills and health and safety seminars. The medical room takes the initiative and continues to care for and provide health information to employees who are at high risk of health. 5. As for environmental protection, it continues to control and reduce the waste discharge/emissions to the air and water, and is committed to waste reduction and recycling of	

waste electronic products and consumables, rainwater management and recycling while actively implementing energy conservation and carbon reduction to improves energy efficiency.												
6. To enable employees to have sufficient time to rest and to reduce concerns about occupational safety, it has been pushing forward automated operations in recent years. It also plans to continue to use renewable energy in the development of smart manufacturing to effectively reduce environmental pollution. 7. Furthermore, it continues to perform audits of and offers training to suppliers, contractors, and other partners in terms of social responsibility and require them to make continuous f improvements so as to fulfill the corporate social and environmental responsibilities collectively. 8. Since 2015, it has donated and sponsored the ECO Masters School Tour Seminars of the TPCA Environment Foundation to provide opportunities for elementary schools to apply for environmental education for free, builds a stage for environmental education personnel, and convey the concept of a high-quality environment educational lesson plans. The foundation provides around 600 free sessions every year.												
9. Awarded a silver and a bronze certificates from TTQS in 2018. 10. Sponsored the inaugural ceremony of the World Alzheimer's Month launched by the Hondao Senior Citizen's Welfare Foundation and the Taoyuan City Government in 2019 11. Mainly supported the disadvantaged, offered emergency relief and disaster assistance, and engaged in education promotion in 2020. Put into practice the Company's philosophy of humane care to reach the higher ground through the action below <table><tr><th>Organization</th><th>Donation amount (NTD)</th></tr><tr><td>Andrew Charity Association</td><td>1,000,000</td></tr><tr><td>Christian Mountain Children's Home</td><td>1,000,000</td></tr><tr><td>Friends of the Police Association</td><td>200,000</td></tr><tr><td>"Environmental Charity Project" of TPCA Environment Foundation</td><td>40,000</td></tr></table>		Organization	Donation amount (NTD)	Andrew Charity Association	1,000,000	Christian Mountain Children's Home	1,000,000	Friends of the Police Association	200,000	"Environmental Charity Project" of TPCA Environment Foundation	40,000	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
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Andrew Charity Association	1,000,000											
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Friends of the Police Association	200,000											
"Environmental Charity Project" of TPCA Environment Foundation	40,000											
VII. Where the Company's product or corporate social responsibility report has been verified and assured, it shall be specified: Obtained ISO14001 environmental management system certification in 1997 to implement environmental protection actions, and reduce the impact on the environment Passed the ISO 9001/TL 9000 quality management system verification in 1999. Obtained OHSAS18001 occupational safety and health management system certification in 2006 to provide employees with a healthy, safe, and clean work environment. Obtained QC 080000 hazardous substance process management system certification in 2008 to execute an effective management system for hazardous substances Obtained ISO14064 greenhouse gas measurement and certification in 2010 to reduce greenhouse gas emissions, and enhance the credit for emission trading Obtained multiple certifications of ISO/TS 16949 quality system in the												

automotive industry in 2014 to integrate the quality requirements in the existing automotive industry. Obtained IECQ QC 08000 hazardous substance process management system certification in 2019 as it strengthened the control of hazardous substances in products, and conducted supply management, supplier management, production and maintenance procedure control and relevant quality approval processes. Obtained ISO27001 international information security management certification in 2020 to clearly stipulate the establishment, implementation, operation, supervision, review, maintenance and improvement of various document information security management systems.	

6. Implementation of ethical management and deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof.

Assessment criteria	Implementation status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof
	Yes	No	Summary	
I. Enactment of ethical management policy and program				
(I) Does the Company <u>formulate an ethical management policy approved by the board of directors</u> and clearly indicate the ethical management policy and practice in rules and external documents? Are the board of directors and the <u>senior management</u> committed to implementing said policy actively?	Yes		(I) The Company has formulated the Ethical Corporate Management Best Practice Principles, which clearly stipulates that directors, managers, and employees shall not directly or indirectly provide, promise, request, or accept any improper benefits in the course of doing business. Both the Board of Directors and the management are actively committed to the management policy.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(II) Does the Company establish a <u>risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct and establish a prevention program accordingly with the inclusion of the preventive measures against each behavior specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?"</u>	Yes		(II) The Company has set out the "Ethical Risk Assessment and Handling Procedures" and rates each risk high/medium/low/minor as per the risk level, and reports and controls them in accordance with the operating procedures. The annual improvement targets are discussed and the annual risk targets are set at the annual management review meeting.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(III) Does the Company specify the operating procedures, behavior guidelines, disciplinary actions for violation and complaint system in the prevention program for unethical conduct and implement the program accordingly? <u>Does the Company review and modify the program mentioned above regularly?</u>	Yes		(III) To implement the business philosophy and the policy of the preceding article, the Company has formulated the Business Ethics and the "Ethical Risk Assessment and Handling Procedures" to establish the operating procedures, behavior guidelines, disciplinary actions for violations and a grievance system to strengthen relevant	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

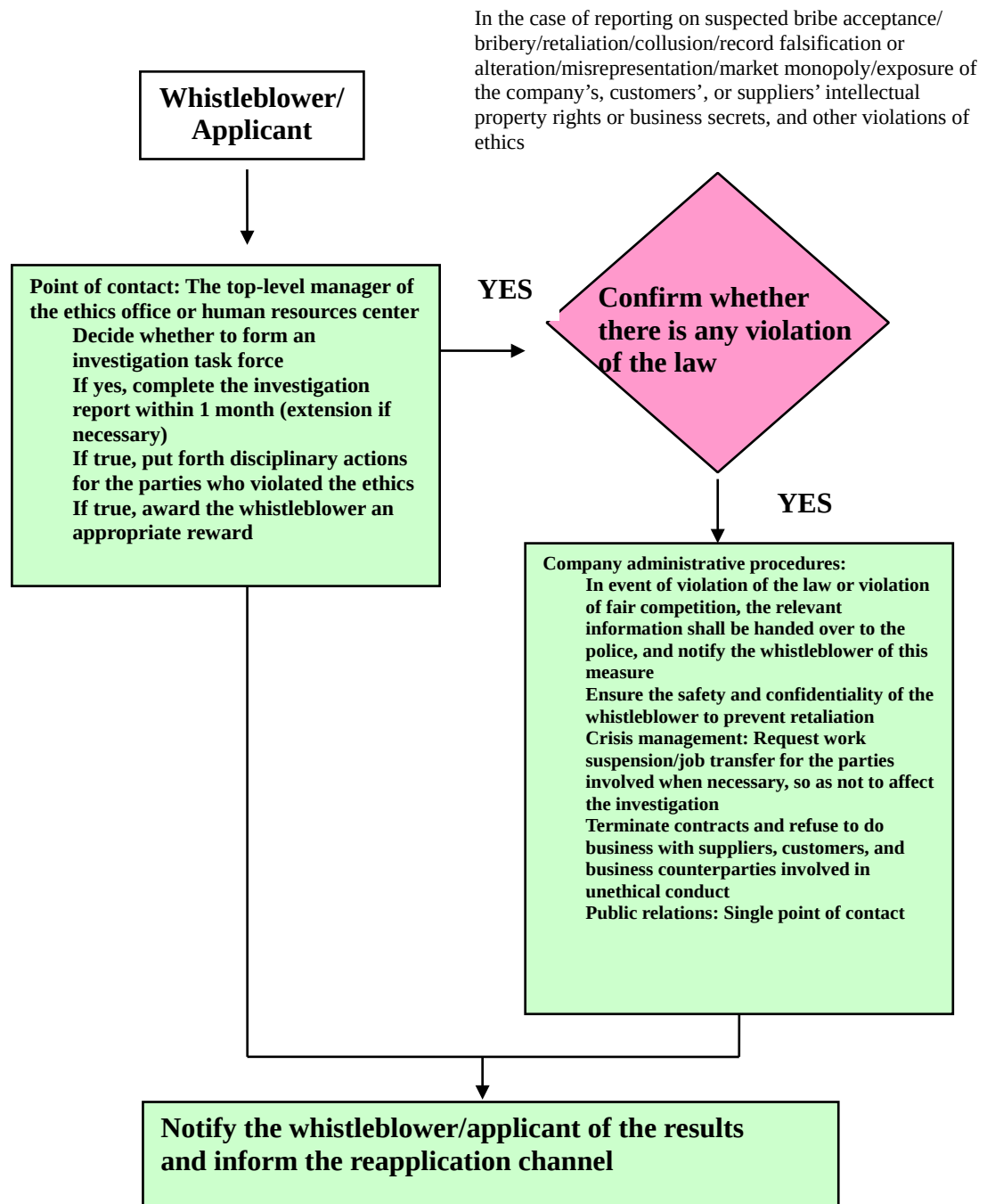
Assessment criteria	Implementation status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof
	Yes	No	Summary	
			preventive measures.	
II. Implementation of ethical corporate management				
(I) Does the Company assess its counterparties' records of ethical conduct and specify the ethical conduct clause in the contracts that it signs with its counterparties?	Yes		(I) The Company's business ethics, procurement policy and work rules for employees all contain the clauses of ethical conduct.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(II) Does the Company establish a dedicated unit under Board of Directors to promote ethical corporate management and to report on <u>the ethical management policy, prevention program of unethical conduct, and status of supervision to Board of Directors</u> regularly (at least once a year)?	Yes		(II) The Company's [Chairman's Office] compiled the information on the ethical corporate management policy, prevention program, supervision and implementation thereof and reported it to the Board of Directors on November 6, 2020.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(III) Does the Company formulate policies to prevent conflicts of interest, provide appropriate channels for opinions, and implement them accordingly?	Yes		(III) The [Chairman's Office] completed the investigation report within one month after accepting a suspected bribe acceptance/bribery case and put forth disciplinary actions	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(IV) Does the Company establish an effective accounting system and internal control system to implement ethical management and draft relevant audit plans by the internal audit unit <u>based on the risk assessment results of the unethical conduct? Does the compliance of prevention program for the unethical conduct audited accordingly by the internal audit unit or CPAs appointed?</u>	Yes		(IV) The Company formulated Business Ethics Supervision Operation Regulations on September 1, 2004 and other relevant operating procedures 1. It also conducts the risk assessment of labor and corporate ethics every year, and the result of the 2020 assessment was low risk. 2. The number of reports received through internal and external	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Assessment criteria	Implementation status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof												
	Yes	No	Summary													
(V) Does the Company organize internal and external education and training on ethical corporate management regularly?	Yes		whistleblowing and grievance channels in 2020 was 0 3. The number of reports received related to violations of business ethics and ethical corporate management in 2020 was 0 (V) The Company's human resources department puts forth execution plans and reports them to the management every year as per the business ethics policy to engage in continuous improvement. It also organizes internal training sessions regularly, such as Business Ethics and EICC training sessions to the top ten suppliers <table><tr><th>Date/Number of hours</th><th>Number of people</th><th>Topic</th></tr><tr><td>February to March 2020 2190 hours</td><td>2190 people</td><td>RBA (EICC) Code of Conduct</td></tr><tr><td>April 7, 2020 4644 hours</td><td>418 people</td><td>Business Ethics (including insider trading laws)</td></tr><tr><td>July 28, 2020 46 hours</td><td>Top 10 suppliers (23 people)</td><td>Greenhouse Gas Inventory, RBA (EICC) Promotion and Business Secret Protection Policy</td></tr></table>	Date/Number of hours	Number of people	Topic	February to March 2020 2190 hours	2190 people	RBA (EICC) Code of Conduct	April 7, 2020 4644 hours	418 people	Business Ethics (including insider trading laws)	July 28, 2020 46 hours	Top 10 suppliers (23 people)	Greenhouse Gas Inventory, RBA (EICC) Promotion and Business Secret Protection Policy	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
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April 7, 2020 4644 hours	418 people	Business Ethics (including insider trading laws)														
July 28, 2020 46 hours	Top 10 suppliers (23 people)	Greenhouse Gas Inventory, RBA (EICC) Promotion and Business Secret Protection Policy														
III. The operation of the whistleblowing system (I) Does the Company formulate a specific whistleblowing and reward system, and establish an accessible whistleblowing channel, while designating personnel to be responsible for investigating accused parties?	Yes		The Company has established a whistleblowing and reward system to clearly stipulate the whistleblowing channels to accept reports of suspected bribe acceptance/bribery and other unethical conduct: Point of contact: Sheng-Hsien Lin, Chairman's Office Tel: 03-4612541 ext. 21211 Email:ss_Lin.gce.com.tw	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies												

Assessment criteria	Implementation status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof
	Yes	No	Summary	
(II) Does the Company formulate standard operating procedures for the investigation of the matters reported, follow-up measures to be taken after the investigation is completed and relevant confidentiality mechanisms?	Yes		(As shown in the figure below) The Company has formulated the Ethical Risk Assessment and Handling Procedures and the Rules of Reporting Violations and Protective Measures for Whistleblowers.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(III) Does the Company take measures to protect whistleblowers from being improperly handled due to whistleblowing?	Yes		The Company's Rules of Reporting Violations and Protective Measures for Whistleblowers contain clear provisions regarding whistleblowers' identity and safety.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
IV. Enhanced information disclosure (I) Does the Company disclose on its website and MOPS the content and effectiveness of implementation of its Ethical Corporate Management Best Practice Principles?	Yes		The Company discloses its ethical corporate management policy and procurement policy on its website, which clearly stipulate that all business interactions shall be conducted as per the standards of honesty and integrity. Any and all forms of corruption, extortion and embezzlement of public funds are explicitly prohibited.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
V. Where a company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please specify the difference between its operations and the principles formulated: The Company has established the Business Ethics in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and its directors, managers and all employees have all adhered to the ethics without any violation.				
VI. Other important information to facilitate better understanding of the Company's implementation of ethical corporate management (e.g., the Company promotes its determination and policy of ethical management to its business partners, invites them to participate in education and training, or reviews and amends its ethical corporate management principles): The Company's human resources department puts forth execution plans and reports them to the management every year as per the business ethics policy to engage in continuous improvement. It also organizes internal training sessions regularly, such as Business Ethics and EICC training sessions to the top ten suppliers It has also formulated Labor Behavior and Ethics Correction and Preventive Measures Management Procedures"				

Assessment criteria			Implementation status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof
			Yes	No	Summary	
February to March 2020	RBA (EICC) Code of Conduct (including labor, business ethics, health and safety and environmental issues)	All employees			2190 hours 2190 people	
April 7, 2020	New Knowledge in Law–Business Ethics (including insider trading laws) (online and offline)	Supervisors, administrators and engineers (job rankings at level 4 and above)			644 hours 418 people	
July 28, 2020	Greenhouse Gas Inventory, RBA (EICC) Promotion and Business Secret Protection Policy	Top ten suppliers, on-site service providers and manpower dispatch/human resources agencies			46 hours 23 people	
Objectives: To deal with and investigate the actual or potential hazards in violation of the requirements of labor behavior and ethics, the Procedures are established. Scope of application: It shall apply to matters in violation of Gold Circuit Electronics' requirements of labor behavior and ethical standards, laws and regulations, the EICC Code of Conduct and the social responsibility requirements as in the customer contracts. Description: 1. The flow chart of any violation of the Labor Behavior and Ethics Correction and Preventive Measures Management Procedures" is as shown in Appendix 1. 2. Correction and preventive measures for labor behavior and ethics are conducted and audited regularly by the human resources department. In the case of a violation or a potential violation, the "Internal Deficiency Correction Request Form (AP-10-12-02)" shall be filled out while the reason analysis and specific corrective countermeasures (or preventive measures) shall be entered by the dedicated personnel in each unit. The human resources department is responsible for tracking and confirming the results. Where a corrective action cannot be completed within the specified deadline, the reason shall be specified and an improvement plan shall be drawn up. The human resources department shall continue to track the progress. 3. In the case of an external audit unit (including customers, government agencies, or third-party audit units), the Company's dedicated unit shall respond to the corrective measures and plans prior to a specified deadline as per its requirements. 4. The unit responsible for said "Internal Deficiency Correction Request Form (AP-10-12-02)" shall respond at the specified date. 5. Said form is kept by the human resources department for three years.						

Flow chart for investigation of any violation of ethics (including suspected one):



The Company upholds the business philosophy of honesty and integrity and a clean and responsible attitude.

7. Where the Company has formulated the corporate governance principles and relevant regulations, it shall disclose its inquiry method: Please refer to the disclosure in the financial information on the Company's website (<http://www.gce.com.tw>).
8. Other important information to facilitate better understanding of the operation of corporate governance shall be disclosed together: Please refer to paragraph 7 below "Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof."

9. The matters below shall be disclosed for implementation status of the internal control system:
(1) Statement on Internal Control.

GOLD CIRCUIT ELECTRONICS LTD.

Statement on the Internal Control System

March 22, 2021

It is hereby declared that results of self-assessment of the Company's internal control system for 2020 are as follows:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities of its Board of Directors and managers. These policies were implemented throughout the Company. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance and assets safeguarding), reporting matters with reliability, timeliness and transparency and compliance with the relevant law and regulations.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (hereinafter referred to as the Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.
- V. The Company based on the assessment results in the preceding paragraph believes that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2020, including the achievement of operating effectiveness and efficiency, reporting matters with reliability, timeliness, transparency, and compliance with the relevant specifications, and the compliance with the relevant law and regulations, and the relevant internal control system design and implementation, is effective and is able to reasonably ensure achieving the objectives above.
- VI. This statement forms part of the main contents of the Company's annual report and prospectus, and shall be disclosed to the public. Any misrepresentation or concealment of the

aforementioned disclosures shall be liable to violation of Articles 20, 32, 171 and 174 of the Securities and Exchanges Act and the legal consequences thereof.

VII. The Statement on the Internal Control System was approved at the Board of Directors meeting on March 22, 2021 without any objection from any of the 9 directors present. The attending directors approved the Statement on the Internal Control System unanimously.

GOLD CIRCUIT ELECTRONICS LTD.

Chairman: Chen-Tse Yang Signature/Seal

President: Chen-Tse Yang Signature/Seal

- (2) Where CPAs are appointed to conduct ad-hoc review of the internal control system, the review report issued by the CPAs shall be disclosed: None.

10. In the last year and as of the publication date of the annual report, where the Company and its internal personnel have been punished in accordance with the law, or the Company has imposed penalties on its internal personnel for violations of the internal control system, the main deficiencies and improvements: None.
11. Important resolutions of the shareholders' meeting and board meetings in the last year and as of the date of the publication of the annual report:

Type of meeting	Date of meeting	Important resolutions	Implementation status
Board of Directors	2020.03.19	Set the date, time, place and contents of the 2020 annual shareholders' meeting. Ratified the Company's 2019 financial statements and business report Ratified the Company's 2019 earnings distribution and deficit compensation proposal Issued the Statement on Internal Control Evaluated the independence of CPAs for 2020 Amended the Company's Ethical Corporate Management Best Practice Principles Amended the Company's Corporate Social Responsibility Best Practice Principles Proposal for new loan to and old loan repaid by Suzhou Gold Circuit Electronics Ltd. Applied to the bank for financing facilities and provided endorsement/guarantee to subsidiaries Provided guarantee for a syndicated loan to the subsidiary Goldex Holding Limited Applied to the bank for financing facilities and provided endorsement/guarantee to subsidiaries	Already announced on MOPS Already announced on MOPS Although the net profit after tax for 2019 was NT\$129,726,000, it was used to compensate the deficit from the prior years, so no dividend was paid out All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed
Board of Directors	2020.05.11	The Company's consolidated financial statements for the first quarter of 2020 and the proposal for new loan to and old loan repaid by Suzhou Gold Circuit Electronics Ltd. Proposal for new loan to and old loan repaid by Suzhou Gold Circuit Electronics Ltd. Proposal for new loan to and old loan repaid by Changshu Gold Circuit	All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed

		Technology Co., Ltd. Applied to the bank for financing facilities and provided endorsement/guarantee to subsidiaries	proposed All the attending directors passed the proposal as proposed
Shareholders' meeting	2020.6.09	Ratified the Company's 2019 financial statements Ratified the Company's 2019 earnings distribution and deficit compensation proposal	Attending shareholders representing 84.99% of the voting rights present passed the proposal as proposed Attending shareholders representing 85.16% of the voting rights present passed the proposal as proposed
Board of Directors	2020.8.10	The Company's financial report for the first half of 2020 Proposal for liquidation of Silver Industrial Limited, a 100%-owned affiliate of the Company Applied to the bank for financing facilities and provided endorsement/guarantee to subsidiaries	All the attending directors passed the proposal as proposed The liquidation procedure was completed on October 22, 2020 All the attending directors passed the proposal as proposed
Board of Directors	2020.11.06	The Company's consolidated financial statements for Q3 of 2020 2020 Annual Audit Plan Proposal for new loan to and old loan repaid by Changshu Gold Circuit Technology Co., Ltd. Applied to the bank for financing facilities and provided endorsement/guarantee to subsidiaries	All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed
Board of Directors	2021.3.22	Set the date, time, place and contents of the 2021 annual shareholders' meeting. Ratified the Company's 2020 financial statements and consolidated financial statements The Company's 2020 earnings allocation proposal Proposal for cash dividends from capital surplus Proposal for 2020 employee remuneration and directors' remuneration Issued the Statement on Internal Control Proposal for the independence of CPAs for 2020 Formulated "Financial Statement Preparation Process Management	Already announced on MOPS Already announced on MOPS Proposed to distribute dividend from earnings of NT\$1.0 per share Proposed to distribute dividends from the capital surplus of NT\$0.5 per share All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors

		Regulations" and "Related Party Transaction Management Regulations" and then amended relevant procedures in internal control and accounting systems Proposal for the amendment to the "Internal Audit Implementation Rules" Proposal for amendment to the Articles of Association Proposal for new loan to and old loan repaid by Suzhou Gold Circuit Electronics Ltd. Proposal for new loan to and old loan repaid by Changshu Gold Circuit Technology Co., Ltd. Proposal to apply to the bank for financing facilities and provide guarantees.	passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed All the attending directors passed the proposal as proposed

12. In the last year and up to the publication date of the annual report, directors or supervisors have different opinions on important resolutions passed by the Board of Directors on record or in a written statement: None.

13. A summary of the resignation and dismissal of the Company's Chairman, President, accounting manager, financial manager, internal chief auditor and R&D manager in the last year and up to the publication date of the annual report: None.

IV. Information on CPA's audit fees:

1. Non-audit fees and audit fees for the CPAs, the CPA's firm and its affiliates

CPA firm	Name of CPA	Audit fees (NTD thousand)	Non-audit fees (NTD thousand)					Audit period	Remarks
			System design	Business registration	Human resources	Others	Subtotal		
Deloitte & Touche	Chao-Ling Chen Jui-Na Chang	8,830						January 1 2020–December 31, 2020	
			0	340	0	0	340		

2. Where the CPA firm is replaced and the audit fee in the year in which replacement occurs is less than that in the prior year: N/A.

3. Where the audit fees decreased by at least 15% compared with that in the prior year, the amount, proportion and reasons for the decrease shall be disclosed: N/A

V. Replacement of CPA

CPAs have been replaced in the last two years and the subsequent periods: Due to the adjustment of the internal job positions of Deloitte & Touche, CPAs Chao-Ling Chen and Jui-Na Chang have served as the Company's CPAs since the first quarter of 2019.

VI. Any of the Company's chairperson, president, managers of finance or accounting held a position in the CPA's firm or its affiliates in the last year: None

VII. Changes in the equity transferred or pledged by directors, supervisors, managers, and the shareholders who holds more than 10% of the total shares in the last year and as of the publication date of the annual report:

Job title	Name	2020		As of April 12, 2021	
		Number of shares held Number of increase (decrease)	Number of shares pledged Number of increase (decrease)	Number of shares held Number of increase (decrease)	Number of shares pledged Number of increase (decrease)
Chairman and CEO	Chen-Tse Yang	300,000	-	-	-
Director and shareholder holding at least 10% of the shares	Chang-Chi Yang	-	-	-	-
Director	Chang-Ching Yang	(90,000)	-	-	-
Director	Chen-Jung Yang	177,000	-	-	-
Director	Lien-Mei Lin	-	-	-	-
Director	King Hsiang Investment Co. Representative: Jung-Tung Tsai	-	-	-	-
Independent Director	Jen-Jou Hsieh	-	-	-	-
Independent Director	Wen-Shih Chiang	-	-	-	-
Independent Director	Tzu-Ying Lin	-	-	-	-
President of Business Center	Hsi-Kuei Huang	-	-	-	-
President of Plant Affairs Center	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/Corporate Governance Officer/Financial and Accounting Manager	Chang-Chin Yang	-	-	-	-
Assistant Vice President	Shun-Chien Li	-	-	-	
Assistant Vice President	Sung-Ying Li	-	-	-	
Assistant Vice President	Ta-Kun Yang	12,000	-	-	
Assistant Vice President	Cheng-Hsuan Chung	-	-	-	
Assistant Vice President	Jui-Pin Li	-	-	-	
Assistant Vice President	Chih-Kung Hu	(100,000)	-	-	
Chief Auditor	Chun-Hung Kuo	-	-	-	

VIII.Top 10 shareholders who hold the highest shareholding percentages are the related parties, or spouses or relatives within second-degree of kinship to each other

The relationship between the top 10 shareholders who hold the highest shareholding percentages

Name (Note 1)	Shareholdings		Shareholdings by spouse and minor child		Total shareholdings by nominee arrangement		Where the top 10 shareholders who hold the highest shareholding percentages are related parties as in the Statement of Financial Accounting Standards No.6, spouses or relatives within second-degree of kinship to each other, the name and relationship		Remarks
	Number of shares	Percentage of shareholdings	Number of shares	Percentage of shareholdings	Number of shares	Percentage of shareholdings	Name (Title)	Relationship	
Chang-Chi Yang	107,258,019	19.63%	30,724,300	5.62%	12,236,400	2.24 %	Jui-Ching Li Chen-Tse Yang Chen-Jung Yang	Couple Father and son Father and daughter	
New Labor Pension Fund	32,234,662	5.90 %					None	None	
Jui-Ching Li	30,724,300	5.62%	107,258,019	19.63%	12,236,400	2.24 %	Chang-Chi Yang Chen-Tse Yang Chen-Jung Yang	Couple Mother and son Mother and daughter	
Chen-Tse Yang	19,234,685	3.52%	-	-	-	-	Chang-Chi Yang Jui-Ching Li Chen-Jung Yang	Father and son Mother and son Brother and sister	
Old Labor Pension Fund	16,217,662	2.97 %					None	None	
Jiahui Investment Co., Ltd. Representative: Chang-Chi Yang	12,236,400	2.24%	-	-	-	-	Jui-Ching Li Chen-Tse Yang Chen-Jung Yang	Couple Father and son Father and daughter	
Public Service Pension Fund Management Board	10,993,000	2.01 %	-	-	-	-	None	None	
Chen-Jung Yang	7,157,945	1.31%	493,703	0.09%			Chang-Chi Yang Jui-Ching Li Chen-Tse Yang	Father and daughter Mother and daughter Brother and sister	
King Hsiang Investment Co.	5,723,750	1.05%	-	-	-	-	None	None	
ACWI ex U.S. ETF Investment Account under the custody of the Business Department, Standard Chartered Bank (Taiwan) Limited	5,347,000	0.98%	-	-	-	-	None	None	

Note 1: The names of the shareholders shall be listed separately (in the case of institutional shareholders, the names of the institutional shareholders and their representatives shall be listed separately)

IX. The number of shares held by the Company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the Company in the same investee and the combined shareholdings shall be calculated.

2020.12.31

Investee	Investment by the Company		Investment by directors, supervisors, managers or businesses directly or indirectly controlled		Combined investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
King Hsiang Investment Co., Ltd.	19,999,400	99.997%	400	0.0015%	19,999,800	99.999%
Goldex Holding Limited	196,910,000	100.00%	-	-	196,910,000	100.00%
Gold Circuit International Limited	98,000,000	100.00%	-	-	98,000,000	100.00%
Gold Circuit Enterprise Limited	93,010,000	100.00%	-	-	93,010,000	100.00%
Suzhou Gold Circuit Electronics Ltd.	98,000,000	100.00%	-	-	98,000,000	100.00%
Changshu Gold Circuit Electronics Ltd.	30,010,000	100.00%	-	-	30,010,000	100.00%
Changshu Gold Circuit Technology Co., Ltd.	33,000,000	100.00%	-	-	33,000,000	100.00%

Four. Capital and Shares

I. Source of Share Capital

Unit: NT\$ thousand

Month and year	Issuance price	Approved share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Share capital paid with assets other than cash	Others
September 1981	10	1,000,000	10,000	1,000,000	10,000	Establishment	—	—
December 1984	10	3,000,000	30,000	3,000,000	30,000	Capital increase of NT\$20,000 in cash	—	—
October 1987	10	6,000,000	60,000	6,000,000	60,000	Capital increase of NT\$30,000 in cash	—	—
October 1988	10	9,000,000	90,000	9,000,000	90,000	Capital increase of NT\$30,000 in cash	—	—
August 1989	10	12,000,000	120,000	12,000,000	120,000	Capital increase of NT\$30,000 in cash	—	—
December 1989	10	16,000,000	160,000	16,000,000	160,000	Capital increase of NT\$40,000 in cash	—	—
June 1990	10	19,800,000	198,000	19,800,000	198,000	Capital increase of NT\$38,000 in cash	—	—
October 1991	10	30,000,000	300,000	24,348,000	243,480	Capital increase of NT\$45,480 from earnings	—	—
August 1993	10	30,000,000	300,000	30,000,000	300,000	Capital increase of NT\$56,520 from earnings	—	—
September 1996	10	60,000,000	600,000	60,000,000	600,000	Capital increase of NT\$49,500 in cash Capital increase of NT\$250,500 from earnings	—	—
August 1997	10	99,000,000	990,000	99,000,000	990,000	Capital increase of NT\$48,000 in cash Capital increase of NT\$342,000 from earnings	—	—
June 1998	10	300,000,000	3,000,000	177,300,000	1,773,000	Capital increase of NT\$265,000 in cash Capital increase of NT\$396,000 from earnings Capital reserve NT\$99,000 Employee bonus NT\$23,000	—	—
July 1999	10	480,000,000	4,800,000	268,880,000	2,688,800	Capital increase of NT\$531,900 from earnings Capital reserve NT\$354,600 Employee bonus NT\$29,300	—	—
August 2000	10	480,000,000	4,800,000	324,766,000	3,247,660	Capital increase of NT\$403,320 from earnings Capital reserve NT\$134,440 Employee bonus NT\$21,100	—	—
August 2001	10	650,000,000	6,500,000	390,870,000	3,908,700	Capital increase of NT\$454,672.4 from earnings Capital reserve NT\$162,383 Employee bonus NT\$43,984.6	—	—
October 2002	10	650,000,000	6,500,000	410,413,500	4,104,135	Capital reserve NT\$195,435	—	—

July 2004	10	650,000,000	6,500,000	443,747,500	4,437,475	Capital increase of NT\$333,340 in cash	—	—
October 2004	10	650,000,000	6,500,000	443,932,684	4,439,327	Conversion of corporate bonds for NT\$1,852		
September 2005	10	650,000,000	6,500,000	479,862,631	4,798,626	Capital increase of NT\$221,966.34 from earnings Conversion of corporate bonds for NT\$137,333.13		
November 2005	10	650,000,000	6,500,000	488,916,811	4,889,168	Conversion of corporate bonds for NT\$90,541.8		
February 2006	10	650,000,000	6,500,000	504,575,660	5,045,756	Conversion of corporate bonds for NT\$156,588.49		
April 2006	10	650,000,000	6,500,000	511,691,920	5,116,920	Conversion of corporate bonds for NT\$71,162.60		
June 2006	10	650,000,000	6,500,000	511,808,199	5,118,082	Conversion of corporate bonds for NT\$1,162.79		
August 2008	10	650,000,000	6,500,000	552,752,855	5,527,529	Capital increase of NT\$409,446.56 from earnings		
October 2009	10	650,000,000	6,500,000	569,175,841	5,691,758	Capital increase of NT\$164,229.86 from earnings		
November 2011	10	650,000,000	6,500,000	564,912,841	5,649,128	Cancellation of treasury shares for NT\$42,630.00		
August 2016	10	650,000,000	6,500,000	552,246,841	5,522,468	Cancellation of treasury shares for NT\$126,660.00		
October 2018	10	650,000,000	6,500,000	546,487,841	5,464,878	Cancellation of treasury shares for NT\$57,590.00		

Type of shares

June 10, 2021

Type of shares	Approved share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	546,487,841	103,512,159	650,000,000	

II. Shareholder structure

June 10, 2021

Shareholder structure Quantity	Government agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Treasury shares	Total
Number of people	1	20	222	59,170	183	0	59,596
Number of shares held	5	11,879,068	125,843,538	360,330,746	48,434,484	0	546,487,841

Shareholding ratio	0%	2.17%	23.03%	65.94%	8.86%	0.00%	100.00%

III. Shareholder diversification

Status of ownership diversification

NT\$10 per share

June 10, 2021

Shareholdings level	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	22,962	2,212,094	0.40%
1,000 to 5,000	30,266	58,687,462	10.74%
5,001 to 10,000	3,578	28,457,152	5.21%
10,001 to 15,000	876	11,243,806	2.06%
15,001 to 20,000	615	11,523,160	2.11%
20,001 to 30,000	445	11,592,173	2.12%
30,001 to 40,000	209	7,607,936	1.39%
40,001 to 50,000	132	6,250,568	1.14%
50,001 to 100,000	240	17,476,483	3.20%
100,001 to 200,000	112	16,039,059	2.93%
200,001 to 400,000	65	18,432,050	3.37%
400,001 to 600,000	31	15,521,305	2.84%
600,001 to 800,000	13	9,412,268	1.72%
800,001 to 1,000,000	5	4,510,000	0.83%
Over 1,000,001	47	327,522,325	59.94%
Total	59,596	546,487,841	100.00%

IV. List of major shareholders

June 10, 2021

Name of Major Shareholder	Shares	Number of shares held	Shareholding ratio
Chang-Chi Yang		107,258,019	19.63%
Labor retirement fund under the new system		32,234,662	5.90%
Jui-Ching Li		30,724,300	5.62%
Chen-Tse Yang		19,234,685	3.52%
Labor retirement fund under the old system		16,217,662	2.97%
Jiahui Investment Co., Ltd.		12,236,400	2.24%
Public Service Retirement Pension Fund Management Committee		10,993,000	2.01%

Chen-Jung Yang	7,157,945	1.31%
King Hsiang Investment Co., Ltd.	5,723,750	1.05%
Special Account of Standard Chartered Bank Acting as Custodian for the Trust Fund Investment Account of Arrowway International Stocks ACWI Except United States	5,347,000	0.98%

V. Per-share market prices, net values, earnings, dividends and related information for the last two years

Item \ Year		2019	2020	As of March 31, 2021
Market price per share	Highest	17.45	60.70	62.90
	Lowest	10.60	13.50	50.20
	Average	14.36	36.19	55.72
Net value per share	Before distribution	13.25	17.13	—
	After distribution	-	Not yet distributed	—
Earnings per share	Weighted average number of shares (thousand shares)	540,491 thousand shares	540,764 thousand shares	540,764 thousand shares
	Current period	0.24	3.82	—
Dividend per share	Cash dividends	(note 1)	1.50 (note 2)	—
	Free share	-	—	—
	allotment	-	—	—
Return on investment analysis	Price to earnings ratio (note 3)	59.83	9.47	—
	Price to dividends ratio (note 4)	—	24.13	—
	Cash dividends yield (note 5)	—	4.15%	—

Note 1: Although there was a net profit in 2020, according to the law, it is necessary to make up for the previous year's loss in advance, so no dividends will be paid.

Note 2: The board meeting on March 22, 2021 proposed to submit a cash dividends scheme to the shareholders' meeting.

Note 3: P/E ratio = average closing price per share for the year/earnings per share.

Note 4: Price to dividends ratio = average closing price per share for the year/cash dividends per share.

Note 5: Cash dividends yield = cash dividends per share/average closing price per share for the year.

VI. The company's dividends policy and implementation status: The dividends policy stipulated in the company's articles of association and the dividends distribution proposed by the shareholders' meeting should be disclosed. Give an explanation when it is expected that there will be major changes in the dividends policy:

1. Company dividends policy:

If the company makes a profit in the year, 7% shall be allocated as employees' remuneration, which shall be distributed in stock or cash by the resolution of the board meeting and the payment objects include employees of affiliated companies who meet certain conditions; the company's board meeting may, based on the aforementioned amount of profit, make a resolution of allocating no more than 1% of it as the directors' remuneration. The distribution of employees' remuneration and directors' remuneration shall be reported to the shareholders' meeting.

However, when the company still has a cumulative loss, it shall reserve the compensation amount in advance and then allocate remuneration for employees and directors based on the percentages in the preceding paragraph.

If there is a surplus in the company's annual final accounts, it shall first pay taxes to make up for the cumulative loss over the years and then allocate 10% as the legal reserve and allocate or reverse the special reserve according to the law or the regulations of the competent authority. If there is still a surplus, the balance plus the cumulative undistributed earnings of the previous year shall be distributed after the board of directors drafts a distribution proposal and submits it to the shareholders' meeting for resolution.

The company's dividends policy is based on its mid- and long-term operational growth and investment plans and the board of directors drafts the profit distribution plan while taking into account the goal of a sound financial structure. The type of dividend to be distributed will depend on future capital needs and the degree of equity dilution, and appropriate distribution of stock or cash dividends will be adopted. Dividends paid in the form of cash shall not be less than 10% of the total distribution of the current year.

2. Dividends distribution scheme proposed at the shareholders' meeting:

The company's 2021 earnings distribution proposal, as determined by the resolution of the board meeting on March 22, 2021, is a cash dividends of NT\$1.50 per share for a total of NT\$819,731,762 (a cash dividend of NT\$1 per share from earnings and NT\$0.5 per share from capital reserve) which will be reported to the shareholders' meeting.

VII. The impact of the free share allotment proposed by the shareholders' meeting on the company's operating performance and earnings per share: There is no free share allotment for the year, so this is not applicable.

VIII. Remuneration of employees and directors

1. The percentage or range of employees' and directors' remuneration as stated in the articles of association:

According to Article 20 of the articles of association of the company, if the company makes a profit in the year, 7% shall be allocated as employees' remuneration, which shall be distributed in stock or cash by the resolution of the board meeting and the payment objects include employees of affiliated companies who meet certain conditions; the company's board meeting may, based on the aforementioned amount of profit, make a resolution of allocating no more than 1% of it as the directors' remuneration. The distribution of employees' remuneration and directors' remuneration shall be reported to the shareholders' meeting.

However, when the company still has a cumulative loss, it shall reserve the compensation amount in advance and then allocate remuneration for employees and directors based on the percentages in the preceding paragraph.

Article 20-1 of the articles of association of the company stipulates that if there is a surplus in the company's annual final accounts, it shall first pay taxes to make up for the cumulative loss over the years and then allocate 10% as the legal reserve and allocate or reverse the special reserve according to the law or the regulations of the competent authority. If there is still a surplus, the balance plus the cumulative undistributed earnings of the previous year shall be distributed after the board of directors drafts a distribution proposal and submits it to the shareholders' meeting for resolution.

Article 20-2 of the articles of association of the company stipulates that the company's dividend policy is based on its mid- and long-term operational growth and investment plans, and the board of directors drafts the profit distribution plan while taking into account the goal of a sound financial structure. The type of dividends to be distributed will depend on future capital needs and the degree of equity dilution, and appropriate distribution of stock or cash dividends will be adopted. Dividends paid in the form of cash shall not be less than 10% of the total distribution of the current year.

2. The basis for the estimated amount of remuneration for employees and directors in the current period, the calculation basis for the number of shares of employees' remuneration distributed in stock, and the accounting treatment if the actual distribution amount is different from the estimated amount: The employees' remuneration is not distributed in stock in this period, so this is not applicable.
3. Remuneration distribution approved by the board meeting:
 - (1) The amount of remuneration for employees and directors distributed in cash or stock:

The board of directors proposes to distribute in cash for 2020 NT\$150,428,325 as the employees' remuneration and NT\$21,489,761 as the directors' remuneration.

The original estimate of the employees' remuneration was NT\$146,315,459, and the difference is NT\$4,112,866; the original estimate of the directors'

remuneration was NT\$20,902,209 and the difference is NT\$587,552. The differences will be regarded as changes in accounting estimates and listed as the profit and loss for 2021.

(2) The amount of employees' remuneration distributed in stock, and its proportion of the total amount of the after-tax net profit and total employees' remuneration in the entity or individual financial report of the current period: No employees' remuneration was distributed in stock in the current period, so this is not applicable.

4. The actual distribution of the remuneration of employees and directors in the previous year (including the number of shares distributed, amount and share price); if there is a difference from the remuneration recognized for employees and directors, state the number of the difference, reasons and status of handling:

Although there was a net profit after tax of NT\$129,726 thousand in 2019, it is necessary to make up the previous year's loss in accordance with the law and no distribution was made; therefore, there is no difference between the actual distribution and the recognized amount.

- IX. Repurchase of the Company's shares: The Company's repurchases of the treasury shares have been completed.
- X. Handling of corporate bonds: The Company did not issue such bonds, hence not applicable.
- XI. Handling of special shares: The Company did not issue such bonds, hence not applicable.
- XII. Handling of issuance of overseas depositary receipts: The Company did not issue such receipts, hence not applicable.
- XIII. Handling of employee stock option certificates: The Company did not issue such receipts, hence not applicable.
- XIV. New shares with restricted employee rights: The Company did not engage in mergers or acquisitions, hence not applicable.
- XV. Implementation status of fund utilization plan: The Company did not raise funds, hence not applicable.

Five. Operational Overview

I. Business Activities:

(I) Business Scope:

1. Business operations:

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. Business ratio: (consolidated)

Unit: NTD thousand

Operation categories	2019 (consolidated)		2020 (consolidated)	
	Sales amount	Business ratio	Sales amount	Business ratio
Double-layer printed circuit board	52,432	0.28%	39,116	0.17%
Multilayer printed circuit board	18,938,287	99.72%	23,359,207	99.83%
Total	18,990,719	100.00%	23,398,323	100.00%

3. The company's current products and new products planned for development:

The company currently provides double-layer printed circuit boards and multilayer printed circuit boards. The company mainly focuses on communication and computer-related products, such as, servers, Internet boards, notebook computer boards, base stations, mobile phones and tablets, etc. The company has been developing cloud products in recent years, including servers for cloud products, storage boards, Internet device boards, smart phones, note computer boards, automotive boards, and other high value-added consumer products.

(II) Industry summary:

1. Industry current practice and future development

The world was severely affected by COVID-19 pandemic in 2020. Taiwan's exercising good sense and preparation in advance, added with the remote and digital transformation business opportunities and the transfer of global supply chains that had created favorable conditions for Taiwan's exports and production. Taiwan was one of the few countries in the worlds with economic growth to show for despite the impact of the pandemic. Taiwan has the world impressed with the outstanding economic performance. Caught the attention of the international community,

Although the global economy is with a negative growth, Chung-Hua Institution for Economic Research announced to have the GDP of Taiwan adjusted up to 3.73% in 2020; also, expected Taiwan's export, investment, and consumption all to go up in 2021. Domestic and foreign institutions predict Taiwan's economic growth to reach 4.8%; actually, added with the government's promoting industrial upgrade and guiding funds to invest in business entities, the economic growth is expected to go beyond the expected 4.8%.

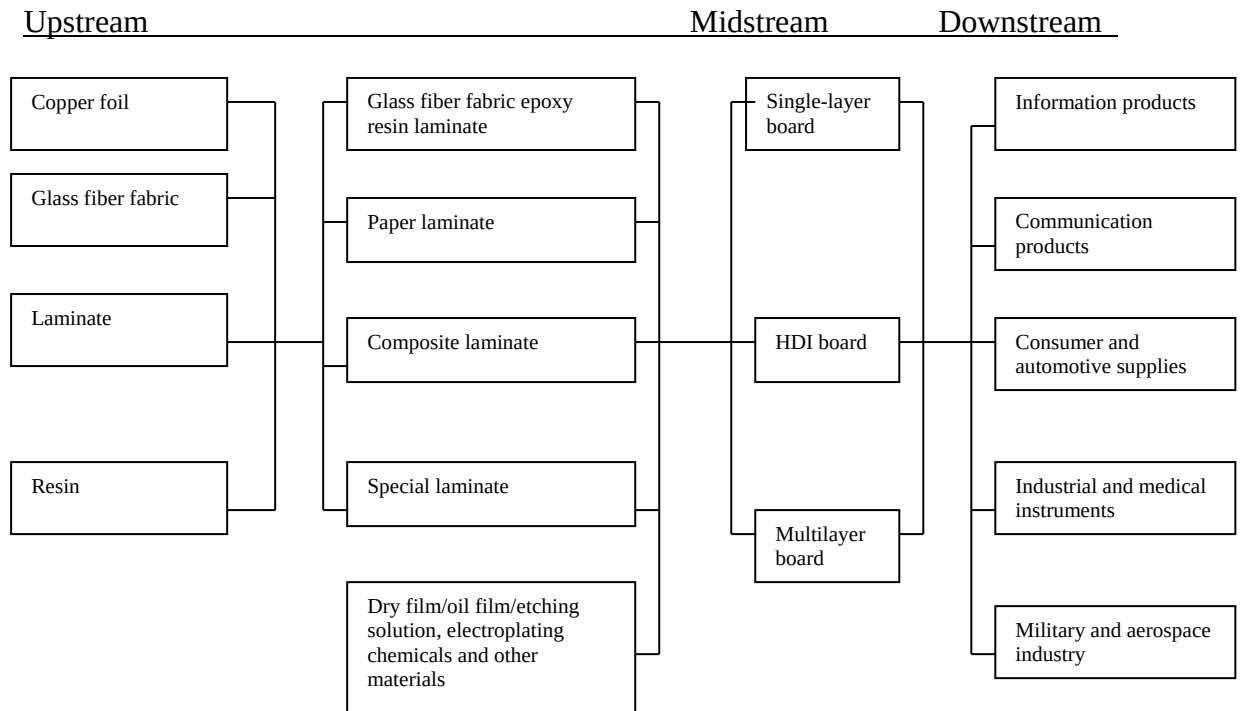
The National Development Council indicates that in the prospect of this year, the IMF, IHS Markit, OECD, and other internal institutions all predict the recovery of global economy in the second half of this year along with the widespread vaccination. The global business activities are expected to grow explosively; also, the global supply chain will continue to be reorganized in order to activate Taiwan's economic growth. In addition, the government is actively guiding private funds to invest in entity construction, to accelerate the construction of emerging industry supply chains. Several institutions have predicted Taiwan's GDP to exceed 4.8%. Therefore, Taiwan's economic growth is expected to outperform many other business entities.

2. The correlation of the upstream, midstream, and downstream of the industry

The company is mainly engaged in the production and sale of double-layer and multilayer printed circuit boards. The laminates, films, copper foil, dry films, oil films and etching solutions and other chemical materials for production are provided by the upstream vendors in the industry of petrochemical, metal, and electronic components. The downstream customers of the company are in the field of information, communications, consumer electronics, and industrial and medical equipment. Printed circuit boards are mainly for the electronic component loading and relay transmission. Printed circuit boards are the electronic components support and connection wires to

general information, communication and consumer products. Therefore, printed circuit boards are the indispensable parts to all electronic products.

The structure diagrams of the upstream, midstream and downstream industries that the company engaged in are as follows:



3. Product development trends

The cross-strait production ratio of Taiwanese businessmen was increased from the lowest level of 60.7% in 2020Q1 at the worst time of the pandemic in Mainland China to 64.0% in 2020Q4 when the pandemic was easing up and with an annual average of 62.8% achieved. According to TPCA, major manufacturers have begun to implement investments in China and Taiwan differently since the initiation of the U.S.-China trade war and the outbreak of the pandemic. The changes in the overall environment have indeed affected the PCB industry in choosing the production bases.

The star products IC substrates and HDI had outperformed others in 2020. The sales of IC substrates had grown by 16% due to the advanced computing chips and high-speed memory that activate the demand for advanced manufacturing processes. Although the overall demand for mobile phone decreased, the high-standard motherboard of smart phone had helped the growth of HDI reach 9.6%. The soft board had also grown by 6% due to the delayed market launch of mobile phones in the USA and the big sales. The multilayer board benefited from the remote business opportunities and the recovering sales of notebook computers and automotive worldwide was starting with a slow growth and ended up with a 2% growth for the year.

The rigid-flex board was the one and only product with a negative growth incurred due to the unfavorable effects, such as, demand for battery affected by the shipment of mobile phone worldwide, the decline of automotive electronics, and the use of SiP+ soft board design for AirPods Pro since the end of 2019. Therefore, the manufacturers of rigid-flex board are forced to look for new markets for export due to such product reformation.

In prospect of 2021, despite the raging pandemic, the late introduction of vaccine, and the global turmoil, according to the investigation of ITRI IEK, during the transition of 4G to 5G communication technology in 2021, PCB applications, such as, smart phones, notebook computer, wearable devices, servers, autopilot, and network appliances will have an opportunity to grow worldwide; especially, the wearable devices, autopilot, and network appliances will strongly activate the overall electronic industry chain.

4. Industry competition

The PCB manufacturers in Taiwan have cornered the highest market share of PCB in the world for several years consecutively. At least half of the top-ten PCB manufacturers in the world are Taiwanese manufacturers. Taiwan has a complete upstream, midstream, and downstream industrial supply chain; also, Taiwan's PCB industry has 31.3% market share in the world currently, the global leader, followed by Japan and South Korea in that order. The global

economy had suffered from the COVID-19 pandemic in 2020 with a 3.5% recession resulted. Despite the impact of pandemic on PCB application products, the changes in the lifestyle thereafter have driven the demand for notebook computers, game consoles, and video equipment due to the home office and home shopping economy. Most important of all, the global 5G progress has not been affected by the pandemic. The popularity of 5G-related terminal products and infrastructure construction is growing. The aforementioned factors have made Taiwan's PCB industry chain shine in the dark time. The overall industry chain scale is at a record high. The domestic and overseas output value reached NT\$1.0386 trillion, which is the third trillion-worth electronics industry in Taiwan and also a new milestone for the development of Taiwan's PCB.

(III) Technology and R&D Overview:

1. R&D expenses invested and technologies or products successfully developed in the most recent year

R&D expenses invested in the most recent year

Unit: NTD thousand

Item \ Year	2018	2019	2020	March 31, 2021
R&D expenses (consolidated)	474,028	471,004	533,478	152,419
Operating income (consolidated)	20,596,419	18,990,719	23,398,323	5,789,536
Ratio of R&D expenses to operating income	2.30%	2.48%	2.28%	2.63%

2. Technologies or products successfully developed

Ladder gold finger PCB technology development and mass production

Cavity technology development

Small diameter 5.9mil (aspect ratio 16:1) technology development

Small diameter 5.9mil (aspect ratio 22:1) technology development

Contact Drill Hourglass Via test

Patent received - Measurement system (non-destructive measurement of contact drill residual copper length)

Patent received – Production of rigid circuit board (slight etching to reduce signal transmission loss)

Patent received – Production of multilayer printed circuit board (copper ingot rubber ring to increase reliability)

3. The directions of future research and development are as follows:

	Item	Estimated investment in R&D expenses (NTD thousand)
1	Development of cross-shaped slot vertical conduction technology	30,000
2	Development of CBD detection and depth control technology (contact drill)	30,000
3	Development of deep skip via technology	32,000
4	Development of high aspect ratio of 45:1	35,000
5	Development of small bore diameter of 5.9mil (aspect ratio of 28:1)	25,000
6	Development of Multiple Net Via	20,000
7	Development of Sintered Paste	33,000
8	Development of X-ray drilling technology	20,000
9	Development of Air Gap technology	15,000
10	Development of cross-shaped slot vertical conduction technology	30,000
	Total amount	240,000

(IV) Long-term and short-term business development plans:

1. Short-term business development plan:

A. Continue to improve the high-layers, thick copper, and H.D.I. production technology.

Develop advanced and value-added products along with the development of electronic systems toward the features of light, thin, short and high reliability. The technology development of printed circuit boards is towards high-density wiring, thin, fine wires, small vias, and highly-reliable thick copper. The demand for multilayer Servers and network PCBs will inevitably increase along with the increasing demand for cloud technology.

The company's manufacturing technology is improving constantly along with the long-term investment in professional R&D personnel. The company currently has arranged the mass production of micro-via, fine wires, 32-layer boards, thick copper and other difficult processes.

B. Increase the on-time delivery rate

Delivery lead time is as important as quality to customers. It is important to help customers keep their production lines uninterrupted and prevent significant tangible and intangible losses resulted. The company's customers are mostly internationally renowned brands, but the large customer base becomes a challenge to the company and is unable to receive more purchase

orders. Therefore, the company shall choose customers carefully with good services provided; also, improve production schedules to increase the on-time delivery rate.

C. Improve process yield rate to reduce production cost.

Improve production efficiency, shorten manufacturing time and increase process yield rate to help reduce scrap rate and production cost; also, accelerate delivery to meet the needs of customers.

D. Reduction of cost and operating expense

Continue to develop new suppliers and new materials in order to reduce the cost of raw materials. The high value-added products are manufactured and developed in Taiwan while the low-level products with large volume are manufactured in Mainland China.

E. Refine manpower and increase productivity

The Chungli factory of the company will be mainly for the production of value-added products in the future without having the productivity expanded; quality over quantity; therefore, the number of workers will stay the same with the individual productivity increased. At the same time, the product structure of the factory in Mainland China will be optimized and a smart factory will be constructed with more manpower saved, automation implemented, and environmental protection provided.

2. Long-term business development plan

A. Continue to work towards the advanced boards with the following products planned:

- * Information boards - Workstation and Server that are 20-52Layer boards
- * Internet - Networking, Router, 400, 800G network boards and advanced storage equipment
- * 20-52Layer – Backplane and industrial computer
- * Communication boards - Build up board, 5G base station board and smart phone board
- * Wafer test boards - Wafer test fixture board, semiconductor equipment board, and IC test board

B. Solicit value-added cloud server boards, network board and base station boards.

C. Shorten production lead time and improve customer satisfaction.

II. Market and production and sales overview:

(I) Market analysis:

1. Sales areas of the main products and services:

Unit: NTD Thousand

Item	Domestic	America	Asia	Mainland China	Other areas	Total
2020	3,628,596	3,306,113	6,146,185	9,500,356	817,073	23,398,323
2019	2,104,650	2,068,943	5,030,392	8,314,257	1,472,477	18,990,719

2. Market share

Ratio of each PCB manufacturer to the sales of listed/OTC companies
(consolidated)

Unit: NT\$ 1 hundred million

Manufacturers	2018	Market share (%)	2019	Market share (%)	2020	Market share (%)
Compeq Manufacturing Co., Ltd.	508	8.0%	562	8.8%	605	9.1%
Nan Ya Plastics Corporation	288	4.5%	311	4.9%	385	5.8%
Gold Circuit Electronics Ltd.	206	3.2%	190	3.0%	234	3.5%
WUS Printed Circuit Co., Ltd.	55	0.9%	51	0.8%	48	0.7%
Unimicron Technology Corp.	757	11.9%	825	12.9%	879	13.2%
Hannstar Board Corporation	438	6.9%	431	6.7%	457	6.8%
Unitech Printed Circuit Board Corp.	195	3.1%	224	3.5%	144	2.2%
Tripod Technology Corporation	521	8.2%	545	8.5%	555	8.3%
CHIN POON Industrial Co., Ltd.	202	3.2%	178	2.8%	153	2.3%

Taiwan Printed Circuit Board Techvest Co., Ltd.	231	3.6%	217	3.4%	228	3.4%
Dynamic Electronics Co., Ltd.	131	2.1%	137	2.1%	126	1.9%
Kinsus Interconnect Technology Corp.	237	3.7%	223	3.5%	271	4.1%
Others	2591	39.5%	2498	37.9%	2587	52.2%
Total	6360	100.0%	6392	100.0%	6672	100.0%

Data source: PCB Magazine; ITRI ITIS; and TPCA

3. The market supply and demand and growth in the future:

Smartphones and mobile phone system had dominated the market for the last decade. The IOT (Internet of Things) and ADAS (Advanced Driver Assistance Systems) will be the focus of science and technology exhibitions in the next decade. The PCB industry in Taiwan, after PC, NB and smartphones industry, has expanded PCB applications to automotive electronics, wearable devices, and Internet of Things. The PCB industry is expected to enjoy a double-digit growth rate in the next 3-5 years. In addition to the continuing demand increase for automotive board, there will be more than 200 new IoT (Internet of Things) emerging applications in the next five years that are beyond our imagination now. The industrial revolution of the Internet of Things, cloud technology and Industry 4.0 is coming soon. The increasing demand for advanced server and network switch upgrades; also, the emerging applications of IoT (Internet of Things) and big data will stimulate the demand for related niche PCBs. Taiwan Printed Circuit Association (TPCA) indicated that as the increasing commercialization of 5G and the construction of 5G infrastructures in many countries, the related 5G applications will begin to go up. Both the construction of new base station or the renewal of communication equipment will be with a high demand for circuit boards resulted, which include the demand increase in quantity and new specifications; therefore, the manufacturers are forced to invest further in order to welcome the expected 5G business opportunities. According to the forecast of Prismark, the global PCB market will grow at an annual compound growth rate of 4.05% and reach US\$68.81 billion in 2022, equivalent to NT\$2 trillion at an exchange rate of NT\$30.

4. Competitive niche

(1) Possess excellent production technology and R&D capability

The growth of network traffic and data volume is activated by the demand for IoT (Internet of Things) and high-definition video and audio. The global network giants' demand for the construction of data centers is increasing in both quantity and equipment function, which activates the growth of Server and Switch supply chain.

The company has focused on the development of multilayer boards for network and server, and thick copper boards. There are only few domestic manufacturers capable of manufacturing multilayer boards and thick copper boards. The company has becoming a niche PCB board factory. In addition, the company's R&D has successfully developed the Build-up and HDI technology that can help reduce production cost effectively and increase profitability. The company has also successfully entered the market of advanced network communications board and advanced storage equipment boards in order to increase the percentage of advanced products and to generate a positive effect on future shipments.

The significant business growth resulted from the server and NB product lines in 2020 with a record high sale achieved throughout the year. In addition to the demand increase in PCB for cloud, the continuing home office operation has helped driven high demand for Chromebooks and commercial notebook computers. Due to the high demand for cloud and 5G and the ascending trend of server platform upgrades, the annual compound growth rate of PCB for cloud in 2020~2025 will reached 13.5%, which is significantly higher than the 5~6% in 2015 ~2019. 6%. In prospect of 2021, servers and switches will continue to be in an upgrade cycle. Under the still raging pandemic, the demand for NB remains high. The overall industry demand will remain high and added with the contribution of new products, the sales in 2021 will be on the positive side.

(2) Strong business strength and maintaining a good long-term cooperative relationship with customers

The company is the largest server PCB manufacturer in Taiwan and serves many international server manufacturers. The export business accounts for more than 80% of the company's business in the recent years. The company's customers are mostly well-known manufacturers and assembly plants in the fields of information, communication, Internet and other industries in each continent. The company has established a good long-term cooperative relationship with customers.

(3) Division of production between the Strait with flexible production and management planned

Set up factories in China in response to electronics manufacturers' moving production lines to China. After setting up the factory in Chungli, factories

were set up in Suzhou in 2000, plants and mass production were arranged in Changshu in 2006, and HDI production in Changshu Plant II was expanded in 2011. The current total monthly production capacity in Mainland China is 3 million square feet, accounted for more than 70% of the Group's total monthly production capacity of 4 million square feet. In addition to effectively reducing costs, the company can also adjust the shipping points in response to the customer's business model in order to secure the sales steadily.

5. Advantages and disadvantages of development prospects and countermeasures

(1) Advantages:

- A. The completely integrated upstream, midstream, and downstream system of domestic industry is with high industrial competitiveness.
- B. The new products are mainly for servers and network communications that can grow significantly along with the development of cloud technology.
- C. The company's customers are mostly global well-known information and communication electronics manufacturers that benefit the company to obtain the latest R&D information and future development directions.

(2) Disadvantages and countermeasures:

- A. The industry is with high pollution, high environmental protection standards, and high pollution prevention and control costs.

Countermeasures:

- a. Reduce the impact of greenhouse gas effects, recover heat energy from boiler emissions and reduce carbon emissions by more than 120 metric tons per month.
- b. Reduce the impact of wastewater on the environment; reduce the copper ion concentration of the discharged water to less than 1.5mg/l.
- c. Waste re-use and recycling: Reduce film residue by 50%.

- B. High capital expenditure investment, high depreciation, and slow return

Countermeasures:

- a. Prevent excessive capital expenditures and support the temporary production shortage with outsourcing.
- b. Sell idle equipment to ease the pressure of fixed depreciation.

- C. Domestic printed circuit board manufacturers have production capacity expanded in China that causes severe price competition of the industry.

Countermeasures:

- a. Improve on-time delivery rate to meet customer needs.
- b. Enhance objective management and reduce scrap.
- c. Improve technology and increase the sale of value-added boards.

- D. Increasing labor costs in Mainland China and labor shortage on the coastal area of China

Countermeasures:

- a. Increase automated production ratio and reduce the dependence on labor.
- b. Stabilize quality and improve management efficiency.

E. The growth of terminal products slows down.

Countermeasures:

- a. Develop new applications of products.
- b. Enter a niche market.

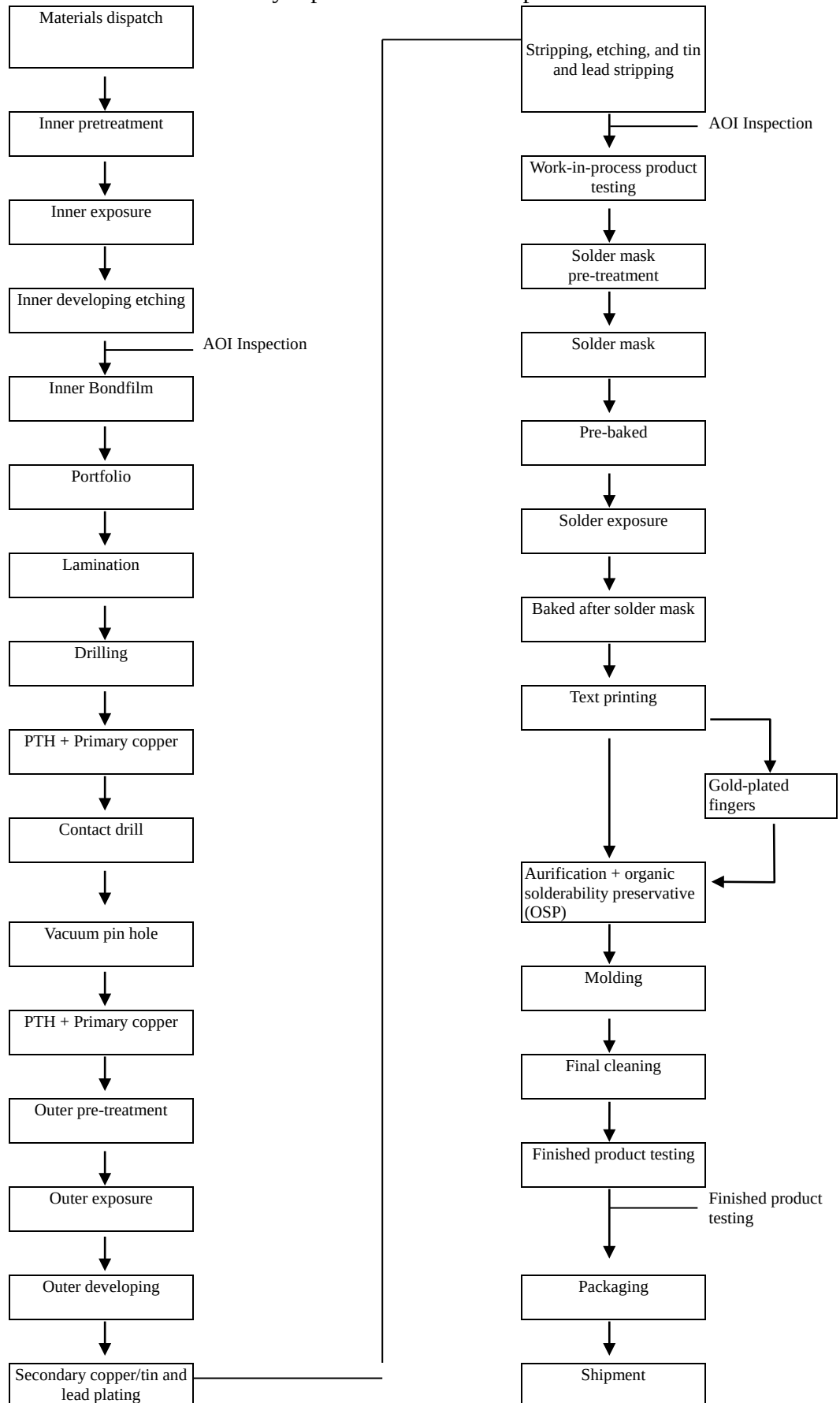
(II) The intended use and production process of the main products:

1. Intended use of main products

Main products		Intended use
Rigid printed circuit board	Double-layer board	Computer peripherals and terminals, fax machines, camcorders, computer numerical control equipment, personal computers and communication equipment
	Multilayer board	Personal computers, fax machines, industrial automation-related equipment, computer numerical control equipment, communication equipment, smartphones, servers, industrial computers and semiconductor test equipment

2. Production process

Multilayer printed circuit board process introduction



(III) Main raw materials supply:

The company is a professional manufacturer of printed circuit boards, including laminates, films, copper foils, dry films and chemicals for electroplating. The company has purchased raw materials from major domestic manufacturers with a good long-term supply relationship maintained. Take the main raw materials, laminates and films, for example, the suppliers are all large reputable domestic manufacturers. They have a good and long-term stable supply and demand relationship established with the company; also, their prices have appropriately reflected the market price of the information and electronics industry. In addition, the aforementioned companies are all located in nearby counties and cities in northern Taiwan. The convenient location of suppliers allows the company to accurately control the timing of supply and to save warehousing cost.

The main raw materials of PCB include copper foil, glass fiber fabric, resin, etc. Copper Clad Laminate (CCL) is the main upstream material of Rigid Printed Circuit Board (RPCB) for conduction and support, accounted for 40-60% of the cost. The price of copper has been soaring in the last two months with a price close to US\$8,000 per metric ton. In terms of the advanced reverse treated electrodeposited (RTF) copper foil needed for high-frequency and high-speed materials, due to the limited number of suppliers and small scale of production, PCB and IC substrate manufacturers are paying high price to secure production capacity. In addition, the Electro-Deposited copper foil needed for electric vehicle batteries had once experienced a significant demand increase that squeezed the supply of rolled copper foil needed for PCBF. The supply of upstream materials for PCB will be quite insufficient in 2021; also, the price increase will be a common practice.

In terms of glass fiber fabric, there are only a few Japanese chemical material companies, such as, Nitto Boseki, to supply it. Nitto Boseki had experienced a fire in 2020, since the market demand may further go up in 2021, the PCB supply chain may have to pay higher price for glass fiber fabric. The situation for resin is not any better because the expansion of the advanced product cannot catch up with the demand increase. Also, the operation of the production line is affected by incidents. Overall, no matter how price changes, the short supply of the upstream materials for PCB is inevitable.

Chemical raw materials have always been the strong suit of large Japanese manufacturers. Many PCB raw materials are still imported from Japanese manufacturers, especially the advanced materials. The relevant supply chain reveals that most Japanese chemical materials are controlled by large-scale companies. The expansion of production capacity usually involves the operating strategy that large-scale companies tend to be conservative with less flexibility for adjustment. In addition, the condition of the pandemic in Japan is most likely worse than the official announcement. The stability of the supply by Japanese chemical materials companies is with a big risk.

(IV) Major suppliers and customers in the last two years:

A. The list of the major suppliers in the last two years (accounted for more than 10% of net purchases)

Unit: NTD thousand

	2019 (consolidated)				2020 (consolidated)				2021Q1 (consolidated)			
Item	Title	Amount	Percentage of purchasing (%)	Relationship with the issuer	Title	Amount	Percentage of purchasing (%)	Relationship with the issuer	Title	Amount	Percentage of purchasing (%)	Relationship with the issuer
1	ITEQ Corporation (Wusih)	978,348	9.61%	None	ITEQ Corporation (Wusih)	1,275,879	10.15%	None	Wah Lee Industrial Corp.	298,812	8.12%	None
	Others	9,204,922	90.39%	None	Others	11,296,907	89.85%	None	Others	3,341,414	91.79%	None
	Total	10,183,270	100.00%		Total	12,572,786	100.00%		Total	3,640,226	100.00%	

1 : List the names of suppliers accounted for more than 10% of the total purchases in the last two years and the respective purchase amount and ratio. However, the suppliers that cannot be disclosed due to the contractual agreement and the counterparties of transactions who are individuals and non-related parties can be listed by code number instead of by name.

B. The list of major customers in the last two years (accounted for more than 10% of net sales)

Unit: NTD thousand

	2019 (consolidated)				2020 (consolidated)				2021Q1 (consolidated)			
Item	Title	Amount	Percentage of Sales (%)	Relationship with the issuer	Title	Amount	Percentage of Sales (%)	Relationship with the issuer	Title	Amount	Percentage of Sales (%)	Relationship with the issuer
1	A	2,918,611	15.37%	None	A	4,206,966	17.98%	None.	A	1,074,128	18.61%	None.
2	B	2,567,202	13.52%	None.	B	3,343,985	14.29%	None.	B	908,436	15.74%	None.
3	C	2,528,392	13.31%	None.	C	2,862,746	12.23%	None.	C	705,521	12.22%	None.
	Others	10,976,514	57.80%	None	Others	12,984,626	55.50%	None	Others	3,084,498	53.43%	None
	Total	18,990,719	100.00%		Total	23,398,323	100.00%		Total	5,772,583	100.00%	

Note 1: List the names of customers accounted for more than 10% of the total sales in the last two years and the respective sales amount and ratio. However, the customers that cannot be disclosed due to the contractual agreement and the counterparties of transactions who are individuals and non-related parties can be listed by code number instead of name.

(V) Production volume and value of the last two years

(Unit: NT\$ Thousand)

Year	2019 (consolidated)		2020 (consolidated)	
By Product	QTY (SQFT)	Amount	QTY (SQFT)	Amount
Double-layer board	46,665	22,200	22,353	14,319
Multilayer board	16,320,141	15,456,434	19,633,908	18,954,966
Total	16,366,807	15,478,634	19,656,261	18,969,285

(VI) Sales volume and value of the last two years

(Unit: NT\$ Thousand)

Year	2019 (consolidated)		2020 (consolidated)	
By Product	QTY (SQFT)	Amount	QTY (SQFT)	Amount
Double-layer board	75,633	52,432	32,681	39,116
Multilayer board	18,732,521	18,938,287	20,950,483	23,359,207
Total	18,808,153	18,990,719	20,983,164	23,398,323

III. Employee information in the last two years and as of the annual report publication date:

Year		2019	2020	2021.3.31
Number of employees (consolidated)	Indirect employees	1428	1493	1473
	Direct labor	5836	5967	5591
	Total	7264	7460	7064
Average age		33	31.3	31.9
Average service years		4.7	4.2	4.6
Academic degree of employees	Ph.D.	1	1	1
	Master	77	86	90
	University and College	1887	1951	1901
	High School	4207	2360	2319
	Below high school	1091	3062	2753

IV. Environmental protection expenditure:

(I) Losses due to environmental pollution and countermeasures in the most recent year and as of the annual report publication date:

Year	Pollution	Countermeasures	Penalty amount
2019	The changes in pollution source and connection method of the washing tower have not been registered immediately, which is different from the operations stated in the license.	1. An application is filed Immediately for a permit change. 2. Implement the original connection method before the new license is issued.	NT\$100,000
2020	None	None.	None.
As of 3.31.2021	None	None.	None.

(II) Estimated capital expenditures for environmental protection in the next two years

Year	Pollution prevention equipment to be purchased	Expected improvement	Amount
2022	Wastewater equipment maintenance expense	Keep the equipment operate normally in compliance with the environmental protection requirements and environmental policies.	Around NT\$27,230 thousand
	Wastewater active charcoal replacement and maintenance expense	Keep the equipment operate normally in compliance with the environmental protection requirements and environmental policies.	
	Exhaust scrubber maintenance expense	Keep the equipment operate normally and reduce air pollution in compliance with the environmental policies.	
	Duct collector maintenance expense	Keep the equipment operate normally and reduce air pollution in compliance with the environmental policies.	

	Electrolytic copper collector maintenance expense	Promote pollution reduction and recycling in compliance with the environmental protection policies.	
	HASL (Hot-Air Solder Leveling) exhaust static electricity equipment maintenance expense	Keep the equipment operate normally and reduce air pollution.	
	Cooling tower water-saving sand filter maintenance expense	Water saving in compliance with the government's waste reduction policy	
	Water recycling equipment maintenance expense	Keep wastewater equipment operate normally in compliance with the environmental protection policies.	
	Wastewater TOC/CU online monitor maintenance expense	Monitor the quality of wastewater to facilitate operation and management in compliance with the environmental policies.	
	Waste Effluent Dissolved Air Flotation (DAF) equipment maintenance expense	Improve wastewater COD and CU to facilitate wastewater operation and management.	
2021	Wastewater equipment maintenance expense	Keep the equipment operate normally in compliance with the environmental protection requirements and environmental policies.	Around NT\$23,680 thousand
	Wastewater active charcoal replacement and maintenance expense	Keep the equipment operate normally in compliance with the environmental protection requirements and environmental policies.	
	Exhaust scrubber maintenance expense	Keep the equipment operate normally and reduce air pollution in compliance with the environmental policies.	
	Duct collector maintenance expense	Keep the equipment operate normally and reduce air pollution in compliance with the environmental policies.	

Electrolytic copper collector maintenance expense	Promote pollution reduction and recycling in compliance with the environmental protection policies.	
HASL (Hot-Air Solder Leveling) exhaust static electricity equipment maintenance expense	Keep the equipment operate normally and reduce air pollution	
Cooling tower water-saving sand filter maintenance expense	Water saving in compliance with the government's waste reduction policy	
Water recycling equipment maintenance expense	Keep wastewater equipment operate normally in compliance with the environmental protection policies.	
Wastewater TOC/CU online monitor maintenance expense	Monitor the quality of wastewater to facilitate operation and management in compliance with the environmental policies.	
Waste Effluent Dissolved Air Flotation (DAF) equipment maintenance expense	Improve wastewater COD and CU to facilitate wastewater operation and management.	
Wastewater equipment maintenance expense	Keep the equipment operate normally in compliance with the environmental protection requirements and environmental policies.	

V. Labor-management relations:

(I) Employee welfare measures, continuing education, training, retirement systems and their implementations, and labor-management agreements

1. Employee welfare measures:

Gold Circuit Electronics Ltd. intends to work together with all employees to generate profits. Value the importance of sharing profits with colleagues. The company's colleagues are entitled to share the company's operational achievement; therefore, a certain percentage of the profits will be appropriated for the distribution of production bonuses and year-end bonuses in order to motivate colleagues to work hard continuously. The company offers subsidies to employees for their salary adjustment, production bonus, and weddings and funerals.

Provide scholarships and grants to the employees and their children.

Provide traveling allowance to employees to help colleagues relax physically and mentally after work.

Provide subsidies to support the activities held and associations operated within the factory.

The Welfare Committee provides subsidies to employees for weddings, funerals, hospitalization, and childbirth; also, gives out cash for employee birthdays, Dragon Boat Festival, August Moon Festival, Chinese New Year, and May 1 Labor Day to express condolences and congratulations to colleagues. The company continues to negotiate with special merchants and concessionaires, and arrange in-factory sales activities to give colleagues more discounts and premiums.

The company values employee's education and training, and provides pre-job and on-job training, career planning and diversified learning channels. The on-job training is focusing on labor safety, environmental protection, quality control education, etc. that is held annually; also, introduces E-learning platform to increase the flexibility of learning time and efficiency. The company encourages employees to go for continuing education, provides external training courses to improve employees' job performance and to upgrade employee's professional competence and core competitiveness.

2. Working environment and personal safety

The company values the welfare planning of colleagues, and is committed to creating a working environment that cares for the physical and mental health of employees, meets personal needs and keeps them worry-free.

In addition to arranging social insurance in accordance with the Labor

Standards Act and related law and regulations, the company has also arranged group medical insurance and regular health check-ups for employees. The employees who need Level-II health management are included in the labor personal health guidance project to provide them with a more complete and comprehensive health and safety management system.

Gold Circuit Electronics Ltd. provides a bright and clean working environment to protect the health and safety of employees. The company conducts work environment testing in every 6-month in accordance with the law and regulations, including: temperature/humidity, lighting, noise, toxic and hazardous substances test, etc., all in compliance with national standards and within the permitted concentration specified, then, conducts a review and improvement in accordance with the comparison of the results against the historical records. In addition to providing the company's employees with necessary education and training and protective equipment, work safety and health personnel will also take a field trip to perform an on-site inspection, including fire-fighting equipment and measures, and will have employees educated again regarding hazardous operations and preventive measures so to protect employees from being exposed to dangerous working environments and workplaces. Gold Circuit Electronics Ltd. provides health checkups and special health checkups service to employees every year and will provide employees with health knowledge according to the suggestions of professional physicians and provide information on the company's effort in maintaining a healthy workplace.

Due to the implementation of Maternity Protection Act, the company has added several breastfeeding rooms in the factory for the female employees to have a safe environment for breast-feeding and milk storage. At the same time, for the protection of mothers and fetuses, pregnant and breast-feeding workers are prohibited from engaging in dangerous or harmful work, and are prohibited from working night shifts. Occupational health nurses shall care for the mothers throughout the maternity protection period and provide them with breast-feeding, nursing and personal health education information. Gold Circuit Electronics Ltd., in addition to providing mothers with friendly maternity protection equipment and space, arranges physicians to provide on-site services and to confirm the work and working environment of the pregnant colleagues and after their giving birth. The maternity protection is assessed by the employees, department heads, physicians, nurses and occupational safety and hygiene personnel jointly to ensure a proper care for the pregnant colleagues.

In addition, the company arranges general physicians and occupational doctors to provide 6 on-site medical services every month in order to provide employees with a professional consultation channel in physical health care. The company also conducts an on-site improvement and evaluation according to the physician's suggestions. The dispensary will also provide employees with healthcare information occasionally for employees to acquire and obtain correct and effective health and safety information.

The "one rest day and one day off" policy has been initiated on December 23, 2016 in Taiwan. Gold Circuit Electronics Ltd. has begun adjusting the shift system and increasing manpower as early as the year before last year. The labor law was revised for a 40-hour week, but the company's arrangement is 4-working days + 2-day off that is better than the regulatory requirement, which gives employees more time off to stay with their families or enjoy their personal lives.

3. Retirement system:

In compliance with the provisions of the Labor Standards Act and the Labor Pension Act, an amount equivalent to 2% of the monthly salary is appropriated every month as the pension reserve fund for the employees subject to the old retirement plan. For the employees who are subject to the new retirement plan, an amount equivalent to 6% of the insured salary is appropriated to the personal retirement account every month.

4. Important labor-management agreement:

The company has handled the labor-management relations according to the management philosophy of "labor-management unification" and "coexistence and reciprocity." Therefore, the company values the opinions of employees. Employees may reflect their problems in life and at work at any time to the company through an official or an un-official communication channel. The company and employees can reach a mutual understanding and be considerate for one another through this two-way communication opportunity in order to form consensus and achieve good results.

- (1) Department meetings: It is with a focus on the communication of employees' work problems, the allocation of manpower, the discovery of the root causes, the propaganda of administrative orders and the performance evaluation so to help employees fully understand the technology, safety and health and quality management of productions and operations; also, achieve consistent decision-making and dedications in the department, inter-department, and

external meetings.

- (2) Employee Welfare Committee Meetings: The Committee members are elected from the company's employees who have more knowledge, experience and communication skills. Therefore, the labor-management personnel are able to carry out an in-depth discussion on specific welfare measures at the meeting; also, they can discuss in-depth the work and life issues of employees with the relevant opinions adopted. The labor-management communication in this way can help improve mutual trust and mutual understanding, which can serve as an important source of reference for management and administration.
 - (3) Labor-Management meetings: The meetings are a communication bridge between labor and the management to coordinate labor-management relations, promote labor-management cooperation, and improve work efficiency. It is to report on labor status and to discuss production plans and business overviews, including labor conditions, labor welfare planning, work rules revision, working environment, production status, etc.
5. The company's losses arising from labor disputes in the last two years and as of the annual report publication date; also, disclosing the estimated loss amount that may incur at present and in the future and the countermeasures:
None

VI. Important contract:

Contract nature	Principal	Beginning and ending date	Main content	Restriction clause
Sale contract	Orbotech Asia Ltd..	2020.05.14~ 2021.09.08	Inner DI mask aligner BMI automatic production line	None
Sale contract	Orbotech Asia Ltd..	2020.05.14~ 2021.09.13	Outer DI mask aligner BMI automatic production line	None
Sale contract	Shinbu Corporation	2020.04.10- 2021.09.22	Mitsubishi CO2 Laser drilling machine	None

Six. Overview of Financial Position

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

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

Unit: NTD thousand

Item \ Year		Financial data for the last five years (in line with the International Financial Reporting Standards)					Quarter 1 of 2021 (Note 1) Reviewed by CPAs
		2016	2017	2018	2019	2020	
Current assets		13,532,876	13,267,313	13,554,433	13,774,664	14,726,407	15,547,892
Property, Plant and Equipment		6,830,858	6,574,274	6,180,508	5,595,078	5,586,368	5,512,934
Intangible assets		17,022	31,416	29,479	20,431	18,500	19,695
Other assets (Note 1)		1,352,485	1,382,594	1,431,128	1,518,211	1,318,221	1,321,284
Total assets		21,733,241	21,255,597	21,195,548	20,908,384	21,649,496	22,401,805
Current liabilities	Before distribution	10,379,268	10,588,307	11,421,919	10,871,241	9,203,124	8,983,695
	After distribution	-	-	-	-	(Note 2)	(Note 2)
Long-term liabilities		3,718,846	3,349,803	2,279,445	2,465,000	2,797,588	3,125,722
Other liabilities		545,925	517,083	441,701	406,173	383,148	449,506
Total liabilities	Before distribution	14,644,039	14,455,193	14,143,065	13,742,414	12,383,860	12,558,923
	After distribution	-	-	-	-	(Note 2)	(Note 2)
Equity attributable to owners of the parent company		7,089,202	6,800,404	7,052,483	7,165,970	9,265,636	9,842,882
Capital stock		5,522,469	5,522,469	5,464,879	5,464,879	5,464,879	5,464,879
Capital reserve		1,465,882	1,468,074	1,471,233	1,471,233	1,471,233	1,471,233
Retained earnings	Before distribution	53,296	(237,729)	(16,715)	98,468	2,155,492	2,750,508
	After distribution	-	-	-	-	(Note 2)	(Note 2)
Other equity items		240,782	216,627	231,563	229,867	272,509	254,739
Treasury stocks		(193,227)	(169,037)	(98,477)	(98,477)	(98,477)	(98,477)

Non-controlling interests							
Total equity	Before distribution	7,089,202	6,800,404	7,052,483	7,165,970	9,265,636	9,842,882
	After distribution	-	-	-	-	(Note 2)	(Note 2)

Note 1: Other assets, including investment property for 2016, 2017, 2018, 2019, 2020, and the first quarter of 2021 were NT\$541,600 thousand, NT\$546,400 thousand, NT\$572,800 thousand, NT\$574,400 thousand, NT\$577,000 thousand, and NT\$577,000 thousand respectively.

Note 2: The 2020 earnings allocation proposal has been proposed by the board of directors but has not yet been approved by the shareholders' meeting.

(II) Consolidated Condensed Statement of Comprehensive
Income-International Financial Reporting Standards

Unit: NTD thousand

Item \ Year	Financial data for the last five years (in line with the International Financial Reporting Standards)					Quarter 1 of 2021 reviewed by CPAs
	2016	2017	2018	2019	2020	
Operating income	19,196,196	19,166,120	20,596,419	18,990,719	23,398,323	5,789,536
Gross profit	2,623,801	1,882,825	3,000,150	2,490,615	5,290,580	1,321,780
Operating income (loss)	643,552	(80,070)	773,866	669,405	3,073,918	788,785
Non-operating income and expenditure	(452,362)	(182,543)	(453,459)	(399,205)	(376,036)	(10,404)
Net income before tax	191,190	(262,613)	320,407	270,200	2,697,882	778,381
Net profit from continuing operations for the current year	143,789	(269,103)	228,870	129,726	2,066,612	595,016
Loss from discontinued operations	0	0	0	0	0	0
Net profit (loss) for the current year	143,789	(269,103)	228,870	129,726	2,066,612	595,016
Other comprehensive income (net of tax)	(151,619)	(46,077)	7,080	(16,239)	33,054	(17,770)
Total comprehensive income for the current year	(7,830)	(315,180)	235,950	113,487	2,099,666	577,246
Net income attributable to owners of the parent company	143,789	(269,103)	228,870	129,726	2,066,612	595,016
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	(7,830)	(315,180)	235,950	113,487	2,099,666	577,246
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share	0.26	(0.50)	0.42	0.24	3.82	1.10

(III) Standalone Condensed Balance Sheet -International Financial Reporting Standards

Unit: NTD thousand

Item \ Year	Financial data for the last five years (in line with the International Financial Reporting Standards)				
	2016	2017	2018	2019	2020
Current assets	10,253,921	9,786,435	9,788,901	11,448,008	11,770,633
Investments using the equity method	1,134,718	511,248	354,239	739,258	2,627,936
Property, plant and equipment	2,482,319	2,569,693	2,538,938	2,379,241	2,476,950
Intangible assets	14,902	19,435	17,141	11,191	9,238
Other assets (Note 1)	998,114	1,066,262	1,178,247	1,215,795	1,058,214
Total assets	14,883,974	13,953,073	13,877,466	15,793,493	17,942,971
Current liabilities	Before distribution	4,931,310	4,758,184	5,086,849	5,833,376
	After distribution	-	-	-	-
Long-term liabilities	2,474,319	2,013,579	1,394,853	2,465,000	1,772,308
Other liabilities	389,143	380,906	343,281	329,147	301,010
Total liabilities	Before distribution	7,794,772	7,152,669	6,824,983	8,627,523
	After distribution	-	-	-	-
Equity attributable to owners of the parent company	7,089,202	6,800,404	7,052,483	7,165,970	9,265,636
Capital stock	5,522,469	5,522,469	5,464,879	5,464,879	5,464,879
Capital reserve	1,465,882	1,468,074	1,471,233	1,471,233	1,471,233
Retained earnings	Before distribution	53,296	(237,729)	(16,715)	98,468
	After distribution	-	-	-	(Note 2)
Other equity items	240,782	216,627	231,563	229,867	272,509
Treasury stocks	(193,227)	(169,037)	(98,477)	(98,477)	(98,477)
Non-controlling interests	-	-	-	-	-
Total equity	Before distribution	7,089,202	6,800,404	7,052,483	7,165,970
	After distribution	-	-	-	(Note 2)

Note 1: Other assets, including investment property for 2016, 2017, 2018, 2019 and 2020, were NT\$541,600 thousand, NT\$546,400 thousand, NT\$572,800 thousand, NT\$574,400 thousand and NT\$577,000 thousand respectively.

Note 2: The 2020 earnings allocation proposal has been proposed by the board of directors but has not yet been approved by the shareholders' meeting.

(IV) Standalone Condensed Statement of Comprehensive Income-International Financial Reporting Standards

Unit: NTD thousand

Item \ Year	Financial data for the last five years (in line with the International Financial Reporting Standards)				
	2016	2017	2018	2019	2020
Operating income	15,391,290	15,312,742	16,904,716	16,317,433	21,865,903
Gross profit	1,560,215	1,521,011	2,131,036	1,249,062	1,953,385
Operating income (loss)	531,273	440,067	917,886	285,561	734,762
Non-operating income and expenditure	(357,750)	(704,131)	(606,860)	(83,407)	1,624,052
Net income before tax	173,523	(264,064)	311,026	202,154	2,358,814
Net profit from continuing operations for the current year	143,789	(269,103)	228,870	129,726	2,066,612
Loss from discontinued operations	-	-	-	-	-
Net profit (loss) for the current year	143,789	(269,103)	228,870	129,726	2,066,612
Other comprehensive income (net of tax)	(151,619)	(46,077)	7,080	(16,239)	33,054
Total comprehensive income for the current year	(7,830)	(315,180)	235,950	113,487	2,099,666
Net income attributable to owners of the parent company	-	-	-	-	-
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	-	-	-	-	-
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	0.26	(0.50)	0.42	0.24	3.82

(V) Name of CPAs and Opinions Thereof in the Last Five Years:

Year	CPA	Audit Opinion
2020	Chao-Ling Chen and Jui-Na Chang	Unqualified opinion
2019	Chao-Ling Chen and Jui-Na Chang	Unqualified opinion
2018	Sheng-Hsiung Yao and Jui-Na Chang	Unqualified opinion
2017	Sheng-Hsiung Yao and Chiang-Pao Liu	Unqualified opinion
2016	Sheng-Hsiung Yao and Chiang-Pao Liu	Unqualified opinion

II. Analysis of financial data for the last five years

(1) Analysis of consolidated financial data -International Financial Reporting Standards

Analysis Item		Financial data for the last five years (Note 1) (International Financial Reporting Standards adopted from 2013)					Quarter 1 of 2021 reviewed by CPAs
		2016	2017	2018	2019	2020	
Financial structure	Debt ratio (%)	67.38	68.01	66.73	65.73	57.20	56.06
	Ratio of long-term funds to fixed property (%)	158.22	154.39	150.99	172.13	215.94	212.57
Solvency	Current ratio (%)	130.38	125.10	118.54	126.71	160.02	173.07
	Quick ratio (%)	101.23	90.38	83.37	97.51	122.03	126.35
	Interest coverage ratio	1.74	-0.09	2.11	2.02	17.02	32.80
Operating performance	Receivables turnover (times)	3.08	3.08	3.41	2.93	3.44	3.33
	Average collection days	119	118	107	125	106	109
	Inventory turnover (times)	6.71	6.18	5.46	5.37	6.22	5.22
	Payables turnover (times)	4.53	4.30	4.29	3.93	4.40	4.21
	Average turnover days	54	59	67	68	59	70
	Property, plant and equipment turnover (times)	2.57	2.86	3.23	3.23	4.19	4.17
	Total assets turnover (times)	0.87	0.89	0.96	0.90	1.10	1.05
Profitability	Return on assets (%)	1.63	-0.33	2.16	1.65	10.34	11.17
	Return on equity (%)	2.01	-3.87	3.30	1.82	25.15	24.91
	Ratio of pre-tax income to paid-in capital (%)	3.46	-4.76	5.86	4.94	49.37	56.97
	Profit margin (%)	0.75	-1.40	1.11	0.68	8.83	10.28
	Earnings per share (NTD)	0.26	-0.5	0.42	0.24	3.82	1.10
Cash flow	Cash flow ratio (%)	16.15	11.25	7.26	16.12	32.47	6.17
	Cash flow adequacy ratio (%)	159.31	138.36	141.36	161.20	168.82	171.98
	Cash flow reinvestment ratio (%)	6.20	4.46	3.21	6.82	10.75	1.93
Leverage	Operating leverage	8.10	-27.17	4.54	11.47	3.56	3.21
	Financial leverage	1.58	0.25	1.59	1.65	1.06	1.03
Reasons for changes in various financial ratios in the last two years. (If the increase/decrease does not reach 20%, the analysis is not required)							
Interest coverage ratio: as the net income before income tax and interest expenses this year increased significantly, the interest coverage ratio increased compared with that last year.							
Property, plant and equipment turnover and total assets turnover: as the sales revenue increased this year, both turnovers also increased.							
Five ratios under profitability: as the net profit increased significantly compared to that last year, the five ratios under profitability all increased.							
Cash flow ratio: as the profit grew significantly this year compared with that last year, leading to an increase in cash flow from operating activities, the cash flow ratio grew compared that last year.							
Leverage: as the sales revenue increased this year, the per unit fixed cost to be amortized decreased relatively, so the leverage decreased compared to that of last year.							

(2) Analysis of standalone financial data -International Financial Reporting Standards

Analysis Item (Note 2)		Financial data for the last five years (Note 1)				
		2016	2017	2018	2019	2020
Financial structure %	Debt ratio	52.37	51.26	49.18	54.63	48.36
	Ratio of long-term funds to fixed property (%)	385.27	343.00	332.71	404.79	445.63
Solvency %	Current ratio	207.94	205.68	192.44	196.25	178.23
	Quick ratio	175.38	165.87	152.15	164.43	145.10
	Interest coverage ratio	3.01	-29.85	6.05	4.31	44.5
Operating performance	Receivables turnover (times)	3.22	3.21	3.58	2.92	3.52
	Average collection days	113	113.75	102.04	124.94	103.60
	Inventory turnover (times)	8.92	8.54	7.96	8.15	10.65
	Payables turnover (times)	4.59	4.52	4.89	3.91	16.38
	Average turnover days	41	43	46	45	34
	Property, plant and equipment turnover (times)	6.00	6.06	6.62	6.64	9.01
	Total assets turnover (times)	1.02	1.06	1.21	1.10	1.30
Profitability	Return on assets (%)	1.43	-1.51	1.99	1.21	12.51
	Return on equity (%)	2.01	-3.87	3.30	1.82	25.15
	Ratio of pre-tax income to paid-in capital (%)	3.14	-4.78	5.69	3.70	43.16
	Profit margin (%)	0.93	-1.76	1.35	0.80	9.45
	Earnings per share (NTD)	0.26	-0.50	0.42	0.24	3.82
Cash flow	Cash flow ratio (%)	26.74	18.38	14.58	10.43	26.17
	Cash flow adequacy ratio (%)	161.92	159.09	142.76	146.56	155.76
	Cash flow reinvestment ratio (%)	9.24	5.38	4.82	3.62	8.61
Leverage	Operating leverage	4.38	3.4	2.26	6.34	2.51
	Financial leverage	1.18	1.17	1.07	1.27	1.08

Note 1: The Company did not conduct asset revaluation, hence not applicable.

Note 2: At the end of this table in the annual report, the calculation formulas below shall be listed:

1. Financial structure
- (1) Debt ratio = Total liabilities/Total assets.

(2) Ratio of long-term funds to property, plant and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment.
2. Solvency
- (1) Current ratio = Current assets/Current liabilities.

(2) Quick ratio = (Current assets - Inventories-Prepayments)/Current liabilities.

(3) Interest coverage ratio = Net income before income tax and interest expense/ Interest expense in the current period.
3. Operating performance
- (1) Receivables (including accounts receivable and notes receivable arising from operations) turnover = Net sales/ Balance of average receivables for each period (including accounts receivable and notes receivable arising from operations).

(2) Average collection days = 365/Receivables turnover.

(3) Inventory turnover = Cost of sales/Average inventory.

(4) Payables (including accounts payable and notes payable arising from operations) turnover = Cost of sales/Balance of average payables for each period (including accounts payable and notes payable arising from operations).

(5) Average turnover days = 365/Inventory turnover rate.

(6) Property, plant and equipment turnover = Net sales/Average net property, plant and equipment.

(7) Total assets turnover = Net sales/Average total assets.
4. Profitability
- (1) Return on assets = [Profit or loss after tax + interest expense x (1-tax rate)] / Average total assets.

(2) Return on equity = Profit or loss after tax/Average total equity.

(3) Profit margin = Profit or loss after tax/Net sales.

(4) Earnings per share = (Profit or loss attributable to owners of the parent company - dividends from preferred stock)/Weighted average number of outstanding shares. (Note 4)

5. Cash flow
 - (1) Cash flow ratio = Net cash flow from operating activities/Current liabilities.
 - (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the last five years/(Capital expenditure + Increase in inventories + Cash dividends) in the last five years.
 - (3) Cash flow reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 5)
6. Leverage:
 - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income (Note 6).
 - (2) Financial leverage = Operating income/ (Operating income - Interest expense).

Note 4: For the formula for calculating the earnings per share above, special attention shall be paid to the matters below:

1. The weighted average number of ordinary shares shall prevail rather than the number of outstanding shares at the end of the year.
2. In the case of capital increase in cash or treasury stock transactions, the weighted average number of shares shall be calculated based on the outstanding period.
3. In the case of capitalization of earnings or capitalization of capital surplus, when the earnings per share for prior years or on a semi-annual basis are calculated, retrospective adjustments shall be made in proportion to the capital increase ratio, without considering the issue period for capital increase.
4. Where the preference shares are non-convertible cumulative preference shares, the dividends thereof for the current year (whether paid out or not) shall be deducted from the net income after tax, or added to net loss after tax. Where the preference shares are not cumulative, in the case of net income after tax, the dividends from the preference shares shall be deducted from the net income after tax; in the case of net loss, no adjustment is required.

Note 5: When cash flow analysis is performed, the items below shall be paid special attention to:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the cash outflow from capital investment every year.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. Where the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and preference shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before accumulated depreciation is deducted.

Note 6: The issuer shall classify various operating costs and operating expenses as fixed and variable according to their nature. In the case of estimates or subjective judgments, attention shall be paid to their reasonableness and consistency.

Note 7: Where the Company's stock has no par value or the par value per share is not NT\$10. The calculation of the paid-in capital above shall be conducted based on the equity attributable to the owner of the parent company on the balance sheet.

III. Audit Committee's Audit Report

Gold Circuit Electronics Ltd.

Audit Committee's Audit Report

The board meeting has prepared and submitted the Company's business report, financial statements and earnings distribution for 2020. The financial statements were audited by certified public accountants Chao-Ling Chen and Jui-Na Chang of Deloitte and an audit report was issued accordingly.

The abovementioned business report, financial statements and earnings distribution have been audited by the Audit Committee, and there is no discrepancy found. Therefore, the Report is submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review and approve.

To
2021 General Shareholders' Meeting of the Company

Gold Circuit Electronics Ltd.

Jen-Jou Hsieh,
Convener of Audit Committee

March 22, 2021

IV. Audited Consolidated Financial Statements for the Most Recent Fiscal Year

Auditors' Report

To 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, 2020 and 2019 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, 2020 and 2019.

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 , 2020 and 2019 and the consolidated results of financial performance and consolidated cash flow for the periods starting from January 1 till December 31, 2020 and 2019.

The basis for opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of 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 matter

The “key audit matter” means that the independent auditors have used their professional judgment as the basis to audit the most important matters on the 2020 consolidated financial statements of 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 of the 2020 consolidated financial statements of Gold Circuit Electronics Group are described as follows :

Recognition of Income

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

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

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

Other information

Gold Circuit Electronics Ltd. has duly worked out the 2020 and 2019 parent company only financial statements for which we, the Undersigned Certified Public Accountant, have duly worked out the standard type, an Audit Report with unqualified (unreserved) opinion for 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 generally accepted 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 these consolidated financial statements.

As part of an audit in accordance with the accounting principles generally accepted 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 adequacy of accounting policies adopted by the management and the legitimacy of accounting estimates and related disclosures made.
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 have used the communications with the governing unit as the basis to determine the key audit matters to be performed on the 2020 consolidated financial statements of Gold Circuit Electronics Group. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Deloitte & Touche

CPA Chao-Ling Chen

CPA Jui-Nan Chang

Financial Supervisory Commission's
written approval No.:

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

Securities and Futures Commission's written
approval No:

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

March 25, 2021

Gold Circuit Electronics Ltd. and its subsidiaries
Consolidated Balance Sheet
December 31, 2019 and 2020

Unit: NTD thousand

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes IV and VI)	\$ 4,384,959	20	\$ 3,783,129	18
1110	Financial assets at fair value through gains or losses - current (Notes IV and VII)	7,423	-	36,892	-
1150	Notes receivable (Notes IV and IX)	63,145	1	30,689	-
1170	Accounts receivable (Notes IV, V and IX)	6,710,245	31	6,807,105	33
1197	Financing lease receivable (Note X)	-	-	3,585	-
1200	Other accounts receivable (Notes IV and IX)	179,264	1	60,550	-
1220	Income tax assets for the current period (Note XXV)	15,670	-	15,670	-
130X	Inventories (Notes IV and XI)	3,078,980	14	2,743,914	13
1410	Prepayments	270,877	1	273,026	2
1470	Other current assets (Note XVII)	15,844	-	20,104	-
11XX	Total current assets	<u>14,726,407</u>	<u>68</u>	<u>13,774,664</u>	<u>66</u>
	Non-current assets				
1535	Financial assets measured at amortized cost - non-current (Note IV and VIII)	23,400	-	23,400	-
1600	Property, plant and equipment (Notes VI, XIII and XXXI)	5,586,368	26	5,595,078	27
1755	Right-of-use assets (Notes IV, XIV and XXXI)	213,119	1	245,220	1
1760	Investment property (Notes IV and XV)	577,000	3	574,400	3
1780	Other intangible assets (Notes IV and XVI)	18,500	-	20,431	-
1840	Deferred income tax assets (Notes IV and XXV)	488,732	2	647,107	3
1900	Other non-current assets (Note XVII)	15,970	-	28,084	-
15XX	Total non-current assets	<u>6,923,089</u>	<u>32</u>	<u>7,133,720</u>	<u>34</u>
1XXX	Total assets	<u>\$ 21,649,496</u>	<u>100</u>	<u>\$ 20,908,384</u>	<u>100</u>
	Liabilities and shareholders' equity				
	Current liabilities				
2100	Short-term loan (Notes IV and XVIII)	\$ 2,204,686	10	\$ 3,644,803	17
2110	Short-term notes and bills payable (Note XVIII)	-	-	100,000	1
2120	Financial liabilities at fair value through gains or losses - current (Notes IV and VII)	13,804	-	-	-
2150	Notes payable (Note XIX)	-	-	1,565	-
2170	Accounts payable (Note XIX)	3,841,374	18	4,384,438	21
2200	Other payables (Note XX)	2,030,862	9	1,411,909	7
2230	Income tax liability for the current period (Note XXV)	172,865	1	61,808	-
2250	Provision for liabilities-current (Notes IV and XXI)	156,064	1	157,181	1
2280	Lease liabilities - current (Notes IV and XIV)	20,477	-	35,875	-
2320	Long-term loans due within a year (Notes IV and XVIII)	687,692	3	1,016,757	5
2399	Other current liabilities (Note XX)	75,300	-	56,905	-
21XX	Total current liabilities	<u>9,203,124</u>	<u>42</u>	<u>10,871,241</u>	<u>52</u>
	Non-current liabilities				
2540	Long-term loans (Notes IV and XVIII)	2,797,588	13	2,465,000	12
2570	Deferred income tax liabilities (Notes IV and XXV)	84,806	1	89,583	1
2580	Lease liabilities - non-current (Notes IV and XIV)	23,121	-	42,757	-
2640	Net defined benefit liabilities - non-current (Notes IV and XX)	199,687	1	211,352	1
2670	Other non-current liabilities (Note XX)	75,534	-	62,481	-
25XX	Total non-current liabilities	<u>3,180,736</u>	<u>15</u>	<u>2,871,173</u>	<u>14</u>
2XXX	Total liabilities	<u>12,383,860</u>	<u>57</u>	<u>13,742,414</u>	<u>66</u>
	Equity attributable to owners of the Company (Note XXIII)				
	Capital stock				
3110	Common shares	<u>5,464,879</u>	<u>25</u>	<u>5,464,879</u>	<u>26</u>
3200	Additional paid-in capital	<u>1,471,233</u>	<u>7</u>	<u>1,471,233</u>	<u>7</u>
	Retained earnings				
3320	Special reserve	475,522	2	475,522	2
3350	Unappropriated earnings (deficits pending makeup)	<u>1,679,970</u>	<u>8</u>	(<u>377,054</u>)	(<u>2</u>)
3300	Total retained earnings	<u>2,155,492</u>	<u>10</u>	<u>98,468</u>	<u>-</u>
3490	Other equity items	<u>272,509</u>	<u>1</u>	<u>229,867</u>	<u>1</u>
3500	Treasury stocks	(<u>98,477</u>)	-	(<u>98,477</u>)	-
31XX	Total equity attributable to owners of the Company	<u>9,265,636</u>	<u>43</u>	<u>7,165,970</u>	<u>34</u>
3XXX	Total equities	<u>9,265,636</u>	<u>43</u>	<u>7,165,970</u>	<u>34</u>
	Total liabilities and equities	<u>\$ 21,649,496</u>	<u>100</u>	<u>\$ 20,908,384</u>	<u>100</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-Ching Yang

Gold Circuit Electronics Ltd. and its subsidiaries

Consolidated Statements of Income

January 1 to December 31, 2020 and 2019

Unit: NTD thousand, yet
the earnings per share is NTD

Code		2020		2019	
		Amount	%	Amount	%
	Operating income				
4100	Sales income (Note IV)	\$ 23,398,323	100	\$ 18,990,719	100
	Operating cost (Notes XI, XXII and XXIV)				
5110	Sales cost	<u>18,107,743</u>	<u>78</u>	<u>16,500,104</u>	<u>87</u>
5900	Operating gross profit	<u>5,290,580</u>	<u>22</u>	<u>2,490,615</u>	<u>13</u>
	Operating expenditure (Notes XXII and XXIV)				
6100	Promotional expenditure	789,095	4	660,933	4
6200	Operating expenditure	785,493	3	624,374	3
6300	R&D expenditure	533,478	2	471,004	2
6450	Expected credit impairment				
	loss (profit)	<u>64,220</u>	<u>-</u>	<u>(11,281)</u>	<u>-</u>
6000	Total operating expenditures	<u>2,172,286</u>	<u>9</u>	<u>1,745,030</u>	<u>9</u>
6500	Net amount of other gains, expenditure, and losses (Note XXIV)	<u>(44,376)</u>	<u>-</u>	<u>(76,180)</u>	<u>-</u>
6900	Net operating profit	<u>3,073,918</u>	<u>13</u>	<u>669,405</u>	<u>4</u>
	Non-operating income and expenditure (Notes IV and XX)				
7100	Interest income	21,362	-	49,642	-
7010	Other income	96,063	1	89,570	-
7020	Other gain or loss	<u>(325,493)</u>	<u>(1)</u>	<u>(275,518)</u>	<u>(1)</u>
7050	Financial cost	<u>(167,968)</u>	<u>(1)</u>	<u>(262,899)</u>	<u>(1)</u>
7000	Total non-operating income and expenditures	<u>(376,036)</u>	<u>(1)</u>	<u>(399,205)</u>	<u>(2)</u>

(To be continued)

(Continued)

Code		2020		2019	
		Amount	%	Amount	%
7900	Net profit before tax from continuing operation	\$ 2,697,882	12	\$ 270,200	2
7950	Income tax expenditure (Notes IV and XXV)	<u>631,270</u>	<u>3</u>	<u>140,474</u>	<u>1</u>
8000	Continuing operation net profit for the year	<u>2,066,612</u>	<u>9</u>	<u>129,726</u>	<u>1</u>
8310	Other combined gains or losses Not reclassified to profit and loss:				
8311	Defined benefit plan re-measurement amount (Note XXII)	(11,985)	-	(18,179)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other combined gains or losses	(10,000)	-	-	-
8349	Incomes tax related to titles not subject to reclassification	2,397	-	3,636	-
8360	May be reclassified to profit and loss subsequently:				
8361	Exchange differences on translation of foreign financial statements	<u>52,642</u>	<u>-</u>	(<u>1,696</u>)	<u>-</u>
8300	Other combined gains or losses (after-tax net amount) of the year	<u>33,054</u>	<u>-</u>	(<u>16,239</u>)	<u>-</u>
8500	Total combined gains or losses of the year	<u>\$ 2,099,666</u>	<u>9</u>	<u>\$ 113,487</u>	<u>1</u>
8610	The net earnings belong to: Owners of the Company	<u>\$ 2,066,612</u>	<u>9</u>	<u>\$ 129,726</u>	<u>1</u>
8710	The total combined gains or losses belong to: Owners of the Company	<u>\$ 2,099,666</u>	<u>9</u>	<u>\$ 113,487</u>	<u>1</u>
	EPS (Note XXVI)				
	From continuing operations				
9710	Basic	<u>\$ 3.82</u>		<u>\$ 0.24</u>	
9810	dilution	<u>\$ 3.80</u>		<u>\$ 0.24</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-Ching Yang

Gold Circuit Electronics Ltd. and its subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

		Equity attributable to owners of the Company					Other equity items				
		Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains or losses from financial assets at fair value through other combined profits or losses	Property upward revaluation	Treasury stocks	Total equities
Code		Capital stock	Capital reserve	Legal reserve	Special reserve	Undistributed earnings					
A1	Balance at January 1, 2019	\$ 5,464,879	\$ 1,471,233	\$ 473,942	\$ 475,522	(\$ 966,179)	(\$ 63,648)	(\$ 570)	\$ 295,781	(\$ 98,477)	\$ 7,052,483
B13	Legal reserve can be appropriated to cover previous losses	-	-	(473,942)	-	473,942	-	-	-	-	-
D1	2019 Net profit	-	-	-	-	129,726	-	-	-	-	129,726
D3	2019 after-tax other combined profits or losses	-	-	-	-	(14,543)	(1,696)	-	-	-	(16,239)
D5	2019 Total amount of combined profits or losses	-	-	-	-	115,183	(1,696)	-	-	-	113,487
Z1	Balance at December 31, 2019	5,464,879	1,471,233	-	475,522	(377,054)	(65,344)	(570)	295,781	(98,477)	7,165,970
D1	2020 Net profit	-	-	-	-	2,066,612	-	-	-	-	2,066,612
D3	2020 after-tax other combined profits or losses	-	-	-	-	(9,588)	52,642	(10,000)	-	-	33,054
D5	2020 Total amount of combined profits or losses	-	-	-	-	2,057,024	52,642	(10,000)	-	-	2,099,666
Z1	Balance at December 31, 2020	\$ 5,464,879	\$ 1,471,233	\$ -	\$ 475,522	\$ 1,679,970	(\$ 12,702)	(\$ 10,570)	\$ 295,781	(\$ 98,477)	\$ 9,265,636

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

Chairman: Chen-Tse Yang

Manager: Chen-Tse Yang

Accounting Supervisor: Chang-Ching Yang

Gold Circuit Electronics Ltd. and its subsidiaries

Consolidated Statements of Cash Flow

January 1 to December 31, 2020 and 2019

Unit: NTD thousand

Code		2020	2019
	Cash flow from operating activities		
A10000	Net profit before tax for the year	\$ 2,697,882	\$ 270,200
A20010	Income charges (credits):		
A20300	Expected credit impairment loss (interest from recovery of impairment)	64,220	(11,281)
A20100	Depreciation expenditure	716,824	862,161
A20200	Amortization expenditure	13,623	21,201
A20900	Financial cost	167,968	262,899
A29900	Provision (reversal) for liabilities	(1,046)	29,983
A21200	Interest income	(21,362)	(49,642)
A23800	Gain on price recovery from inventory devaluation and obsolescence	(11,812)	(84,228)
A22500	Loss on disposal of property, plant and equipment	68,271	51,345
A23100	Net gain from the disposal of financial assets	(466)	-
A22600	Impairment loss on property, plant and equipment	-	100,043
A23700	Gain on disposal of intangible assets	-	(2)
A20400	Net loss (or gain) from financial assets at fair value through gains or losses	19,469	(21,572)
A20400	Net loss from financial liabilities at fair value through gains or losses	13,804	-
A24100	Net loss of exchange in foreign currencies	4,379	138,795
A24600	Gain from fair value adjustment of investment property	(2,600)	(1,600)
A29900	Pension fund paid	(23,650)	(21,804)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	(32,456)	33,757
A31150	Accounts receivable	31,244	(715,839)
A31180	Other accounts receivable	(118,700)	(3,790)
A31200	Inventories	(324,315)	751,336
A31230	Prepayments	2,149	92,655
A31240	Other current assets	4,260	(10,026)
A32130	Notes payable	(1,565)	894
A32150	Accounts payable	(543,064)	379,670
A32180	Other payables	589,990	(173,697)
A32230	Other current liabilities	<u>18,395</u>	<u>11,258</u>
A33000	Cash yielded in business operation	3,331,442	1,912,716
A33200	Interest collected	21,348	50,058
A33500	Income tax paid	(<u>364,148</u>)	(<u>210,798</u>)
AAAA	Net cash inflow from operating activities	<u>2,988,642</u>	<u>1,751,976</u>

(To be continued)

(Continued)

Code		2020	2019
	Cash flow from investing activities		
B00010	Financial assets measured at fair value through other combined gains or losses	(\$ 10,000)	\$ -
B00050	Disposal of financial assets measured at amortized cost	43	-
B00100	Acquisition of financial assets at fair value through gains or losses	(29,000)	-
B00200	Sale of financial assets at fair value through gains or losses	39,423	-
B02700	Procurement of property, plant and equipment	(688,435)	(775,488)
B04500	Procurement of intangible assets	(11,603)	(12,576)
B02800	Proceeds from disposal of property, plant and equipment	26,461	19,956
B04600	Proceeds from disposal of intangible assets	-	59
B06000	Reduction in financing lease receivable	3,585	22,339
B03800	Decrease in refundable deposit	2,665	12,370
B06700	Decrease in other non-current assets	<u>9,449</u>	<u>826</u>
BBBB	Net cash outflow from investing activities	(<u>657,412</u>)	(<u>732,514</u>)
	Cash flow from financing activities		
C00500	Increase in short-term notes and bills payable	200,000	300,000
C00600	Decrease in short-term notes and bills payable	(300,000)	(200,000)
C00100	Increase in short-term loan	7,812,162	11,384,436
C00200	Decrease in short-term loan	(9,184,070)	(11,775,713)
C01600	Application for long-term loan	5,185,280	2,670,000
C01700	Repayment of long-term loan	(5,138,557)	(2,632,268)
C04020	Repayment of lease liability principal	(30,117)	(36,810)
C03000	Collection of guarantee deposits received	13,053	2,267
C05600	Interest paid	(<u>182,216</u>)	(<u>268,900</u>)
CCCC	Net cash outflow from financing activities	(<u>1,624,465</u>)	(<u>556,988</u>)
DDDD	Impact of change in exchange rate upon cash & cash equivalents	(<u>104,935</u>)	(<u>187,564</u>)
EEEE	Net increase in cash and cash equivalents	601,830	274,910
E00100	Balance of cash and cash equivalents-beginning of year	<u>3,783,129</u>	<u>3,508,219</u>
E00200	Balance of cash and cash equivalents-end of year	<u>\$ 4,384,959</u>	<u>\$ 3,783,129</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-Ching Yang

Gold Circuit Electronics Ltd. and Its subsidiaries
Notes to consolidated financial statement
January 1 to December 31, 2020 and 2019
(Expressed in Thousand New Taiwan Dollars, unless specified otherwise)

I. Company History

Gold Circuit Electronics Ltd. (hereinafter referred to as the “Company”) 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

This Consolidated Financial Statement was passed after being officially resolved at the Board of Directors meeting convened on March 22, 2021.

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

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

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

1. “Definition of a business”, amendment to IFRS 3

The amendment hereunder shall apply to transactions of the Consolidated Company that occur after January 1, 2020. The operations specified in the current amendment shall at least include commitment and material processes and the significant contributions to the capabilities made possible together by both. Whether the acquired process is material will depend on whether it will render an output in the future and hence different judgmental criteria shall apply. An optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business is added, which an enterprise may choose to apply discretionarily.

2. Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”

When such amendments apply retroactively, the Consolidated Company shall hypothesize that the interest rate benchmark (e.g. LIBOR) where the cash flow from hedge or hedging instruments is based on remains unaffected by the interest rate benchmark reform, and then continue to apply the hedge accounting.

3. Amendments to IAS 1 and IAS 8 “Definition of Material”

The Consolidated Company started to apply the said revisions on January 1, 2020 by “can be reasonably expected to impact users” as the threshold for significance and the disclosure of consolidated financial statements is adjusted with non-material information that may fuzzify material information deleted.

(II) Applicable IFRSs approved by the Financial Supervisory Commission (hereinafter referred to as the “FSC”) in 2021.

<u>New promulgation/Amendment/Amended Rules and Interpretation</u>	<u>The effective date promulgated by IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	This revision shall take effect on the date of release.
Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Stage 2”	The amendments are applicable to the annual reporting period that begins January 1, 2021.
Amendments to IFRS 16: “Related Lease Concession due to COVID-19”	The amendments are applicable to the annual reporting period that begins June 1, 2020.

1. Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Stage 2”

“Interest Rate Benchmark Reform - Stage 2” involves mainly amendments to IFRS 9, IFRS 7, and IFRS 16. For the resultant impacts of an interest rate benchmark reform, the practically appropriate practice is provided.

Changes to the Basics for Deciding Contract Cash Flows Caused by Interest Rate Benchmark Reform

Changes to the basics for deciding contract cash flows of financial assets, financial liabilities, and lease liabilities, if required for the direct outcome of the interest rate benchmark reform and the new basics are equivalent to those prior to changes economically, they shall be considered as effective interest

rate changes while the changes to basics are being decided.Hedging Accounting

Temporary exceptions are added to the said amendment regarding the hedging relations impacted by the interest rate benchmark reform:

- (1) Hedging relations that are revised to reflect the required changes by the interest rate benchmark reform are considered as continuing existing hedging relations and do not constitute discontinuation of existing hedging relations or designation of new hedging relations.
- (2) When risk components not specified in the contract are designated to be items to be hedged, if the new benchmark interest rate is unable to be unilaterally recognized on the date of designation, as long as the enterprise reasonably expects that such a benchmark interest rate will become a risk component that may be unilaterally recognized within 24 months, it may be designated immediately as an item to be hedged.
- (3) After the cash flow hedging relations are revised, the amount already accumulated as part of the cash flow hedging instrument gains or losses shall be considered to be based on the revised new benchmark interest rate.
- (4) Items to be hedged in a set of items subject to impacts from the interest rate benchmark reform shall be divided into contracts that have been changed to be linked to another benchmark interest rate and those yet to be changed, two sub-groups, and the benchmark interest rate risk to be circumvented shall be assigned, separately, for each sub-group.

(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)
“Annual improvements during the 2018~2020 Periods” Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
IFRS 10 and IAS 28 amendment “Assets sales or contribution between the investor and the affiliated company or joint venture.”	January 1, 2022 (Note 3)
IFRS 17 “Insurance Contracts”	To be determined
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023

New promulgation/Amendment/Amended Rules and Interpretation	The effective date promulgated by IASB (Note 1)
“Annual improvements during the 2018~2020 Periods”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment — Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 3: The amendments are applicable to mergers of businesses whose date of acquisition begins during an annual reporting period after January 1, 2022.

Note 4: The amendments are applicable to properties, plants, and equipment in required locations and status meeting the operational approach expected by the management on January 1, 2021 and thereafter.

Note 5: The amendments are applicable to contracts where not all obligations are fulfilled on January 1, 2022 and thereafter.

Note 6: The amendments are applicable to delays during the annual reporting period that begins after January 1, 2023.

Note 7: The amendments are applicable to delays during the annual reporting period that begins after January 1, 2023.

1. IFRS 10 and IAS 28 amendment “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”

The Amendment clarifies that in order to determine whether a liability shall 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 also clarifies that if the Consolidated Company may retain the right to defer settlement of a liability only upon compliance with specific terms, it must comply with such specific terms at the end of the reporting period, even if the lender will not test its compliance until a later date.

The Amendment requires that for the purpose of classification of liabilities, said settlement refers to the discharge from liability through the transfer to the trading counterpart of cash, other economic resources, or the Consolidated

Company's equity instruments. Notwithstanding, where, according to the terms and conditions of liabilities, the liabilities might be paid off at the discretion of the trading counterpart through the transfer of the Consolidated Company's equity instruments and said discretion is stated into equity separately under IAS 32 “Financial Instruments: Presentation”, the classification of liabilities would remain unaffected by said terms and conditions.

3. Annual improvements during the 2018-2020 Periods

Several standards were amended during the 2018-2020 periods. The amendments to IFRS 9 “Financial Instruments”, in particular, are meant to evaluate if there are material changes to the swaps of financial liabilities or revisions to provisions and to compare if a difference of 10% exists in the discounted cash flow between new and old contracts (including the net amount of payments made or collected from signing or revising a contract). The payments made or collected as mentioned in the foregoing shall only include those between the borrower and the lender.

4. Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

5. Amendments to IAS 16 “Property, Plant and Equipment — Proceeds before Intended Use”

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

The amendments are applicable to properties, plants, and equipment in required locations and status meeting the operational approach expected by the management on January 1, 2021 and thereafter. When the Consolidated Company applies the amendments for the first time, information on the comparative periods shall be reorganized.

6. Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

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

The Consolidated Company will, when applying the amendments for the first time, recognize the accumulated impacts as retained earnings of the initial applicable date.

7. 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 shall 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 statements rely on such information in order to know the said material transactions, other matters, or conditions.

8. 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 such, it is required to fulfill this purpose by creating accounting estimates taking advantage of the measurement technique and the input value. If impacts of changes in the measurement technique and the input value on accounting estimates are not corrections of preceding errors, such changes are considered changes in accounting estimates.

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) Compliance Statement

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) Compilation Basis

Except for the financial instruments measured at fair value, investment properties, and the net defined benefit liabilities recognized at fair value after the project assets are deducted from the current value of defined benefit obligations, this Consolidated 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 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 Degree 1.
3. Degree 3 input value: the unobservable input value of asset or liability.

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

Current assets include:

1. Assets held primarily for trading purpose;
2. Assets expected to be realized within 12 months after the date shown on the balance sheet; and
3. Cash and cash equivalents, excluding those meant for exchange, to pay off liabilities, or under other restrictions in more than 12 months after the date shown on the balance sheet.

Non-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 whose payment deadline cannot be unconditionally extended to at least 12 months after the date shown on the balance sheet. Where the liabilities might be paid off at the discretion of the other party through the tools of the issuance equity, the classification would remain unaffected.

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

(IV) Grounds of Consolidation

The 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 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, expenditure, and losses on account have been written out in full. The total combined gains or losses 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 shall comply with if the Consolidated Company directly disposes of the relevant assets or liabilities.

Please refer to Note XII and Attachment 6 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 gains, expenditure, and losses were converted based on the average exchange rate for the current term. The difference of conversion so incurred was entered as other combined gains or losses.

If the Consolidated Company disposes of all equities of its foreign operating sites or disposes of some of the equities of the subsidiaries of its foreign operating sites and loses control or the retained equities following such disposal are financial assets handled according to the accounting policy for financial instruments, all 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 overseas operating institutions does not lead to loss of control, accumulated differences of conversion 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.

(VI) 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 uncertain useful years are recognized with the cost less accumulated impairment loss.

2. De-recognition

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 properties, plants, and equipment, right-of-use assets, intangible assets, and contract cost-related assets

The Consolidated 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 existent, 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.

For inventories, properties, plants, and equipment, and intangible assets recognized because of customer contracts, the impairment is recognized first according to the inventory impairment requirement and the requirement mentioned above and then the amount of expected collectable consideration of related products or services in excess of the book value of contract cost-related assets and with direct related costs subtracted is recognized as impairment loss. The book value of related assets of contract cost is subsequently included as part of the units that yielded cash for the impairment assessment of the units that yielded cash.

Where the loss of impairment was recovered afterward, the book value of the assets, the units that yielded cash, or the book value of contract cost-related assets was adjusted upward to the post-amendment recoverable amount. The increased book value, nevertheless, should not exceed such assets or the book value resolved by the assets, the units that yielded cash, or the book value of contract cost-related assets if the impairment loss was not recognized in the preceding fiscal year (less the amortization or depreciation). The recovery of the loss in impairment was recognized in profit and/or loss.

(XI) Financial Instrument

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

(1) Type of measure

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

A. The financial assets at fair value through gains or losses.

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

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 XXIX 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 as gains or losses.

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

- a. For purchased or originated credit-impaired financial assets, the interest income was calculated at the effective interest rate multiplying by the amortized cost of the financial assets upon credit adjustment.
- b. For non-acquired or starting credit-impaired financial assets that later become credit-impaired, the interest income shall be calculated with the effective interest rate multiplied by the post-amortized cost of the financial assets starting with the reporting period following 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 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 combined gains or losses.

Investment in equity instruments at fair value through other combined gains or losses are measured at fair value, and the subsequent movements of the fair value are measured in other combined gains or

losses, and accumulated in other equity. When disposing investments, the accumulated gains/losses are transferred to the retained earnings directly without reclassified as gains or losses.

The dividends from the investment in equity instruments at fair value through other combined gains or losses are recognized in gains/losses 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 Assets

At each date of balance sheet, 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.

For the purpose of internal credit risk management, without taking into account the collaterals held by it, the Consolidated Company determined that the following circumstances should constitute a breach of contract:

- A. Some internal or external information showed that the debtor was not likely to discharge the debt.

B. Overdue for more than 90 days, unless some reasonable and sufficient information showing that the basis for overdue performance was fair.

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 as gains or losses. When fully derecognizing the investment in equity instrument at fair value through other combined gains or losses, the accumulated gains/losses are directly transferred to retained earnings, not to be reclassified as gains or losses.

2. Equity Instrument

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 de-recognized and deducted under the equity title. Acquisition, sale, issuance or cancellation of the Consolidated Company' own equity instruments would not be recognized as gains or losses.

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 Gains or Losses

Financial liabilities at fair value through gains or losses refer to the financial liabilities held for trading.

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

Please refer to Note XXIX 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 as gains or losses.

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 gains or losses are listed under gains or losses directly. Notwithstanding, when the derivative financial instruments which were designated and considered as effective hedging instruments should be recognized as gains or losses should be decided subject to the nature of hedging relations. 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 gains or losses.

(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 Income

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 income

The sales income 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 income 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 income 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 leases. All other categories of leases were classified as operating leases.

Under the operating leases, the rent less the lease incentives was recognized as gains 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 as gains or losses. The lease liabilities were individually expressed in the consolidated balance sheet.

(XV) Borrowing Cost

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

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

In addition to the transaction stated in the preceding paragraph, costs of all other loans are recognized as gains or losses 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 as other income during the period where related costs they are meant to offset are recognized by the 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 expenditure for the non-current assets.

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

(XVII) Employee Welfare

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 gain and loss and projected ROA net of applicable interest) was recognized as other combined gains or losses 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. Income tax for the year

The Consolidated Company decides gains (losses) for the specific 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 Taxes

The current and deferred income tax was recognized into gain and/or loss. The current and deferred income tax relevant to the items, which were recognized in other combined gains or losses or directly counted into the items of equity, was recognized into other combined gains or losses 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 Uncertainties of Major Accounting Judgments, Estimates and Hypotheses

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 Consolidated Company took economic impacts of COVID-19 into consideration while rendering major accounting estimates. The management will continue to review the estimates and basic 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 was based on the Consolidated Company's hypotheses about the risk of default and expected 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 XXIX. 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, 2020</u>	<u>December 31, 2019</u>
Cash on hand and working capital	\$ 1,780	\$ 21,488
Bank's notes and current deposit	3,941,004	3,443,345
Cash equivalents (investment due within three (3) months in the date of initial maturity).		
Bank time deposit	<u>442,175</u>	<u>318,296</u>
	<u>\$ 4,384,959</u>	<u>\$ 3,783,129</u>

VII. Financial instruments at fair value through gains or losses

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets-current</u>		
At fair value through gains or losses compulsorily		
Derivatives (not under hedge accounting)		
— Forward foreign exchange contracts (1)	\$ 5,205	\$ 6,977
— FX swaps contracts (2)	-	17,760
Non-derivative financial assets		
— TWSE/TPEX-listed stocks	2,218	1,415
— Funds	<u>-</u>	<u>10,740</u>
	<u>\$ 7,423</u>	<u>\$ 36,892</u>
<u>Financial liabilities - Current</u>		
At fair value through gains or losses compulsorily		
Derivatives (not under hedge accounting)		
— Forward foreign exchange contracts (1)	\$ 9,220	\$ -
— FX swaps contracts (2)	<u>4,584</u>	<u>-</u>
	<u>\$ 13,804</u>	<u>\$ -</u>

- (I) The outstanding forward foreign exchange 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, 2020</u>			
Sold forward foreign exchange contracts	Sell USD/Buy NTD	January 4, 2021 ~ April 6, 2021	USD 44,000/NTD 1,243,900
Sold forward foreign exchange contracts	Sell USD/Buy CNY	January 27, 2021 ~ February 26, 2021	USD 37,000/CNY 242,979
<u>December 31, 2019</u>			
Sold forward foreign exchange contracts	Sell USD/Buy NTD	January 3, 2020~February 05, 2020	USD 18,000/NTD 546,202

- (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, 2020</u>			
Sold FX swaps	Sell USD/Buy NTD	January 29, 2021 ~ February 26, 2021	USD 62,000/NTD 1,761,176
<u>December 31, 2019</u>			
Sold FX swaps	Sell USD/Buy NTD	January 30, 2020~February 27, 2020	USD 62,000/NTD 1,875,249

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, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Domestic investment		
Time deposit whose original maturity date exceeds 3 months	\$ 23,400	\$ 23,400

As of December 31, 2020 and 2019, the range of interest rates for time deposits whose original maturity date exceeds 3 months was an annual rate of 0.63%~0.77%.

IX. Notes receivable, accounts receivable and other accounts receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total book value	\$ 63,145	\$ 30,689
Less: Allowance losses	-	-
Generated from operations	<u>\$ 63,145</u>	<u>\$ 30,689</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total book value	\$ 6,891,097	\$ 6,922,341
Less: Allowance losses	(180,852)	(115,236)
Generated from operations	<u>\$ 6,710,245</u>	<u>\$ 6,807,105</u>
<u>Other accounts receivable</u>		
Business tax refund receivable	\$ 26,076	\$ 29,449
Accounts receivable from sale of scraps	41,765	18,888
Others	<u>111,423</u>	<u>12,213</u>
	<u>\$ 179,264</u>	<u>\$ 60,550</u>

Notes receivable and accounts receivable

The Consolidated Company's average credit period for sale of commodities was 180 days. The notes receivable and accounts receivable were 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. The historical experiences showed that most of the notes and accounts receivable have been recovered successfully.

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 held that the Consolidated Company's credit risks had been 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.

Where any evidence showed that the trading counterparts had severe financial difficulties, and it was impossible for the Consolidated Company to reasonably expect the recoverable amount, e.g. the counterparts were under restructuring and liquidation, the Consolidated Company would write off the related notes and accounts receivable. However, the pursuit of recovery would be continued, and the amount recovered from such pursuit would be recognized as 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, 2020

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	0.18%~0.49%	57.51%	100%	100%	100%	
Total book value	\$ 6,676,191	\$ 112,289	\$ 6,118	\$ 1,651	\$ 94,848	\$ 6,891,097
Allowance losses (lifetime expected credit loss)	(<u>13,663</u>)	(<u>64,572</u>)	(<u>6,118</u>)	(<u>1,651</u>)	(<u>94,848</u>)	(<u>180,852</u>)
Amortized cost	<u>\$ 6,662,528</u>	<u>\$ 47,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,710,245</u>

December 31, 2019

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%~0.49%	4.9%~43.56%	79.33%~100%	100%	100%	-
Total book value	\$ 6,749,236	\$ 75,621	\$ 2,937	\$ 805	\$ 93,742	\$ 6,922,341
Allowance losses (lifetime expected credit loss)	(<u>5,572</u>)	(<u>12,279</u>)	(<u>2,838</u>)	(<u>805</u>)	(<u>93,742</u>)	(<u>115,236</u>)
Amortized cost	<u>\$ 6,743,664</u>	<u>\$ 63,342</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,807,105</u>

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

Notes receivable

	<u>2019</u>
Balance - beginning of year	\$ 10,875
Less: Reversal of impairment loss in the current period	(11,106)
Foreign currency exchange difference	<u>231</u>
Balance - end of year	<u>\$ -</u>

Accounts receivable

	<u>2020</u>	<u>2019</u>
Balance - beginning of year	\$115,236	\$119,161
Add: Impairment loss provided in the current year (1)	64,220	-
Less: Reversal of impairment loss in the current period	-	(175)
Foreign currency exchange difference	<u>1,396</u>	(<u>3,750</u>)
Balance - end of year	<u>\$180,852</u>	<u>\$115,236</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, 2020 by NT\$1,952 thousand and it resulted in the decrease in allowance losses by NT\$1,952 thousand as well. The net amount of the total book value of the accounts receivable decreased on December 31, 2019 by NT\$15,891 thousand and it resulted in the decrease in allowance losses by NT\$12,449 thousand.

For the amount of accounts receivable factoring by the Consolidated Company and relevant terms and conditions thereof, please refer to Note XXIX.

X. Financing rent receivable

	<u>December 31, 2019</u>
Undiscounted lease payment 1st Year	\$ 3,592
Less: Unearned financing income	(<u>7</u>)
Lease payment receivable	3,585
Present value of unsecured residual value	<u>-</u>
Net lease investment (expressed as financing rent receivable)	<u>\$ 3,585</u>

On the balance sheet date, the Consolidated Company measured the allowance losses on financing rent receivable. The financing rent receivable with the credit risk that has not been significantly increased since the original recognition was measured based on 12-month expected credit loss, while that with the credit risk that has been significantly increased since the original recognition was measured based on the lifetime expected credit loss. The financing rent receivable was secured by rented equipment. By the balance sheet date, there was no financing rent receivable overdue and uncollectible. Meanwhile, in consideration of the trading counterparts' past default record, future development of the industries related to the lease object and value of collaterals, the Consolidated Company believed that said financing lease receivable should suffer no impairment.

XI. Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Finished goods	\$ 1,523,270	\$ 1,370,471
Work in process	1,076,557	1,040,926
Raw materials & supplies	386,402	307,799
Inventories in transit	<u>92,751</u>	<u>24,718</u>
	<u>\$ 3,078,980</u>	<u>\$ 2,743,914</u>

Sales cost is defined as follows:

	<u>2020</u>	<u>2019</u>
Cost of inventory already sold	\$ 18,530,556	\$ 16,746,410
Gain from price recovery of inventory devaluation	(11,812)	(84,228)
Income from the sale of scraps and waste materials	(638,453)	(499,276)
Others	<u>227,452</u>	<u>337,198</u>
	<u>\$ 18,107,743</u>	<u>\$ 16,500,104</u>

XII. Subsidiary

The subsidiaries included into the consolidated financial reports

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

Name of Investor	Name of subsidiary	Business nature	Percentage of the equity held		Description
			December 31, 2020	December 31, 2019	
Gold Circuit Electronics Ltd.	King Hsiang Investment Co. (hereinafter referred to as Gold Circuit Investment Company)	General investment business	99.997	99.997	
Gold Circuit Electronics Ltd.	Goldex Holding Limited	General investment and international trade business	100.00	100.00	
Goldex Holding Limited	Silver Industrial Limited	General investment and international trade business	-	100.00	(1)
Goldex Holding Limited	Gold Circuit International Limited (hereinafter referred to as Gold Circuit International Company)	General investment and international trade business	100.00	100.00	
Goldex Holding Limited	Gold Circuit Enterprise Limited (hereinafter referred to as Gold Circuit Enterprise)	General investment and international trade business	100.00	100.00	
Gold Circuit International	Suzhou Gold Circuit Electronics Ltd. (hereinafter referred to as Suzhou Gold Circuit Electronics)	Design, produce and sell multi-layer printed circuit boards	100.00	100.00	
Gold Circuit Enterprise	Changshu Gold Circuit Electronics Ltd. (hereinafter referred to as Changshu Gold Circuit Electronics)	Design, produce and sell multi-layer printed circuit boards	100.00	100.00	
Gold Circuit Enterprise	Changshu Gold Circuit Technology Co., Ltd. (hereinafter referred to as Changshu Gold Circuit Technology)	Design, produce and sell multi-layer printed circuit boards	100.00	100.00	

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

XIII. Property, Plant, and Equipment

Self-use

	Own land	Building	Machinery & equipment	Transportation equipment	Office equipment	Lease assets	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost									
Balance as of January 1, 2020	\$ 701,186	\$ 4,324,896	\$13,468,545	\$ 53,105	\$ 130,755	\$ -	\$ 2,475,941	\$ 119,171	\$21,273,599
Addition	-	-	-	-	-	-	-	742,483	742,483
Disposal	-	-	(1,198,385)	(7,424)	(7,058)	-	(34,357)	-	(1,247,224)
Reclassification	-	6,907	617,605	12,900	13,183	-	119,891	(781,324)	(10,838)
Net difference in foreign exchange	-	31,868	139,813	439	1,175	-	24,739	1,697	199,731
Balance as of December 31, 2020	\$ 701,186	\$ 4,363,671	\$13,027,578	\$ 59,020	\$ 138,055	\$ -	\$ 2,586,214	\$ 82,027	\$20,957,751
Cumulative depreciation and impairment									
Balance as of January 1, 2020	\$ -	\$ 3,015,973	\$10,512,292	\$ 41,142	\$ 99,494	\$ -	\$ 2,009,620	\$ -	\$15,678,521
Disposal	-	-	(1,106,708)	(7,005)	(6,600)	-	(30,699)	-	(1,151,012)
Depreciation expenditure	-	125,775	415,287	3,677	7,964	-	134,153	-	686,856
Net difference in foreign exchange	-	21,147	113,607	384	980	-	20,900	-	157,018
Balance as of December 31, 2020	\$ -	\$ 3,162,895	\$ 9,934,478	\$ 38,198	\$ 101,838	\$ -	\$ 2,133,974	\$ -	\$15,371,383
Net amount as of December 31, 2020	\$ 701,186	\$ 1,200,776	\$ 3,093,100	\$ 20,822	\$ 36,217	\$ -	\$ 452,240	\$ 82,027	\$ 5,586,368
Cost									
Balance at January 1, 2019	\$ 701,186	\$ 4,401,923	\$14,144,926	\$ 57,472	\$ 130,810	\$ 335,842	\$ 2,406,833	\$ 92,294	\$22,271,286
Effects from retroactive application of IFRS 16	-	-	-	-	-	(335,842)	-	-	(335,842)
Balance at January 1, 2019 (after restatement)	701,186	4,401,923	14,144,926	57,472	130,810	-	2,406,833	92,294	21,935,444
Addition	-	-	-	-	-	-	-	676,328	676,328
Disposal	-	-	(768,378)	(5,055)	(7,187)	-	(14,292)	-	(794,912)
Reclassification	-	7,061	467,230	1,965	10,228	-	146,195	(647,140)	(14,461)
Net difference in foreign exchange	-	(84,088)	(375,233)	(1,277)	(3,096)	-	(62,795)	(2,311)	(528,800)
Balance at December 31, 2019	\$ 701,186	\$ 4,324,896	\$13,468,545	\$ 53,105	\$ 130,755	\$ -	\$ 2,475,941	\$ 119,171	\$21,273,599
Cumulative depreciation and impairment									
Balance at January 1, 2019	\$ -	\$ 2,935,353	\$10,890,357	\$ 43,011	\$ 101,589	\$ 204,510	\$ 1,915,958	\$ -	\$16,090,778
Effects from retroactive application of IFRS 16	-	-	-	-	-	(204,510)	-	-	(204,510)
Balance at January 1, 2019 (after restatement)	-	2,935,353	10,890,357	43,011	101,589	-	1,915,958	-	15,886,268
Disposal	-	-	(701,248)	(4,723)	(6,693)	-	(12,952)	-	(725,616)
Recognition of impairment loss	-	-	100,043	-	-	-	-	-	100,043
Depreciation expenditure	-	131,793	526,474	3,952	7,160	-	158,678	-	828,057
Net difference in foreign exchange	-	(51,173)	(303,334)	(1,098)	(2,562)	-	(52,064)	-	(410,231)
Balance at December 31, 2019	\$ -	\$ 3,015,973	\$10,512,292	\$ 41,142	\$ 99,494	\$ -	\$ 2,009,620	\$ -	\$15,678,521
Net at December 31, 2019	\$ 701,186	\$ 1,308,923	\$ 2,956,253	\$ 11,963	\$ 31,261	\$ -	\$ 466,321	\$ 119,171	\$ 5,595,078

There was no sign for impairment in 2020. Therefore, the Consolidated Company didn't assess the impairment.

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 XXXI for the property, plant and equipment for own use offered as collateral of loans.

XIV. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Book value of right-of-use assets		
Land	\$144,473	\$146,516
Machinery & equipment	<u>68,646</u>	<u>98,704</u>
	<u>\$213,119</u>	<u>\$245,220</u>
	<u>2020</u>	<u>2019</u>
Depreciation expenditure of right-of-use assets		
Land	\$ 4,259	\$ 4,457
Machinery & equipment	<u>25,709</u>	<u>29,647</u>
	<u>\$ 29,968</u>	<u>\$ 34,104</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, 2020 and 2019.

Please refer to Note XXXI for the amount of right-of-use assets offered as collateral of loans.

(II) Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Book value of lease liabilities		
Current	<u>\$ 20,477</u>	<u>\$ 35,875</u>
Noncurrent	<u>\$ 23,121</u>	<u>\$ 42,757</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Machinery & equipment	1.38%~3.5%	1.38%~3.5%

(III) Major Lessee Activities and Terms and Conditions

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

(IV) Other lease agreements

	<u>2020</u>	<u>2019</u>
Short-term lease expenditure	\$ 5,733	\$ 3,629
Low-value asset lease expenditure	\$ 9,772	\$ 11,811
Total amount of cash (outflow) from lease	(\$ 45,622)	(\$ 52,250)

XV. Investment property

	<u>Finished investment property</u>
Balance at January 1, 2019	\$572,800
Gain from changes in fair value	<u>1,600</u>
Balance at December 31, 2019	574,400
Gain from changes in fair value	<u>2,600</u>
Balance as of December 31, 2020	<u>\$577,000</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, 2020</u>	<u>December 31, 2019</u>
External appraisal service	<u>\$577,000</u>	<u>\$574,400</u>

The fair values of any investment property amounting to more than NT\$300 million on December 31, 2020 and 2019 were appraised by Appraiser Chiu Hsiang-Ling and Appraiser Hsieh Tien-Ching 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>Decem ber 31, 2020</u>	<u>December 31, 2019</u>
Projected future cash inflow	\$845,200	\$837,400
Projected future net cash outflow	<u>268,200</u>	<u>263,000</u>
Projected future net cash inflow	<u>\$577,000</u>	<u>\$574,400</u>
Discount rate	1.72%	1.845%

The rent prevailing in the area where the investment property was located was about NT\$0.493 thousand per *ping*, while that for any comparable object on the market was about NT\$0.483 thousand~NT\$0.601 thousand per *ping*.

The projected future cash inflow from investment property included rent income and deposit interest income less loss from idle assets. The rent income was 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 was estimated to be five years. The deposit interest income was estimated based on one-year time deposit interest rate. The loss from idle assets was 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 fees, maintenance fees, replacement appropriation fee, depreciation allowance, disposal fees, 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 was decided based on the two-year time deposit interest rate published by Chunghwa Post Co., Ltd. plus 0.875%.

XVI. Other intangible assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Computer software	<u>\$ 18,500</u>	<u>\$ 20,431</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, 2020 and 2019. Amortization expenditure was appropriated on a straight-line basis within 1~5 useful years.

Summarization of amortization expenditure by functions:

	<u>2020</u>	<u>2019</u>
Operating cost	\$ 11,412	\$ 17,451
Operating expenditure	368	454
R&D expenditure	<u>1,843</u>	<u>3,296</u>
	<u>\$ 13,623</u>	<u>\$ 21,201</u>

XVII. Other assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Others	<u>\$ 15,844</u>	<u>\$ 20,104</u>
<u>Noncurrent</u>		
Refundable deposit	\$ 12,022	\$ 14,687
Prepaid equipment amount	-	7,959
Others	<u>3,948</u>	<u>5,438</u>
	<u>\$ 15,970</u>	<u>\$ 28,084</u>

XVIII. Borrowings

(I) Short-term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loans</u> (Note XXXI)		
Bank loans	\$ 628,616	\$ 885,627
<u>Unsecured loans</u>		
Line of credit loans	<u>1,576,070</u>	<u>2,759,176</u>
	<u>\$ 2,204,686</u>	<u>\$ 3,644,803</u>

Revolving bank loan interest rate was 1.12%~4.35% and 1.01%~5.656% on December 31, 2020 and 2019, respectively.

(II) Payable short-term notes and bills

	<u>December 31, 2019</u>
Promissory notes payable	\$100,000
Less: Payable discount of short-term notes and bills payable (stated as prepayments)	(<u>352</u>)
	<u>\$ 99,648</u>

The short-term notes and bills payable but not yet due were enumerated below:

December 31, 2019

<u>Guarantee / underwriting institutions</u>	<u>Face amount</u>	<u>Discounted amount</u>	<u>Book value</u>	<u>Interest rate interval</u>	<u>Collateral</u>	<u>Collateral book amount</u>
<u>Promissory notes payable</u>						
KGI Bank	<u>\$100,000</u>	<u>(\$ 352)</u>	<u>\$ 99,648</u>	1.46%	N/A	<u>\$ -</u>

(III) Long-term loan

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loans (Note XXXI)</u>		
Mega International		
Commercial Bank (1)	\$ 700,000	\$ 700,000
KGI Bank (2)	<u>250,000</u>	<u>250,000</u>
Subtotal	<u>950,000</u>	<u>950,000</u>
<u>Unsecured loans</u>		
Syndicated banks including		
Taipei Fubon Bank (3)	-	863,424
Syndicated banks including		
Taipei Fubon Bank (4)	1,025,280	-
Syndicated banks including E.		
Sun Bank (5)	1,450,000	1,450,000
O-Bank (6)	-	133,333
Jih Sun International Bank (7)	-	25,000
Agricultural Bank of Taiwan		
(8)	<u>60,000</u>	<u>60,000</u>
Subtotal	<u>2,535,280</u>	<u>2,531,757</u>
Less: current portion	<u>687,692</u>	<u>1,016,757</u>
Long-term loan	<u>\$ 2,797,588</u>	<u>\$ 2,465,000</u>

1. Land and buildings were offered as collateral of the secured loans. The total loans, NT\$700,000 thousand, have been drawn down in full. The loans are effective from September 6, 2019 to September 6, 2024. The interest thereon was payable on a monthly basis. The first installment was counted upon expiration of 24 months after the date of the first drawdown, and each installment consisted of three months. The loans were repayable averagely in 13 installments. Until December 31, 2020, and 2019, the effective annual interest rates were 1.4% and 1.9%, respectively.
2. Land and buildings were offered as collateral of the secured loans. The total loans, NT\$350,000 thousand, have been drawn down in full. The loans were effective from April 30, 2017 to April 30, 2020. The expiration date of loans was extended in 2019 to April 30, 2022. The credit lines have been decreased by NT\$50,000 thousand respectively upon expiration of 12 months and 18 months from the date of the first drawdown. Since April 30, 2017, they have been revolved within three years from April 30, 2017, with the interest thereon payable on a monthly basis, and repayable in a lump sum when matured. Until December 31, 2020, and 2019, the effective annual interest rates were 1.387% and 1.546%, 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 expenditure, financial cost (interest expenditure), depreciation expenditure and amortization expenditure in the long-term loan, current portion should stay more than 120% (inclusive).

3. The syndicated loans were secured by the guarantee/endorsement made by the Company. The total loans, NT\$36,000 thousand, have been drawn down in full. The loans were effective from July 24, 2017 to July 24, 2020. 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 on a monthly basis. It was paid off in July 2020. As of December 31, 2019, the effective annual interest rate was 4.15%~ 4.929%. 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.
4. The syndicated loans were secured by the guarantee/endorsement made by the Company. The total loans, NT\$36,000 thousand, have been drawn down in full. The loans were effective from July 24, 2020 to 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 on a monthly basis. As of December 31, 2020, the effective annual interest rate was 1.8148%~ 2.1135%. The restrictions imposed on the financial ratios thereof were as same as those applied to the loans from syndicated banks including Taipei Fubon Bank (3).
5. The syndicated loans, totaling NT\$1,450,000 thousand, have been drawn down in full. The loans are effective from January 7, 2019 to January 7, 2022. 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 on a monthly basis. Until December 31, 2020, and 2019, the effective annual interest rates were 1.8947% and 2.335%, respectively. The restrictions imposed on the financial ratios thereof were as same as those

applied to the loans from syndicated banks including Taipei Fubon Bank (3).

6. The credit loans, totaling NT\$240,000 thousand, have been drawn down in full. The loans are effective from August 26, 2016 to April 15, 2022. 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, and payable on 15th day of each month. The first installment for repayment of the principal should start from January 15, 2018. Each installment consisted of three (3) months. The loans should be repaid averagely in 18 installments. It was paid off early in March 2020. Until December 31, 2019, the effective annual interest rate was 2.141%. The restrictions imposed on the financial ratios thereof were as same as those applied to the loans from syndicated banks including Taipei Fubon Bank (3).
7. The credit loans, totaling NT\$150,000 thousand, have been drawn down in full. The loans are effective from August 19, 2019 to August 19, 2021. 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, and renewed based on the original amount. It was paid off early in September 2020. Until December 31, 2019, the effective annual interest rate was 1.95%.
8. The credit loans, totaling NT\$60,000 thousand, have been drawn down in full. The loans are effective from April 30, 2019 to April 30, 2022. 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. Until December 31, 2020, and 2019, the effective annual interest rates were 1.45% and 1.95%, respectively. The restrictions imposed on the financial ratios thereof were as same as those applied to the loans from syndicated banks including Taipei Fubon Bank (3).

XIX. Notes and accounts payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes payable</u>		
Not generated from operations	\$ <u> -</u>	\$ <u> 1,565</u>
<u>Accounts payable</u>		
Generated from operations	\$ <u>3,841,374</u>	\$ <u>4,384,438</u>

XX. Other liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Other payables		
Salary and bonus payable	\$ 659,077	\$ 371,408
Repairs and maintenance payable	231,202	184,950
Processing fees payable	121,768	155,049
Equipment accounts payable	196,191	152,980
Consumables payable	48,697	33,686
Commission payable	100,190	77,857
Pension fund payable	74,767	66,253
Interest payable	8,692	22,940
Damages payable	215,992	-
Others	<u>374,286</u>	<u>346,786</u>
	<u>\$ 2,030,862</u>	<u>\$ 1,411,909</u>
Other liabilities		
Others	<u>\$ 75,300</u>	<u>\$ 56,905</u>
<u>Noncurrent</u>		
Other liabilities		
Guarantee deposit received	<u>\$ 75,534</u>	<u>\$ 62,481</u>

XXI. Provision for liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Sales returns and allowances	<u>\$156,064</u>	<u>\$157,181</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 income in the year in which the related goods were sold.

XXII. 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, 2020</u>	<u>December 31, 2019</u>
Present value of the defined benefit obligations	\$397,138	\$387,640
Fair value of the planned assets	(<u>197,451</u>)	(<u>176,288</u>)
Shortfall in contribution	199,687	211,352
Limit of assets	-	-
Net defined benefit liabilities	<u>\$199,687</u>	<u>\$211,352</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 at January 1, 2019	<u>\$ 381,939</u>	<u>(\$ 166,962)</u>	<u>\$ 214,977</u>
Service cost			
Service cost in current period	1,358	-	1,358
Interest expenditure (income)	<u>4,297</u>	<u>(2,051)</u>	<u>2,246</u>
Recognized as gains or losses	<u>5,655</u>	<u>(2,051)</u>	<u>3,604</u>
Re-measurement amount			
ROE on planned assets (except the amount of net interest)	-	(5,290)	(5,290)
Actuarial losses			

	Present value of the defined benefit obligations	Fair value of the planned assets	Net defined benefit liabilities
— change in the assumption of the census	5,360	-	5,360
— changes in financial assumptions	17,140	-	17,140
— adjustment through experience	<u>969</u>	<u>-</u>	<u>969</u>
Recognized as other combined gains or losses	<u>23,469</u>	(<u>5,290</u>)	<u>18,179</u>
Contributed by employer	-	(25,408)	(25,408)
Benefits paid	(<u>23,423</u>)	<u>23,423</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 387,640</u>	(<u>\$ 176,288</u>)	<u>\$ 211,352</u>
Balance as of January 1, 2020	<u>\$ 387,640</u>	(<u>\$ 176,288</u>)	<u>\$ 211,352</u>
Service cost			
Service cost in current period	1,165	-	1,165
Interest expenditure (income)	<u>2,907</u>	(<u>1,416</u>)	<u>1,491</u>
Recognized as gains or losses	<u>4,072</u>	(<u>1,416</u>)	<u>2,656</u>
Re-measurement amount			
ROE on planned assets (except the amount of net interest)	-	(5,714)	(5,714)
Actuarial losses			
— change in the assumption of the census	542	-	542
— changes in financial assumptions	11,399	-	11,399
— adjustment through experience	<u>5,758</u>	<u>-</u>	<u>5,758</u>
Recognized as other combined gains or losses	<u>17,699</u>	(<u>5,714</u>)	<u>11,985</u>

(To be continued)

(Continued)

	Present value of the defined benefit obligations	Fair value of the planned assets	Net defined benefit liabilities
Contributed by employer	\$ -	(\$ 26,306)	(\$ 26,306)
Benefits paid	(12,273)	12,273	-
Balance as of December 31, 2020	<u>\$ 397,138</u>	<u>(\$ 197,451)</u>	<u>\$ 199,687</u>

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

	2020	2019
Summarization by functions		
Operating cost	\$ 1,910	\$ 2,585
Promotional expenditure	136	175
Operating expenditure	232	327
R&D expenditure	<u>378</u>	<u>517</u>
	<u>\$ 2,656</u>	<u>\$ 3,604</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 Consolidated 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: A reduced interest rate of government bonds will result in increased the current of defined benefit obligations; the return on liability investment in planned assets, however, increases, too. Both exercise partial write-off effects on net defined benefit obligations.
3. Salary Risk: Calculations of the the current value of defined benefit obligations refer to the compensation in the future for members enrolled in the plan. 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, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.5%	0.75%
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, 2020</u>	<u>December 31, 2019</u>
Discount rate		
Increase by 0.25%	<u>(\$ 11,401)</u>	<u>(\$ 11,064)</u>
Decrease by 0.25%	<u>\$ 11,883</u>	<u>\$ 12,109</u>
Anticipated increase in salaries		
Increase by 0.25%	<u>\$ 11,499</u>	<u>\$ 11,752</u>
Decrease by 0.25%	<u>(\$ 11,094)</u>	<u>(\$ 11,322)</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Amount projected for appropriation in 1 year	<u>\$ 24,389</u>	<u>\$ 24,933</u>
Average maturity of defined benefit obligation	11.6 years	12.1 years

XXIII. Equity

(I) Capital stock

Common shares

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Authorized shares (thousand)	<u>650,000</u>	<u>650,000</u>
Authorized capital	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>
The number of issued and outstanding shares with paid-in capital (thousand shares)	<u>546,488</u>	<u>546,488</u>
Issued and outstanding share capital	<u>\$ 5,464,879</u>	<u>\$ 5,464,879</u>

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

(II) Capital reserve

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>It can be applied for making losses, cash distribution, or capitalization (1)</u>		
Premium in stock issuance	\$ 1,241,859	\$ 1,241,859
Transaction of treasury stocks	76,229	76,229
Corporate bond conversion premium	141,359	141,359
Coupon rate for release of corporate bond	11,715	11,715
Donated assets	<u>71</u>	<u>71</u>
	<u>\$ 1,471,233</u>	<u>\$ 1,471,233</u>

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

(III) Retained Earnings and Dividend Policy

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

The Company's dividend policy takes 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 accordance with the Jin-Guan-Zheng-Fa-Zi No. 1010012865 Letter, Jin-Guan-Zheng-Fa-Zi No. 1010047490 Letter, Jin-Guan-Zheng-Fa-Zi No. 1030006415 and “Appropriation of Special Reserve Q&A after the Adoption of International Financial Reporting Standards (IFRSs).”

The Company held the general shareholders’ meetings on June 9, 2020 and June 14, 2019, respectively, where it was approved that the undistributed earnings and legal reserve would be used to offset losses of 2019 and 2020.

(IV) Treasury stocks

<u>Causes of Redemption</u>	<u>The shares of parent company held by the subsidiaries (thousand shares)</u>	<u>Total (thousand shares)</u>
Number of shares as of January 1, 2019	<u>5,724</u>	<u>5,724</u>
Number of shares as of December 31, 2019	<u>5,724</u>	<u>5,724</u>
Number of shares as of January 1, 2020	<u>5,724</u>	<u>5,724</u>
Number of shares as of December 31, 2020	<u>5,724</u>	<u>5,724</u>

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>Number of shares held (in thousands)</u>	<u>Book value</u>	<u>Market price</u>
<u>December 31, 2020</u>			
King Hsiang Investment Co.	5,724	<u>\$ 289,049</u>	<u>\$ 289,049</u>
<u>December 31, 2019</u>			
King Hsiang Investment Co.	5,724	<u>\$ 95,300</u>	<u>\$ 95,300</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.

XXIV. Net profit from continuing operations

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

	<u>2020</u>	<u>2019</u>
Other gains	\$287,942	\$ 57,090
Other expenditures and losses	(332,318)	(133,270)
	<u>(\$ 44,376)</u>	<u>(\$ 76,180)</u>

(II) Interest income

	<u>2020</u>	<u>2019</u>
Bank deposit	<u>\$ 21,362</u>	<u>\$ 49,642</u>

(III) Other income

	<u>2020</u>	<u>2019</u>
Lease income	\$ 11,444	\$ 6,062
Others	<u>84,619</u>	<u>83,508</u>
	<u>\$ 96,063</u>	<u>\$ 89,570</u>

(IV) Other gains (or losses)

	<u>2020</u>	<u>2019</u>
Gains from the disposal of financial assets		
Financial assets measured at fair value through gains or losses compulsorily	\$ 423	\$ -
Financial assets measured at amortized cost	43	-
Gains from financial assets and financial liabilities		
Financial assets measured at fair through gains or losses compulsorily	76,924	139
Net loss from foreign currency exchange	(330,512)	(122,997)
Loss on disposal of property, plant and equipment	(68,271)	(51,345)
Impairment loss on property, plant and equipment	-	(100,043)
Gain from fair value adjustment of investment property	2,600	1,600
Others	<u>(6,700)</u>	<u>(2,872)</u>
	<u>(\$325,493)</u>	<u>(\$275,518)</u>

(V) Financial cost

	2020	2019
Bank loan interest	\$166,644	\$260,909
Interest of lease liabilities	1,329	2,418
Other interest expenditures	416	41
Less: The amount of the cost of assets meeting requirements	(421)	(469)
	<u>\$167,968</u>	<u>\$262,899</u>

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

	2020	2019
Amount of capitalization of interest	\$ 421	\$ 469
Interest rate of capitalization of interest	1.99%	2.18%

(VI) Depreciation and amortization

	2020	2019
Overview of depreciation expenditures by the function		
Operating cost	\$615,140	\$754,200
Operating expenditure	<u>101,684</u>	<u>107,961</u>
	<u>\$716,824</u>	<u>\$862,161</u>
Overview of amortization expenditures by the function		
Operating cost	\$ 11,412	\$ 17,451
Operating expenditure	<u>2,211</u>	<u>3,750</u>
	<u>\$ 13,623</u>	<u>\$ 21,201</u>

(VII) Employee welfare expenditure

	<u>2020</u>	<u>2019</u>
Benefits after severance (Note XX)		
Defined contribution plan	\$ 69,344	\$ 68,396
Defined benefit plan	<u>2,656</u>	<u>3,604</u>
	72,000	72,000
Resignation benefits	1,257	650
Other employee benefits	<u>4,310,040</u>	<u>3,810,336</u>
Total employee benefit expenditure	<u>\$ 4,383,297</u>	<u>\$ 3,882,986</u>
Summarization by functions		
Operating cost	\$ 3,394,942	\$ 3,060,724
Operating expenditure	<u>988,355</u>	<u>822,262</u>
	<u>\$ 4,383,297</u>	<u>\$ 3,882,986</u>

(VIII) Remuneration to employees and that to directors

According to the Articles of Incorporation, no less than 7% 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. Notwithstanding, the net profit before tax in 2019 needed to cover the previous loss at first pursuant to laws. Therefore, no remuneration to employees and directors was estimated. The Board of Directors decided on the remuneration to employees and that to directors of 2020 on March 22, 2021 as follows:

Estimated ratio

	<u>2020</u>
Remuneration to employees	6.81%
Remuneration to directors	0.97%

Amount

	<u>2020</u>
	<u>Cash</u>
Remuneration to employees	<u>\$ 146,315</u>
Remuneration to directors	<u>\$ 20,902</u>

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

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

Stock Exchange.

(IX) Gains (Losses) from foreign currency exchange

	2020	2019
Total gains from foreign currency exchange	\$ 770,299	\$ 519,530
Total losses from foreign currency exchange	(1,100,811)	(642,527)
Net losses	(\$ 330,512)	(\$ 122,997)

XXV. Income tax for continuing operations

(I) Income tax recognized as gains or losses

Main components of income tax expenditure are as follows:

	2020	2019
Income tax for the year		
Those yielded in the current period	\$483,726	\$123,418
Adjustment of previous year(s)	(10,541)	(16,667)
Others	<u>12,314</u>	<u>17,719</u>
	<u>485,499</u>	<u>124,470</u>
Deferred income tax		
Those yielded in the current period	145,213	16,004
Others	<u>558</u>	<u>-</u>
	<u>145,771</u>	<u>16,004</u>
The income tax expenditures recognized as gains or losses	<u>\$631,270</u>	<u>\$140,474</u>

The accounting income and income tax expenditures are adjusted below:

	2020	2019
Net profit before tax from continuing operation	<u>\$ 2,697,882</u>	<u>\$ 270,200</u>
Income tax expenditures for pre-tax net profit calculated at the statutory tax rate	\$ 994,349	\$ 46,961
Expenditure or losses that may not be deducted in taxation	157	4,227
Income exempted from income tax	(697)	(373)
Land value increment tax of investment property	558	(809)
Deductible temporary differences not recognized	(238,272)	37,495
Loss credit not recognized	(126,598)	51,921
The income tax expenditures of previous year(s) adjusted in the present year	(10,541)	(16,667)

	<u>2020</u>	<u>2019</u>
Others	<u>12,314</u>	<u>17,719</u>
The income tax expenditures recognized as gains or losses	<u>\$ 631,270</u>	<u>\$ 140,474</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 as other combined gains or losses

	<u>2020</u>	<u>2019</u>
<u>Deferred income tax</u>		
Incurrd for the year		
— Defined benefit plan		
re-measurement amount	(\$ 2,397)	(\$ 3,636)
Income tax recognized as other combined gains or losses	(\$ 2,397)	(\$ 3,636)

(III) Current income tax assets and liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Income tax assets for the current period		
Tax refund receivable	\$ 15,670	\$ 15,670
Income tax liabilities for the current term		
Income tax payable	\$172,865	\$ 61,808

(IV) Deferred income tax assets and liabilities

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

2020

	<u>Balance - beginning of year</u>	<u>Recognized as gains or losses</u>	<u>Recognized as other combined gains or losses</u>	<u>Balance - end of year</u>
<u>Deferred income tax assets</u>				
Temporary difference				
Portions of profits or losses of subsidiaries, affiliates, and joint ventures recognized adopting the equity method	\$ 477,912	(\$ 129,550)	\$ -	\$ 348,362
Loss on inventory devaluation	17,242	3,074	-	20,316
Exchange gains or losses	20,735	(16,102)	-	4,633
Provision for liabilities	34,852	(26,251)	-	8,601
Defined benefit retirement plan	34,432	-	2,397	36,829

	Balance - beginning of year	Recognized as gains or losses	Recognized as other combined gains or losses	Balance - end of year
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference between fixed assets and idle assets	516	40,944	-	41,460
Provision of compensation loss	3,422	11,635	-	15,057
Others	53,496	(44,522)	-	8,974
	<u>\$ 647,107</u>	<u>(\$ 160,772)</u>	<u>\$ 2,397</u>	<u>\$ 488,732</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Tax difference between fixed assets and idle assets	\$ 491	(\$ 375)	\$ -	\$ 116
Investment property	83,956	558	-	84,514
Others	5,136	(4,960)	-	176
	<u>\$ 89,583</u>	<u>(\$ 4,777)</u>	<u>\$ -</u>	<u>\$ 84,806</u>

2019

	Balance - beginning of year	Recognized as gains or losses	Recognized as other combined gains or losses	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	\$ 504,021	(\$ 26,109)	\$ -	\$ 477,912
Loss on inventory devaluation	28,248	(11,006)	-	17,242
Exchange gains or losses	-	20,735	-	20,735
Provision for liabilities	32,121	2,731	-	34,852
Defined benefit retirement plan	30,796	-	3,636	34,432
Loss in impairment in financial assets	-	4,500	-	4,500
Tax difference between fixed assets and idle assets	47,718	(47,202)	-	516
Provision of compensation loss	3,089	333	-	3,422
Others	14,743	38,753	-	53,496
	<u>\$ 660,736</u>	<u>(\$ 17,265)</u>	<u>\$ 3,636</u>	<u>\$ 647,107</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Exchange gains or losses	\$ 1,441	(\$ 1,441)	\$ -	\$ -
Tax difference between fixed assets and idle assets	115	376	-	491
Investment property	84,765	(809)	-	83,956
Others	2,001	3,135	-	5,136
	<u>\$ 88,322</u>	<u>\$ 1,261</u>	<u>\$ -</u>	<u>\$ 89,583</u>

(V) 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, 2020</u>	<u>December 31, 2019</u>
Offset of loss		
Due in 2020	\$ 76,267	\$ 369,566
Due in 2021	254,966	251,028
Due in 2022	156,015	386,415
Due in 2023	563,590	687,683
Due in 2024	-	514,077
	<u>\$ 1,050,838</u>	<u>\$ 2,208,769</u>
Deductible temporary differences		
Overseas subsidiaries	\$ 2,390,000	\$ 3,430,000
Others	419,185	718,307
	<u>\$ 2,809,185</u>	<u>\$ 4,148,307</u>

(VI) Approval of income taxes

The tax collection authorities have authorized the profit-seeking enterprise income tax returns of the Company and King Hsiang Investment Co. until 2018.

XXVI. Earnings per share

		Unit: NTD per share
	<u>2020</u>	<u>2019</u>
Basic EPS	<u>\$ 3.82</u>	<u>\$ 0.24</u>
Diluted earnings per share	<u>\$ 3.80</u>	<u>\$ 0.24</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>2020</u>	<u>2019</u>
The net profit of owner attributed to the Company	<u>\$ 2,066,612</u>	<u>\$ 129,726</u>
The net profit for calculating the basic and diluted earnings per share	<u>\$ 2,066,612</u>	<u>\$ 129,726</u>

Share(s)

		Unit: 1,000 shares
	<u>2020</u>	<u>2019</u>
The weighted average number of common shares to be used to calculate basic earnings per share (EPS)	540,764	540,764

	<u>2020</u>	<u>2019</u>
Impacts of potential common stock with diluting effects:		
Remuneration to employees	<u>3,311</u>	<u>-</u>
The weighted average number of common stock shares for calculating the diluted earnings per share (EPS)	<u>544,075</u>	<u>540,764</u>

If the Consolidated 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 the 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.

XXVII. Disposal of Subsidiaries

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

(I) Consideration collected

	<u>Silver Industrial Limited</u>
Cash	<u>\$ 24,976</u>

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

	<u>Silver Industrial Limited</u>
Current assets	
Cash	<u>\$ 24,976</u>
Net assets that are disposed of	<u>\$ 24,976</u>

(III) Gains from disposing of subsidiaries

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

(IV) Net cash inflows from the disposition of subsidiaries

	<u>Silver Industrial Limited</u>
Consideration collected in cash	\$ 24,976
Less: Balance of cash disposed of	(<u>24,976</u>)
	<u>\$ -</u>

XXVIII. 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.

XXIX. Financial Instrument

(I) Information on 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 that was close to the fair value thereof. Until December 31, 2020 and 2019, 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, 2020

	<u>Degree I</u>	<u>Degree II</u>	<u>Total</u>
<u>Financial assets at fair value</u> <u>through gains or losses</u>			
Derivative financial instruments	\$ -	\$ 5,205	\$ 5,205
Non-derivative financial instruments			
— TWSE/TPEX-listed and emerging stocks	<u>2,218</u>	<u>-</u>	<u>2,218</u>
Total	<u>\$ 2,218</u>	<u>\$ 5,205</u>	<u>\$ 7,423</u>

Financial Liabilities at Fair
Value through Gains or
Losses

	Degree I	Degree II	Total
Derivative financial instruments	\$ -	\$ 13,804	\$ 13,804

December 31, 2019

	Degree I	Degree II	Total
<u>Financial assets at fair value through gains or losses</u>			
Derivative financial instruments	\$ -	\$ 24,737	\$ 24,737
Non-derivative financial instruments			
— TWSE/TPEX-listed and emerging stocks	1,415	-	1,415
— Funds	10,740	-	10,740
Total	\$ 12,155	\$ 24,737	\$ 36,892

There was no transfer between fair value measurements Degree 1 and Degree 2 in 2020 and 2019.

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

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

(III) Categories of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
At fair value through gains or losses		
At fair value through gains or losses compulsorily	\$ 7,423	\$ 36,892
Financial liabilities measured at amortized cost (Note 1)	11,373,035	10,719,560
<u>Financial liabilities</u>		
At fair value through gains or losses		

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Held for transactions	13,804	-
Measured at post-amortization cost (Note 2)	11,637,736	13,086,953

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

(IV) Financial Risk Management Purpose and Policy

The Consolidated Company's major financial instruments included investment in equity instruments, accounts receivable, accounts payable, loans and lease liabilities. Financial management departments of the Consolidated Company provided services to various business units, and coordinated and negotiated for launch into domestic and international financial markets. Meanwhile, they managed and supervised the financial risks over the Consolidated Company's operations based on the internal risk report that analyzed exposure in terms of level and scope of the risks. The risks included market risk (including foreign exchange risk, interest rate risk and other price oriented risks), credit risk and liquidity risk.

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.

The financial management departments submitted report to the risk management committees of the Consolidated Company on a quarterly basis. The committees were

organized independently and dedicated to supervising risks and practicing policies in order to mitigate risk exposures.

1. Market Risk

The major financial risks incurred by operating activities upon the Consolidated Company included the risk of changes in foreign exchange rate (see (1) below) and risk of changes in interest rate (see (2) below). The Consolidated Company is engaged in various transactions of derivative financial instruments to manage the foreign exchange and interest rate risks to be borne by them, including the hedge against the foreign exchange 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) 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 96.83% of the Consolidated Company's sales were not denominated in the functional currency adopted by the group entity engaged in the relevant transaction. About 53.38% 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 XXXIII.

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 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 included only outstanding foreign currency-denominated monetary items and forward foreign exchange contracts designated to hedge against cash flows, and their translation at the end of the year was adjusted by changes in exchange rates by 2%. The positive figures in the following table indicate the amount decreased for the net profit before tax when NTD against the related currencies appreciates 2%; when NTD against the related currencies depreciates 2%, the effects to the net profit before tax will be negative at the same amount.

	Effect of USD		Effect of JPY	
	2020	2019	2020	2019
Exchange gains or losses	(\$102,405) (i)	(\$135,064) (i)	\$ 226 (ii)	\$ 970 (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 this year, 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 maintained an adequate combination of fixed and floating interest rates and used the FX swaps contracts and forward foreign interest rate contracts to manage the interest rate risk. The Consolidated Company evaluated hedging activities periodically to make them in line with the interest rate concept and existing risk appetite, in order to ensure adoption of the hedging policy that could best satisfy the cost effectiveness.

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, 2020</u>	<u>December 31, 2019</u>
With fair value interest rate risk		
— Financial assets	\$ -	\$ 3,585
— Financial liabilities	43,598	78,632
With cash flow interest rate risk		
— Financial assets	4,408,359	3,806,529
— Financial liabilities	5,689,966	7,226,560

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 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 Consolidated Company's pre-tax net profit would decrease by NT\$12,051 thousand and NT\$19,285 thousand

in 2020 and 2019, respectively, primarily as a result of the Consolidated Company's exposure to the risk of changes in interest rates for demand deposits and loans.

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 incur in financial losses due to failure by the counterparts in failure in performance of the obligations and the Consolidated Company's provision of financial guarantees primarily come from notes the book amount of notes and accounts receivable recognized in the consolidated balance sheet.

The Consolidated Company adopted a policy requiring engagement in transactions only with well reputable counterparts. Where necessary, it would acquire adequate collateral to minimize potential risk in financial losses, which might be incurred by a default. The Consolidated Company dealt in business only with enterprises with the rating equivalent to investment rating or above. The relevant information was provided by an independent rating organization. Where the same was not available, the Consolidated Company would rate their major customers based on the other available public financial information, and trading records with the customers. The Consolidated Company continued supervising the credit risk and trading counterparts' credit rating, and dispersed the total trading value to customers with qualified credit rating.

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.

The Consolidated Company were not exposed to any significant credit risk with any single trading counterpart or a group of trading counterparts with similar characteristics. Where the trading counterparts were affiliated companies of each other, the Consolidated Company would define them as the trading counterparts with similar characteristics

The Consolidated Company's had a wide customer base and the customers had no relationship with each other. Therefore, the concentration of the credit risk was not considered high.

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) "Facility" for the Consolidated Company's unused facility.

(1) Liquidity and interest rate risk table 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, 2020

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

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>\$ 20,477</u>	<u>\$ 23,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019

	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	\$ 541,621	\$ 2,936,349	\$ 1,731,322	\$ 149,394	\$ -
Lease liabilities	2,974	5,968	26,933	42,757	-
Floating interest rate instruments	775,432	584,356	2,385,015	-	-
Fixed interest rate instruments	13,333	-	1,003,424	2,465,000	-
	<u>\$ 1,333,360</u>	<u>\$ 3,526,673</u>	<u>\$ 5,146,694</u>	<u>\$ 2,657,151</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>\$ 35,875</u>	<u>\$ 42,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing ratio

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured bank overdraft (to be reviewed annually)		
— Already drawn down	\$ 4,111,350	\$ 5,290,933
— Not yet drawn down	<u>4,423,229</u>	<u>2,071,070</u>
	<u>\$ 8,534,579</u>	<u>\$ 7,362,003</u>
Secured bank overdraft		
— Already drawn down	\$ 1,578,616	\$ 1,935,627
— Not yet drawn down	<u>1,020,171</u>	<u>622,453</u>
	<u>\$ 2,598,787</u>	<u>\$ 2,558,080</u>

(V) Information on the transfer of financial assets

Related information on the factoring of accounts receivable yet to expire of the Consolidated Company by the end of the year is as follows:

December 31, 2019

Trading counterpart	Value factored	Advances yet to be received	Advances received	Annual interest rate of advanced amount (%)
E.Sun Bank	\$ 634,648	\$ 307,276	\$ 263,907	3.118%~3.218%
E.Sun Bank	67,865	61,079	-	3.146%~3.865%
Taishin International Bank Co., Ltd.	359	323	-	4.05%~4.26%
	<u>\$ 702,872</u>	<u>\$ 368,678</u>	<u>\$ 263,907</u>	

Said facility may be revolving.

According to the factoring contracts, the loss derived from business dispute (e.g. sales return or allowances, etc.) should be borne by the Consolidated Company, while the loss derived from credit risk should be borne by the bank. The Consolidated Company provided the banks with the promissory note, bearing the amount US\$2,800 thousand, as the collateral on December 31, 2019.

XXX. Transactions with Related Parties

Upon consolidation, the transactions, balances in accounts, gains, expenditure, 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

	2020	2019
Short-term employee benefits	\$ 60,177	\$ 37,257
Benefits after severance/retirement	<u>1,404</u>	<u>1,360</u>
	<u>\$ 61,581</u>	<u>\$ 38,617</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.

XXXI. 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, 2020</u>	<u>December 31, 2019</u>
Land	\$ 648,300	\$ 648,300
Building - net	673,387	736,604
Right-of-use assets	<u>123,146</u>	<u>126,728</u>
	<u>\$ 1,444,833</u>	<u>\$ 1,511,632</u>

XXXII. Important Matters, if Any

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 Foreign currency thousand):

<u>Currency type</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
JPY	\$ 4,830	\$ 590
EUR	135	114
USD	-	390

XXXIII. 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 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, 2020

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 303,902	28.48 (USD:NTD)	\$ 8,655,129
USD	156,209	6.8101 (USD:CNY)	4,448,832
CNY	38,703	4.377 (CNY:NTD)	169,403
EUR	696	35.02 (EUR:NTD)	24,374
EUR	813	8.0009 (EUR:CNY)	<u>28,471</u>
			<u>\$ 13,326,209</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	165,496	28.48 (USD:NTD)	\$ 4,713,326
USD	114,831	6.8101 (USD:CNY)	3,270,387
EUR	803	35.02 (EUR:NTD)	28,121
EUR	5	8.0009 (EUR:CNY)	175

	Foreign currency	Exchange rate	Book value
JPY	40,910	0.2763 (JPY:NTD)	11,303
JPY	10,300	0.0631 (JPY:CNY)	2,846
			<u>\$ 8,026,158</u>

December 31, 2019

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 297,359	29.98 (USD:NTD)	\$ 8,914,823
USD	144,423	6.9762 (USD:CNY)	4,329,802
CNY	37,917	4.305 (CNY:NTD)	163,233
EUR	396	33.59 (EUR:NTD)	13,302
EUR	439	7.8155 (EUR:CNY)	14,746
EUR	1,023	1.1204 (EUR:USD)	34,363
			<u>\$ 13,470,269</u>

Foreign currency liabilities			
<u>Monetary items</u>			
USD	152,364	29.98 (USD:NTD)	\$ 4,567,873
USD	64,161	6.9762 (USD:CNY)	1,923,547
EUR	685	33.59 (EUR:NTD)	23,009
EUR	37,897	7.8155 (EUR:CNY)	1,272,960
EUR	616	1.1204 (EUR:USD)	20,691
JPY	4,502	0.276 (JPY:NTD)	1,243
JPY	167,089	0.0641 (JPY:CNY)	46,117
JPY	4,160	0.0092 (JPY:USD)	1,148
			<u>\$ 7,856,588</u>

XXXIV. Noted Disclosures

(I) Related Information on major transactions and (II) reinvested businesses:

1. Lending of funds to others: Attachments 1 and 7.
2. Endorsement and guarantee made for others: Attachment 2.
3. Marketable securities-end (exclusive of investments in subsidiaries, affiliates, and joint ventures): See Attachments 3 and 8.
4. Cumulative amount of the same marketable security purchased or sold reaching NT\$300 million or more than 20% of the paid-in capital: None.
5. Acquisition amount of real estate reaching NT\$300 million or more than 20% of the paid-in capital: None.
6. Amount on disposal of real estate reaching NT\$300 million or more than 20% of the paid-in capital: None.

7. Purchase/sale amount of transactions with related parties reaching NT\$100 million or more than 20% of the paid-in capital: See Attachments 4 and 9.
8. Accounts receivable-related party reaching NT\$100 million or more than 20% of the paid-in capital: See Attachments 5 and 10.
9. Transactions of derivatives: See Note VIII.
10. Other information: Amount of the business relationship and major transactions between parent company and subsidiaries and among subsidiaries: See Attachment 13.
11. Information related to reinvested businesses: See Attachment 6.

(III) Information about investment in Mainland China

1. The name of the investee in Mainland China, main items involved in the scope of operation, paid-in capital size, investment method, capital importation/exportation, holding ratio, investment profits and losses, book value of investments at end of term, repatriated investment profits or losses, and investment ceiling value for Mainland China: Attachment 11.
2. Major transactions and their values, payment terms, unrealized profits or losses that have incurred directly or indirectly through a third region with the investees in Mainland China: Attachment 12.
3. Direct, or indirect, via a third area, endorsement, guarantee or provision of collateral made with the investees 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: Attachment 7.
5. Other transactions that produce material effects to the income or financial condition in the current period: None.

(IV) Information of major shareholders: Names and shareholding quantities and ratios of shareholders that hold at least 5% of the equity: Attachment 14.

XXXV. Segment information

The Consolidated Company primarily 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.
Fund loaned to others
January 1 through December 31, 2020

Attachment 1

Unit: NTD 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 lending of funds (Note 2)	Amount (Note 4)	Reasons for short-term financing	Allowance for bad debt	Collateral		Limit of loan to each borrower (Note 3)	Maximum of funds lent (Note 3)
													Title	Value		
0	Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Other accounts receivable	Y	\$ 847,000 (USD 28,000)	\$ 512,640 (USD 18,000)	\$ 512,640 (USD 18,000)	3%~3.5%	(1)	\$ 6,752,094	—	\$ -	—	\$ -	\$ 3,549,348	\$ 3,549,348
		Changshu Gold Circuit Technology Co., Ltd.	Other accounts receivable	Y	756,250 (USD 25,000)	284,800 (USD 10,000)	284,800 (USD 10,000)	2.5%~3.5%	(1)	2,104,661	—	-	—	-	2,104,661	3,549,348
				Y	153,265 (CNY 35,000)	153,195 (CNY 35,000)	153,195 (CNY 35,000)	4.35%	(1)	2,104,661	—	-	—	-	2,104,661	3,549,348

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

- (1) “0” for the issuer.
- (2) Investees are numbered from 1 onwards.

Note 2: The funds lent to others are divided into the following two types:

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

Note 3: The aggregate amount of the fund loaned by the Company to others shall not exceed 40% of the Company's net value in the Company’s most recent financial statements audited or certified by the CPA (for Q3 of 2020).

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 needed is needed, the limit on loans shall be no more than 40% of the Company's net value in the Company’s most recent financial statements audited or certified by the CPA (for Q3 of 2020).

Note 4: The amount refers to the amount of purchases or sales by the Company from or to Suzhou Gold Circuit Electronics Ltd. and Changshu Gold Circuit Technology Ltd. whichever is higher.

Gold Circuit Electronics Ltd.
Endorsement and guarantee made for others
January 1 through December 31, 2020

Attachment 2

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

No.	Endorsed/guaranteed by	Counterpart		Limits of endorsement and guarantee for a single 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 limits of endorsement and 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)	Endorsement and guarantee in Mainland China (Note 3)
		Name	Affiliation										
0	Gold Circuit Electronics Ltd.	Goldex Holding Limited	Subsidiary wholly invested by the Company directly	\$ 6,655,027	\$ 1,946,340 (USD 66,000)	\$ 1,851,200 (USD 65,000)	\$ 1,039,520 (USD 36,500)	\$ -	20.86	\$ 13,310,054	Y	N	N
				6,655,027	175,400 (EUR 5,000)	175,100 (EUR 5,000)	- (EUR -)	-	1.97	13,310,054	Y	N	N
		Gold Circuit International Limited	Company wholly invested via a subsidiary indirectly	6,655,027	242,000 (USD 8,000)	227,840 (USD 8,000)	59,808 (USD 2,100)	-	2.57	13,310,054	Y	N	N
		Gold Circuit Enterprise Limited	Company wholly invested via a subsidiary indirectly	6,655,027	605,000 (USD 20,000)	569,600 (USD 20,000)	61,232 (USD 2,150)	-	6.42	13,310,054	Y	N	N
		Suzhou Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	6,655,027	921,614 (USD 30,700)	874,336 (USD 30,700)	660,736 (USD 23,200)	-	9.85	13,310,054	Y	N	Y
				6,655,027	99,870 (EUR 3,000)	- (EUR -)	- (EUR -)	-	-	13,310,054	Y	N	Y
		Changshu Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	6,655,027	785,850 (USD 26,000)	683,520 (USD 24,000)	170,880 (USD 6,000)	-	7.70	13,310,054	Y	N	Y
				6,655,027	131,370 (CNY 30,000)	131,310 (CNY 30,000)	- (CNY -)	-	1.48	13,310,054	Y	N	Y
		Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested via a subsidiary indirectly	6,655,027	147,450 (USD 5,000)	142,400 (USD 5,000)	142,400 (USD 5,000)	-	1.60	13,310,054	Y	N	Y

Note 1: The aggregate amount of the endorsements/guarantees made by the Company on particular enterprise shall not exceed 75% of the Company's net value in the current period. The maximum of the endorsements/guarantees made on December 31, 2020 was equivalent to 75% of the Company's net value in the Company's most recent financial statements audited or certified by the CPA (for Q3 of 2020).

Note 2: The aggregate amount of the endorsements/guarantees made by the Company externally shall not exceed 150% of the Company's net value in the current period. The maximum of the endorsements/guarantees made on December 31, 2020 was equivalent to 150% of the Company's net value in the Company's most recent financial statements audited or certified by the CPA (for Q3 of 2020).

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, 2020

Attachment 3

Unit: NTD thousand

Holder	Type and name	Affiliation to the issuer	Account title	End of period				Remarks
				Share(s)	Book value	Equity (%)	Fair value	
Gold Circuit Electronics Ltd.	Stock							
"	AMB Technology Co., Ltd	—	Financial assets at fair value through other combined gains or losses - noncurrent	750,000	\$ -	2.679	\$ -	
"	ULTRA PRECISION TECHNOLOGY COMPANY	—	Financial assets at fair value through other combined gains or losses - noncurrent	1,000,000	-	10.290	-	
					\$ -		\$ -	
"	King Hsiang Investment Co.	Subsidiary	Long-term equity investment under equity method	19,999,400	\$ 25,934	99.997	\$ 25,934	
"	Goldex Holding Limited	Subsidiary	Long-term equity investment under equity method	196,910,000	2,602,002	100.000	2,602,002	
					\$ 2,627,936		\$ 2,627,936	

Gold Circuit Electronics Ltd.

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

January 1 through December 31, 2020

Attachment 4

Unit: NTD thousand

Supplier (customer)	Trading counterpart	Affiliation	Status				Distinctive terms and conditions of trade and the reasons		Notes/accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount %	Duration	Unit price	Duration	Balance	Percentage in total accounts/notes receivable (payable) %	
Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Purchase	\$ 6,752,094	38	O/A 3 months	-	—	(\$ 1,921,379)	(43)	
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Purchase	4,545,702	26	O/A 4 months	-	—	(1,215,828)	(27)	
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested via a subsidiary indirectly	Purchase	2,104,660	12	O/A 3 months	-	—	(409,976)	(9)	

Gold Circuit Electronics Ltd.

Receivables from related parties worth NTD 100 million or 20% of the paid-in capital and above

December 31, 2020

Attachment 5

Unit: NTD thousand

Companies stated into accounts receivable	Trading counterpart	Affiliation	Balance of accounts receivable - related party	Turnover (Note 1)	Overdue accounts receivable - related party		Amounts received in subsequent period - related party	Allowance loss
					Amount	Accounting treatment		
Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Accounts receivable \$ 3,105	1.42	\$ -	—	\$ 1,556	\$ -
Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Other accounts receivable 538,998	-	-	—	12,727	-
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested via a subsidiary indirectly	Accounts receivable 1,320	1.32	-	—	319	-
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested via a subsidiary indirectly	Other accounts receivable 457,422	-	-	—	3,910	-

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

Gold Circuit Electronics Ltd.
Information related to the reinvested companies... such as names and locations, etc.
January 1 through December 31, 2020

Attachment 6

Unit: NTD thousand

Name of Investor	Name of Reinvested Company	Location	Principal business	Original investment cost		Holdings at end of year			Investment gain (loss) of the reinvested company for the current period	Investment gain (loss) recognized for the current period (Note 1)	Remarks
				End of the current period	End of the previous period	Share(s)	Percentage (%)	Book value			
Gold Circuit Electronics Ltd.	King Hsiang Investment Co.	No. 149-1, Zhong Zeng Rd., Tamsui Dist, New Taipei City	General investment business	\$ 199,994	\$ 199,994	19,999,400	99.997	\$ 25,934	\$ 194,586	\$ 837	(Note 2)
"	Goldex Holding Limited	Trust Net Chambers Lotemau Centre, P.O. Box 1225, Apia, Samoa	"	6,271,398	6,123,948	196,910,000	100.000	2,602,002	1,732,704	1,687,749	
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	1,334,075	1,055,967	1,031,346	
"	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	1,143,289	692,432	672,083	
"	Silver Industrial Limited	P.O. Box 3444 Road Town, Tortola, Virgin Islands, British	General investment and international trade business	-	29,174	-	-	-	3,112	3,112	(Note 3)
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	1,478,151	1,059,135	1,034,514	
Gold Circuit Enterprise Limited	Changshu Gold Circuit Electronics Ltd.	No. 9, Jiulong Rd., Changshu Southeast Economic Development Zone, Jiangsu Province	"	959,724	959,724	30,010,000	100.000	2,228,482	472,258	459,014	
"	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	(998,907)	222,651	215,546	

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 gain of King Hsiang Investment Co. recognized for the current period, NT\$837 thousand, included the investment gain recognized adopting the equity method, NT\$194,586 thousand, and reversal of the financial asset valuation gain derived by King Hsiang Investment Co. for holding the Company's shares under the "Accounting Principles for Management of Treasury Stocks", NT\$193,749 thousand.

Note 3: The Company decided to liquidate Silver Industrial Limited through its Board of Directors' meeting on August 10, 2020 and the liquidation procedure was completed on October 22, 2020.

Gold Circuit Electronics Ltd.
Funds lent by the reinvested company to others
January 1 through December 31, 2020

Attachment 7 Unit: NTD 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 interval (Note 3)	Nature of lending of funds (Note 1)	Amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Limit of loan to each borrower (Note 2)	Maximum of funds lent (Note 2)
												Title	Value		
1	Goldex Holding Limited	Changshu Gold Circuit Technology Co., Ltd.	Other accounts receivable	\$ 740,750 (USD 25,000)	\$ 598,080 (USD 21,000)	\$ 598,080 (USD 21,000)	1.222%~2.917%	(2)	\$ -	Working capital	\$ -	—	\$ -	\$ 4,872,864	\$ 4,872,864
		Changshu Gold Circuit Electronics Ltd.	Other accounts receivable	383,370 (USD 13,000)	256,320 (USD 9,000)	256,320 (USD 9,000)	1.218%~2.894%	(2)	-	Working capital	-	—	-	4,872,864	4,872,864
		Suzhou Gold Circuit Electronics Ltd.	Other accounts receivable	291,000 (USD 10,000)	284,800 (USD 10,000)	284,800 (USD 10,000)	1.232%~1.251%	(2)	-	Working capital	-	—	-	4,872,864	4,872,864
		Gold Circuit International Limited	Other accounts receivable	85,440 (USD 3,000)	85,440 (USD 3,000)	85,440 (USD 3,000)	1.719%	(2)	-	Working capital	-	—	-	4,872,864	4,872,864
		Gold Circuit Enterprise Limited	Other accounts receivable	28,480 (USD 1,000)	28,480 (USD 1,000)	28,480 (USD 1,000)	1.719%	(2)	-	Working capital	-	—	-	4,872,864	4,872,864
2	Changshu Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Other accounts receivable	875,800 (CNY 200,000)	875,400 (CNY 200,000)	831,630 (CNY 190,000)	4.350%~4.785%	(2)	13,427	Working capital	-	—	-	3,078,459	3,078,459

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 limit of funds lent to a single borrower and aggregate amount of the fund loaned to others by a reinvested company (except Goldex Holding Limited and Gold Circuit Enterprise Limited) shall not exceed 150% of the reinvested company’s net value in its most recent financial statements audited or certified by the CPA (for Q3 of 2020). The limit of fund loaned to a single borrower and aggregate amount of the fund loaned 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 2020).
The limit of fund loaned to a single borrower and aggregate amount of the fund loaned to others by any reinvested company in Mainland China shall not exceed 150% of the reinvested company's net value in its most recent financial statements audited or certified by the CPA (for Q3 of 2020).

Note 3: The interest rate interval for the funds lent in 2020

Gold Circuit Electronics Ltd.
Marketable securities held by reinvested companies - end of period
December 31, 2020

Attachment 8Unit: NTD thousand

Holder	Type and name	Affiliation to the issuer	Account title	End of period				Remarks
				Share(s)	Book value	Equity (%)	Fair value	
King Hsiang Investment Co.	Stock	—	Financial assets at fair value	155,595	\$ 2,218	0.068	\$ 2,218	
"	LEE CHI ENTERPRISE CO., LTD.		through gains or losses - current					
"	Gold Circuit Electronics Ltd.		Financial assets at fair value	5,723,750	<u>289,048</u>	1.058	<u>289,048</u>	
		The parent company in which King Hsiang Investment Co. held 99.997% shares	through gains or losses - current		<u>\$ 291,266</u>		<u>\$ 291,266</u>	

Gold Circuit Electronics Ltd.

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

January 1 through December 31, 2020

Attachment 9

Unit: NTD thousand

Supplier (customer)	Trading counterpart	Affiliation	Status				Distinctive terms and conditions of trade and the reasons		Notes/accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount %	Duration	Unit price	Duration	Balance	Percentage in total accounts/notes receivable (payable) %	
Suzhou Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(\$ 6,752,094)	(86)	O/A 3 months	-	—	\$ 1,921,379	81	
Changshu Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(4,545,702)	(84)	O/A 4 months	-	—	1,215,828	83	
Changshu Gold Circuit Technology Co., Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(2,104,660)	(94)	O/A 3 months	-	—	409,976	77	
Changshu Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Associate	Sales	(442,580)	(8)	O/A 4 months	-	—	127,852	9	

Gold Circuit Electronics Ltd.

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

December 31, 2020

Attachment 10

Unit: NTD thousand

Companies stated into accounts receivable	Trading counterpart	Affiliation	Balance of accounts receivable - related party	Turnover (Note 1)	Overdue accounts receivable - related party		Amounts received in subsequent period - related party	Allowance loss
					Amount	Accounting treatment		
Suzhou Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Accounts receivable \$ 1,921,379	3.71	\$ -	—	\$ 585,410	\$ -
Changshu Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Accounts receivable 1,215,828	4.10	-	—	374,593	-
Changshu Gold Circuit Technology Co., Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Accounts receivable 409,976	6.09	-	—	201,916	-
Changshu Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Affiliated enterprise	Accounts receivable 127,852	2.33	-	—	53,339	-
Changshu Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Affiliated enterprise	Other accounts receivable 1,878	-	-	—	702	-

Note 2: The cycle days are not calculated for other receivables from related parties.

Gold Circuit Electronics Ltd.
Information about investment in Mainland China
January 1 through December 31, 2020

Attachment 11

Unit: NTD thousand/USD thousand

Name of invested company in China	Principal business	Paid-in capital	Mode of investment (Note 1)	Cumulative investment amount outward remitted from Taiwan - beginning of the period	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	\$ 1,059,135	100	2.(2) \$ 1,034,514	\$ 1,478,151	\$ -
Changshu Gold Circuit Electronics Ltd.	Design, produce and sell multi-layer printed circuit boards	959,724	2	959,724	-	-	959,724	472,258	100	2.(2) 459,030	2,228,482	-
Changshu Gold Circuit Technology Co., Ltd.	Design, produce and sell multi-layer printed circuit boards	980,105	3	980,105	-	-	980,105	222,651	100	2.(2) 215,546	(998,907)	-

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)	\$ 4,585,565 (USD 161,010)	\$ -

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

- Investments in Mainland China companies through remittance from a third area.
- Investments in Mainland China companies through a company invested and established in a third area.
- Investments in Mainland China companies through reinvesting in an existing company in a third area.
- Others, ex: fiduciary investment

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

- Please mark out if there has no investment gain or loss yet because the investment is still under planning.
- The basis of recognition of investment gain/loss is classified into following three types, which should be marked out.
 - Financial statements reviewed and approved by an international CPA firm which cooperates with a CPA firm of the ROC.
 - Financial statements audited by the CPAs of the parent company in Taiwan.
 - 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 September 9, 2019. 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 through December 31, 2020

Attachment 12

Unit: NTD thousand

Related parties' names	Affiliation of the Company with related party	Type of transaction	Amount	Trading conditions			Notes/accounts receivable (payable)		(Realized) unrealized gain (loss)
				Price	Payment terms	Comparison with the general transactions	Balance	Percentage (%)	
Suzhou Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Purchase	\$ 6,752,094	\$ 6,752,094	General	Similar	(\$ 1,921,379)	81	(\$ 24,621)
"	"	Sales	19,446	19,446	General	Similar	3,105		
"	"	Surrogate shopping of consumables	78,740	78,740	General	Similar	16,399		
Changshu Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Purchase	4,545,702	4,545,702	General	Similar	(1,215,828)	83	(13,228)
"	"	Sales	4,463	4,463	General	Similar	94		
"	"	Surrogate shopping of consumables	33,864	33,864	General	Similar	3,845		
Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested via a subsidiary indirectly	Purchase	2,104,660	2,104,660	General	Similar	(409,976)	77	(7,105)
"	"	Sales	3,027	3,027	General	Similar	1,320		
"	"	Surrogate shopping of consumables	19,241	19,241	General	Similar	14,205		

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 through December 31, 2020

Attachment 13

Unit: NTD thousand

No. (Note 1)	Name of trader	Trading counterpart	Relationship with the trader (Note 2)	Transaction			
				Title	Amount	Trading conditions	Percentage in total consolidated revenue or total assets % (Note 3)
0	Gold Circuit Electronics Ltd.	King Hsiang Investment Co.	1	Other income	\$ 24	Equivalent to those applicable to a non-related party	
		Suzhou Gold Circuit Electronics Ltd.	1	Accounts receivable	3,105	Equivalent to those applicable to a non-related party	
				Other accounts receivable	529,039	Equivalent to those applicable to a non-related party	2
				Interest receivable	9,959	Equivalent to those applicable to a non-related party	
				Accounts payable	1,921,379	Equivalent to those applicable to a non-related party	9
				Sales income	19,446	Equivalent to those applicable to a non-related party	
				Sales cost	6,752,094	Equivalent to those applicable to a non-related party	29
				Interest income	24,909	Equivalent to those applicable to a non-related party	
				Other income	11	Equivalent to those applicable to a non-related party	
		Changshu Gold Circuit Electronics Ltd.	1	Accounts receivable	94	Equivalent to those applicable to a non-related party	
				Accounts payable	1,215,828	Equivalent to those applicable to a non-related party	6
				Other accounts receivable	3,845	Equivalent to those applicable to a non-related party	
				Sales income	4,463	Equivalent to those applicable to a non-related party	
		Changshu Gold Circuit Technology Co., Ltd.	1	Sales cost	4,545,702	Equivalent to those applicable to a non-related party	19
				Accounts receivable	1,320	Equivalent to those applicable to a non-related party	
				Other accounts receivable	452,200	Equivalent to those applicable to a non-related party	2
				Interest receivable	5,222	Equivalent to those applicable to a non-related party	
				Accounts payable	409,976	Equivalent to those applicable to a non-related party	2
				Sales income	3,027	Equivalent to those applicable to a non-related party	

1	Goldex Holding Limited	Suzhou Gold Circuit Electronics Ltd.	3	Sales cost	2,104,660	Equivalent to those applicable to a non-related party	9
				Interest income	24,255	Equivalent to those applicable to a non-related party	
				Other accounts receivable	284,800	Equivalent to those applicable to a non-related party	1
				Interest receivable	283	Equivalent to those applicable to a non-related party	
		Changshu Gold Circuit Electronics Ltd.	3	Interest income	1,202	Equivalent to those applicable to a non-related party	
				Other accounts receivable	256,320	Equivalent to those applicable to a non-related party	1
				Interest receivable	587	Equivalent to those applicable to a non-related party	
				Interest income	5,271	Equivalent to those applicable to a non-related party	
		Changshu Gold Circuit Technology Co., Ltd.	3	Other accounts receivable	598,080	Equivalent to those applicable to a non-related party	3
				Interest receivable	1,245	Equivalent to those applicable to a non-related party	
				Interest income	10,430	Equivalent to those applicable to a non-related party	
				Interest receivable	65	Equivalent to those applicable to a non-related party	
		Gold Circuit International Limited	3	Other accounts receivable	85,440	Equivalent to those applicable to a non-related party	
				Interest income	65	Equivalent to those applicable to a non-related party	
				Interest receivable	\$ 22	Equivalent to those applicable to a non-related party	
				Other accounts receivable	28,480	Equivalent to those applicable to a non-related party	
		Gold Circuit Enterprise Limited	3	Interest income	22	Equivalent to those applicable to a non-related party	
				Interest receivable		Equivalent to those applicable to a non-related party	
				Other accounts receivable		Equivalent to those applicable to a non-related party	
				Interest income		Equivalent to those applicable to a non-related party	
2	Suzhou Gold Circuit Electronics Ltd.	Silver Industrial Limited	3	Interest expenditure	538	Equivalent to those applicable to a non-related party	
		Changshu Gold Circuit Technology Co., Ltd.	3	Accounts receivable	8,065	Equivalent to those applicable to a non-related party	
				Other accounts receivable	8,579	Equivalent to those applicable to a non-related party	
				Accounts payable	537	Equivalent to those applicable to a non-related party	
				Other payables	726	Equivalent to those applicable to a non-related party	
				Sales income	11,977	Equivalent to those applicable to a non-related party	
				Sales cost	2,372	Equivalent to those applicable to a non-related party	

(To be continued)

(Continued)

No. (Note 1)	Name of trader	Trading counterpart	Relationship with the trader (Note 2)	Transaction			
				Title	Amount	Trading conditions	Percentage in total consolidated revenue or total assets % (Note 3)
3	Changshu Gold Circuit Electronics Ltd.	Changshu Gold Circuit Electronics Ltd.	3	Accounts receivable	29,874	Equivalent to those applicable to a non-related party	1
				Other accounts receivable	748	Equivalent to those applicable to a non-related party	
				Accounts payable	127,852	Equivalent to those applicable to a non-related party	
				Other payables	1,878	Equivalent to those applicable to a non-related party	
				Sales income	64,609	Equivalent to those applicable to a non-related party	
				Sales cost	442,580	Equivalent to those applicable to a non-related party	2
		Changshu Gold Circuit Technology Co., Ltd.	3	Accounts receivable	1,783	Equivalent to those applicable to a non-related party	4
				Other accounts receivable	853,091	Equivalent to those applicable to a non-related party	
				Accounts payable	139	Equivalent to those applicable to a non-related party	
				Other payables	6,398	Equivalent to those applicable to a non-related party	
				Sales income	10,049	Equivalent to those applicable to a non-related party	
				Sales cost	13,427	Equivalent to those applicable to a non-related party	
				Interest income	37,360	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:

- 0 is for the Parent Company.
- Subsidiaries are numbered from 1 onwards.

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

- Parent Company to subsidiaries.
- Subsidiaries to Parent Company.
- Subsidiaries to subsidiaries.

Note 3: For computing the ratio of trade amount to the total consolidated revenue or total assets, if it is for assets or liabilities, the computation is based on the ratio of ending balance to total consolidated assets; however, if it is for gains or losses, the computation is based on the ratio of interim cumulative amount to total consolidated revenue.

Gold Circuit Electronics Ltd.
Information of Major Shareholders
December 31, 2020

Attachment 14

Name of Major Shareholder	Shares	
	Number of shares held (share)	Shareholding ratio
Chang-Chi Yang	107,258,019	19.62%
Jui-Ching Li	30,724,300	5.62%

V. Financial Difficulties Encountered by the Company and Its Affiliates During the Most Recent Fiscal Year Up to the Date of Publication of the Annual Report

Auditors' Report

To: Gold Circuit Electronics Ltd.

Audit opinions

We have audited the parent company only balance sheet of Gold Circuit Electronics Ltd. as of December 31, 2019 and 2020, and the related parent company only statements of income, retained earnings, cash flow, and notes to the parent company only financial statements (including the material accounting policies summary) from January 1 to December 31, 2019 and 2020.

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, presenting fairly the parent company only financial position of Gold Circuit Electronics Ltd. as of December 31, 2019 and 2020 and the results of parent company only financial performance and cash flow for the periods starting from January 1 till December 31, 2019 and 2020.

The basis for opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the parent company only financial statements. The personnel of the accounting firm that the CPAs belong to who are subject to the independence requirement have acted independently from the business operations of Gold Circuit Electronics Ltd. and its subsidiaries 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 Matter

The “key audit matter” means that the independent auditors have used their professional judgment as the basis to audit the most important matters on the 2020 parent company only financial statements 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 of the 2020 parent company only financial statements of Gold Circuit Electronics Ltd. are described as follows :

Recognition of Income

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

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

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

Responsibilities of Management and 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 preparing the parent company only financial statements, the management’s responsibility also includes assessing the continuing operation of Gold Circuit Electronics Ltd., the disclosure of the relevant matters, and the adoption of the continuing operation accounting base, unless the

management intends to liquidate Gold Circuit Electronics Ltd. 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 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 generally accepted 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 generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

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

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 statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of Gold Circuit Electronics Ltd.; also, is responsible for 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).

The independent auditor has used the communications with the governing unit as the basis to determine the key audit matters to be performed on the 2020 parent company only financial statements of Gold Circuit Electronics Ltd. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Deloitte & Touche

CPA Chao-Ling Chen

CPA Jui-Nan Chang

Financial Supervisory Commission's
written approval No.:
Jin-Guan-Zheng-Liu-Zi No.: 0930160267

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

March 25, 2021

Gold Circuit Electronics Ltd.
Parent Company Only Balance Sheet
December 31, 2019 and 2020

Unit: NTD thousand

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes IV and VI)	\$ 2,289,674	13	\$ 1,571,516	10
1110	Financial assets at fair value through gains or losses - current (Notes IV and VII)	-	-	35,477	-
1150	Notes receivable (Notes IV and VIII)	83	-	-	-
1180	Accounts receivable - related party (Notes IV, V, VIII and XXVIII)	4,519	-	28,151	-
1170	Accounts receivable - non-related party (Notes IV, V and VIII)	6,213,750	35	6,166,142	39
1210	Other accounts receivable - related parties (Notes IV, VIII and XXVIII)	1,000,265	6	1,788,924	11
1200	Other accounts receivable - non-related parties (Note IV and VIII)	138,195	1	42,086	-
1220	Income tax assets for the current period (Note XXIII)	15,670	-	15,670	-
130X	Inventories (Notes IV and IX)	2,028,023	11	1,713,163	11
1410	Prepayments	69,726	-	77,975	1
1470	Other current assets (Note XV)	10,728	-	8,904	-
11XX	Total current assets	<u>11,770,633</u>	<u>66</u>	<u>11,448,008</u>	<u>72</u>
	Non-current assets				
1550	Investment under equity method (Notes IV, X and XXV)	2,627,936	15	739,258	5
1600	Property, plant and equipment (Notes IV, XI and XXIX)	2,476,950	14	2,379,241	15
1755	Right-of-use assets (Notes IV and XII)	38,667	-	49,908	-
1760	Investment property (Notes IV and XIII)	577,000	3	574,400	4
1780	Other intangible assets (Notes IV and XIV)	9,238	-	11,191	-
1840	Deferred income tax assets (Notes IV and XXIII)	441,132	2	589,209	4
1900	Other non-current assets (Note XV)	1,415	-	2,278	-
15XX	Total non-current assets	<u>6,172,338</u>	<u>34</u>	<u>4,345,485</u>	<u>28</u>
1XXX	Total assets	<u>\$ 17,942,971</u>	<u>100</u>	<u>\$ 15,793,493</u>	<u>100</u>
	Liabilities and shareholders' equity				
	Current liabilities				
2100	Short-term loan (Notes IV and XVI)	\$ 14,486	-	\$ 222,380	1
2110	Short-term notes and bills payable (Note XVI)	-	-	100,000	1
2120	Financial liabilities at fair value through gains or losses - current (Notes IV and VII)	13,804	-	-	-
2150	Notes payable (Note XVII)	-	-	1,565	-
2170	Accounts payable - non-related parties (Note XVII)	874,382	5	1,554,878	10
2180	Accounts payable - related parties (Notes XVII and XXVIII)	3,547,183	20	3,001,241	19
2280	Lease liabilities - current (Notes IV and XII)	12,563	-	12,911	-
2219	Other accounts payable (Note XVIII)	1,181,296	7	644,194	4
2230	Income tax liability of current period (Note XXIII)	94,939	-	-	-
2250	Provision for liabilities-current (Notes IV and XIX)	137,009	1	114,719	1
2320	Long-term loans due within a year (Notes IV and XVI)	687,692	4	153,333	1
2399	Other current liabilities (Note XVIII)	40,663	-	28,155	-
21XX	Total current liabilities	<u>6,604,017</u>	<u>37</u>	<u>5,833,376</u>	<u>37</u>
	Non-current liabilities				
2540	Long-term loan (Notes IV and XVI)	1,772,308	10	2,465,000	16
2570	Deferred income tax liabilities (Notes IV and XXIII)	84,514	-	89,051	1
2580	Lease liabilities - non-current (Notes IV and XII)	15,950	-	27,905	-
2640	Net defined benefit liabilities- non-current (Notes IV and XX)	199,687	1	211,352	1
2670	Other non-current liabilities (Note XVIII)	859	-	839	-
25XX	Total non-current liabilities	<u>2,073,318</u>	<u>11</u>	<u>2,794,147</u>	<u>18</u>
2XXX	Total liabilities	<u>8,677,335</u>	<u>48</u>	<u>8,627,523</u>	<u>55</u>
	Equity (Note XXI)				
	Capital stock				
3110	Common shares	5,464,879	31	5,464,879	35
3200	Additional paid-in capital	1,471,233	8	1,471,233	9
	Retained earnings				
3320	Special reserve	475,522	3	475,522	3
3350	Unappropriated earnings (deficits pending makeup)	1,679,970	9	(377,054)	(2)
3300	Total retained earnings	2,155,492	12	98,468	1
3400	Other equity items	272,509	2	229,867	1
3500	Treasury stocks	(98,477)	(1)	(98,477)	(1)
3XXX	Total equity	<u>9,265,636</u>	<u>52</u>	<u>7,165,970</u>	<u>45</u>
	Total liabilities and equities	<u>\$ 17,942,971</u>	<u>100</u>	<u>\$ 15,793,493</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-Ching Yang

Gold Circuit Electronics Ltd.
Parent Company Only Statement of Income
January 1 to December 31, 2020 and 2019

Unit: NTD thousand, yet
the earnings per share is NTD

Code		2020		2019	
		Amount	%	Amount	%
	Operating income (Note IV and XXVIII)				
4100	Sales income	\$ 21,865,903	100	\$ 16,317,433	100
	Operating cost (Notes IX, XX, XXII and XXVIII)				
5110	Sales cost	<u>19,912,518</u>	<u>91</u>	<u>15,068,371</u>	<u>92</u>
5900	Operating gross profit	<u>1,953,385</u>	<u>9</u>	<u>1,249,062</u>	<u>8</u>
	Operating expenditure (Notes XX, XXII and XXVIII)				
6100	Promotional expenditure	549,209	3	431,008	3
6200	Operating expenditure	314,719	2	262,564	2
6300	R&D expenditure	249,459	1	211,042	1
6450	Expected credit impairment loss (profit)	<u>63,939</u>	<u>-</u>	<u>(3,747)</u>	<u>-</u>
6000	Total operating expenditures	<u>1,177,326</u>	<u>6</u>	<u>900,867</u>	<u>6</u>
6510	Net amount of other gains and losses (Note XXII)	<u>(41,297)</u>	<u>-</u>	<u>(62,634)</u>	<u>-</u>
6900	Net operating profit	<u>734,762</u>	<u>3</u>	<u>285,561</u>	<u>2</u>
	Non-operating income and expenditure (Notes IV, XXII and XXVIII)				
7100	Interest income	62,324	-	94,707	1
7010	Other income	49,796	-	60,860	-
7020	Other gain or loss	<u>(122,855)</u>	<u>-</u>	<u>(97,961)</u>	<u>(1)</u>
7050	Financial cost	<u>(53,799)</u>	<u>-</u>	<u>(60,458)</u>	<u>-</u>
7070	Amount of profit and/or loss of subsidiaries, affiliates, and joint ventures adopting the equity method	<u>1,688,586</u>	<u>8</u>	<u>(80,555)</u>	<u>(1)</u>
7000	Total non-operating income and expenditures	<u>1,624,052</u>	<u>8</u>	<u>(83,407)</u>	<u>(1)</u>

(To be continued)

(Continued)

Code		2020		2019	
		Amount	%	Amount	%
7900	Net profit before tax from continuing operation	\$ 2,358,814	11	\$ 202,154	1
7950	Income tax expenditure (Notes IV and XXIII)	<u>292,202</u>	<u>1</u>	<u>72,428</u>	<u>-</u>
8000	Continuing operation net profit for the year	<u>2,066,612</u>	<u>10</u>	<u>129,726</u>	<u>1</u>
	Other combined gains or losses				
8310	Not reclassified to profit and loss:				
8311	Defined benefit plan re-measurement amount (Note XX)	(11,985)	-	(18,179)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other combined gains or losses	(10,000)	-	-	-
8349	Incomes tax related to titles not subject to reclassification	2,397	-	3,636	-
8360	May be reclassified to profit and loss subsequently:				
8361	Exchange differences on translation of foreign financial statements	<u>52,642</u>	<u>-</u>	(<u>1,696</u>)	<u>-</u>
8300	Other combined gains or losses of current term (after-tax net value)	<u>33,054</u>	<u>-</u>	(<u>16,239</u>)	<u>-</u>
8500	Total combined gains or losses of the year	<u>\$ 2,099,666</u>	<u>10</u>	<u>\$ 113,487</u>	<u>1</u>
	EPS (Note XXIV)				
	From continuing operations				
9710	Basic	<u>\$ 3.82</u>		<u>\$ 0.24</u>	
9810	dilution	<u>\$ 3.80</u>		<u>\$ 0.24</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-Ching Yang

Gold Circuit Electronics Ltd.
Parent Company Only Statement of Changes in Shareholders' Equity
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

						Other equity items					
						Exchange differences on translation of foreign financial statements	Unrealized gains or losses from financial assets at fair value through other combined profits or losses	Property revaluation surplus	Treasury stocks	Total equity	
Retained earnings											
Code		Capital stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings					
A1	Balance at January 1, 2019	\$ 5,464,879	\$ 1,471,233	\$ 473,942	\$ 475,522	(\$ 966,179)	(\$ 63,648)	(\$ 570)	\$ 295,781	(\$ 98,477)	\$ 7,052,483
B13	Legal reserve can be appropriated to cover previous losses	-	-	(473,942)	-	473,942	-	-	-	-	-
D1	2019 Net profit	-	-	-	-	129,726	-	-	-	-	129,726
D3	2019 after-tax other combined profits or losses	-	-	-	-	(14,543)	(1,696)	-	-	-	(16,239)
D5	2019 Total combined profits or losses	-	-	-	-	115,183	(1,696)	-	-	-	113,487
Z1	Balance at December 31, 2019	5,464,879	1,471,233	-	475,522	(377,054)	(65,344)	(570)	295,781	(98,477)	7,165,970
D1	2020 Net profit	-	-	-	-	2,066,612	-	-	-	-	2,066,612
D3	2020 after-tax other combined profits or losses	-	-	-	-	(9,588)	52,642	(10,000)	-	-	33,054
D5	Total amount of 2020 combined profits or losses	-	-	-	-	2,057,024	52,642	(10,000)	-	-	2,099,666
Z1	Balance as of December 31, 2020	<u>\$ 5,464,879</u>	<u>\$ 1,471,233</u>	<u>\$ -</u>	<u>\$ 475,522</u>	<u>\$ 1,679,970</u>	<u>(\$ 12,702)</u>	<u>(\$ 10,570)</u>	<u>\$ 295,781</u>	<u>(\$ 98,477)</u>	<u>\$ 9,265,636</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-Ching Yang

Gold Circuit Electronics Ltd.
Parent Company Only Statement of Cash Flow
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

Code		2020	2019
	Cash flow from operating activities		
A10000	Net profit before tax for the year	\$ 2,358,814	\$ 202,154
A20010	Income charges (credits):		
A20300	Expected credit impairment loss		
	(interest from recovery of impairment)	63,939	(3,747)
A20100	Depreciation expenditure	282,458	311,909
A20200	Amortization expenditure	10,650	18,257
A20900	Financial cost	53,799	60,458
A29900	Provision (reversal) for liabilities	25,542	45,193
A22400	Amount of profit and/or loss of subsidiaries, affiliates, and joint ventures adopting the equity method	(1,688,586)	80,555
A21200	Interest income	(62,324)	(94,707)
A23700	Inventory valuation and obsolescence losses	17,315	-
A23800	Gain on price recovery from inventory devaluation and obsolescence	-	(29,766)
A23100	Net gain from the disposal of financial assets	(423)	-
A22500	Loss on disposal of property, plant and equipment	10,937	12,258
A20400	Net loss (or gain) from financial assets at fair value through gains or losses	25,477	(21,698)
A20400	Net loss from financial liabilities at fair value through gains or losses	13,804	-
A24100	Net loss of exchange in foreign currencies	52,996	100,579
A24600	Gain from fair value adjustment of investment property	(2,600)	(1,600)
A29900	Pension fund paid	(23,650)	(21,804)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	(83)	5,455
A31150	Accounts receivable	(180,669)	(1,360,995)
A31180	Other accounts receivable	659,860	(278,138)
A31200	Inventories	(332,175)	299,263
A31230	Prepayments	8,249	(11,529)
A31240	Other current assets	(1,824)	(8,857)
A32130	Notes payable	(1,565)	894
A32150	Accounts payable	(87,876)	1,500,781
A32180	Other payables	491,741	(97,057)
A32230	Other current liabilities	<u>12,508</u>	<u>19,800</u>
A33000	Cash yielded in business operation	1,706,314	727,658
A33200	Interest collected	73,512	81,398
A33500	Income tax paid	(<u>51,326</u>)	(<u>200,630</u>)
AAAA	Net cash inflow from operating activities	<u>1,728,500</u>	<u>608,426</u>

(To be continued)

(Continued)

Code		2020	2019
	Cash flow from investing activities		
B00010	Financial assets measured at fair value through other combined gains or losses	(\$ 10,000)	\$ -
B00100	Acquisition of financial assets at fair value through gains or losses	(29,000)	-
B00200	Disposal of financial assets at fair value through gains or losses	39,423	-
B02700	Procurement of property, plant and equipment	(335,992)	(277,026)
B04500	Procurement of intangible assets	(8,697)	(12,307)
B02800	Proceeds from disposal of property, plant and equipment	16,129	3,438
B03700	Increase in refundable deposits	-	(140)
B03800	Decrease in refundable deposit	863	-
B02200	Net cash outflow from acquisition of subsidiaries	(<u>147,450</u>)	(<u>467,270</u>)
BBBB	Net cash outflow from investing activities	(<u>474,724</u>)	(<u>753,305</u>)
	Cash flow from financing activities		
C00100	Increase in short-term loan	407,574	926,455
C00200	Decrease in short-term loan	(615,396)	(1,173,628)
C00500	Increase in short-term notes and bills payable	-	100,000
C00600	Decrease in short-term notes payable	(100,000)	-
C01600	Application for long-term loan	4,160,000	2,670,000
C01700	Repayment of long-term loan	(4,318,333)	(1,890,245)
C03000	Collection of guarantee deposits received	20	-
C03100	Refund of guarantee deposits received	-	(450)
C04020	Repayment of lease liability principal	(14,953)	(17,798)
C05600	Interest paid	(<u>54,525</u>)	(<u>60,285</u>)
CCCC	Net cash in-flows (out-flows) of fund-raising activities	(<u>535,613</u>)	<u>554,049</u>
DDDD	Impact of change in exchange rate upon cash & cash equivalents	(<u>5</u>)	(<u>75</u>)
EEEE	Net increase in cash and cash equivalents	718,158	409,095
E00100	Balance of cash and cash equivalents-beginning of year	<u>1,571,516</u>	<u>1,162,421</u>
E00200	Balance of cash and cash equivalents-end of year	<u>\$ 2,289,674</u>	<u>\$ 1,571,516</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-Ching Yang

Gold Circuit Electronics Ltd.
Notes to Parent Company Only Financial Statements
January 1 to December 31, 2020 and 2019
(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 22, 2021.

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

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

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

1. "Definition of a business", amendment to IFRS 3

The amendment hereunder shall apply to transactions of the Company that occur after January 1, 2020. The operations specified in the current amendment shall at least include commitment and material processes and the significant contributions to the capabilities made possible together by both. Whether the acquired process is material will depend on whether it will render an output in the future and hence different judgmental criteria shall apply. An optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business is added, which an enterprise may choose to apply discretionarily.

2. Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"

When such amendments apply retroactively, the Company shall hypothesize that the interest rate benchmark ((e.g. LIBOR) where the cash flow from hedge or hedging instruments is based on remains unaffected by the interest rate benchmark reform, and then continue to apply the hedge accounting.

3. Amendments to IAS 1 and IAS 8 “Definition of Material”

The Company started to apply the said revision on January 1, 2020 by “can be reasonably expected to impact users” as the threshold for significance and the disclosure of individual financial statements is adjusted with non-material information that may fuzzify material information deleted.

(II) Applicable IFRSs approved by the Financial Supervisory Commission (hereinafter referred to as the “FSC”) in 2021.

<u>New promulgation/Amendment/Amended Rules and Interpretation</u>	<u>The effective date promulgated by IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	This revision shall take effect on the date of release.
Amendments to IFRS 9, IAS 9, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Stage 2”	The amendments are applicable to the annual reporting period that begins January 1, 2021.
Amendments to IFRS 16: “Related Lease Concession due to COVID-19”	The amendments are applicable to the annual reporting period that begins June 1, 2020.

1. Amendments to IFRS 9, IAS 9, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Stage 2”

“Interest Rate Benchmark Reform - Stage 2” involves mainly amendments to IFRS 9, IFRS 7, and IFRS 16. For the resultant impacts of an interest rate benchmark reform, the practically appropriate practice is provided.

Changes to the Basics for Deciding Contract Cash Flows Caused by Interest Rate Benchmark Reform

Changes to the basics for deciding contract cash flows of financial assets, financial liabilities, and lease liabilities, if required for the direct outcome of the interest rate benchmark reform and the new basics are equivalent to those prior to changes economically, they shall be considered as effective interest rate changes while the changes to basics are being decided.

Hedging Accounting

Temporary exceptions are added to the said amendment regarding the hedging relations impacted by the interest rate benchmark reform:

- (1) Hedging relations that are revised to reflect the required changes by the interest rate benchmark reform are considered as continuing existing hedging relations and do not constitute discontinuation of existing hedging relations or designation of new hedging relations.
- (2) When risk components not specified in the contract are designated to be items to be hedged, if the new benchmark interest rate is unable to be unilaterally recognized on the date of designation, as long as the enterprise reasonably expects that such a benchmark interest rate will become a risk component that may be unilaterally recognized within 24 months, it may be designated immediately as an item to be hedged.
- (3) After the cash flow hedging relations are revised, the amount already accumulated as part of the cash flow hedging instrument gains or losses shall be considered to be based on the revised new benchmark interest rate.
- (4) Items to be hedged in a set of items subject to impacts from the interest rate benchmark reform shall be divided into contracts that have been changed to be linked to another benchmark interest rate and those yet to be changed, two sub-groups, and the benchmark interest rate risk to be circumvented shall be assigned, separately, for each sub-group.

(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)
“Annual improvements during the 2018~2020 Periods”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
IFRS 10 and IAS 28 amendment “Assets sales or contribution between the investor and the affiliated company or joint venture.”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)

Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment — Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 3: The amendments are applicable to mergers of businesses whose date of acquisition begins during an annual reporting period after January 1, 2022.

Note 4: The amendments are applicable to properties, plants, and equipment in required locations and status meeting the operational approach expected by the management on January 1, 2021 and thereafter.

Note 5: The amendments are applicable to contracts where not all obligations are fulfilled on January 1, 2022 and thereafter.

Note 6: The amendments are applicable to delays during the annual reporting period that begins after January 1, 2023.

Note 7: The amendments are applicable to delays during the annual reporting period that begins after January 1, 2023.

1. IFRS 10 and IAS 28 amendment “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”

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

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

3. Annual improvements during the 2018-2020 Periods

Several standards were amended during the 2018-2020 periods. The amendments to IFRS 9 “Financial Instruments”, in particular, are meant to

evaluate if there are material changes to the swaps of financial liabilities or revisions to provisions and to compare if a difference of 10% exists in the discounted cash flow between new and old contracts (including the net amount of payments made or collected from signing or revising a contract). The payments made or collected as mentioned in the foregoing shall only include those between the borrower and the lender.

4. Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

5. Amendments to IAS 16 “Property, Plant and Equipment — Proceeds before Intended Use”

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

The amendments are applicable to properties, plants, and equipment in required locations and status meeting the operational approach expected by the management on January 1, 2021 and thereafter. When the Company applies the amendments for the first time, information on the comparative periods shall be reorganized.

6. Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

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

The Company will, when applying the amendments for the first time, recognize the accumulated impacts as retained earnings of the initial applicable date.

7. 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 shall 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 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 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 statements rely on such information in order to know the said material transactions, other matters, or conditions.

8. 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 needs to be estimated. As such, it is required to fulfill this purpose by creating accounting estimates taking advantage of the measurement technique and the input value. If impacts of changes in the measurement technique and the input value on accounting estimates are not corrections of preceding errors, such changes are considered changes in accounting estimates.

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

IV. Summary of Significant Accounting Policies

(I) Compliance Statement

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

(II) Compilation Basis

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

The evaluation of fair value could be classified into

Degree 1 to Degree 3 by the observable intensity and importance of related input value:

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

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

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

Current assets include:

1. Assets held primarily for trading purpose;
2. Assets expected to be realized within 12 months after the date shown on the balance sheet; and
3. Cash and cash equivalents, excluding those meant for exchange, to pay off liabilities, or under other restrictions in more than 12 months after the date shown on the balance sheet.

non-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 whose payment deadline cannot be unconditionally extended to at least 12 months after the date shown on the balance sheet. Where the liabilities might be paid off at the discretion of the other party through the tools of the issuance equity, the classification would remain unaffected.

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

(IV) Foreign currency

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.

Upon preparation of the parent company only 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 gains, expenditure, and losses were converted based on the average exchange rate for the current term. The difference of conversion so incurred was entered as other combined gains or losses.

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

If partial disposal of the subsidiaries of foreign operating sites does not lead to loss of control, accumulated differences of conversion will be calculated as part of the equity transactions proportionally yet they are not recognized as gains or losses. Under other circumstances where overseas operating 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 gains and/or losses of the subsidiaries, and other shares of combined gains or losses 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 combined gains or losses were managed on the accounting grounds same as the grounds which it should comply with if the Company directly disposed of the relevant assets or liabilities.

The unrealized gains (losses) from downstream transactions between the Company and subsidiaries were written off in the parent company only financial report. For the gains or losses incurred in upstream and side-stream transactions between the Company and subsidiaries, the Company only recognized those within the scope irrelevant to the subsidiaries 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. 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) (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 uncertain useful years are recognized with the cost less accumulated impairment loss.

2. De-recognition

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 properties, plants, and equipment, right-of-use assets, intangible assets, and contract cost-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 existent, 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.

For inventories, properties, plants, and equipment, and intangible assets recognized because of customer contracts, the impairment is recognized first according to the inventory impairment requirement and the requirement mentioned above and then the amount of expected collectable consideration of related products or services in excess of the book value of contract cost-related assets and with direct related costs subtracted is recognized as impairment loss. The book value of related assets of contract cost is subsequently included as part of the units that yielded cash for the impairment assessment of the units that yielded cash.

Where the loss of impairment was recovered afterward, the book value of the assets, the units that yielded cash, or the book value of contract cost-related assets was adjusted upward to the post-amendment recoverable amount. The increased book value, nevertheless, should not exceed such assets or the book value resolved by the assets, the units that yielded cash, or the book value of contract cost-related assets if the impairment loss was not recognized in the preceding fiscal year (less the amortization or depreciation). The recovery of the loss in impairment was recognized in profit and/or loss.

(XI) Financial Instrument

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) Type of measure

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

A. Financial Assets at Fair Value through Gains or Losses

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

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

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 income 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 income 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 income 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 combined gains or losses.

Investment in equity instruments at fair value through other combined gains or losses are measured at fair value, and the subsequent movements of the fair value are measured in other combined gains or losses, and accumulated in other equity. When disposing investments, the accumulated gains/losses are transferred to the retained earnings directly without reclassified as gains or losses.

The dividends from the equity instruments at fair value through other combined gains or losses are recognized as gains/losses 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 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.

For the purpose of internal credit risk management, without taking into account the collaterals held by it, the Company determined that the following circumstances should constitute a breach of contract:

A. Some internal or external information showed that the debtor was not likely to discharge the debt.

B. Overdue for more than 90 days, unless some reasonable and sufficient information showing that the basis for overdue performance was fair.

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

(3) Derecognition of Financial Assets

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

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

2. Equity Instrument

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

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

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

3. Financial liabilities

(1) Subsequent Measurement

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

Financial Liabilities at Fair Value through Gains or Losses

Financial liabilities at fair value through gains or losses refer to the financial liabilities held for trading.

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

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 as gains or losses.

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 gains or losses are listed under gains or losses directly. Notwithstanding, when the derivative financial instruments which were designated and considered as effective hedging instruments should be recognized as gains or losses should be decided subject to the nature of hedging relations. 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 gains or losses.

(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 Income

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

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

For 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 income

The sales income 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 income 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 income 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 as gains 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 as gains or losses. The lease liabilities are individually expressed in the parent company only balance sheets.

(XV) Borrowing Cost

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 as gains or losses 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 as gains and/or losses 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 Welfare

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 gain and loss and projected ROA net of applicable interest) was recognized as other combined gains or losses 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. Income tax for the year

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

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 Taxes

The current and deferred income tax was recognized into gain and/or loss. The current and deferred income tax relevant to the items, which were recognized in other combined gains or losses or directly counted into the items of equity, was recognized into other combined gains or losses 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 Uncertainties of Major Accounting Judgments, Estimates and Hypotheses

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

The Company took economic impacts of COVID-19 into consideration while rendering major accounting estimates. The management will continue to review the estimates and basic 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 was based on the Company's hypotheses about the risk of default and expected loss rate. The Company took into consideration the historical experience, existing market conditions and forward-looking estimates to make the assumptions and select the inputs to the impairment calculation. For details of the key assumptions and inputs used, please refer to Note XXVII. If the actual future cash flows are less than expected, a material impairment loss may have arisen therefor.

VI. Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and working capital	\$ 1,179	\$ 1,011
Bank's notes and current deposit	2,277,552	1,560,603
Cash equivalents (investment due within three (3) months in the date of initial maturity).		
Bank time deposit	<u>10,943</u>	<u>9,902</u>
	<u>\$ 2,289,674</u>	<u>\$ 1,571,516</u>

VII. Financial instruments at fair value through gains or losses

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets-current</u>		
At fair value through gains or losses compulsorily		
Derivatives (not under hedge accounting)		
— Forward foreign exchange contracts (1)	\$ -	\$ 6,977
— FX swaps contracts (2)	-	17,760
Non-derivative financial assets		
— Funds	<u>-</u>	<u>10,740</u>
Subtotal	<u>\$ -</u>	<u>\$ 35,477</u>
<u>Financial liabilities - Current</u>		
At fair value through gains or losses compulsorily		
Derivatives (not under hedge accounting)		
— Forward foreign exchange contracts (1)	\$ 9,220	\$ -
— FX swaps contracts (2)	<u>4,584</u>	<u>-</u>
	<u>\$ 13,804</u>	<u>\$ -</u>

(I) The outstanding forward foreign exchange 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, 2020</u>			
Sold forward foreign exchange contracts	Sell USD/Buy NTD	January 4, 2021 ~ April 6, 2021	USD 44,000 / NTD 1,243,900
<u>December 31, 2019</u>			
Sold forward foreign exchange contracts	Sell USD/Buy NTD	January 3, 2020~February 05, 2020	USD 18,000 / NTD 546,202

(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, 2020</u>			
Sold FX swaps	Sell USD/Buy NTD	January 29, 2021 ~ February 26, 2021	USD 62,000 / NTD 1,761,176
<u>December 31, 2019</u>			
Sold FX swaps	Sell USD/Buy NTD	January 30, 2020~February 27, 2020	USD 62,000 / NTD 1,875,249

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, 2020</u>	<u>December 31, 2019</u>
<u>Notes receivable</u>		
Generated from operations	\$ 83	\$ -
<u>Accounts receivable</u>		
Measured at amortized cost		
Total book value	\$ 6,308,249	\$ 6,220,334
Less: Allowance losses	(89,980)	(26,041)
	<u>\$ 6,218,269</u>	<u>\$ 6,194,293</u>
<u>Other accounts receivable</u>		
Business tax refund receivable	\$ 26,076	\$ 29,449
Accounts receivable from sale of scraps	13,870	6,394
Others	<u>1,098,514</u>	<u>1,795,167</u>
	<u>\$ 1,138,460</u>	<u>\$ 1,831,010</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. The historical experiences showed that most of the notes and accounts receivable have been recovered successfully.

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, 2020

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	0.18%	57.60%	100%	100%	100%	-
Total book value	\$ 6,182,220	\$ 112,107	\$ 6,118	\$ 1,651	\$ 6,153	\$ 6,308,249
Allowance losses (lifetime expected credit loss)	(11,486)	(64,572)	(6,118)	(1,651)	(6,153)	(89,980)
Amortized cost	\$ 6,170,734	\$ 47,535	\$ -	\$ -	\$ -	\$ 6,218,269

December 31, 2019

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%	14.05%-43.56%	100%	100%	100%	-
Total book value	\$ 6,144,699	\$ 65,735	\$ 2,837	\$ 805	\$ 6,258	\$ 6,220,334
Allowance losses (lifetime expected credit loss)	(3,871)	(12,270)	(2,837)	(805)	(6,258)	(26,041)
Amortized cost	\$ 6,140,828	\$ 53,465	\$ -	\$ -	\$ -	\$ 6,194,293

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

	2020	2019
Balance - beginning of year	\$ 26,041	\$ 29,788
Add: Impairment loss provided in the current year	63,939	-
Less: Reversal of impairment loss in the current year	-	(3,747)
Balance - end of year	<u>\$ 89,980</u>	<u>\$ 26,041</u>

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, 2020 by NT\$741 thousand and it resulted in the decrease in allowance losses by NT\$741 thousand as well. The net amount of the total book value of the accounts receivable decreased on December 31, 2019 by NT\$12,570 thousand and it resulted in the decrease in allowance losses by NT\$11,948 thousand.

For the amount of accounts receivable factoring by the Company and relevant terms and conditions thereof, please refer to Note XXVII.

IX. Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Finished goods	\$ 1,373,777	\$ 1,097,959
Work in process	400,408	441,376
Raw materials & supplies	161,087	149,111
Inventories in transit	<u>92,751</u>	<u>24,717</u>
	<u>\$ 2,028,023</u>	<u>\$ 1,713,163</u>

Sales cost is defined as follows:

	<u>2020</u>	<u>2019</u>
cost of inventory already sold	\$ 20,003,937	\$ 15,050,442
Loss on inventory devaluation (gain from price recovery)	17,315	(29,766)
Income from the sale of scraps and waste materials	(127,813)	(74,454)
Others	<u>19,079</u>	<u>122,149</u>
	<u>\$ 19,912,518</u>	<u>\$ 15,068,371</u>

X. Investments applying the equity method

<u>Invested subsidiaries</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-public/non-OTC companies		
King Hsiang Investment Co.	\$ 25,934	\$ 25,097
Goldex Holding Limited	<u>2,602,002</u>	<u>714,161</u>
	<u>\$ 2,627,936</u>	<u>\$ 739,258</u>

	<u>Percentage of equity and voting right</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
King Hsiang Investment Co.	99.997%	99.997%
Goldex Holding Limited	100.000%	100.000%

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

XI. Property, Plant, and Equipment

Self-use

	Own land	Building	Machinery & equipment	Transportation equipment	Office equipment	Lease assets	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost									
Balance as of January 1, 2020	\$ 701,186	\$ 2,291,422	\$ 4,588,671	\$ 25,099	\$ 55,763	\$ -	\$ 897,315	\$ 11,056	\$ 8,570,512
Addition	-	-	-	-	-	-	-	402,039	402,039
Disposal	-	-	(322,987)	(4,630)	(449)	-	(2,651)	-	(330,717)
Re-categorization	-	4,965	301,352	10,285	5,945	-	54,315	(385,559)	(8,697)
Balance as of December 31, 2020	\$ 701,186	\$ 2,296,387	\$ 4,567,036	\$ 30,754	\$ 61,259	\$ -	\$ 948,979	\$ 27,536	\$ 8,633,137
Cumulative depreciation and impairment									
Balance as of January 1, 2020	\$ -	\$ 1,784,004	\$ 3,580,964	\$ 18,417	\$ 42,837	\$ -	\$ 765,049	\$ -	\$ 6,191,271
Disposal	-	-	(296,206)	(4,362)	(439)	-	(2,644)	-	(303,651)
Depreciation expenditure	-	28,633	173,121	2,146	3,042	-	61,625	-	268,567
Balance as of December 31, 2020	\$ -	\$ 1,812,637	\$ 3,457,879	\$ 16,201	\$ 45,440	\$ -	\$ 824,030	\$ -	\$ 6,156,187
Net amount as of December 31, 2020	\$ 701,186	\$ 483,750	\$ 1,109,157	\$ 14,553	\$ 15,819	\$ -	\$ 124,949	\$ 27,536	\$ 2,476,950
Cost									
Balance at January 1, 2019	\$ 701,186	\$ 2,285,958	\$ 4,744,309	\$ 25,342	\$ 52,902	\$ 119,744	\$ 826,649	\$ 34,152	\$ 8,790,242
Effects from retroactive application of IFRS 16	-	-	-	-	-	(119,744)	-	-	(119,744)
Balance as of January 1, 2019 (after restatement)	701,186	2,285,958	4,744,309	25,342	52,902	-	826,649	34,152	8,670,498
Addition	-	-	-	-	-	-	-	224,060	224,060
Disposal	-	-	(306,720)	(1,075)	(1,591)	-	(2,353)	-	(311,739)
Re-categorization	-	5,464	151,082	832	4,452	-	73,019	(247,156)	(12,307)
Balance at December 31, 2019	\$ 701,186	\$ 2,291,422	\$ 4,588,671	\$ 25,099	\$ 55,763	\$ -	\$ 897,315	\$ 11,056	\$ 8,570,512
Cumulative depreciation and impairment									
Balance at January 1, 2019	\$ -	\$ 1,753,721	\$ 3,690,009	\$ 17,354	\$ 41,803	\$ 60,706	\$ 687,711	\$ -	\$ 6,251,304
Effects from retroactive application of IFRS 16	-	-	-	-	-	(60,706)	-	-	(60,706)
Balance as of January 1, 2019 (after restatement)	-	1,753,721	3,690,009	17,354	41,803	-	687,711	-	6,190,598
Disposal	-	-	(291,120)	(1,046)	(1,571)	-	(2,305)	-	(296,042)
Depreciation expenditure	-	30,283	182,075	2,109	2,605	-	79,643	-	296,715
Balance at December 31, 2019	\$ -	\$ 1,784,004	\$ 3,580,964	\$ 18,417	\$ 42,837	\$ -	\$ 765,049	\$ -	\$ 6,191,271
Net at December 31, 2019	\$ 701,186	\$ 507,418	\$ 1,007,707	\$ 6,682	\$ 12,926	\$ -	\$ 132,266	\$ 11,056	\$ 2,379,241

There was no sign of impairment in 2020. Therefore, the Company didn't assess the impairment.

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

Buildings	
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 XXIX for the self-use property, plant and equipment offered as collateral of loans.

XII. Lease Agreement

(I) Right-of-use assets

<u>Item</u>	<u>Machinery & equipment</u>	<u>Total</u>
<u>Cost</u>		
Balance as of January 1, 2020	\$ 125,808	\$ 125,808
Addition	<u>2,650</u>	<u>2,650</u>
Balance as of December 31, 2020	<u>\$ 128,458</u>	<u>\$ 128,458</u>
<u>Cumulative depreciation and impairment</u>		
Balance as of January 1, 2020	\$ 75,900	\$ 75,900
Depreciation expenditure	<u>13,891</u>	<u>13,891</u>
Balance as of December 31, 2020	<u>\$ 89,791</u>	<u>\$ 89,791</u>
Net amount as of December 31, 2020	<u>\$ 38,667</u>	<u>\$ 38,667</u>
<u>Cost</u>		
Balance at January 1, 2019	\$ -	\$ -
Effects from retroactive application of IFRS 16	<u>119,744</u>	<u>119,744</u>
Balance at January 1, 2019 (after restatement)	119,744	119,744
Addition	<u>6,064</u>	<u>6,064</u>
Balance at December 31, 2019	<u>\$ 125,808</u>	<u>\$ 125,808</u>
<u>Cumulative depreciation and impairment</u>		
Balance at January 1, 2019	\$ -	\$ -
Effects from retroactive application of IFRS 16	<u>60,706</u>	<u>60,706</u>
Balance at January 1, 2019 (after restatement)	60,706	60,706
Depreciation expenditure	<u>15,194</u>	<u>15,194</u>
Balance at December 31, 2019	<u>\$ 75,900</u>	<u>\$ 75,900</u>
Net at December 31, 2019	<u>\$ 49,908</u>	<u>\$ 49,908</u>

(II) Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Book value of lease liabilities		
Current	<u>\$ 12,563</u>	<u>\$ 12,911</u>
Noncurrent	<u>\$ 15,950</u>	<u>\$ 27,905</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</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>2020</u>	<u>2019</u>
Short-term lease expenditure	<u>\$ 1,129</u>	<u>\$ 8</u>
Low-value asset lease expenditure	<u>\$ 5,408</u>	<u>\$ 6,274</u>
Total amount of cash (outflow) from lease	<u>(\$ 21,490)</u>	<u>(\$ 24,080)</u>

XIII. Investment property

	<u>Finished investment property</u>
Balance at January 1, 2019	<u>\$ 572,800</u>
Gain from changes in fair value	<u>1,600</u>
Balance at December 31, 2019	<u>574,400</u>
Gain from changes in fair value	<u>2,600</u>
Balance as of December 31, 2020	<u>\$ 577,000</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, 2020</u>	<u>December 31, 2019</u>
External appraisal service	<u>\$ 577,000</u>	<u>\$ 574,400</u>

The fair values of any investment property amounting to more than NT\$300 million on December 31, 2020 and 2019 were appraised by Appraiser Chiu Hsiang-Ling and Appraiser Hsieh Tien-Ching 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, 2020</u>	<u>December 31, 2019</u>
Projected future net cash inflow	\$ 845,200	\$ 837,400
Projected future net cash outflow	<u>268,200</u>	<u>263,000</u>
Projected future net cash inflow	<u>\$ 577,000</u>	<u>\$ 574,400</u>
Discount rate	1.72%	1.845%

The rent prevailing in the area where the investment property was located was about NT\$0.493 thousand per *ping*, while that for any comparable object on the market was about NT\$0.483 thousand~NT\$0.601 thousand per *ping*.

The projected future cash inflow from investment property included rent income and deposit interest income less loss from idle assets. The rent income was 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 was estimated to be five years. The deposit interest income was estimated based on one-year time deposit interest rate. The loss from idle assets was 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 fees, maintenance fees, replacement appropriation fee, depreciation allowance, disposal fees, 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 was 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, 2020</u>	<u>December 31, 2019</u>
Computer software	<u>\$ 9,238</u>	<u>\$ 11,191</u>

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

Summarization of amortization expenditure by functions:

	<u>2020</u>	<u>2019</u>
Operating cost	\$ 10,460	\$ 16,575
Operating expenditure	120	194
R&D expenditure	<u>70</u>	<u>1,488</u>
	<u>\$ 10,650</u>	<u>\$ 18,257</u>

XV. Other assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Others	<u>\$ 10,728</u>	<u>\$ 8,904</u>
<u>Noncurrent</u>		
Refundable deposit	<u>\$ 1,415</u>	<u>\$ 2,278</u>

XVI. Borrowings

(I) Short-term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loans</u> (Note XXIX)		
Bank loans	\$ 14,486	\$ 209,960
<u>Unsecured loans</u>		
Line of credit loans	<u>-</u>	<u>12,420</u>
	<u>\$ 14,486</u>	<u>\$ 222,380</u>

Revolving bank loan interest rate was 1.12% ~ 1.427% and 1.269% ~ 3.394% on December 31, 2020 and 2019, respectively.

(II) Payable short-term notes and bills

	<u>December 31, 2019</u>
Promissory notes payable	\$ 100,000
Less: Discount of short-term notes and bills payable (stated as prepayments)	(<u>352</u>)
	<u>\$ 99,648</u>

The short-term notes and bills payable but not yet due were enumerated below:

December 31, 2019

Guarantee/ underwriting institutions	Face amount	Discounted amount	Book value	Interest rate interval	Collateral	Collateral book amount
<u>Promissory notes payable</u>						
KGI Bank	<u>\$ 100,000</u>	(<u>\$ 352</u>)	<u>\$ 99,648</u>	1.46%	無	<u>\$ -</u>

(III) Long-term loan

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loans (Note XXIX)</u>		
Mega International Commercial Bank (1)	\$ 700,000	\$ 700,000
KGI Bank (2)	<u>250,000</u>	<u>250,000</u>
Subtotal	<u>950,000</u>	<u>950,000</u>
<u>Unsecured loans</u>		
Syndicated banks including E.		
Sun Bank (3)	1,450,000	1,450,000
O-Bank (4)	-	133,333
Jih Sun International Bank (5)	-	25,000
Agricultural Bank of Taiwan (6)	<u>60,000</u>	<u>60,000</u>
Subtotal	<u>1,510,000</u>	<u>1,668,333</u>
Less: current portion	<u>687,692</u>	<u>153,333</u>
Long-term loan	<u>\$ 1,772,308</u>	<u>\$ 2,465,000</u>

1. Land and buildings were offered as collateral of the secured loans. The total loans, NT\$700,000 thousand, have been drawn down in full. The loans are effective from September 6, 2019 to September 6, 2024. The interest thereon was payable on a monthly basis. The first installment was counted upon expiration of 24 months after the date of the first drawdown, and each installment consisted of three months. The loans were repayable averagely in 13 installments. Until December 31, 2020, and 2019, the effective annual interest rates were 1.4% and 1.9%, respectively.
2. Land and buildings were offered as collateral of the secured loans. The total loans, NT\$350,000 thousand, have been drawn down in full. The loans were effective from April 30, 2017 to April 30, 2020. The expiration date of loans was extended in 2019 to April 30, 2022. The credit lines have been decreased by NT\$50,000 thousand respectively upon expiration of 12 months and 18 months from the date of the first drawdown. Since April 30, 2017, they have been revolved within three years from April 30, 2017, with the interest thereon payable on a monthly basis, and repayable in a lump sum when matured. Until December 31, 2020, and 2019, the effective annual interest rates were 1.387% and 1.546%, 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 expenditure, financial cost (interest

expenditure), depreciation expenditure and amortization expenditure in the long-term loan, current portion should stay more than 120% (inclusive).

3. The syndicated loans, totaling NT\$1,450,000 thousand, have been drawn down in full. The loans are effective from January 17, 2019 to January 7, 2022. 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 on a monthly basis. Until December 31, 2020, and 2019, the effective annual interest rates were 1.8947% and 2.335%, respectively. 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.
4. The credit loans, totaling NT\$240,000 thousand, have been drawn down in full. The loans are effective from August 26, 2016 to April 15, 2022. 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, and payable on 15th day of each month. The first installment for repayment of the principal should start from January 15, 2018. Each installment consisted of three (3) months. The loans should be repaid averagely in 18 installments. It was paid off early in March 2020. Until December 31, 2019, the effective annual interest rate was 2.141%. The restrictions imposed on the financial ratios thereof were as same as those applied to the loans from syndicated banks including E.SUN Bank (3).
5. The credit loans, totaling NT\$150,000 thousand, have been drawn down in full. The loans are effective from August 19, 2019 to August 19, 2021. 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, and renewed based on the original amount. It was paid off early in September 2020. Until December 31, 2019, the effective annual interest rate was 1.95%.
6. The credit loans, totaling NT\$60,000 thousand, have been drawn down in full. The loans are effective from April 30, 2019 to April 30, 2022. 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. Until December 31, 2020, and 2019, the effective annual interest rates were 1.45% and 1.95%, respectively. The restrictions imposed on the financial ratios thereof were as same as those applied to the loans from syndicated banks including E.SUN Bank (3).

XVII. Notes and accounts payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes payable</u>		
Not generated from operations	<u>\$ -</u>	<u>\$ 1,565</u>
<u>Accounts payable</u>		
Generated from operations	<u>\$ 4,421,565</u>	<u>\$ 4,556,119</u>

XVIII. Other liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Other payables		
Salary and bonus payable	\$ 423,402	\$ 195,195
Repairs and maintenance payable	109,115	89,784
Consumables payable	19,457	19,347
Pension fund payable	74,767	66,253
Equipment accounts payable	103,436	46,086
Processing fees payable	11,450	20,731
Commission payable	93,661	77,857
Interest payable	2,312	3,038
Damages payable	215,992	-
Others	<u>127,704</u>	<u>125,903</u>
	<u>\$ 1,181,296</u>	<u>\$ 644,194</u>
<u>Other liabilities</u>		
Others	<u>\$ 40,663</u>	<u>\$ 28,155</u>
<u>Noncurrent</u>		
Other liabilities		
Guarantee deposit received	<u>\$ 859</u>	<u>\$ 839</u>

XIX. Provision for liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Sales returns and allowances	<u>\$ 137,009</u>	<u>\$ 114,719</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 income in the year in which the related goods were sold.

XX. Post-retirement Benefit Plans

(I) Defined contribution plan

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, 2020</u>	<u>December 31, 2019</u>
Present value of the defined benefit obligations	\$ 397,138	\$ 387,640
Fair value of the planned assets	(<u>197,451</u>)	(<u>176,288</u>)
Shortfall in contribution	199,687	211,352
Limit of assets	<u>-</u>	<u>-</u>
Net defined benefit liabilities	<u>\$ 199,687</u>	<u>\$ 211,352</u>

The net defined benefit liabilities show the following changes:

	Present value of the defined benefit obligations	Fair value of the planned assets	Net defined benefit liabilities
Balance at January 1, 2019	<u>\$ 381,939</u>	<u>(\$ 166,962)</u>	<u>\$ 214,977</u>
Service cost			
Service cost in current period	1,358	-	1,358
Interest expenditure (income)	<u>4,297</u>	<u>(2,051)</u>	<u>2,246</u>
Recognized as gains or losses	<u>5,655</u>	<u>(2,051)</u>	<u>3,604</u>
Re-measurement amount			
ROE on planned assets (except the amount of net interest)	-	(5,290)	(5,290)
Actuarial losses			
— change in the assumption of the census	5,360	-	5,360
— changes in financial assumptions	17,140	-	17,140
— adjustment through experience	<u>969</u>	<u>-</u>	<u>969</u>
Recognized as other combined gains or losses	<u>23,469</u>	<u>(5,290)</u>	<u>18,179</u>
Contributed by employer	\$ -	(\$ 25,408)	(\$ 25,408)
Benefits paid	<u>(23,423)</u>	<u>23,423</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 387,640</u>	<u>(\$ 176,288)</u>	<u>\$ 211,352</u>
Balance as of January 1, 2020	<u>\$ 387,640</u>	<u>(\$ 176,288)</u>	<u>\$ 211,352</u>
Service cost in current period	1,165	-	1,165
Interest expenditure (income)	<u>2,907</u>	<u>(1,416)</u>	<u>1,491</u>
Recognized as gains or losses	<u>4,072</u>	<u>(1,416)</u>	<u>2,656</u>
Re-measurement amount			
ROE on planned assets (except the amount of net interest)	-	(5,714)	(5,714)
Actuarial losses			
— change in the assumption of the census	542	-	542
— changes in financial assumptions	11,399	-	11,399

(To be continued)

(Continued)

	Present value of the defined benefit obligations	Fair value of the planned assets	Net defined benefit liabilities
— adjustment through experience	<u>5,758</u>	<u>-</u>	<u>5,758</u>
Recognized as other combined gains or losses	<u>17,699</u>	<u>(5,714)</u>	<u>11,985</u>
Contributed by employer	<u>-</u>	<u>(26,306)</u>	<u>(26,306)</u>
Benefits paid	<u>(12,273)</u>	<u>12,273</u>	<u>-</u>
Balance as of December 31, 2020	<u>\$ 397,138</u>	<u>(\$ 197,451)</u>	<u>\$ 199,687</u>

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

	2020	2019
Summarization by functions		
Operating cost	\$ 1,910	\$ 2,585
Promotional expenditure	136	175
Operating expenditure	232	327
R&D expenditure	<u>378</u>	<u>517</u>
	<u>\$ 2,656</u>	<u>\$ 3,604</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 Funds under the Ministry of Labor, on its own or through a contractor, invests the Labor Retirement Fund in domestic (foreign) equities and debts or bank deposits. The amount that the planned assets of the Company may be assigned with, however, is calculated at an interest rate for a two-year time deposit in a local bank.
2. Interest Rate Risk: A reduced interest rate of government bonds will result in increased the current of defined benefit obligations; the return on liability investment in planned assets, however, increases, too. Both exercise partial write-off effects on net defined benefit obligations.
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, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.5%	0.75%
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, 2020</u>	<u>December 31, 2019</u>
Discount rate		
Increase by 0.25%	(\$ 11,401)	(\$ 11,064)
Decrease by 0.25%	<u>\$ 11,883</u>	<u>\$ 12,109</u>
Anticipated increase in salaries		
Increase by 0.25%	<u>\$ 11,499</u>	<u>\$ 11,752</u>
Decrease by 0.25%	(<u>\$ 11,094</u>)	(<u>\$ 11,322</u>)

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Amount projected for appropriation in 1 year	<u>\$ 24,389</u>	<u>\$ 24,933</u>
Average maturity of defined benefit obligation	11.6 years	12.1 years

XXI. Equity

(I) Capital stock

Common shares

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Authorized shares (thousand)	<u>650,000</u>	<u>650,000</u>
Authorized capital	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>
The number of issued and outstanding shares with paid-in capital (thousand shares)	<u>546,488</u>	<u>546,488</u>
Issued and outstanding share capital	<u>\$ 5,464,879</u>	<u>\$ 5,464,879</u>

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

(II) Additional paid-in capital

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>It can be applied for making losses, cash distribution, or capitalization (1).</u>		
Premium in stock issuance	\$ 1,241,859	\$ 1,241,859
Transaction of treasury stocks	76,229	76,229
Corporate bond conversion premium	141,359	141,359
Coupon rate for release of corporate bond	11,715	11,715
Donated assets	<u>71</u>	<u>71</u>
	<u>\$ 1,471,233</u>	<u>\$ 1,471,233</u>

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

(III) Retained Earnings and Dividend Policy

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

The Company's dividend policy takes 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 accordance with the Jin-Guan-Zheng-Fa-Zi No. 1010012865 Letter, Jin-Guan-Zheng-Fa-Zi No. 1010047490 Letter, Jin-Guan-Zheng-Fa-Zi No. 1030006415 and “Appropriation of Special Reserve Q&A after the Adoption of International Financial Reporting Standards (IFRSs).”

The Company held the general shareholders’ meetings on June 9, 2020 and June 14, 2019, respectively, where it was approved that the undistributed earnings and legal reserve would be used to offset losses of 2019 and 2020.

(IV) Treasury stocks

<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, 2019	<u>5,724</u>	<u>5,724</u>
Number of shares as of December 31, 2019	<u>5,724</u>	<u>5,724</u>
Number of shares as of January 1, 2020	<u>5,724</u>	<u>5,724</u>
Number of shares as of December 31, 2020	<u>5,724</u>	<u>5,724</u>

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, 2020</u>			
King Hsiang Investment Co.	5,724	<u>\$ 289,049</u>	<u>\$ 289,049</u>
<u>December 31, 2019</u>			
King Hsiang Investment Co.	5,724	<u>\$ 95,300</u>	<u>\$ 95,300</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.

XXII. Net profit from continuing operations

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

	<u>2020</u>	<u>2019</u>
Other gains	\$ 286,679	\$ 50,029
Other expenditures and losses	(<u>327,976</u>)	(<u>112,663</u>)
	(<u>\$ 41,297</u>)	(<u>\$ 62,634</u>)

(II) Interest income

	<u>2020</u>	<u>2019</u>
Bank deposit	\$ 12,802	\$ 32,577
Other (Note XXVIII)	<u>49,522</u>	<u>62,130</u>
	<u>\$ 62,324</u>	<u>\$ 94,707</u>

(III) Other income

	<u>2020</u>	<u>2019</u>
Lease income	\$ 2,543	\$ 2,210
Others	<u>47,253</u>	<u>58,650</u>
	<u>\$ 49,796</u>	<u>\$ 60,860</u>

(IV) Other gains (or losses)

	<u>2020</u>	<u>2019</u>
Gains from the disposal of financial assets		
Financial assets measured at fair value through gains or losses compulsorily	\$ 423	\$ -
Gains from financial assets and financial liabilities		
Financial assets measured at fair value through gains or losses compulsorily	72,447	265
Net loss from foreign currency exchange	(180,798)	(87,406)
Loss on disposal of property, plant and equipment	(10,937)	(12,258)
Gain from fair value adjustment of investment property	2,600	1,600
Others	(<u>6,590</u>)	(<u>162</u>)
	(<u>\$ 122,855</u>)	(<u>\$ 97,961</u>)

(V) Financial cost

	2020	2019
Bank loan interest	\$ 53,648	\$ 60,047
Interest of lease liabilities	568	-
Interest of lease liabilities	4	875
Other interest expenditures		5
Less: The amount of the cost of assets meeting requirements	(<u>421</u>)	(<u>469</u>)
	<u>\$ 53,799</u>	<u>\$ 60,458</u>

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

	2020	2019
Amount of capitalization of interest	\$ 421	\$ 469
Interest rate of capitalization of interest	1.99%	2.18%

(VI) Depreciation and amortization

	2020	2019
Overview of depreciation expenditures by the function		
Operating cost	\$ 265,742	\$ 293,679
Operating expenditure	<u>16,716</u>	<u>18,230</u>
	<u>\$ 282,458</u>	<u>\$ 311,909</u>
Overview of amortization expenditures by the function		
Operating cost	\$ 10,460	\$ 16,575
Operating expenditure	<u>190</u>	<u>1,682</u>
	<u>\$ 10,650</u>	<u>\$ 18,257</u>

(VII) Employee welfare expenditure

	2020	2019
Post-severance benefits (Note XX)		
Defined contribution plan	\$ 69,344	\$ 68,396
Defined benefit plan	<u>2,656</u>	<u>3,604</u>
	<u>72,000</u>	<u>72,000</u>
Resignation benefits	<u>1,121</u>	<u>650</u>
Other employee benefits	<u>2,007,445</u>	<u>1,555,606</u>
Total employee benefit expenditure	<u>\$ 2,080,566</u>	<u>\$ 1,628,256</u>
Summarization by functions		
Operating cost	\$ 1,552,607	\$ 1,217,013
Operating expenditure	<u>527,959</u>	<u>411,243</u>
	<u>\$ 2,080,566</u>	<u>\$ 1,628,256</u>

(VIII) Remuneration to employees and that to directors

According to the Articles of Incorporation, no less than 7% 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. Notwithstanding, the net profit before tax in 2019 needed to cover the previous loss at first pursuant to laws. Therefore, no remuneration to employees and directors was estimated. The Board of Directors decided on the remuneration to employees and that to directors of 2020 on March 22, 2021 as follows:

Estimated ratio

	<u>2020</u>
Remuneration to employees	6.81%
Remuneration to directors	0.97%

Amount

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

If there is still change to the value after the date when the annual individual financial statement is approved and released,

it is handled as changes in accounting estimates and will be adjusted and booked in the following year.

For information on the remunerations to employees and that to directors decided by the Board of Directors,

please visit the Market Observation Post System of Taiwan Stock Exchange.

(IX) Gains (Losses) from foreign currency exchange

	<u>2020</u>	<u>2019</u>
Total gains from foreign currency exchange	\$ 364,062	\$ 282,894
Total losses from foreign currency exchange	(<u>544,860</u>)	(<u>370,300</u>)
Net loss	(<u>\$ 180,798</u>)	(<u>\$ 87,406</u>)

XXIII. Income tax for continuing operations

(I) Income tax recognized as gains or losses

Main components of income tax expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Income tax for the year		
Those yielded in the current period	\$ 129,932	\$ 62,910
Adjustment of previous year(s)	17,703	(16,667)
Others	<u>9,545</u>	<u>7,605</u>
	<u>157,180</u>	<u>53,848</u>
Deferred income tax		
Those yielded in the current period	<u>135,022</u>	<u>18,580</u>
The income tax expenditures recognized as gains or losses	<u>\$ 292,202</u>	<u>\$ 72,428</u>

The accounting income and income tax expenditures are adjusted below:

	<u>2020</u>	<u>2019</u>
Net profit before tax from continuing operation	<u>\$ 2,358,814</u>	<u>\$ 202,154</u>
Income tax expenditures for pre-tax net profit calculated at the statutory tax rate	\$ 471,763	\$ 40,431
Expenditure or losses that may not be deducted in taxation	1,330	41
Income exempted from income tax	(697)	(373)
Land value increment tax of investment property	558	(809)
Deductible temporary differences not recognized	(208,000)	42,200
The income tax expenditures of previous year(s) adjusted in the present year	17,703	(16,667)
Others	<u>9,545</u>	<u>7,605</u>
The income tax expenditures recognized as gains or losses	<u>\$ 292,202</u>	<u>\$ 72,428</u>

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

	<u>2020</u>	<u>2019</u>
<u>Deferred income tax</u>		
Those yielded in the current period		
— Defined benefit plan re-measurement amount	(\$ 2,397)	(\$ 3,636)
Income tax recognized as other combined gains or losses	(\$ 2,397)	(\$ 3,636)

(III) Current income tax assets and liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Income tax assets for the current period		
Tax refund receivable	\$ 15,670	\$ 15,670
Income tax liabilities for the current term		
Income tax payable	\$ 94,939	\$ -

(IV) Deferred income tax assets and liabilities

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

2020

	Balance - beginning of year	Recognized as gains or losses	Recognized as other combined gains or losses	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	\$ 477,912	(\$ 129,550)	\$ -	\$ 348,362
Loss on inventory devaluation	12,954	3,462	-	16,417
Exchange gains or losses	20,735	(16,102)	-	4,633
Provision for liabilities	28,508	(24,184)	-	4,324
Defined benefit retirement plan	34,434	-	2,397	36,831
Loss in impairment in financial assets	4,500	-	-	4,500
Tax difference on idle capacity	455	1,582	-	2,037
Provision of compensation loss	3,422	11,635	-	15,057
Expected credit impairment loss	-	5,379	-	5,379
Others	6,289	(2,697)	-	3,592
	<u>\$ 589,209</u>	<u>(\$ 150,474)</u>	<u>\$ 2,397</u>	<u>\$ 441,132</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Investment property	\$ 83,956	\$ 558	\$ -	\$ 84,514
Others	5,095	(5,095)	-	-
	<u>\$ 89,051</u>	<u>(\$ 4,537)</u>	<u>\$ -</u>	<u>\$ 84,514</u>

2019

	Balance - beginning of year	Recognized as gains or losses	Recognized as other combined gains or losses	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	\$ 504,021	(\$ 26,109)	\$ -	\$ 477,912
Loss on inventory devaluation	18,907	(5,953)	-	12,954
Exchange gains or losses	-	20,735	-	20,735
Provision for liabilities	25,671	2,837	-	28,508
Defined benefit retirement plan	30,798	-	3,636	34,434
Loss in impairment in financial assets	-	4,500	-	4,500
Tax difference on idle capacity	\$ 6,176	(\$ 5,721)	\$ -	\$ 455
Provision of compensation loss	3,089	333	-	3,422
Others	14,647	(8,358)	-	6,289
	<u>\$ 603,309</u>	<u>(\$ 17,736)</u>	<u>\$ 3,636</u>	<u>\$ 589,209</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Exchange gains or losses	\$ 1,441	(\$ 1,441)	\$ -	\$ -
Investment property	84,765	(809)	-	83,956
Financial assets at fair value through gains or losses	756	(756)	-	-
Others	1,245	3,850	-	5,095
	<u>\$ 88,207</u>	<u>\$ 844</u>	<u>\$ -</u>	<u>\$ 89,051</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, 2020</u>	<u>December 31, 2019</u>
Deductible temporary differences not recognized - overseas subsidiaries	<u>\$ 2,390,000</u>	<u>\$ 3,430,000</u>

(VI) Approval of income taxes

The tax collection authorities have authorized the profit-seeking enterprise income tax returns of the Company until 2018.

XXIV. Earnings per share

	Unit: NTD per share	
	<u>2020</u>	<u>2019</u>
Basic EPS	<u>\$ 3.82</u>	<u>\$ 0.24</u>
Diluted earnings per share	<u>\$ 3.80</u>	<u>\$ 0.24</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

	2020	2019
Net profit	<u>\$ 2,066,612</u>	<u>\$ 129,726</u>
The net profit for calculating the basic and diluted earnings per share	<u>\$ 2,066,612</u>	<u>\$ 129,726</u>

Share(s)

	2020	2019
		Unit: 1,000 shares
The weighted average number of common shares to be used to calculate basic earnings per share (EPS)	540,764	540,764
Impacts of potential common stock with diluting effects:		
Remuneration to employees	<u>3,311</u>	<u>-</u>
The weighted average number of common stock shares for calculating the diluted earnings per share (EPS)	<u>544,075</u>	<u>540,764</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 the diluted earnings per share are calculated prior to issuance of shares as employee remunerations as determined in the following year, the diluting effect from the said potential common stock shall continue to be taken into consideration, too.

XXV. Disposal of investments in subsidiaries - loss of control

The Company decided to liquidate Silver Industrial Limited through its Board of Directors' meeting on August 10, 2020. Silver Industrial Limited deals with trading of printed circuit boards. The Company completed the liquidation procedure on October 22, 2020 and lost control over Silver Industrial Limited. Refer to Note XXVII to the Company's 2020 Consolidated Financial Statement.

XXVI. Capital Risk Management

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

The Company's structure consisted of its net debts (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.

XXVII. Financial Instrument

(I) Information on 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 that was close to the fair value thereof. Until December 31, 2020 and 2019, 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, 2020

	<u>Degree I</u>	<u>Degree II</u>	<u>Total</u>
<u>Financial Liabilities at Fair Value through Gains or Losses</u>			
Derivative financial instruments	\$ -	\$ 13,804	\$ 13,804

December 31, 2019

	<u>Degree I</u>	<u>Degree II</u>	<u>Total</u>
<u>Financial assets at fair value through gains or losses</u>			
Derivative financial instruments	\$ -	\$ 24,737	\$ 24,737
Non-derivative financial instruments			
— Funds	10,740	-	10,740
Total	\$ 10,740	\$ 24,737	\$ 35,477

There was no transfer between fair value measurements Degree 1 and Degree 2 in 2020 and 2019.

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

<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, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
At fair value through gains or losses		
At fair value through gains or losses compulsorily	\$ -	\$ 35,477
Financial liabilities measured at amortized cost (Note 1)	9,647,901	9,599,097
<u>Financial liabilities</u>		
At fair value through gains or losses		
Held for transactions	\$ 13,804	\$ -
Measured at post-amortization cost (Note 2)	8,078,206	8,143,430

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 loans, short-term notes and bills payable, notes payable, accounts payable, other payables, long-term loans (including those due within a year), and guarantee deposits received.

(IV) Financial Risk Management Purpose and Policy

The Company's major financial instruments included investment in equity and debt instruments, accounts receivable, accounts payable, loans and lease liabilities. The

financial management department of the Company provided services to various business units, and coordinated and negotiated for launch into domestic and international financial markets. Meanwhile, they managed and supervised the financial risks over the Company's operations based on the internal risk report that analyzed exposure in terms of level and scope of the risks. The risks included market risk (including foreign exchange risk, interest rate risk and other price oriented risks), credit risk and liquidity risk.

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.

The financial management departments submitted report to the risk management committees of the Company on a quarterly basis. The committees were organized independently and dedicated to supervising risks and practicing policies in order to mitigate risk exposures.

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 is engaged in various transactions of derivative financial instruments to manage the foreign exchange and interest rate risks to be borne by them, including the hedge against the foreign exchange 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) 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 99.99% of the Company's sales were not denominated in the functional currency. About 97.37% 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 non-functional currency-denominated monetary assets and liabilities, and the value of the Company's monetary liabilities, on the balance sheet date, please see Note XXXI.

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 included only outstanding foreign currency-denominated monetary items and forward foreign exchange contracts designated to hedge against cash flows, and their translation at the end of the year was adjusted by changes in exchange rates by 2%. The positive figures in the following table indicate the amount decreased for the net profit before tax when NTD against the related currencies appreciates 2%; when NTD against the related currencies depreciates 2%, the effects to the net profit before tax will be negative at the same amount.

	Effect of USD	
	2020	2019
Exchange gains or losses	(i) (\$ 78,836)	(i) (\$ 86,939)

- (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

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 Company. The Company maintained an adequate combination of fixed and floating interest rates and used the FX swaps contracts and forward foreign interest rate contracts to manage the interest rate risk. The Company evaluated hedging activities periodically to make them in line with the interest rate concept and existing risk appetite, in order to ensure adoption of the hedging policy that could best satisfy the cost effectiveness.

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, 2020</u>	<u>December 31, 2019</u>
With fair value interest rate risk		
— Financial liabilities	\$ 28,513	\$ 40,816
With cash flow interest rate risk		
— Financial assets	2,289,674	1,571,516
— Financial liabilities	2,474,486	2,940,713

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 annual interest rate increases or decreases by 50 base points and all other variables remained the same, the Company's net profit before tax would decrease by NT\$4,058 thousand and NT\$6,523 thousand in 2020 and 2019, primarily as a result of the Company's exposure to the risk of changes in interest rates for demand deposits and loans.

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.

The Company adopted a policy of engaging in transactions only with well reputable counterparts. Where necessary, it would acquire adequate collateral to minimize potential risk in financial losses, which might be incurred by a default. The Company dealt in business only with enterprises with the rating equivalent to investment rating or above. The relevant information was provided by an independent rating organization. Where the same was not available, the Company would rate their major customers based on the other available public financial information, and trading records with the customers. The Company continued supervising the credit risk and trading counterparts' credit rating, and dispersed the total trading value to customers with qualified credit rating.

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 was not exposed to any significant credit risk with any single trading counterpart or a group of trading counterparts with similar characteristics. Where the trading counterparts were affiliated companies the

Company would define them as the trading counterparts with similar characteristics.

The Company's had a wide customer base and the customers had no relationship with each other. Therefore, the concentration of the credit risk was not considered high.

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 Ratio below for the financial ratio yet to be drawn down by the Company.

(1) Liquidity and interest rate risk table 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, 2020

	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	\$ 121,657	\$ 619,103	\$ 349,862	\$ 464,383	\$ -
Lease liabilities	1,040	2,084	9,438	15,950	-
Floating interest rate instruments	-	2,164	12,322	-	-
Fixed interest rate instruments	-	-	-	2,460,000	-
	<u>\$ 122,697</u>	<u>\$ 623,351</u>	<u>\$ 371,622</u>	<u>\$ 2,940,333</u>	<u>\$ -</u>

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>\$ 12,563</u>	<u>\$ 15,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019

	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	\$ 530,401	\$ 2,141,230	\$ 2,104,996	\$ 139,036	\$ -
Lease liabilities	1,091	2,185	9,635	27,905	-
Floating interest rate instruments	100,000	209,960	12,420	-	-
Fixed interest rate instruments	13,333	-	140,000	2,465,000	-
	<u>\$ 644,825</u>	<u>\$ 2,353,375</u>	<u>\$ 2,267,051</u>	<u>\$ 2,631,941</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>\$ 12,911</u>	<u>\$ 27,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing ratio

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured bank overdraft (to be reviewed annually)		
— Already drawn down	\$ 1,510,000	\$ 1,878,293
— Not yet drawn down	<u>2,143,352</u>	<u>1,371,810</u>
	<u>\$ 3,653,352</u>	<u>\$ 3,250,103</u>
Secured bank overdraft		
— Already drawn down	\$ 964,486	\$ 1,062,420
— Not yet drawn down	<u>605,514</u>	<u>407,580</u>
	<u>\$ 1,570,000</u>	<u>\$ 1,470,000</u>

(V) Information on the transfer of financial assets

Related information on the factoring of accounts receivable yet to expire of the Company by the end of the year is as follows:

December 31, 2019

Trading counterpart	Value factored	Advances yet to be received	Advances received	Annual interest rate of advanced amount (%)
E.Sun Bank	<u>\$ 634,648</u>	<u>\$ 307,276</u>	<u>\$ 263,907</u>	3.118%~3.218%

Said facility may be revolving.

According to the factoring contracts, the loss derived from business dispute (e.g., sales return or allowances, etc.) should be borne by the Company, while the loss derived from credit risk should be borne by the bank. The Company provided the banks with the promissory note, bearing the amount US\$1,600 thousand, as the collateral on December 31, 2019.

XXVIII. Transactions with Related Parties

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

(I) Business transactions

<u>Type of related party</u>	<u>Sales</u>		<u>Purchase</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Subsidiary	<u>\$ 27,470</u>	<u>\$ 117,359</u>	<u>\$ 13,402,595</u>	<u>\$ 9,186,809</u>

<u>Type of related party</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Accounts receivable - related party</u>		
Subsidiary	<u>\$ 4,519</u>	<u>\$ 28,151</u>
<u>Accounts payable - related party</u>		
Subsidiary	<u>\$ 3,547,183</u>	<u>\$ 3,001,241</u>

For receivables from related parties outstanding, the Company has not collected guarantee. For balance of accounts receivable from related parties outstanding, no guarantee has been provided. For receivables from related parties in 2020 and 2019, Company has not provided allowance losses.

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

<u>Type of related party</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Other accounts receivable</u>		
Subsidiary	<u>\$ 1,000,265</u>	<u>\$ 1,788,924</u>
<u>Interest income</u>		
Subsidiary	<u>\$ 49,522</u>	<u>\$ 62,130</u>

The loans to subsidiaries were all unsecured ones.

(III) Endorsement and guarantee

<u>Type of related party</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiary	<u>USD 152,700</u>	<u>USD 140,300</u>
	<u>EUR 5,000</u>	<u>EUR 5,000</u>
	<u>CNY 30,000</u>	<u>CNY -</u>

(IV) Others

<u>Type of related party</u>	<u>2020</u>	<u>2019</u>
<u>Other income</u>		
Subsidiary	<u>\$ 35</u>	<u>\$ 843</u>

(V) Remuneration to the Management

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	<u>\$ 60,177</u>	<u>\$ 37,257</u>
Benefits after severance/retirement	<u>1,404</u>	<u>1,360</u>
	<u>\$ 61,581</u>	<u>\$ 38,617</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:

XXIX. 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, 2020</u>	<u>December 31, 2019</u>
Land	<u>\$ 648,300</u>	<u>\$ 648,300</u>
Building - net	<u>391,553</u>	<u>411,365</u>
	<u>\$ 1,039,853</u>	<u>\$ 1,059,665</u>

XXX. Important Matters, if Any

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

<u>Currency type</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
JPY	<u>\$ 4,830</u>	<u>\$ 450</u>
USD	<u>135</u>	<u>305</u>
EUR	<u>-</u>	<u>28</u>

XXXI. 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, 2020

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 303,902	28.480 (USD:NTD)	\$ 8,655,129
CNY	38,703	4.3770 (CNY:NTD)	169,403
EUR	696	35.020 (EUR:NTD)	24,374
JPY	10,300	0.2763 (EUR:NTD)	2,846
			<u>\$ 8,851,752</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	165,496	28.480 (USD:NTD)	\$ 4,713,326
EUR	803	35.020 (EUR:NTD)	28,121
JPY	40,910	0.2763 (JPY:NTD)	11,303
			<u>\$ 4,752,750</u>

December 31, 2019

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 297,359	29.980 (USD:NTD)	\$ 8,914,823
CNY	37,917	4.3050 (CNY:NTD)	163,233
EUR	396	33.590 (EUR:NTD)	13,302
			<u>\$ 9,091,358</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	152,364	29.980 (USD:NTD)	\$ 4,567,873
EUR	685	33.590 (EUR:NTD)	23,009
JPY	4,502	0.2760 (JPY:NTD)	1,243
			<u>\$ 4,592,125</u>

XXXII. Noted Disclosures

(I) Related Information on major transactions and (II) reinvested businesses:

1. Lending of funds to others: Attachments 1 and 7.
2. Endorsement and guarantee made for others: Attachment 2.
3. Marketable securities held - end of year: Attachments 3 and 8.
4. Cumulative amount of the same marketable security purchased or sold reaching NT\$300 million or more than 20% of the paid-in capital: None.
5. Acquisition amount of real estate reaching NT\$300 million or more than 20% of the paid-in capital: None.
6. Amount on disposal of real estate reaching NT\$300 million or more than 20% of the paid-in capital: None.
7. Purchase/sale amount of transactions with related parties reaching NT\$100 million or more than 20% of the paid-in capital: See Attachments 4 and 9.
8. Accounts receivable-related party reaching NT\$100 million or more than 20% of the paid-in capital: See Attachments 5 and 10.
9. Transactions of derivatives: See Note VIII.
10. Information related to reinvested businesses: See Attachment 6.

(III) Information about investment in Mainland China

1. The name of the investee in Mainland China, main items involved in the scope of operation, paid-in capital size, investment method, capital importation/exportation, holding ratio, investment profits and losses, book value of investments at end of term, repatriated investment profits or losses, and investment ceiling value for Mainland China: Attachment 11.
2. Major transactions and their values, payment terms, unrealized profits or losses that have incurred directly or indirectly through a third region with the investees in Mainland China: Attachment 12.
3. Direct, or indirect, via a third area, endorsement, guarantee or provision of collateral made with the investees 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: Attachment 7.
5. Other transactions that produce material effects to the income or financial condition in the current period: None.

(IV) Information of major shareholders: Names and shareholding quantities and ratios of shareholders that hold at least 5% of the equity: Attachment 13.

Gold Circuit Electronics Ltd.
Fund loaned to others
January 1 through December 31, 2020

Attachment 1

Unit: NTD 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 lending of funds (Note 2)	Amount (Note 4)	Reasons for short-term financing	Allowance for bad debt	Collateral		Limit of loan to each borrower (Note 3)	Maximum of funds lent (Note 3)
													Title	Value		
0	Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Other accounts receivable	Y	\$ 847,000 (USD 28,000)	\$ 512,640 (USD 18,000)	\$ 512,640 (USD 18,000)	3%~3.5%	(1)	\$ 6,752,094	—	\$ -	—	\$	\$ 3,549,348	\$ 3,549,348
		Changshu Gold Circuit Technology Co., Ltd.	Other accounts receivable	Y	756,250 (USD 25,000)	284,800 (USD 10,000)	284,800 (USD 10,000)	2.5%~ 3.5%	(1)	2,104,661	—	-	—		2,104,661	3,549,348
				Y	153,265 (CNY 35,000)	153,195 (CNY 35,000)	153,195 (CNY 35,000)	4.35%	(1)	2,104,661	—	-	—		2,104,661	3,549,348

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

- (1) “0” for the issuer.
- (2) Investees are numbered from 1 onwards.

Note 2: The funds lent to others are divided into the following two types:

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

Note 3: The aggregate amount of the fund loaned by the Company to others shall not exceed 40% of the Company's net value in the Company's most recent financial statements audited or certified by the CPA (for Q3 of 2020).

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 needed is needed, the limit on loans shall be no more than 40% of the Company's net value in the Company's most recent financial statements audited or certified by the CPA (for Q3 of 2020).

Note 4: The amount refers to the amount of purchases or sales by the Company from or to Suzhou Gold Circuit Electronics Ltd. and Changshu Gold Circuit Technology Ltd. whichever is higher.

Gold Circuit Electronics Ltd.
Endorsement and guarantee made for others
January 1 through December 31, 2020

Attachment 2

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

No.	Endorsed/guaranteed by	Counterpart		Limits of endorsement and guarantee for a single 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 limits of endorsement and guarantee (Note 2)	Endorsement and guarantee provided by the Company to the subsidiary (Note 3)	As a subsidiary's endorsements/guarantees toward its parent company (Note 3)	Endorsement and guarantee in Mainland China (Note 3)
		Name	Affiliation										
0	Gold Circuit Electronics Ltd.	Goldex Holding Limited	Subsidiary wholly invested by the Company directly	\$ 6,655,027	\$ 1,946,340 (USD 66,000)	\$ 1,851,200 (USD 65,000)	\$ 1,039,520 (USD 36,500)	\$ -	20.86	\$ 13,310,054	Y	N	N
				6,655,027	175,400 (EUR 5,000)	175,100 (EUR 5,000)	-	-	1.97	13,310,054	Y	N	N
		Gold Circuit International Limited	Company wholly invested via a subsidiary indirectly	6,655,027	242,000 (USD 8,000)	227,840 (USD 8,000)	59,808 (USD 2,100)	-	2.57	13,310,054	Y	N	N
		Gold Circuit Enterprise Limited	Company wholly invested via a subsidiary indirectly	6,655,027	605,000 (USD 20,000)	569,600 (USD 20,000)	61,232 (USD 2,150)	-	6.42	13,310,054	Y	N	N
		Suzhou Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	6,655,027	921,614 (USD 30,700)	874,336 (USD 30,700)	660,736 (USD 23,200)	-	9.85	13,310,054	Y	N	Y
				6,655,027	99,870 (EUR 3,000)	- (EUR -)	-	-	-	13,310,054	Y	N	Y
		Changshu Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	6,655,027	785,850 (USD 26,000)	683,520 (USD 24,000)	170,880 (USD 6,000)	-	7.70	13,310,054	Y	N	Y
				6,655,027	131,370 (CNY 30,000)	131,310 (CNY 30,000)	-	-	1.48	13,310,054	Y	N	Y

No.	Endorsed/guaranteed by	Counterpart		Limits of endorsement and guarantee for a single 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 limits of endorsement and guarantee (Note 2)	Endorsement and guarantee provided by the Company to the subsidiary (Note 3)	As a subsidiary's endorsements/guarantees toward its parent company (Note 3)	Endorsement and guarantee in Mainland China (Note 3)
		Name	Affiliation										
		Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested via a subsidiary indirectly	6,655,027	147,450 (USD 5,000)	142,400 (USD 5,000)	142,400 (USD 5,000)	-	1.60	13,310,054	Y	N	Y

Note 1: The aggregate amount of the endorsements/guarantees made by the Company on particular enterprise shall not exceed 75% of the Company's net value in the current period. The maximum of the endorsements/guarantees made on December 31, 2020 was equivalent to 75% of the Company's net value in the Company's most recent financial statements audited or certified by the CPA (for Q3 of 2020).

Note 2: The aggregate amount of the endorsements/guarantees made by the Company externally shall not exceed 150% of the Company's net value in the current period. The maximum of the endorsements/guarantees made on December 31, 2020 was equivalent to 150% of the Company's net value in the Company's most recent financial statements audited or certified by the CPA (for Q3 of 2020).

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, 2020

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 combined gains or losses - noncurrent	750,000	\$ -	2.679	\$ -	
"	ULTRA PRECISION TECHNOLOGY COMPANY	—	Financial assets at fair value through other combined gains or losses - noncurrent	1,000,000	-	10.290	-	
					\$ -		\$ -	
"	King Hsiang Investment Co.	Subsidiary	Long-term equity investment under equity method	19,999,400	\$ 25,934	99.997	\$ 25,934	
"	Goldex Holding Limited	Subsidiary	Long-term equity investment under equity method	196,910,000	2,602,002	100.000	2,602,002	
					\$ 2,627,936		\$ 2,627,936	

Gold Circuit Electronics Ltd.

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

January 1 through December 31, 2020

Attachment 4

Unit: NTD thousand

Supplier (customer)	Trading counterpart	Affiliation	Status				Distinctive terms and conditions of trade and the reasons		Notes/accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount %	Duration	Unit price	Duration	Balance	Percentage in total accounts/notes receivable (payable) %	
Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Purchase	\$ 6,752,094	38	O/A 3 months	-	—	(\$ 1,921,379)	(43)	
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Purchase	4,545,702	26	O/A 4 months	-	—	(1,215,828)	(27)	
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested via a subsidiary indirectly	Purchase	2,104,660	12	O/A 3 months	-	—	(409,976)	(9)	

Gold Circuit Electronics Ltd.
Receivables from related parties worth NTD 100 million or 20% of the paid-in capital and above
December 31, 2020

Attachment 5

Unit: NTD thousand

Companies stated into accounts receivable	Trading counterpart	Affiliation	Balance of accounts receivable - related party	Turnover (Note 1)	Overdue accounts receivable - related party		Amounts received in subsequent period - related party	Allowance loss
					Amount	Accounting treatment		
Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Accounts receivable \$ 3,105	1.42	\$ -	—	\$ 1,556	\$ -
Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Other accounts receivable 538,998	—	-	—	12,727	-
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested via a subsidiary indirectly	Accounts receivable 1,320	1.32	-	—	319	-
Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested via a subsidiary indirectly	Other accounts receivable 457,422	—	-	—	3,910	-

Note 2: The cycle days are not calculated for other receivables from related parties.

Gold Circuit Electronics Ltd.
Information related to the reinvested companies... such as names and locations, etc.
January 1 through December 31, 2020

Attachment 6

Unit: NTD thousand

Name of Investor	Name of Reinvested Company	Location	Principal business	Original investment cost		Holdings at end of year			Investment gain (loss) of the reinvested company for the current period	Investment gain (loss) recognized for the current period (Note 1)	Remarks
				End of the current period	End of the previous period	Number of shares	Percentage (%)	Book value			
Gold Circuit Electronics Ltd.	King Hsiang Investment Co.	No. 149-1, Zhong Zeng Rd., Tamsui Dist, New Taipei City	General investment business	\$ 199,994	\$ 199,994	19,999,400	99.997	\$ 25,934	\$ 194,586	\$ 837	(Note 2)
"	Goldex Holding Limited	Trust Net Chambers Lotemau Centre, P.O. Box 1225, Apia, Samoa	"	6,271,398	6,123,948	196,910,000	100.000	2,602,002	1,732,704	1,687,749	
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	1,334,075	1,055,967	1,031,346	
"	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	1,143,289	692,432	672,083	
"	Silver Industrial Limited	P.O.Box 3444 Road Town, Tortola, Virgin Islands, British	General investment and international trade business	-	29,174	-	-	-	3,112	3,112	(Note 3)
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	1,478,151	1,059,135	1,034,514	
Gold Circuit Enterprise Limited	Changshu Gold Circuit Electronics Ltd.	No. 9, Jiulong Rd., Changshu Southeast Economic Development Zone, Jiangsu Province	"	959,724	959,724	30,010,000	100.000	2,228,482	472,258	459,014	
"	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	(998,907)	222,651	215,546	

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 gain of King Hsiang Investment Co. recognized for the current period, NT\$837 thousand, included the investment gain recognized adopting the equity method, NT\$194,586 thousand, and reversal of the financial asset valuation gain derived by King Hsiang Investment Co. for holding the Company's shares under the "Accounting Principles for Management of Treasury Stocks", NT\$193,749 thousand.

Note 3: The Company decided to liquidate Silver Industrial Limited through its Board of Directors' meeting on August 10, 2020 and the liquidation procedure was completed on October 22, 2020.

Gold Circuit Electronics Ltd.
Funds lent by the reinvested company to others
January 1 through December 31, 2020

Attachment 7

Unit: NTD 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 interval (Note 3)	Nature of lending of funds (Note 1)	Amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Limit of loan to each borrower (Note 2)	Maximum of funds lent (Note 2)
												Title	Value		
1	Goldex Holding Limited	Changshu Gold Circuit Technology Co., Ltd.	Other accounts receivable	\$ 740,750 (USD 25,000)	\$ 598,080 (USD 21,000)	\$ 598,080 (USD 21,000)	1.222%~2.917%	(2)	\$ -	Working capital	\$ -	—	\$ -	\$ 4,872,864	\$ 4,872,864
		Changshu Gold Circuit Electronics Ltd.	Other accounts receivable	383,370 (USD 13,000)	256,320 (USD 9,000)	256,320 (USD 9,000)	1.218%~2.894%	(2)	-	Working capital	-	—	-	4,872,864	4,872,864
		Suzhou Gold Circuit Electronics Ltd.	Other accounts receivable	291,000 (USD 10,000)	284,800 (USD 10,000)	284,800 (USD 10,000)	1.232%~1.251%	(2)	-	Working capital	-	—	-	4,872,864	4,872,864
		Gold Circuit International Limited	Other accounts receivable	85,440 (USD 3,000)	85,440 (USD 3,000)	85,440 (USD 3,000)	1.719%	(2)	-	Working capital	-	—	-	4,872,864	4,872,864
		Gold Circuit Enterprise Limited	Other accounts receivable	28,480 (USD 1,000)	28,480 (USD 1,000)	28,480 (USD 1,000)	1.719%	(2)	-	Working capital	-	—	-	4,872,864	4,872,864
2	Changshu Gold Circuit Electronics Ltd.	Changshu Gold Circuit Technology Co., Ltd.	Other accounts receivable	875,800 (CNY 200,000)	875,400 (CNY 200,000)	831,630 (CNY 190,000)	4.350%~4.785%	(2)	13,427	Working capital	-	—	-	3,078,459	3,078,459

Note 1: The funds lent to others are divided into the following two types:

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

Note 2: The limit of funds lent to a single borrower and aggregate amount of the fund loaned to others by a reinvested company (except Goldex Holding Limited and Gold Circuit Enterprise Limited) shall not exceed 150% of the reinvested company’s net value in its most recent financial statements audited or certified by the CPA (for Q3 of 2020). The limit of fund loaned to a single borrower and aggregate amount of the fund loaned 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 2020).

The limit of fund loaned to a single borrower and aggregate amount of the fund loaned to others by any reinvested company in Mainland China shall not exceed 150% of the reinvested company's net value in its most recent financial statements audited or certified by the CPA (for Q3 of 2020).

Note 3: The interest rate interval for funds lent in 2020.

Gold Circuit Electronics Ltd.
Marketable securities held by reinvested companies - end of period
December 31, 2020

Attachment 8Unit: NTD thousand

Holder	Type and name	Affiliation to the issuer	Account title	End of period				Remarks
				Number of shares	Book value	Equity (%)	Fair value	
King Hsiang Investment Co. "	Stock LEE CHI ENTERPRISE CO., LTD.	—	Financial assets at fair value through gains or losses - current	155,595	\$ 2,218	0.068	\$ 2,218	
"	Gold Circuit Electronics Ltd.	The parent company in which King Hsiang Investment Co. held 99.997% shares	Financial assets at fair value through gains or losses - current	5,723,750	<u>289,048</u>	1.058	<u>289,048</u>	
					<u>\$ 291,266</u>		<u>\$ 291,266</u>	

Gold Circuit Electronics Ltd.

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

January 1 through December 31, 2020

Attachment 9

Unit: NTD thousand

Supplier (customer)	Trading counterpart	Affiliation	Status				Distinctive terms and conditions of trade and the reasons		Notes/accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount %	Duration	Unit price	Duration	Balance	Percentage in total accounts/notes receivable (payable) %	
Suzhou Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(\$ 6,752,094)	(86)	O/A 3 months	-	—	\$ 1,921,379	81	
Changshu Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(4,545,702)	(84)	O/A 4 months	-	—	1,215,828	83	
Changshu Gold Circuit Technology Co., Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Sales	(2,104,660)	(94)	O/A 3 months	-	—	409,976	77	
Changshu Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Associate	Sales	(442,580)	(8)	O/A 4 months	-	—	127,852	9	

Gold Circuit Electronics Ltd.

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

December 31, 2020

Attachment 10

Unit: NTD thousand

Companies stated into accounts receivable	Trading counterpart	Affiliation	Balance of accounts receivable - related party	Turnover (Note 1)	Overdue accounts receivable - related party		Amounts received in subsequent period - related party	Allowance loss
					Amount	Accounting treatment		
Suzhou Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Accounts receivable \$ 1,921,379	3.71	\$ -	—	\$ 585,410	\$ -
Changshu Gold Circuit Electronics Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Accounts receivable 1,215,828	4.10	-	—	374,593	-
Changshu Gold Circuit Technology Co., Ltd.	Gold Circuit Electronics Ltd.	Ultimate parent company	Accounts receivable 409,976	6.09	-	—	201,916	-
Changshu Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Affiliated enterprise	Accounts receivable 127,852	2.33	-	—	53,339	-
Changshu Gold Circuit Electronics Ltd.	Suzhou Gold Circuit Electronics Ltd.	Affiliated enterprise	Other accounts receivable 1,878	—	-	—	702	-

Note 2: The cycle days are not calculated for other receivables from related parties.

Gold Circuit Electronics Ltd.
Information about investment in Mainland China
January 1 through December 31, 2020

Attachment 11

Unit: NTD thousand/USD thousand

Name of invested company in China	Principal business	Paid-in capital	Mode of investment (Note 1)	Cumulative investment amount outward remitted from Taiwan - beginning of the period	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 profits and losses recognized for current term (Note 2)	Book value of investment at ending	Investment income repatriated to Taiwan as of the end of the period
					Outward remitted	Repatriated						
Suzhou Gold Circuit Electronics Ltd.	Design, produce and sell multi-layer printed circuit boards	\$ 3,239,310	2	\$ 3,239,310	\$ -	\$ -	\$ 3,239,310	\$ 1,059,135	100	2.(2) \$ 1,034,514	\$ 1,478,151	\$ -
Changshu Gold Circuit Electronics Ltd.	Design, produce and sell multi-layer printed circuit boards	959,724	2	959,724	-	-	959,724	472,258	100	2.(2) 459,030	2,228,482	-
Changshu Gold Circuit Technology Co., Ltd.	Design, produce and sell multi-layer printed circuit boards	980,105	3	980,105	-	-	980,105	222,651	100	2.(2) 215,546	(998,907)	-

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)	\$ 4,585,565 (USD 161,010)	\$ -

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

1. Investments in Mainland China companies through remittance from a third area.
2. Investments in Mainland China companies through a company invested and established in a third area.
3. Investments in Mainland China companies through reinvesting in an existing company in a third area.
4. Others, ex: fiduciary investment

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 which cooperates 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 September 9, 2019. 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 through December 31, 2020

Attachment 12

Unit: NTD thousand

Related parties' names	Affiliation of the Company with related party	Type of transaction	Amount	Trading conditions			Notes/accounts receivable (payable)		(Realized) unrealized gain (loss)
				Price	Payment terms	Comparison with the general transactions	Balance	Percentage (%)	
Suzhou Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Purchase	\$ 6,752,094	\$ 6,752,094	General	Similar	(\$ 1,921,379)	81	(\$ 24,621)
"	"	Sales	19,446	19,446	General	Similar	3,105		
"	"	Surrogate shopping of consumables	78,740	78,740	General	Similar	16,399		
Changshu Gold Circuit Electronics Ltd.	Company wholly invested via a subsidiary indirectly	Purchase	4,545,702	4,545,702	General	Similar	(1,215,828)	83	(13,228)
"	"	Sales	4,463	4,463	General	Similar	94		
"	"	Surrogate shopping of consumables	33,864	33,864	General	Similar	3,845		
Changshu Gold Circuit Technology Co., Ltd.	Company wholly invested via a subsidiary indirectly	Purchase	2,104,660	2,104,660	General	Similar	(409,976)	77	(7,105)
"	"	Sales	3,027	3,027	General	Similar	1,320		
"	"	Surrogate shopping of consumables	19,241	19,241	General	Similar	14,205		

Gold Circuit Electronics Ltd.
Information of Major Shareholders
December 31, 2020

Attachment 13

Name of Major Shareholder	Shares	
	Number of shares held (share)	Shareholding ratio
Yang Chang-Chi	107,258,019	19.62%
Li Jui-Ching	30,724,300	5.62%

§Statement of important accounting titles§

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Gold Circuit Electronics Ltd.
Statement of Cash and Cash Equivalent
December 31, 2020

Statement 1

Unit: NTD thousand

Item	Summary	Amount
Cash		
Cash on hand and working capital		\$ 1,179
Bank deposit		
Check and NTD current deposit		707,640
Foreign currency current deposit	USD55,101 thousand @28.48	1,569,286
	RMB143 thousand @4.377	626
Cash equivalents		
Foreign currency time deposit	RMB2,500 thousand, @4.377, Period: December 07, 2020~January 17, 2021, at interest rate 2.3%.	<u>10,943</u>
		<u>\$ 2,289,674</u>

Gold Circuit Electronics Ltd.
Statement of Accounts Receivable
December 31, 2020

Statement 2

Unit: NTD thousand

Customer	Summary	Amount
Non-related party		
R-01	Loans	\$ 1,338,444
R-02	"	1,236,101
R-03	"	731,619
R-04	"	433,236
Others (Note)	"	<u>2,564,330</u>
Subtotal		<u>6,303,730</u>
Related parties		
Suzhou Gold Circuit Electronics Ltd.	"	3,105
Changshu Gold Circuit Technology Co., Ltd.	"	1,320
Changshu Gold Circuit Electronics Ltd.		<u>94</u>
Subtotal		<u>4,519</u>
Less: Allowance for bad debt		(<u>89,980</u>)
		<u>\$ 6,218,269</u>

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

Gold Circuit Electronics Ltd.
Statement of Other Payables
December 31, 2020

Statement 3

Unit: NTD thousand

Item			Summary	Amount
Related parties				
Suzhou	Gold	Circuit	Loan and interest receivable	\$ 522,599
Suzhou	Gold	Circuit	Sale of equipment and consumables	16,399
Changshu	Gold	Circuit	Loan and interest receivable	443,217
Changshu	Gold	Circuit	Sale of equipment and consumables	14,205
Changshu	Gold	Circuit	Sale of equipment and consumables	<u>3,845</u>
				<u>1,000,265</u>
Non-related party				
Others (Note)				<u>138,195</u>
				<u>\$ 1,138,460</u>

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

Gold Circuit Electronics Ltd.

Statement of Inventories

December 31, 2020

Statement 4

Unit: NTD thousand

Item	Summary	Amount	
		Cost	Net realized value
Finished goods	Double-layer and multi-layer boards	\$ 1,427,705	\$ 1,373,777
Work in process	"	413,761	400,408
Raw materials & supplies	Copper foil substrate, film, chemical agent, drill pen, adhesive tape, overcoat, rivets	175,890	161,087
Inventories in transit	Double-layer and multi-layer boards	<u>92,751</u>	<u>92,751</u>
		2,110,107	<u>\$ 2,028,023</u>
Less: Allowance losses on inventory devaluation and obsolescence (Note)		<u>82,084</u>	
		<u>\$ 2,028,023</u>	

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

Gold Circuit Electronics Ltd.
Statement of Accounts Payable
December 31, 2020

Statement 5

Unit: NTD thousand

Customer	Summary	Amount
Non-related party		
P-01	Loans	\$ 55,163
P-02	"	189,674
P-03	"	84,829
P-04	"	104,253
P-05		44,344
Others (Note)	"	<u>396,119</u>
		<u>874,382</u>
Related party		
Suzhou Gold Circuit Electronics Ltd.	Loans	1,921,379
Changshu Gold Circuit Electronics Ltd.	"	1,215,828
Changshu Gold Circuit Technology Co., Ltd.	"	<u>409,976</u>
		<u>3,547,183</u>
		<u>\$ 4,421,565</u>

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

Gold Circuit Electronics Ltd.
Statement of Lease Liabilities
December 31, 2020

Statement 6

Unit: NTD thousand

Item		Summary	Lease Period	Discount rate	Balance – end of period	Note
Machinery equipment	&		March 2013~ February 2023	1.38%	<u>\$ 28,513</u>	

Gold Circuit Electronics Ltd.
Statement of Long-term Loan
December 31, 2020

Statement 7

Unit: NTD thousand

Creditor bank or guarantee institution	Summary	Amount (Note)			Term of Loan	Interest rate interval %	Mortgage or collateral
		Current portion	Matured upon expiration of one year	Total			
Syndicated banks including E. Sun Bank	Syndicated loan	\$ 580,000	\$ 870,000	\$ 1,450,000	111.1.7	1.8947	N/A
Mega International Commercial Bank	Mortgage loan	107,692	592,308	700,000	113.9.6	1.4	Land and building
KGI Bank	Credit loan	-	250,000	250,000	111.4.30	1.387	Land and building
Agricultural Bank of Taiwan	Credit loan	-	60,000	60,000	111.4.30	1.45	N/A
		<u>\$ 687,692</u>	<u>\$ 1,772,308</u>	<u>\$ 2,460,000</u>			

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

Gold Circuit Electronics Ltd.
Statement of Operating Income
January 1 through December 31, 2020

Statement 8

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Sales income		\$ 22,428,325
Less: Sales return		(208,061)
Sales allowance		(354,361)
		<u>\$ 21,865,903</u>

Gold Circuit Electronics Ltd.
Statement of Operating Cost
January 1 through December 31, 2020

Statement 9

Unit: NTD thousand

Item	Amount
Direct raw materials	
Raw materials - beginning of year	\$ 156,843
Add: Ingoing materials in the current period	4,193,422
Less: Raw materials, end of period	(174,080)
Consumption of direct raw materials	4,176,185
Direct labor	1,000,883
Manufacturing expenditure	<u>1,787,225</u>
Manufacturing cost	6,964,293
Add: Work in process, beginning of year	450,863
Less: Work in process, end of year	(413,761)
Costs of finished goods	7,001,395
Add: Finished goods, beginning of year	1,144,591
Procured externally in the current period	13,394,476
Loss on inventory devaluation	17,315
Less: Finished goods, end of year	(1,427,705)
Sale of scraps and waste materials	(127,813)
Transferred to other income	(78,348)
Transferred to sample charges	(10,900)
Transferred to other expenditure	(493)
	<u>\$ 19,912,518</u>

Gold Circuit Electronics Ltd.
Statement of Manufacturing Expenditure
January 1 through December 31, 2020

Statement 10

Unit: NTD thousand

Item	Summary	Amount
Indirect materials		\$ 111,411
Salary expenditure		344,952
Rent expenditure		1,295
Stationery and supplies		3,229
Traveling expenditure		1,180
Freight		141
Postage and phone bill		2,663
Repairs and maintenance expenditure		203,630
Water & electricity charges		388,640
Insurance premium		121,880
Tax		7,554
Depreciation		265,742
Amortizations		10,460
Meal expenditure		7,524
Worker's benefits		27,584
Miscellaneous purchase		9,199
Consumable materials		47,023
Packaging materials		17,253
Processing fees		41,758
Other expenditures		174,107
		<u>\$ 1,787,225</u>

Gold Circuit Electronics Ltd.
Statement of Promotional Expenditure
January 1 through December 31, 2020

Statement 11

Unit: NTD thousand

Item	Summary	Amount
Salary expenditure		\$ 76,081
Rent expenditure		2,874
Stationery and supplies		44
Traveling expenditure		3,624
Freight		2,858
Postage and phone bill		892
Repairs and maintenance expenditure		259
Utility bill		419
Insurance premium		4,884
Entertainment expenditure		7,962
Depreciation		328
Meal expenditure		1,657
Worker's benefits		2,806
Commission expenditure		389,135
Import/export expenditure		19,972
Training expenditure		107
Other expenditures		35,307
		<u>\$ 549,209</u>

Gold Circuit Electronics Ltd.
Statement of Management Expenditure
January 1 through December 31, 2020

Statement 12

Unit: NTD thousand

Item	Summary	Amount
Salary expenditure		\$ 190,797
Rent expenditure		2,279
Stationery and supplies		808
Traveling expenditure		1,402
Freight		83
Postage and phone bill		330
Repairs and maintenance expenditure		11,584
Utility bill		3,629
Advertisement expenditure		173
Insurance premium		12,723
Entertainment expenditure		3,537
Donation		2,240
Tax		1,082
Depreciation		14,066
Amortizations		120
Meal expenditure		606
Worker's benefits		1,933
Training expenditure		1,452
Other expenditures		65,875
		<u>\$ 314,719</u>

Gold Circuit Electronics Ltd.
Statement of R&D Expenditure
January 1 through December 31, 2020

Statement 13

Unit: NTD thousand

Item	Summary	Amount
Salary expenditure		\$ 216,799
Rent expenditure		89
Stationery and supplies		97
Traveling expenditure		429
Freight		34
Postage and phone bill		89
Repairs and maintenance expenditure		2,525
Utility bill		1,068
Insurance premium		15,819
Depreciation		2,322
Amortizations		70
Meal expenditure		1,004
Worker's benefits		4,456
Training expenditure		476
Other expenditures		4,182
		<u>\$ 249,459</u>

Gold Circuit Electronics Ltd.
Summary of employee benefits, depreciation, depletion and amortization of the year by function
January 1 to December 31, 2020 and 2019

Statement 14

Unit: NTD thousand

	2020			2019		
	Classified as operating cost	Classified as operating expense	Total	Classified as operating cost	Classified as operating expense	Total
Employee welfare expenditure						
Salary	\$ 1,294,063	\$ 437,824	\$ 1,731,887	\$ 970,755	\$ 343,183	\$ 1,313,938
Expenses for labor and health insurance	117,364	29,407	146,771	110,590	28,947	139,537
Pension expense	51,772	20,228	72,000	51,647	20,353	72,000
Remuneration to directors	-	24,502	24,502	-	3,210	3,210
Other employee benefit expenses	89,408	15,998	105,406	84,021	15,550	99,571
Depreciation expenditure	265,742	16,716	282,458	293,679	18,230	311,909
Amortization expenditure	10,460	190	10,650	16,575	1,682	18,257

- Note:
- The number of employees for this year and the previous year is 2,256 and 2,277 persons, respectively. 3 out of these employees didn’t serve as director concurrently in both years.
 - A company whose stocks are already listed on TWSE or trade in TPEx shall also disclose the following information:
 - The average employee benefit expenditure or this year is NT\$913 thousand (“Total employee benefit expenditure— Total remuneration to directors for this year”/ “Number of employees - Number of employees not serving as director concurrently for this year”).
The average employee benefit expenditure for the previous year was NT\$715 thousand (“Total employee benefit expenditure— Total remuneration to directors for the previous year”/ “Number of employees - Number of employees not serving as director concurrently for the previous year”).
 - The average employee salary expenditure for this year is NT\$769 thousand (Total salary expenditure for this year/ “Number of employees - Number of employees not serving as director concurrently for this year”).
The average employee salary expenditure for the previous year was NT\$578 thousand (“Total salary expenditure for the previous year”/ “Number of employees - Number of employees not serving as director concurrently for the previous year”).
 - Variance in the average employee salary expenditure adjusted is 33.04% (“Average employee salary expenditure for this year— Average employee salary expenditure for the previous year”/Average employee salary expenditure for the previous year).
 - There are no supervisors in the Company, so disclosure of remuneration for supervisors is not prepared.
 - The compensation and remuneration policies of the Company (including directors, managers, and employees).
 - Director
 - Fixed: The board meeting is authorized to determine the remuneration to each director according to the standards of the industry; NT\$30 thousand is allocated each month for each director now.
 - Variable: No more than 1% of the annual profit is allocated as director's remuneration as required by the Articles of Incorporation.
 - The remuneration to managers is based on the requirements set forth in Article 29 of the Company Act.
 - The employees are paid according to the applicable requirements of the Company for practitioners and with reference to the salary criteria on the market. 7% of the annual profit is allocated as employees’ remuneration as required by the Articles of Incorporation.
 - The remuneration to directors and that to managers need to be periodically evaluated by the Company’s Remuneration Committee and the latter will define the compensation and remuneration.

- Remarks:
- The calculation basis applied to the information about the number of employees referred to herein shall be consistent with that

applied to employee benefit expenditure and employee salary expenditure, and subject to the average number of employees.

2. According to IAS 19, employees, including directors and other management officers, might provide services, on a full-time basis, on a part-time basis, permanently, from time to time, or temporarily. Therefore, the “employees” referred to herein include directors, managers, general employees and workers by contract, but exclude supervisors, temporary workers, labor service suppliers, or business contractors.
3. The “remuneration to directors” means the rewards, pension, compensation to directors, and income from performing duties at work received by all directors, but salary, labor/national health insurance premium, pension and other benefits expenditure received by any of them who serves as employee concurrently are excluded.
4. The “remuneration to supervisors” means the rewards, compensation, and income from performing duties at work.

Seven. Financial Position and Analysis of Financial Performance and Risk Issues

I. Analysis and comparison of financial position

Item \ Year	2019	2020	Difference	
			Amount	%
Current assets	13,774,664	14,726,407	951,743	6.91%
Non-current assets	7,133,720	6,923,089	-210,631	-2.95%
Total assets	20,908,384	21,649,496	741,112	3.54%
Current liabilities	10,871,241	9,203,124	-1,668,117	-15.34%
non-current liabilities	2,871,173	3,180,736	309,563	10.78%
Total liabilities	13,742,414	12,383,860	-1,358,554	-9.89%
Capital stock	5,464,879	5,464,879	0	0%
Capital reserve	1,471,233	1,471,233	0	0%
Retained earnings	98,468	2,155,492	2,057,024	2089.03%
Total shareholders' equity	7,165,970	9,265,636	2,099,666	29.30%
Analysis of increase and decrease:				
Retained earnings and total shareholders' equity: Benefitting from the pandemic and the construction of 5G infrastructure, GCE's orders increased in 2020 and both revenue and profit hit record highs, so retained earnings and total shareholders' equity increased.				

II. Review and analysis of financial performance and risk issues

(I) Review of financial performance

Unit: NTD thousand

Item	Year	2019	2020	Amount of increase (decrease)	Percentage of increase (decrease) (%)
Net operating revenue		18,990,719	23,398,323	4,407,604	23.21%
Operating cost		16,500,104	18,107,743	1,607,639	9.74%
Gross profit		2,490,615	5,290,580	2,799,965	112.42%
Operating expenses		1,745,030	2,172,286	427,256	24.48%
Net operating profit		669,405	3,073,918	2,404,513	359.20%
Non-operating income and expenditure		(399,205)	(376,036)	23,169	5.8%
Net profit before tax from continuing operations		270,200	2,697,882	2,427,682	898.48%
Net profit from continuing operations for current year		129,726	2,066,612	1,936,886	1493.06%
Other comprehensive income		-16,239	33,054	49,293	-303.55%
Total comprehensive income for current year		113,487	2,099,666	1,986,179	1750.14%
Analysis of increase (decrease) Gross profit and net operating profit: Benefiting from the pandemic, the orders for servers, the Internet, laptops and the construction of 5G infrastructure increased and profits hit a record high. The difference in other comprehensive income was the result of exchange differences on translation of foreign financial statements The difference in the total comprehensive income for the current period is mainly due to an increase in the net profit for the current period.					

(II) Analysis of changes in gross profit:

It was 22.6% this year and 13.11% last year, with the percentage of change of 72.4%.

Benefiting from the pandemic and the construction of 5G infrastructure, GCE's orders, revenue and gross profit in 2020 increased.

(III) Expected sales volume (consolidated)

Year	Unit	2020	2011
Sales volume	SQFT	20,983,1641	23,400,000

III. Cash flow analysis

(I) Liquidity analysis for the last two years (consolidated)

Item \ Year	December 31, 2019	December 31, 2020	Percentage of increase (decrease) (%)
Cash flow ratio	16.12%	32.47%	101.43%
Net cash flow adequacy ratio	161.20%	168.82%	4.7%
Cash flow reinvestment ratio	6.82%	10.75%	57.6%
Analysis of percentage of increase and decrease: Because the profit grew significantly this year compared with that last year, leading to an increase in cash flow from operating activities, the cash flow ratio grew compared with that of last year.			

(II) Analysis of cash liquidity in the coming year (consolidated)

Unit: NTD thousand

Cash balance at the beginning of the period	Estimated annual net cash flow from operating activities	Estimated annual cash outflow (Note 1)	Estimated amount of cash surplus (deficit) + -	Remedial measures for estimated cash deficit	
				Investment plan	Financing plan (Note 2)
4,384,959	2,843,592	2,778,047	3,656,541		(793,963)

The data above is a financial budget that has not been reviewed by a CPA.

IV. Impact of major capital expenditures on financial operations in the last year

Unit: NTD thousand

Item	Actual or expected sources of funds	Actual or expected completion date (As of the end of 2020)	Total funds required	Actual utilization of funds	
				2019	2020
Production equipment	Self-owned funds and bank loans	Completed	788,064	788,064	
Production equipment	Self-owned funds and bank loans	Completed	700,038		700,038

V. The most recent investment policy, the main reason for profit or loss thereof, improvement plan and investment plan for the coming year

Item	Original investment amount (NTD thousand)	Investment amount	Main reason for profit or loss	Improvement plan	Other future investment plans
King Hsiang Investment Co.	199,994	General investment business	The investment gains recognized for the current period was NT\$837,000, which was from the valuation gains on the financial assets held.	-	-
Goldex Holding Limited	6,271,398	Investment in subsidiaries in Mainland China	The investment gains recognized for the current period was NT\$1,687,749,000, which was mainly due to the profits made by the three factories in Mainland China.	-	-

VI. Matters to be analyzed and evaluated in risk management

- (I) The impact of recent annual interest rate, changes in exchange rates, and inflation on the Company's losses and future countermeasures.

The main risks of the Company's operating activities arise from the risk of changes in foreign currency exchange rates and the risk of changes in interest rates.

Exchange rate risk

Several subsidiaries of the Company engaged in foreign currency-denominated sales and purchases, which exposed the Consolidated Company to the risk of foreign exchange rate changes therefor. About 99.99% of the Consolidated Company's sales were not denominated in the functional currency adopted by the group entity engaged in the relevant transaction. About 97.37% of the costs of goods sold were not denominated in the functional currency adopted by any entity of the Consolidated Company in relevant transactions. 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 XXXI.

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 taken out by the Consolidated Company. The Consolidated Company maintained an adequate combination of fixed and floating interest rates and used the FX swaps contracts and forward foreign interest rate contracts to manage the interest rate risk. The Consolidated Company evaluated hedging activities periodically to make them in line with the interest rate concept and existing risk appetite, in order to ensure adoption of the hedging policy that could best satisfy the cost effectiveness.

- (II) The policy, main reasons for profit or loss, and future countermeasures for high-risk and high-leverage investments, loans to others, endorsements/guarantee provided and derivatives trading in the last year.

The Company did not engage in high-risk and high-leverage investments in 2020. The Company's wholly-owned sub-subsidiaries Suzhou Gold Circuit and Changshu Gold Circuit engaged in the loans to external entities, totaling NT\$950,635 thousand. The Company's wholly-owned subsidiaries Gold Circuit

International Limited, Goldex Holding Limited, Gold Circuit Enterprise, Suzhou Gold Circuit, Changshu Gold Circuit and Changshu Gold Circuit Co., Ltd. engaged in endorsements/guarantees provided, totaling NT\$4,655,306 thousand. Therefore, said transactions have been handled in accordance with the Company's Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees. In addition, the trading in derivative financial products by the Company are for the purpose of hedging risks arising from exchange rate changes, rather than for trading or speculative operations.

(III) Future R&D plans and estimated R&D expenses:

Item	Estimated investment in R&D expenses (NTD thousand)
Development of cross-shaped slot vertical conduction technology	30,000
Development of CBD detection and depth control technology (Contact drill)	30,000
Development of deep skip via technology	32,000
Development of high aspect ratio of 45:1	35,000
Development of small bore diameter of 5.9mil (aspect ratio of 28:1)	25,000
Development of Multiple Net Via	20,000
Development of Sintered Paste	33,000
Development of X-ray drilling technology	20,000
Development of Air Gap technology	15,000
Development of cross-shaped slot vertical conduction technology	30,000
Total amount	240,000

(IV) The impact of material political and legal changes at home and abroad in recent years on the Company's financial business and countermeasures: None

(V) The impact of recent technological changes on the Company's financial business and countermeasures: To respond to technological changes and keep abreast of changes in the market, the Company obtain industry information through exhibitions, the Internet, industries, trading and conferences held by unions, while improving R&D technology and tapping into its strong competitive advantages to

expand its business and keep abreast of the industry information accurately and to create better performance in the future.

- (VI) The impact of the changes in corporate image in recent years on corporate crisis management and countermeasures: The Company has a positive corporate image and continues to expand its business actively and there is no relevant negative media report on the Company.
- (VII) The expected benefits, potential risks, and countermeasures in respect of any merger and acquisition (M&A): From the beginning of 2020 to the publication date of the annual report, the Company had not engaged in any M&A.
- (VIII) The expected benefits, potential risks, and countermeasures in respect of plant expansion: From the beginning of 2020 to the publication date of the annual report, the benefits of the Company's plant expansion and purchase of machinery and equipment to increase production capacity were aligned in with its expectations.
- (IX) Risks arising from customer and supplier concentration and countermeasures: The Company purchases raw materials from different suppliers as much as possible to ensure that the supply of raw materials is sufficient for mass production and to reduce the risk of supplier concentration. It continues to seek other purchase methods to reduce the risk of supplier concentration.
- (X) The impact of the massive transfer or replacement of shares by directors, supervisors, or major shareholders holding more than 10% of the shares on the Company, risks thereof, and countermeasures: The Company's directors and supervisors hold a certain percentage of shares stably, and since the stock was listed on Taiwan Stock Exchange in 1998, there have been no major changes in shareholdings and pledges. The Company's operations are simple with the focus on its core business, and there has never been a massive transfer of shares.
- (XI) The impact, risks, and countermeasures of the changes in the management rights on the Company: The Company's directors and supervisors hold a certain percentage of shares stably and the collaboration between major shareholders is smooth and there is no risk arising from changes in the management rights.
- (XII) For major litigation and non-litigation events, any major litigation, non-litigation or administrative disputes finalized or pending in court, in which the Company and

its directors, supervisors, president, substantive persons in charge, major shareholders holding more than 10% of the shares, and affiliated companies have been involved, shall be specified. Where the outcome thereof may have a significant impact on shareholders' equity or securities prices, the facts in dispute, the amount of the matter concerned, the start date of the litigation, the major parties involved and the handling situation as of the publication date of the annual report shall be disclosed: From the beginning of 2020 to the publication date of the annual report, the Company had not involved in major litigation or non-litigation events.

(XIII) Information security risks Potential risks and countermeasures:

The Company's information security policy: Information security protection policy must be followed to ensure security, completeness, and confidentiality.

In addition to the cyber-attack risk in the Company and the group, inadequate information security awareness and knowledge, malicious software, viruses, spyware, and other information threats that will lead to abnormal or interrupted operation of the core information systems, as well as data theft and malicious damage are all information security risk factors that affect the Company's normal operations. Therefore, as for information security approaches, the Company has formulated information security policies as the ultimate guidance, and established relevant information security management organizational structures, regulations, and operating procedures. The management holds a regular information security meeting every year to review the Company's existing information security approaches and to draw up an improvement plan. A description of potential risks in the Company's operations and countermeasures are provided below.

I. Enhance employees' awareness of information security

As the data, information, and systems handled by internal employees are directly related to the Company's operations, malware may be downloaded or the Company's systems may be infected with malware due to carelessness, which may in turn affect the Company's internal information security. Therefore, the Company enhances various hosts and protection measures, as well as occasionally makes internal announcements and conducts various information security drills in response to current information security attack methods with higher risks, to strengthen employees' information security awareness

II. Virus and malware threats

The sources of computer viruses may be the websites visited, e-mails

containing malware, portable storage devices and malware downloads. Therefore, the Company has established multi-layer defense and inspection mechanism, and equipped internal computers with anti-virus systems, and managed and controlled portable storage devices, while adopting a central control model for monitoring and protection so as to reduce the risk of malware infection and attacks.

III. Cyber attacks

Internet hacking will have the most direct impact on business operations. Therefore, the Company has developed necessary protective measures, including important network segmentation and access control, firewall, and intrusion detection; meanwhile, it conducts vulnerability detection and penetration tests for important hosts on a regular or periodic basis and reviews the information security vulnerability reporting mechanism and repair work regularly, to minimize the chance for the vulnerabilities to be compromised.

IV. Operational interruption

For major operating services and data, the Company has placed important hosts in remote server rooms and conduct on-site/off-site backups daily, performs restoration drills regularly. In the event of major damage to or interruption of operating systems or databases, their operations can be resumed based on the schedules for different services.

From the beginning of 2020 to the publication date of the annual report, the Company has taken appropriate countermeasures to respond in a timely manner (e.g., analysis of sources malicious email, blocking by firewall, virus detection, virus scanning, and system reinstallation), except for continuous attacks from malicious email and there were no material information security incidents affecting the Company's operations throughout the year.

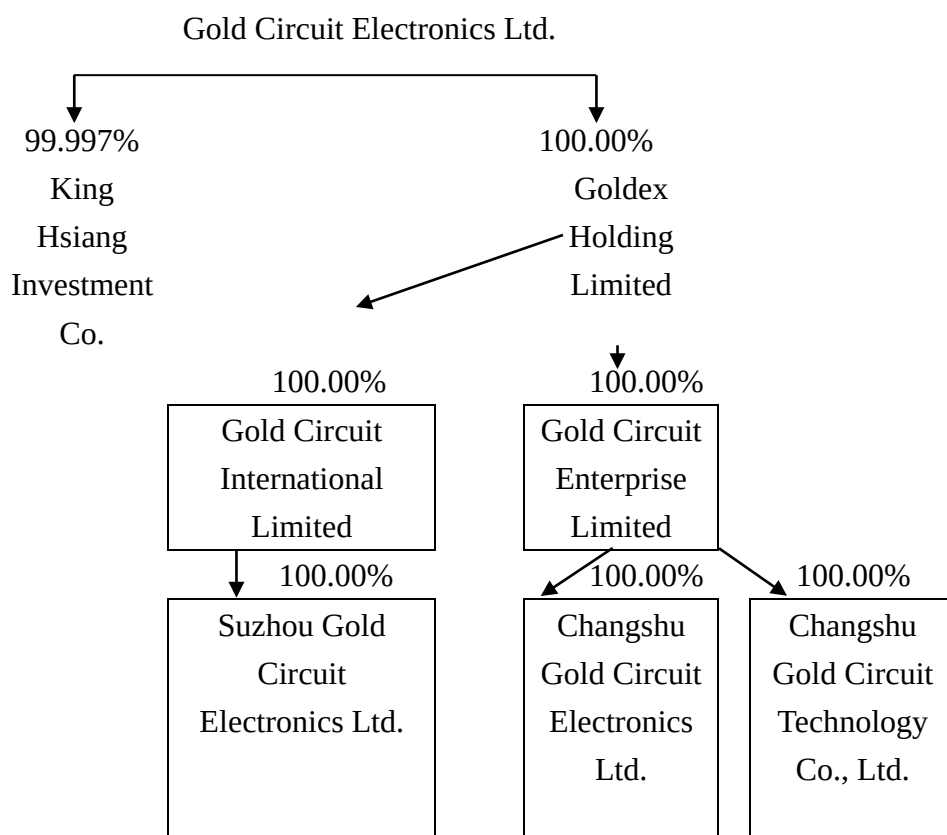
- (XIV) Other important risks and countermeasures: From the beginning of 2020 to the publication date of the annual report, the Company has not faced other material risks.

VII. Other important matters: None

Eight. Special Records

I. Information of affiliated enterprises:

(I) Organization chart of affiliated enterprises



(II) Basic information of each affiliated enterprise (compilation base date December 31, 2020)

	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	NT\$5,464,879 thousand	Manufacturing, processing and trading of printed circuit boards
Subsidiaries	King Hsiang Investment Co.	July 24, 1998	No. 149-1, Zhongzheng Road, Tamsui District, New Taipei City	NT\$200,000 thousand	General investment business

	Company name	Date of establishment	Address	Paid-in capital	Main business or production items
	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\$196,910 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
	Suzhou Gold Circuit Electronics Ltd.	August 8, 2000	NO.238, Jin Feng RD., SND., SuZhou, China	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 12, 2021

Company name	Job title	Name or representative	Number of shares	Shareholding ratio
Gold Circuit Electronics Ltd.	Chairman	Chen-Tse Yang	19,234,685	3.52%
	Director	Chang-Chi Yang	107,258,019	19.63%
	Director	Lien-Mei Lin	171,449	0.03%
	Director	King Hsiang Investment Co. Representative: Jung-Tung Tsai	5,723,750	1.05%
	Director	Chang-Ching Yang	2,984,110	0.55%
	Director	Chen-Jung Yang	7,157,945	1.31%
	Independent Director	Chen-Chou Hsieh	0	0%
	Independent Director	Wen-Shih Chiang	4,765	0%
	Independent Director	Tzu-Ying Lin	0	0%
King Hsiang Investment Co.	Chairman	Chen-Tse Yang	100	0.0005%
	Director	Chang-Chi Yang	100	0.0005%
	Director	Chen-Jung Yang	100	0.0005%
	Supervisor	Jui-Ching Li	100	0.0005%
Gold Circuit International Limited	Chairman	Chen-Tse Yang	98,000,000	100%
Goldex Holding Limited	Chairman	Chen-Tse Yang	196,910,000	100%
Gold Circuit Enterprise Limited	Chairman	Chen-Tse Yang	93,010,000	100%
Suzhou Gold Circuit Electronics Ltd.	Chairman	Chen-Tse Yang	Note	100%
	Director	Chang-Chi Yang		
	Director	Chen-Jung Yang		
Changshu Gold Circuit Electronics Ltd.	Chairman	Chen-Tse Yang	Note	100%
	Director	Chang-Chi Yang		
	Director	Chen-Jung Yang		
Changshu Gold Circuit Technology Co., Ltd.	Chairman	Chen-Tse Yang	Note	100%
	Director	Chang-Chi 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, 2020)

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.	5,464,879	17,942,971	8,677,335	9,265,636	21,865,903	734,762	2,066,612	3.82
King Hsiang Investment Co.	200,000	314,984	0	25,934	0	194,371	194,586	9.73
Gold Circuit International Limited	3,239,310	2,231,950	897,875	1,334,075	0	1,054,285	1,054,285	3.64
Goldex Holding Limited	6,271,398	3,776,209	1,174,207	2,602,002	0	1,734,175	1,731,411	2.98
Gold Circuit Enterprise Limited	2,542,829	1,479,424	336,135	1,143,289	0	692,432	692,432	2.52
Suzhou Gold Circuit Electronics Ltd.	3,239,310	5,616,810	4,138,659	1,478,151	7,899,145	1,536,228	1,059,135	Note
Changshu Gold Circuit Electronics Ltd.	959,724	4,538,342	2,309,860	2,228,482	5,420,087	609,383	472,258	Note
Changshu Gold Circuit Technology Co., Ltd.	980,105	1,828,011	2,826,918	(998,907)	2,229,241	473,728	222,651	Note

Note: It is a limited company with no shares

- (II) Consolidated business report and consolidated financial statements of affiliated enterprises:

In 2020 (from January 1 to December 31, 2020), the companies that should be included in the consolidated financial statements of affiliated enterprises in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as the companies that should be included in the consolidated financial statements of parent and subsidiary companies in accordance with the Statement of Financial Accounting Standards No. 7, and the relevant information that should be disclosed in the consolidated financial statements of the affiliated enterprises has been disclosed in the consolidated financial statements of the parent and subsidiary companies, so the consolidated financial statements of affiliated enterprises will not be prepared separately.

- (III) Relationship report: Not applicable

II. Private placement securities handling situation in the most recent year and as of the printing of the annual report: Not applicable.

III. Status of holding or disposal of the Company's shares by subsidiaries in the most recent year and as of the date of publication of the annual report:

Subsidiary holding or disposal of the Company's shares

Unit: NT\$ thousand; share; %

Subsidiary name (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.	200,000	Private capital	99.997%	2020	-	-	837	5,723,750 shares NT\$ 25,934 thousand	None.	None.	None.
				This year as of Q1 of 2021	-	-	934	5,723,750 shares NT\$ 26,868 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

